

**FIRST QUARTER REPORT  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 2018  
(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. Syed Moaz Mohiuddin	Independent Non-Executive Director
Mr. Jamal Nasim (Nominee 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

#### MANAGING DIRECTOR (Chief Executive)

Mr. Shafqat Ellahi Shaikh

#### AUDIT COMMITTEE

Mr. Syed Moaz Mohiuddin	Chairman
Mr. Shaukat Ellahi Shaikh	Member
Mr. Amin Ellahi Shaikh	Member
Mr. Syed Mohsin Gilani	Secretary

#### HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mr. Syed Moaz Mohiuddin	Chairman
Mr. Raza Ellahi Shaikh	Member
Mr. Amin Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

#### EXECUTIVE COMMITTEE

Mr. Shaukat Ellahi Shaikh	Chairman
Mr. Shahzada Ellahi Shaikh	Member
Mr. Shafqat 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

#### LEGAL ADVISOR

Bandial & Associates

#### 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](http://www.nagina.com)

#### SHARE REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.  
1<sup>st</sup> 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, 2018. The comparative figures for the corresponding quarter ended on September 30, 2017 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2018.

### **Company Performance**

Alhamdulillah, despite turbulent operating environment your Company has managed to earn after tax profit of Rs.43,654,888 compared to Rs.17,924,780 during same quarter of last year. This has been possible mainly due to better marketing strategies and effective cost controls. Earning per share for the quarter is Rs. 3.99 compared to Rs. 1.64 during same quarter of last year.

Because of better selling prices sales revenue for the quarter under review increased to Rs.1,468,557,563 compared to Rs.1,190,153,655 during same quarter of last year. Cost of sales decreased from 92.62% of sales during the same quarter of last year to 89.57% of sales during the quarter under review. Increase in sales revenue and decrease in cost of sales resulted in increase in Gross Profit (GP) from 7.38% of sales during the same quarter of last year to 10.43% of sales during the quarter under review.

Overall operating expenses decreased from 4.28% of sales to 3.23% of sales. The Company has been able to generate stable cash flows and discharged all its operating and financial liabilities in time. Finance cost increased from 1.69% of sales during same quarter of last year to 4.41% of sales during quarter under review. This increase is mainly due to increase in short term borrowings for cotton procurement and rising interest rate environment in the country.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2018-19, Kapas, (seed cotton) arrivals upto October 15, 2018, at the Ginneries totalled 6.044 million bales compared to 5.984 million bales of same period of previous year showing increase in arrival of 1%.

### **Future Outlook**

The company has earned reasonable profits during this quarter. Margins improved on the back of better yarn prices. However, it may be difficult to maintain margins in the rest of the year due to sudden and significant fall in yarn prices. Trade tensions between USA and CHINA is damaging demand for yarn especially from China. Pakistani spinning mills faced with declining exports are diverting products to the domestic market and reducing prices. In order to boost exports of the country the Government has promised many incentives for the textile sector such as reduction in gas and electricity tariff. It is hoped that the Government would bring in business friendly policies such as uninterrupted and cost effective energy supplies, refund of outstanding sales tax, income tax, DLT and technology upgradation funds so that cash flows improve and allow spinning mills to stock raw cotton. Management is also apprehensive about the prospects for rising interest rates. Higher financial costs are to be expected going forward and this will affect future margins. The Pakistani rupee may devalue further and lead to an inflationary environment. Inflation effects on raw materials especially cotton and polyester can reduce margins. Management is vigilantly reviewing the ever changing conditions in order to enhance company profits. The raw cotton production in the year 2018-19 is likely to be around 11 million bales. Therefore, cotton imports would be required to meet the raw material requirements of the spinning industry.

### **Acknowledgement**

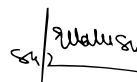
Despite adverse conditions profitable results have been possible due to continued diligence and devotion of the staff and workers of the Company. The continued good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their gratitude to the bankers for their continued support to the company.

