

**FIRST QUARTER REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2022
(Un-Audited)**



ELLCOT SPINNING MILLS LTD.



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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

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
United Bank Ltd.

REGISTERED OFFICE

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

REGIONAL OFFICE

2nd Floor, Sheikh Sultan Trust Bldg. No. 2,
26 - Civil Lines, Beaumont Road, Karachi-75530

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, 2022. The comparative figures for the corresponding quarter ended on September 30, 2021 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2022.

Company Performance

Alhamdulillah, your Company has earned after tax profit of Rs. 130,117,822 compared to Rs. 401,595,618 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 11.88 compared to Rs. 36.68 for the SPLY. Market conditions in the first quarter were affected by sharp rise in raw material and energy costs.

Sales revenue for the quarter under review increased by 26.96% over the SPLY and stood at Rs. 3,037,025,703 compared to Rs. 2,392,166,685. The increase in revenue is mainly a combination of increase in per unit selling rate as well as increase in yarn volume sold. Cost of sales increased from 77.60% of sales during SPLY to 88.58% of sales during the period under review. Increase in cost of sales is mainly due to increase in raw material and fuel cost. Supply chain constraints and depreciating rupee value caused the raw material prices to rise. Raw material costs increased from 60.85% of sales during SPLY to 64.01% of sales during the period under review. Fuel costs increased from 6.23% of sales during SPLY to 10.26% of sales during the period under review. Increase in cost of sales resulted in lower Gross Profit (GP) from 22.40% of sales during SPLY to 11.42% of sales during the period under review.

Overall operating expenses increased from 3.77% of sales during SPLY to 3.94% of sales during the period under review. The company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. In percentage terms, finance cost remained at same level of 1.53% of sales during the period under review and SPLY.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2022-23, Kapas, (seed cotton) arrivals up to October 1, 2022, at the Ginneries totalled 2.936 million bales compared to 3.846 million bales for SPLY showing decrease in arrival of 23.67%.

Future Outlook

Your company has performed reasonably well during the quarter under review despite the substantial rise in raw material and inflation in costs especially wages, energy, interest, stores and spares and logistics. The decent financial performance was largely due to healthy yarn selling prices coupled with timely purchase of raw cotton at reasonable prices. The favourable market conditions, value added yarns and cost controls has resulted in profitable 1st quarter.

We are observing high volatility in exchange rates, product prices and uncertain markets. Demand for yarn is suffering due to high inventory with our customers and the predictions of a worldwide recession. Floods in Pakistan have damaged the local raw cotton crop. Raw cotton shortage will trigger expensive imports and damage the competitiveness of the Pakistan textile industry. Energy shortages particularly in gas combined with electricity load shedding is affecting production. Rising prices of both gas and electricity will add to the difficulties. Customers are complaining of sudden drop in demand for finished goods putting downward pressure on yarn prices. The Russia/Ukraine conflict is also casting its shadow. The IMF program is forcing restrictive economic policies which is reducing demand as well as increasing cost of production. Unfortunately, all these factors have further intensified and depressed the outlook for the foreseeable future.

After vigorous negotiations by the business associations Pakistan Government has agreed to give a concessional electricity rate of Rs. 19.99 per KW up to June, 2023 to export oriented sector. This is a welcome step and will help the textile industry. However, gas supply disruptions are expected during the winter months which will affect production and reduce profitability.

The State Bank of Pakistan (SBP) policy rate of 15% will significantly raise the financial costs. Long-term borrowing costs have also been raised by the SBP on the long-term financing facility (LTFF). Disbursements of LTFF loans are delayed causing further rise in financial costs. The delay period for LTFF loans disbursements is uncertain. This delay is increasing the financial costs of the company. The government has raised Minimum wages for workers and this will raise the labour cost significantly. The combination of high labour costs, gas shortages, higher electricity costs, significantly higher financial costs and the looming international recession is likely to reduce company profitability.

However, your company is striving to manage the prevailing adverse situation. Our strengths lie in good liquidity position, the efficiency of our spinning mills, use of latest spinning technology, strict cost controls, lowering of overheads due to expansion and BMR, aggressive marketing strategies and value-added yarns. These are the pillars on which our company will build the defensive structure to remain profitable. It is also hoped that demand for finished goods produced by our customers will revive and restore margins for spinning industry.

It is hoped that the Government will bring in business friendly policies such as uninterrupted energy supplies in cost effective manner, refund of outstanding sales tax and income tax, controlling the inflation rate and reducing the financial costs. 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 26, 2022

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 30 ستمبر 2022 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 2021 کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موزوں کے لئے شامل کئے گئے ہیں، ماسوائے سٹیٹمنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2022 کو ختم سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی نے گزشتہ سال کی اسی سہ ماہی کے دوران 36.68 روپے کے مقابلے میں 401,595,618 روپے کے مقابلے میں زیر جائزہ سہ ماہی کے دوران 130,117,822 روپے بعد از ٹیکس منافع کمایا ہے۔ زیر جائزہ سہ ماہی کے لئے شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 36.68 روپے کے مقابلے میں 11.88 روپے ہے۔ چکی سہ ماہی میں مارکیٹ کے حالات کو خام مال اور توانائی کی لاگت میں تیز ترین اضافہ نے متاثر کیا۔

زیر جائزہ سہ ماہی میں فروخت آمدنی گزشتہ سال کی اسی مدت سے 26.96 فیصد تک زیادہ ہوئی اور گزشتہ سال میں اسی مدت کے دوران 2,392,166,685 روپے کے مقابلے میں 3,037,025,703 روپے رہی ہے۔ آمدنی میں اضافہ بنیادی طور پر پی ٹی ٹی فروخت میں اضافہ اور سوت فروخت میں اضافہ کی وجہ سے ہوا ہے۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کے 77.60 فیصد سے بڑھ کر زیر جائزہ سہ ماہی مدت کے دوران فروخت کے 88.58 فیصد تک زیادہ ہوئی ہے۔ فروخت کی لاگت میں اضافہ بنیادی طور پر خام مال اور ایندھن کی لاگت میں اضافہ کی وجہ سے ہوا ہے۔ سپلائی چین کی رکاوٹوں اور روپے کی قدر میں کمی کی وجہ سے خام مال کی قیمتیں زیادہ ہوئی ہیں۔ خام مال کی لاگت گزشتہ سال اسی مدت کے دوران فروخت کے 60.85 فیصد سے بڑھ کر زیر جائزہ سہ ماہی مدت کے دوران فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کے 6.23 فیصد سے بڑھ کر زیر جائزہ سہ ماہی مدت کے دوران فروخت کی 10.26 فیصد تک ہو گئی۔ فروخت کی لاگت میں اضافہ کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 22.40 فیصد سے کم ہو کر زیر جائزہ سہ ماہی مدت کے دوران فروخت کا 11.42 فیصد کم ہوا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 3.77 فیصد سے بڑھ کر زیر جائزہ سہ ماہی مدت کے دوران فروخت کے 3.94 فیصد تک ہوئے۔ کمپنی محکم نقد بہاؤ کمانے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ فیصدی لحاظ سے، مالی اخراجات گزشتہ سال کی اسی مدت اور زیر جائزہ سہ ماہی مدت کے دوران فروخت کے 1.53 فیصد رہے ہیں۔

پاکستان کا جنرل جی بی ایس کی طرف سے فصل سال 2023-2022 کے لئے جاری کردہ اعداد و شمار کے مطابق یکم اکتوبر 2022 تک جنرل جی بی ایس کی (بی بی پی) کی پانچ گزشتہ سال کی اسی مدت کے دوران 3,846 ملین گانٹھوں کے مقابلے میں 2,936 ملین گانٹھیں ہوئی جو کہ 23.67 فیصد کی کمی ظاہر کر رہی ہے۔

مستقبل کا نقطہ نظر

آپ کی کمپنی نے زیر جائزہ سہ ماہی کے دوران خام مال اور فراڈر خاص طور پر اجرتوں، توانائی، سود، سٹورز اور سپیئر ز اور لاجسٹکس کے اخراجات میں کافی اضافہ کے باوجود کارکردگی کافی اچھی رہی ہے۔ مناسب مالیاتی کارکردگی بڑی حد تک صحت مند سوت کی فروخت کی قیمتوں پر چکی روٹی کی بروقت خریداری کی وجہ سے تھی۔ موزوں مارکیٹ کے حالات، ویلیو ایڈڈ یارن اور لاگت کنٹرول کے نتیجے میں پہلی سہ ماہی منافع بخش رہی ہے۔