On behalf of the Board.



**Shahzada Ellahi Shaikh**  
Chairman

Lahore : October 25, 2018.



**Shafqat Ellahi Shaikh**  
Mg. Director (Chief Executive)

## ڈائریکٹرز کا جائزہ

ڈائریکٹرز 30 ستمبر 2018 کو اختتام پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ 30 ستمبر 2017 کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ ماسوائے ٹینٹمنٹ آف فنانسل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2018 کو اختتام سال کے لئے ہیں۔

### کمپنی کی کارکردگی

الحمد للہ، مضطرب کاروباری ماحول کے باوجود، آپ کی کمپنی نے گزشتہ سال کی اسی سہ ماہی کے دوران بعد از ٹیکس منافع 17,924,780 روپے کے مقابلہ میں زیر جائزہ سہ ماہی کے دوران، 43,654,888 روپے کمایا ہے۔ یہ بنیادی طور پر بہتر مارکیٹنگ کی حکمت عملیوں اور موثر لاگت پر قابو کی بدولت ممکن ہوا ہے۔ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی سہ ماہی کے دوران 1.64 روپے کے مقابلہ میں 3.99 روپے ہے۔

زیر جائزہ سہ ماہی کے دوران، گزشتہ سال کی اسی سہ ماہی سے فروخت کی آمدنی 1,190,153,655 روپے کے مقابلہ میں بہتر فروخت قیمتوں کی وجہ سے فروخت آمدنی 1,468,557,563 روپے زیادہ ہوئی ہے۔ زیر جائزہ سہ ماہی کے دوران فروخت کی لاگت گزشتہ سال کی فروخت کی 92.62 فیصد سے کم ہو کر فروخت کی 89.57 فیصد تک ہو گئی۔ زیر جائزہ سہ ماہی کی فروخت کی آمدنی میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں گزشتہ سال کی اسی مدت کے دوران مجموعی منافع (GP) فروخت کے 7.38 فیصد سے بڑھ کر زیر جائزہ سہ ماہی کے دوران فروخت 10.43 فیصد ہو گیا۔

مجموعی کاروباری اخراجات فروخت کے 4.28 فیصد سے کم ہو کر فروخت کے 3.23 فیصد ہو گئے۔ کمپنی پائیدار نقد بہاؤ پیدا کرنے اور اپنے تمام کاروباری اور مالی واجبات بروقت ادا کرنے کے قابل رہی ہے۔ مالی اخراجات گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 1.69 فیصد سے بڑھ کر زیر جائزہ سہ ماہی کے دوران فروخت کے 4.41 فیصد ہو گئے۔ مالی اخراجات میں یہ اضافہ کپاس کی خریداری کے لئے مختصر مدتی قرضوں میں اضافہ اور ملک میں سود کی شرح میں اضافہ کے ماحول کی وجہ سے ہوا ہے۔

فصل سال 2018-19 کیلئے پاکستان کاٹن جنرل ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس (پتھ کپاس) کی 15 اکتوبر 2018 تک جزیرے میں آمد گزشتہ سال کی اسی مدت میں 5.984 ملین گانٹھوں کے مقابلے میں کل 6.044 ملین گانٹھیں ہو گئی جو 1 فیصد کا اضافہ ظاہر کرتی ہے۔

### مستقبل کا نقطہ نظر

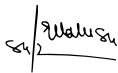
کمپنی نے اس سہ ماہی کے دوران مناسب منافع کمایا ہے۔ شرح منافع سوٹر کی اعلیٰ قیمتوں کی پشت پر بہتر ہوا۔ تاہم، سوٹر کی قیمتوں میں اچانک اور نمایاں کمی کی وجہ سے سال کے باقی عرصہ میں شرح منافع کو برقرار رکھنا مشکل ہو سکتا ہے۔ امریکہ اور چین کے درمیان تجارتی تناؤ خاص طور پر چین سے سوٹر کی طلب کو نقصان پہنچا رہا ہے۔ پاکستانی سپنگ ملز کو کم برآمدات کا سامنا ہے جس کی وجہ سے مصنوعات کو مقامی مارکیٹ کی طرف منتقل اور قیمتوں کو کم کر دیا گیا ہے۔