ہم شرح مبادلہ، صنوعات کی قیمتوں اور غیر یقینی منڈیوں میں بہت زیادہ اتار چڑھاؤ دیکھ رہے ہیں۔ ہمارے صارفین کے ساتھ زیادہ تیار سامان اور عالمی کساد بازاری کی پیشین گوئیوں کی وجہ سوت کی طلب میں کمی آ رہی ہے۔ پاکستان میں سیلاب نے مقامی کپاس کی چکی فصل کو نقصان پہنچایا ہے۔ خام کپاس کی کمی منگنی درآمدات کو متحرک کرے گی اور پاکستان کی ٹیکسٹائل انڈسٹری کی مسابقت کو نقصان پہنچانے کی بجائے کی لوڈ شیڈنگ کے ساتھ بالخصوص گیس میں توانائی کی قلت پیدا اور کونٹریکٹ کر رہی ہے۔ گیس اور بجلی دونوں کی قیمتوں میں اضافہ مشکلات میں اضافہ کرے گا۔ صارفین تیار سامان کی طلب میں اچانک کمی کی شکایت کر رہے ہیں جس سے سوت کی قیمتوں پر دباؤ پڑتا ہے۔ روس/یوکرین تنازعہ بھی اپنے سائے ڈال رہا ہے۔ آئی ایم ایف پروگرام معاشی پابندیوں والی پالیسیوں پر مجبور کر رہا ہے جس سے طلب میں کمی کے ساتھ ساتھ پیداواری لاگت میں اضافہ ہو رہا ہے۔ بد قسمتی سے، ان تمام عوامل نے مستقبل قریب کے نقطہ نظر کو مزید تیز اور افسردہ کر رہا ہے۔

کاروباری تنظیموں کے ممبر پروٹوکول کے بعد حکومت پاکستان نے درآمدات پر پٹی سیکلے کے لیے جون 2023 تک بجلی کی رعایتی شرح 19.99 روپے فی گھوٹا دینے پر رضامندی ظاہر کر دی ہے۔ یہ ایک خوش آمد قدم ہے اور اس سے ٹیکسٹائل انڈسٹری کو مدد ملے گی۔ تاہم ہریوں کے مہینوں میں گیس کی فراہمی میں خلل متوقع ہے جس سے پیداوار متاثر اور منافع کم ہوگا۔

ایٹیل بیگ آف پاکستان (ایس بی پی) کی 15 فیصد پالیسی ریٹ مالیاتی اخراجات میں نمایاں اضافہ کرے گا۔ طویل المدتی مالیاتی سہولت (LTFF) پر SBP کی طرف سے طویل مدتی قرض لینے کے اخراجات بھی بڑھانے گئے ہیں۔ LTFF قرضوں کی تقسیم میں تاخیر کی وجہ سے مالی اخراجات میں مزید اضافہ ہو رہا ہے۔ LTFF قرضوں کی تقسیم میں تاخیر کی مدت غیر یقینی ہے۔ اس تاخیر سے کمپنی کے مالی اخراجات بڑھ رہے ہیں۔ حکومت نے مزدوروں کے لیے کم از کم اجرت میں اضافہ کر دیا اور اس سے مزدوری کی لاگت میں نمایاں اضافہ ہوگا۔ مزدوری کے زیادہ اخراجات، گیس کی قلت، بجلی کے زیادہ اخراجات، نمایاں طور پر زیادہ مالی اخراجات اور عالمی کساد بازاری کے مجموعے سے کمپنی کے منافع میں کمی کا امکان ہے۔

تاہم، آپ کی کمپنی موجودہ منہی صورتحال کو سنبھالنے کی کوشش کر رہی ہے۔ ہماری طاقت اچھی لیکویڈیٹی پوزیشن، ہماری اسپننگ ملز کی کارکردگی، جدید ترین اسپننگ ٹیکنالوجی کا استعمال، لاگت پر سخت کنٹرول، توسیع اور BMR کی وجہ سے اور ہینڈز میں کمی، مارکیٹنگ کی جارحانہ حکمت عملی اور ویلیو ایڈڈ یارن پر منحصر ہے۔ یہ وہ سون ہیں جن پر ہماری کمپنی منافع بخش رہنے کے لیے دفاعی ڈھانچہ بنانے لگی۔ یہ بھی امید کی جاتی ہے کہ ہمارے صارفین کی طرف سے تیار سامان کی طلب میں اضافہ اور اسپننگ انڈسٹری کے مارچن کو بحال کیا جائے گا۔

امید ہے کہ حکومت کاروبار دوست پالیسیاں لانے کی جیسے کہ موثر انداز میں کم لاگت توانائی کی بااعتماد فراہمی، بجلیاں لیکس اور اگم ٹیکس کی واپسی تاکہ مرگوبگی کی شرح کو کنٹرول اور مالیاتی اخراجات کم کیا جاسکے۔ حکومتی پالیسیوں کو ٹیکسٹائل سیکٹر میں ویلیو چین کی تکمیل کی حوصلہ افزائی کرنی چاہیے تاکہ ملک کو مصنوعات برآمد کر سکے۔

اطمینان رکھو

کمپنی کے عملے اور کارکنوں کی مسلسل محنت اور جذبہ اور مقامی طور پر اچھے انسانی تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز کمپنی کی مسلسل حمایت پر بیٹکر ڈاک بھی شکر یہ ادا کرتے ہیں۔



بارون شہزادہ علی شاہ
چیف ایگزیکٹو آفیسر



امین علی شاہ
ڈائریکٹر



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2022

		Un-Audited September 30 2022	Audited June 30 2022
	Note	Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share capital			
20,000,000 (June 30, 2022: 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		(73,594,491)	(65,351,273)
Retained earnings		<u>3,826,109,129</u>	<u>3,694,781,220</u>
TOTAL EQUITY		3,862,014,638	3,738,929,947
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	5	3,059,461,686	2,992,399,279
Employees retirement benefits		148,636,862	143,398,138
Deferred taxation		199,058,208	199,058,208
Deferred grant	6	359,961,568	379,091,906
		<u>3,767,118,324</u>	<u>3,713,947,531</u>
CURRENT LIABILITIES			
Trade and other payables		859,733,621	876,784,639
Unclaimed dividend		6,890,744	6,929,263
Accrued interest/profit		35,420,008	44,213,963
Short term borrowings		250,194,485	490,018,154
Income tax payable		93,480,326	68,974,204
Current portion of non-current liabilities		422,571,612	439,676,628
		<u>1,668,290,796</u>	<u>1,926,596,851</u>
TOTAL LIABILITIES		5,435,409,120	5,640,544,382
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		<u>9,297,423,758</u>	<u>9,379,474,329</u>

The annexed explanatory notes from 1 to 16 form an integral part of these condensed interim financial statements.

Lahore : October 26, 2022


Amin Ellahi Shaikh
Director



ELLCOT SPINNING MILLS LIMITED

		Un-Audited September 30 2022	Audited June 30 2022
	Note	Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	8	4,146,931,831	4,074,503,676
Long term deposits		7,090,700	7,090,700
		4,154,022,531	4,081,594,376
CURRENT ASSETS			
Stores and spares		112,196,400	111,484,868
Stock in trade		1,800,775,665	3,052,656,146
Trade receivables		1,001,550,757	1,032,891,403
Advances and other receivables		786,446,650	414,810,288
Other financial assets	9	1,387,388,681	634,771,698
Cash and bank balances		55,043,074	51,265,550
		5,143,401,227	5,297,879,953
TOTAL ASSETS		<u>9,297,423,758</u>	<u>9,379,474,329</u>

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, 2022

	Note	Quarter Ended	
		September 30	September 30
		2022	2021
		Rupees	Rupees
Revenue from contracts with customers - net		3,037,025,703	2,392,166,685
Cost of sales	10	(2,690,100,963)	(1,856,220,958)
Gross profit		346,924,740	535,945,727
Selling and distribution expenses		(33,026,478)	(18,024,043)
Administrative expenses		(56,704,818)	(39,415,750)
Other expenses		(29,891,037)	(32,771,463)
		(119,622,333)	(90,211,256)
Other income		227,302,407	445,734,471
Operating profit		17,770,228	22,783,052
Finance cost		(46,492,087)	(36,666,501)
Profit before taxation		198,580,548	431,851,022
Provision for taxation		(68,462,726)	(30,255,404)
Profit after taxation		130,117,822	401,595,618
Earnings per share - basic and diluted		11.88	36.68