ملک کی برآمدات کو فروغ دینے کے لئے حکومت نے ٹیکسٹائل سیکٹر کے لئے ٹیکس اور بجلی کے ٹیرف میں کمی جیسی بہت سی رعایتوں کا وعدہ کیا ہے۔ یہ امید کی جارہی ہے کہ حکومت بلا قفل اور سستی بجلی کی فراہمی، ہائیڈرو پاور، ٹیکس، ایکسائز، DTL اور ٹیکسٹائل لوہی کے اپگرڈیشن فنڈز کی واپسی جیسی کاروباری دوستانہ پالیسیاں لانے کی تاکہ نقدی بہاؤ کو بہتر بنانے اور سپنگ ملز میں خام کپاس اسٹاک کرنے کے قابل ہوں۔ انتظامیہ پر بڑھتی ہوئی سودی شرحوں کے امکانات کے بارے میں بھی پریشان ہے۔ بڑھتے ہوئے مالی اخراجات مستقبل میں بھی جاری رہنے کی توقع ہیں اور یہ مستقبل کے منافع کی شرحوں کو متاثر کریں گے۔ پاکستانی روپیہ کی قدر میں کمی اور افراط زر کا بحول پیدا ہو سکتا ہے۔ خام مال خاص طور پر کپاس اور پلینسٹر پرافر ایڈز کے اثرات منافع کی شرحوں کو کم کر سکتے ہیں۔ انتظامیہ کمپنی کے مفع کو بڑھانے کے لئے مسلسل تبدیل ہونے والے حالات کا بغور جائزہ لے رہی ہے۔ سال 2018-19 میں خام کپاس کی پیداوار تقریباً 11 ملین گانٹھیں ہونے کا امکان ہے۔ اس لئے سپنگ انڈسٹری کی خام مال کی ضروریات کو پورا کرنے کے لئے کپاس درآمد کرنے کی ضرورت ہوگی۔

### اظہار تشکر

کشیدہ حالات کے باوجود، کمپنی کے عملے اور کارکنوں کی مسلسل محنت اور جذبہ کی بدولت منافع بخش نتائج ممکن ہوئے ہیں۔ تمام سطحوں پر اچھے انسانی تعلقات قابل ستائش ہیں۔ ڈائریکٹرز کمپنی کی مسلسل حمایت پر بینکرز کا بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ



شفیق الحق شیخ

منیجنگ ڈائریکٹر (چیف ایگزیکٹو)



شہزاد الہی شیخ

چیئرمین



# ELLCOT SPINNING MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

		Un-Audited September 30 2018	Audited June 30 2018
	Note	Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
20,000,000 (June 30, 2018: 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		8,299,644	5,979,403
Revenue reserve		<u>1,471,516,517</u>	<u>1,433,790,978</u>
<b>TOTAL EQUITY</b>		<b>1,589,316,161</b>	<b>1,549,270,381</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - secured	5	<u>1,754,535,229</u>	<u>1,793,375,699</u>
Employees retirement benefits		<u>80,798,727</u>	<u>80,310,848</u>
Deferred taxation		<u>53,908,073</u>	<u>53,908,073</u>
		<b>1,889,242,029</b>	<b>1,927,594,620</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>413,011,602</u>	<u>385,046,070</u>
Unclaimed dividend		<u>4,908,619</u>	<u>4,908,619</u>
Accrued interest/markup/profit		<u>49,597,410</u>	<u>51,481,017</u>
Short term borrowings		<u>1,716,189,989</u>	<u>2,227,456,568</u>
Current portion of non-current liabilities		<u>109,722,693</u>	<u>108,093,042</u>
		<b>2,293,430,313</b>	<b>2,776,985,316</b>
<b>TOTAL LIABILITIES</b>		<b>4,182,672,342</b>	<b>4,704,579,936</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>5,771,988,503</b></u>	<u><b>6,253,850,317</b></u>

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

Lahore : October 25, 2018.

**Shahzada Ellahi Shaikh**  
Chairman



# ELLCOT SPINNING MILLS LIMITED

		Un-Audited September 30 2018	Audited June 30 2018
	Note	Rupees	Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	7	2,587,944,298	2,644,543,927
Long term deposits		7,090,700	7,090,700
		2,595,034,998	2,651,634,627
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		58,802,718	66,084,857
Stock-in-trade		1,708,787,243	1,821,067,965
Trade debts		490,623,949	738,488,296
Advances, prepayments and other receivables		285,003,434	406,638,325
Short term investments		487,602,556	451,033,523
Advance income tax		114,457,354	101,949,715
Cash and bank balances		31,676,251	16,953,009
		3,176,953,505	3,602,215,690
<b>TOTAL ASSETS</b>		<b>5,771,988,503</b>	<b>6,253,850,317</b>

**Muhammad Ahmad**  
Chief Financial Officer

**Shafqat Ellahi Shaikh**  
Mg. Director (Chief Executive)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

		Quarter Ended	
		September 30 2018	September 30 2017
	Note	Rupees	Rupees
Sales		1,468,557,563	1,190,153,655
Cost of sales	8	(1,315,320,385)	(1,102,353,477)
<b>Gross profit</b>		<b>153,237,178</b>	<b>87,800,178</b>
Distribution cost		(10,003,536)	(4,823,099)
Administrative expenses		(35,330,615)	(30,884,537)
Other expenses		(2,027,536)	(15,219,278)
		<b>(47,361,687)</b>	<b>(50,926,914)</b>
		<b>105,875,491</b>	<b>36,873,264</b>
Other income		2,567,449	1,218,701
<b>Operating profit</b>		<b>108,442,940</b>	<b>38,091,965</b>
Finance cost		(64,788,052)	(20,167,185)
<b>Profit before taxation</b>		<b>43,654,888</b>	<b>17,924,780</b>
Provision for taxation		-	-
<b>Profit after taxation</b>		<b>43,654,888</b>	<b>17,924,780</b>
<b>Earnings per share - basic and diluted</b>		<b>3.99</b>	<b>1.64</b>

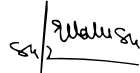
The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.



Shahzada Ellahi Shaikh  
Chairman



Muhammad Ahmad  
Chief Financial Officer



Shafqat Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore : October 25, 2018.



## ELLCOT SPINNING MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

		Quarter Ended	
		September 30 2018	September 30 2017
		Rupees	Rupees
	Note		
Profit after taxation		43,654,888	17,924,780
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Unrealized gain/(loss) on remeasurement of equity investments	9	2,320,241	(20,682,166)
Realized loss on sale of equity investments	10	(5,929,349)	-
Other comprehensive loss for the period		(3,609,108)	(20,682,166)
Total comprehensive income / (loss) for the period		40,045,780	(2,757,386)

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

Shahzada Ellahi Shaikh  
Chairman

Muhammad Ahmad  
Chief Financial Officer

Shafqat Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore : October 25, 2018.