The annexed explanatory notes from 1 to 16 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 26, 2022



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Note	Quarter Ended	
		September 30	September 30
		2022	2021
		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	9.2	(7,033,131)	(180,405)
Profit after taxation		130,117,822	401,595,618
Total comprehensive income		<u>123,084,691</u>	<u>401,415,213</u>

The annexed explanatory notes from 1 to 16 form an integral part of these condensed interim financial statements.

Lahore : October 26, 2022


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, 2022

	Quarter Ended	
	September 30 2022	September 30 2021
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	198,580,548	431,851,022
Adjustments for non-cash and other items		
Depreciation	101,777,450	65,299,756
Provision for employees retirement benefits	10,364,215	8,790,177
Gain on disposal of property, plant and equipment	(23,983)	(2,278,852)
Finance Cost	46,492,087	36,666,501
Dividend income	(17,026,885)	(18,438,188)
	141,582,884	90,039,394
	340,163,432	521,890,416
Changes in working capital		
Stores and spares	(711,532)	(14,884,320)
Stock in trade	1,251,880,481	(223,464,658)
Trade receivables	31,340,646	12,702,934
Advances and other receivables	(371,636,362)	(894,997,202)
Trade and other payables	(17,051,018)	246,279,299
	893,822,215	(874,363,947)
Cash generated from / (used in) operations	1,233,985,647	(352,473,531)
Payments for:		
Employees retirement benefits	(5,125,491)	(5,071,286)
Finance Cost	(55,286,042)	(34,008,826)
Income tax	(43,956,604)	(38,651,513)
Net cash generated from / (used in) operating activities	1,129,617,510	(430,205,156)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(174,218,122)	(280,013,777)
Proceeds from disposal of property, plant and equipment	36,500	4,850,000
Purchase of short term investments	(2,114,305,575)	(664,910,888)
Proceeds from disposal of short term investments	1,354,655,461	542,196,299
Dividend received	17,026,885	18,438,188
Net cash used in investing activities	(916,804,851)	(379,440,178)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	128,274,685	732,090,868
Repayment of long term finances	(97,447,632)	(20,950,260)
Net (decrease) / Increase in short term borrowings	(239,823,669)	79,409,895
Dividend paid	(38,519)	-
Net cash (used in) / generated from financing activities	(209,035,135)	790,550,503
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3,777,524	(19,094,831)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	51,265,550	35,712,851
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	55,043,074	16,618,020

The annexed explanatory notes from 1 to 16 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 26, 2022

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	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, 2021	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 from 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
Comprehensive income						
Profit after taxation	-	-	-	-	829,704,671	829,704,671
Other comprehensive loss	-	(15,839,083)	-	(15,839,083)	(1,046,379)	(16,885,462)
Total comprehensive (loss) / income	-	(15,839,083)	-	(15,839,083)	828,658,292	812,819,209
Other transactions						
Transfer from reserve for financial assets at FVTOCI on derecognition	-	(1,097,856)	-	(1,097,856)	1,097,856	-
Related Taxation	-	2,986,330	-	2,986,330	(2,986,330)	-
Transactions with owners	-	1,888,474	-	1,888,474	(1,888,474)	-
Final dividend @ 25% i.e. Rs. 2.5 per ordinary share	-	-	-	-	(27,375,000)	(27,375,000)
Balance as at June 30, 2022 (Audited)	109,500,000	(73,111,273)	7,760,000	(65,351,273)	3,694,781,220	3,738,929,947
Comprehensive income						
Profit after taxation	-	-	-	-	130,117,822	130,117,822
Other comprehensive loss	-	(7,033,131)	-	(7,033,131)	-	(7,033,131)
Total comprehensive (loss) / income	-	(7,033,131)	-	(7,033,131)	130,117,822	123,084,691
Other transactions						
Transfer from reserve for financial assets at FVTOCI on derecognition	-	(1,210,087)	-	(1,210,087)	1,210,087	-
Balance as at September 30, 2022 (Un-audited)	109,500,000	(81,354,491)	7,760,000	(73,594,491)	3,826,109,129	3,862,014,638

The annexed explanatory notes from 1 to 16 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 26, 2022



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN- AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

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 regional office of the Company is situated at 2nd Floor, Shaikh Sultan Trust Building No. 2, 26 - Civil Lines, Beaumont Road, Karachi. 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, 2022.