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	Quarter Ended	
	September 30 2018	September 30 2017
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	43,654,888	17,924,780
Adjustments for:		
Depreciation on property plant, and equipment	65,891,873	30,821,738
Amortization of intangible asset	309,999	309,999
Provision for employees retirement benefits	8,152,496	6,696,249
Loss / (Gain) on disposal of property, plant and equipment	5,240	(111,357)
Loss on sale of short term investments	-	6,837,852
Finance Cost	64,788,052	20,167,185
Dividend income	(2,251,065)	(858,510)
	<b>136,896,595</b>	<b>63,863,156</b>
	<b>180,551,483</b>	<b>81,787,936</b>
<b>Changes in working capital</b>		
Decrease / (increase) in current assets:		
Stores, spares and loose tools	7,282,139	(22,525,882)
Stock-in-trade	112,280,722	(32,839,164)
Trade debts	247,864,347	125,822,041
Advances, prepayments and other receivables	121,634,891	51,917,906
	<b>489,062,099</b>	<b>122,374,901</b>
Increase in Trade and other payables	27,965,532	33,801,867
<b>Cash generated from operations</b>	<b>697,579,114</b>	<b>237,964,704</b>
Payments made:		
Employees retirement benefits	(7,664,617)	(7,500,468)
Finance Cost	(66,671,659)	(19,670,144)
Income taxes	(12,507,639)	(8,293,907)
<b>Net cash generated from operating activities</b>	<b>610,735,199</b>	<b>202,500,185</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(20,005,482)	(113,773,554)
Proceeds from disposal of property, plant and equipment	10,397,999	450,000
Purchase of short term investments	(56,055,474)	(19,204,694)
Proceeds from sale of short term investments	15,877,333	68,785,650
Dividend received	2,251,065	858,510
<b>Net cash used in investing activities</b>	<b>(47,534,559)</b>	<b>(62,884,088)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance obtained	2,110,619	148,443,886
Repayment of long term finances	(39,321,438)	(31,586,286)
Net decrease in short term borrowings	(511,266,579)	(232,067,536)
<b>Net cash used in financing activities</b>	<b>(548,477,398)</b>	<b>(115,209,936)</b>
<b>Net Increase in cash and cash equivalents</b>	<b>14,723,242</b>	<b>24,406,161</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>16,953,009</b>	<b>15,939,035</b>
<b>Cash and cash equivalents at end of the period</b>	<b>31,676,251</b>	<b>40,345,196</b>

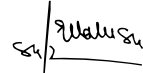
The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.



**Shahzada Ellahi Shaikh**  
Chairman



**Muhammad Ahmad**  
Chief Financial Officer



**Shafqat Ellahi Shaikh**  
Mg. Director (Chief Executive)

Lahore : October 25, 2018.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	Share Capital	Capital reserve		Revenue reserve	
	Issued, subscribed and paid-up share capital	Reserve on merger	Changes in fair value of equity investments	Accumulated profit	Total
-----Rupees-----					
<b>Balance as at June 30, 2017 (Audited)</b>	109,500,000	7,760,000	(10,504,398)	1,342,268,486	1,449,024,088
<b>Comprehensive income</b>					
Profit after taxation	-	-	-	17,924,780	17,924,780
Other comprehensive loss	-	-	(20,682,166)	-	(20,682,166)
<b>Total comprehensive income/(loss)</b>	-	-	(20,682,166)	17,924,780	(2,757,386)
<b>Balance as at September 30, 2017 (Un-audited)</b>	109,500,000	7,760,000	(31,186,564)	1,360,193,266	1,446,266,702
<b>Transactions with owners</b>					
Final dividend for the year ended June 30, 2017 @ 35% i.e. Rs. 3.50 per ordinary share	-	-	-	(38,325,000)	(38,325,000)
<b>Comprehensive income</b>					
Profit after taxation	-	-	-	112,589,816	112,589,816
Other comprehensive income/(loss) - net of tax	-	-	29,405,967	(667,104)	28,738,863
<b>Total comprehensive income</b>	-	-	29,405,967	111,922,712	141,328,679
<b>Balance as at June 30, 2018 (Audited)</b>	109,500,000	7,760,000	(1,780,597)	1,433,790,978	1,549,270,381
<b>Comprehensive income / (loss)</b>					
Profit after taxation	-	-	-	43,654,888	43,654,888
Other comprehensive income / (loss)	-	-	2,320,241	(5,929,349)	(3,609,108)
<b>Total comprehensive income</b>	-	-	2,320,241	37,725,539	40,045,780
<b>Balance as at September 30, 2018 (Un-audited)</b>	<u>109,500,000</u>	<u>7,760,000</u>	<u>539,644</u>	<u>1,471,516,517</u>	<u>1,589,316,161</u>

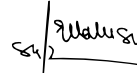
The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.



**Shahzada Ellahi Shaikh**  
Chairman



**Muhammad Ahmad**  
Chief Financial Officer



**Shafqat Ellahi Shaikh**  
Mg. Director (Chief Executive)

Lahore : October 25, 2018.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN- AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

**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.

**2 STATEMENT OF COMPLIANCE**

- 2.1** These un-audited condensed interim financial statements of the Company for the Quarter ended September 30, 2018 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard 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.

These condensed interim financial statements do not include all of the information required for the full financial statements and, therefore, these should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018.

- 2.2** These condensed interim financial statements have been prepared under 'Historical cost convention' except employees retirement benefits and financial instruments at fair value.
- 2.3** These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional and presentation currency. Figures presented in these condensed interim financial statements have been rounded off to the nearest Rupee.
- 2.4** The comparative Statement of Financial Position presented has been extracted from annual financial statements for the year ended June 30, 2018; whereas comparative condensed statement of Profit or Loss and Other Comprehensive Income, condensed statement of Cash Flows and condensed statement of Changes in Equity are stated from the un-audited condensed interim financial statements for the First Quarter ended September 30, 2017.

**3 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, 2018. Certain relevant new accounting standards (IFRS-9, IFRS-15) are effective from annual reporting period beginning on or after July 01, 2018 as notified by the SECP and also adopted by the company, however these do not have significant impact on these condensed interim financial statements other than as disclosed in 9 & 10.

**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, 2018.

**5 LONG TERM FINANCES - Secured**

**From Banking companies**

	<b>Un-audited September 30 2018</b>	<b>Audited June 30 2018</b>
	<b>Rupees</b>	<b>Rupees</b>
Opening Balance	<b>1,901,468,741</b>	566,909,450
Obtain during the period / Year	<b>2,110,619</b>	1,406,822,772
Repayment made during the period / year	<b>(39,321,438)</b>	(72,263,481)
	<b>1,864,257,922</b>	1,901,468,741
Less: Current portion shown under current liabilities	<b>(109,722,693)</b>	(108,093,042)
	<b>1,754,535,229</b>	1,793,375,699



## 6.1 Contingencies

Un-audited September 30 2018	Audited June 30 2018
Rupees	Rupees
18,575,250	3,541,400
33,804,614	75,397,958
52,379,864	78,939,358
653,400	435,600
53,033,264	79,374,958

### Irrevocable letters of credit for

### Operating Lease

653,400	435,600
<u>53,033,264</u>	<u>79,374,958</u>

### Property, plant and equipment

2,565,047,426	2,640,791,138
3,306,659	3,616,658
19,590,213	136,131
<u>2,587,944,298</u>	<u>2,644,543,927</u>

Opening written down value

**Additions during the period / year**

<b>2,640,791,138</b>	1,162,585,962
-	144,209,113
-	1,445,204,381
-	29,134,028
-	116,000
<b>372,500</b>	708,648
<b>178,900</b>	614,632
-	4,952,000
<b>551,400</b>	1,624,938,802

(10,403,239)	(8,456,540)
(65,891,873)	(138,277,086)
<u>2,565,047,426</u>	<u>2,640,791,138</u>

## Opening

136,131	5,478,267
19,454,082	1,613,205,386
-	(1,618,547,522)
<u>19,590,213</u>	<u>136,131</u>

**8 COST OF SALES**

Raw material consumed  
 Fuel and power  
 Stores, spares and loose tools consumed  
 Salaries, wages and benefits  
 Insurance  
 Repair and maintenance  
 Depreciation  
 Other manufacturing overheads

**Manufacturing cost**

Work-in-process:

At beginning of period  
 At end of period

**Cost of goods manufactured**

Finished goods:

At beginning of period  
 Purchases  
 At end of period

<b>Quarter Ended (Un-audited)</b>	
<b>September 30</b>	<b>September 30</b>
<b>2018</b>	<b>2017</b>
<b>Rupees</b>	<b>Rupees</b>
<b>945,127,442</b>	872,975,319
<b>139,741,179</b>	118,906,692
<b>43,828,087</b>	39,020,920
<b>93,395,035</b>	93,938,311
<b>2,303,629</b>	1,551,038
<b>2,087,856</b>	2,530,543
<b>64,350,755</b>	29,093,231
<b>4,251,674</b>	4,457,802
<b>1,295,085,657</b>	1,162,473,856
<b>58,649,452</b>	46,147,798
<b>(63,299,280)</b>	(45,656,585)
<b>(4,649,828)</b>	491,213
<b>1,290,435,829</b>	1,162,965,069
<b>61,759,790</b>	52,883,593
<b>72,310,000</b>	-
<b>(109,185,234)</b>	(113,495,185)
<b>24,884,556</b>	(60,611,592)
<b>1,315,320,385</b>	1,102,353,477

**9 Reclassifications**

The corresponding figures of unrealized loss on remeasurement of equity investments have been reclassified to comply with the requirements of IFRS-9 as per following:

<b>Reclassified from</b>	<b>Reclassified to</b>	<b>Reason</b>	<b>Rupees</b>
Items that may be reclassified subsequently to profit or loss	Items that will not be reclassified to profit or loss	IFRS-9	<b>20,682,166</b>

**10** This represents realized loss on "Sale of Equity Investments measured at fair value through Other Comprehensive Income" as per IFRS-9.

**11 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:

	<b>September 30, 2018</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>Rs</b>		
<b>Financial assets</b>			
<b>at fair value through OCI</b>			
- Mutual funds	<b>12,703,262</b>	-	-
- Listed equity securities	<b>474,899,294</b>	-	-
	<b>487,602,556</b>	-	-

	June 30, 2018			Total
	Level 1	Level 2	Level 3	
	----- Rs -----			
Financial assets at fair value through OCI				
- Mutual funds	13,184,825	-	-	13,184,825
- Listed equity securities	437,848,698	-	-	437,848,698
	<u>451,033,523</u>	<u>-</u>	<u>-</u>	<u>451,033,523</u>

At 30 September, 2018, the Company holds short term investments where the company has used Level 1 inputs for the measurement of fair values and there is no transfer between levels.

## 12 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, 2018.

## 13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnel of the Company. Transaction with related parties are carried out at arm's length in the normal course of business. The consideration is determined on commercial terms and conditions. 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:

Nature of Relationship	Nature of Transaction	Quarter Ended (Un-audited)	
		September 30 2018	September 30 2017
		Rupees	Rupees
Associated companies	Purchases	72,334,000	22,000
	Sales	362,853,225	216,105,274
	Rent Paid	217,800	198,000
Key Management Personnel	Remuneration and other benefits	2,567,283	2,147,957

There is no balance outstanding with or from associated undertakings, as at reporting date.

## 14 OTHERS

The Board of directors in its meeting held on September 27, 2018, proposed to distribute to the shareholders of the Company, cash dividend at the rate of 60 percent (i.e. Rs.6/- per ordinary share). The dividend is subject to the approval by the shareholders of the Company in its forthcoming Annual General Meeting to be held on October 26, 2018.

## 15 DATE OF AUTHORIZATION FOR ISSUE

These un-audited condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 25, 2018.

Lahore : October 25, 2018.

  
**Shahzada Ellahi Shaikh**  
Chairman

  
**Muhammad Ahmad**  
Chief Financial Officer

  
**Shafqat Ellahi Shaikh**  
Mg. Director (Chief Executive)

*If undelivered please return to:*

**ELLCOT SPINNING MILLS LTD.**

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