The comparative condensed interim statement of financial position as at June 30, 2022 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, 2022 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 have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these interim financial statements have been rounded to the nearest Rupees unless specified otherwise.

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, 2022.

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, 2022.



ELLCOT SPINNING MILLS LIMITED

	Note	Un-audited	Audited
		September 30 2022	June 30 2022
		Rupees	Rupees
5 LONG TERM FINANCES			
From Banking companies			
As at beginning of the period / year		3,358,773,885	2,579,520,396
Obtain during the period/ year		128,274,685	1,533,746,450
Accretion during the period / year		17,947,734	56,873,014
Repayment made during the period / year		(97,447,632)	(364,708,153)
Deferred grant recognized during the period / year		-	(446,657,822)
As at end of the period / year		3,407,548,672	3,358,773,885
Less: Current portion shown under current liabilities		(348,086,986)	(366,374,606)
		<u>3,059,461,686</u>	<u>2,992,399,279</u>
6 DEFERRED GRANT			
As at beginning of the period / year		452,393,928	62,609,120
Recognized during the period/ year		-	446,657,822
Amortized during the period/ year		(17,947,734)	(56,873,014)
As at end of the period / year		434,446,194	452,393,928
Less: Current portion shown under current liabilities		(74,484,626)	(73,302,022)
		<u>359,961,568</u>	<u>379,091,906</u>
7 CONTINGENCIES AND COMMITMENTS			
7.1 Contingencies			
There is no significant change in status of contingencies as disclosed in note 18.1 to the annual financial statement for the year ended June 30, 2022.			
7.2 Commitments			
Irrevocable letters of credit for			
- purchase of property, plant and equipment		1,162,996,488	1,177,399,814
- purchase of stores and spare		27,252,904	34,382,247
- purchase of raw material		1,411,431,045	548,974,273
		2,601,680,437	1,760,756,334
Short Term Lease			
- payments not later than one year		304,380	608,760
		<u>2,601,984,817</u>	<u>1,761,365,094</u>
8 FIXED ASSETS			
Property, plant and equipment			
- Operating fixed assets	8.1	3,990,346,790	4,016,655,871
- Capital work in progress	8.2	156,585,041	57,847,805
		<u>4,146,931,831</u>	<u>4,074,503,676</u>
8.1 Operating fixed assets			
Net book value at the beginning of the period/year		4,016,655,871	2,600,265,510
Additions during the period / year			
Building		-	118,060,028
Plant and machinery		74,425,849	1,615,941,929
Electric installations and equipment		-	25,315,393
Factory equipment		-	150,000
Office equipment		233,991	1,867,100
Furniture and fixtures		709,546	1,080,543
Vehicles		111,500	34,891,300
		75,480,886	1,797,306,293
Net book value of assets disposed during the period/year		(12,517)	(26,461,690)
Depreciation for the period/year		(101,777,450)	(354,454,242)
Net book value at end of the period/year		<u>3,990,346,790</u>	<u>4,016,655,871</u>
8.2 Capital work in progress			
Opening		57,847,805	235,490,327
Additions during the period / year		173,163,085	1,581,824,828
Transfers to operating fixed assets		(74,425,849)	(1,759,467,350)
Net book value at end of the period/year		<u>156,585,041</u>	<u>57,847,805</u>
9 OTHER FINANCIAL ASSETS			
Financial assets at fair value through other comprehensive income	9.1	1,387,388,681	634,771,698



ELLCOT SPINNING MILLS LIMITED

9.1 Financial assets at fair value through other comprehensive income

These represent investments in listed equity securities and mutual funds which have been designated as 'financial assets at fair value through OCI'. These investments are not held for trading. Instead, they are held for strategic purposes for an indefinite period. Accordingly, the Company has elected to designate these investments as at fair value through OCI as the management believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments and realising their performance potential in the long run. The details are as follows:

	Un-audited September 30 2022	Audited June 30 2022
	Rupees	Rupees
Investments in listed equity securities		
Cost of investment	274,398,738	274,398,738
Changes in fair value	(103,758,724)	(91,084,210)
	170,640,014	183,314,528
Investments in mutual funds		
Cost of investment	1,212,366,536	451,506,335
Changes in fair value	4,382,131	(49,165)
	1,216,748,667	451,457,170
	1,387,388,681	634,771,698

9.2 Changes in fair value of investments at fair value through other comprehensive income

	September 30, 2022		
	Listed equity securities Rupees	Mutual funds Rupees	Total Rupees
As at beginning of the period	(91,084,210)	(49,165)	(91,133,375)
Fair value (loss) / gain arising during the period	(12,674,514)	5,641,383	(7,033,131)
Fair value gain transferred to retained earning on disposal	-	(1,210,087)	(1,210,087)
	(103,758,724)	4,382,131	(99,376,593)
Deferred taxation as at the reporting date	15,028,895	6,877	15,035,772
Deferred taxation transferred to retained earnings on disposal	885,681	2,100,649	2,986,330
	(87,844,148)	6,489,657	(81,354,491)
Reserve for financial assets measured at FVTOCI			
	(87,844,148)	6,489,657	(81,354,491)
	June 30, 2022		
	Listed equity securities Rupees	Mutual funds Rupees	Total Rupees
As at beginning of the year	(49,354,197)	158,568	(49,195,629)
Fair value (loss)/gain arising during the year	(29,427,210)	7,035,884	(22,391,326)
Fair value gain transferred to retained earnings on disposal	(12,302,803)	(7,243,617)	(19,546,420)
	(91,084,210)	(49,165)	(91,133,375)
Deferred taxation as at the reporting date	15,028,895	6,877	15,035,772
Deferred taxation transferred to retained earnings on disposal	885,681	2,100,649	2,986,330
	(75,169,634)	2,058,361	(73,111,273)
Reserve for financial assets measured at FVTOCI			
	(75,169,634)	2,058,361	(73,111,273)

10 COST OF SALES

	Quarter Ended (Un-audited)	
	September 30 2022	September 30 2021
	Rupees	Rupees
Raw material consumed	1,944,140,265	1,455,700,647
Power and fuel	311,697,592	148,985,469
Stores and spares consumed	69,063,411	52,666,092
Salaries, wages and benefits	114,082,146	104,769,508
Insurance	6,382,890	4,005,033
Repair and maintenance	3,590,652	2,669,943
Depreciation	98,831,635	63,308,212
Other	10,242,167	3,743,358
Manufacturing cost	2,558,030,758	1,835,848,262
Work-in-process:		
At beginning of period	79,611,941	50,048,113
At end of period	(83,499,875)	(54,692,726)
	(3,887,934)	(4,644,613)
Cost of goods manufactured	2,554,142,824	1,831,203,649
Finished goods:		
At beginning of period	279,395,082	51,892,779
At end of period	(143,436,943)	(26,875,470)
	135,958,139	25,017,309
	2,690,100,963	1,856,220,958

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	September 30
		2022	2021
		Rupees	Rupees
Associated companies	Purchases of goods and services	365,491	276,705
	Sales of goods and services	1,378,024,394	682,119,097
Key Management Personnel	Remuneration and other benefits	8,341,667	7,878,774

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures some of its financial assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

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 fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

	September 30, 2022			Total
	Level 1	Level 2	Level 3	
----- Rupees -----				
Financial assets - at fair value through OCI				
- Mutual funds	1,216,748,667	-	-	1,216,748,667
- Listed equity securities	170,640,014	-	-	170,640,014
	1,387,388,681	-	-	1,387,388,681
----- Rupees -----				
June 30, 2022				
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets - at fair value through OCI				
- Mutual funds	451,457,170	-	-	451,457,170
- Listed equity securities	183,314,528	-	-	183,314,528
	634,771,698	-	-	634,771,698

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, 2022.

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 26, 2022.

15 OTHERS

There are no other significant activities since June 30, 2022 affecting the condensed interim financial statements.

16 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 26, 2022

If undelivered please return to:

ELLCOT SPINNING MILLS LTD.

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