

**FIRST QUARTER REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2020
(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

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, 2020. The comparative figures for the corresponding quarter ended on September 30, 2019 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2020.

Company Performance

Alhamdulillah, during the quarter under review, your Company has earned after tax profit of Rs. 32,542,423 compared to Rs. 91,444,598 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 2.97 compared to Rs. 8.35 for the SPLY. These earnings are significantly better than the last quarter and reflect the revival of demand for yarn.

Volume based sales rise has resulted in increase in sales revenue by 7.82% over the SPLY. The sales stood at Rs. 1,553,324,900 compared to Rs. 1,440,614,165 during SPLY. Cost of sales increased from 86.10% during the SPLY to 90.91% of sales during the quarter under review. Increase in cost of sales resulted in decrease in Gross Profit (GP) from 13.90% during the SPLY to 9.09% of sales during the quarter under review.

Overall operating expenses decreased from 4.61% during SPLY to 4.27% 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 significantly decreased from 3.73% during SPLY to 1.70% of sales during quarter under review. Reduction in finance cost is mainly due to reduction in Kibor rates and conversion of long-term debt into concessional LTFF loans.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2020-21, Kapas, (seed cotton) arrivals up to October 15, 2020, at the Ginneries totalled 2.688 million bales compared to 4.440 million bales for SPLY showing decrease in arrival of 39.45%. the sharp decline in cotton production is causing a significant price escalation.

Future Outlook

The quarter under review has been reasonably profitable. We are cautiously optimistic about the textile sector in the near future. Value added business producing home textiles, towels, denim and knitted garments have received sizeable orders from abroad. The higher exports and capacity utilisation of the value-added sectors has increased demand for yarn in the local market causing rise in yarn price. It is hoped that the demand surge in the local market will last at least for the rest of the financial year. Profitability should also be helped by continuous efforts to develop new products and diversify marketing channels.

However global business outlook is still uncertain because of ramifications of COVID-19. In the winter most world economies are fearful of the second wave of the pandemic. We hope and pray that the world gets a vaccine quickly and the disease is controlled.

In Pakistan the cotton crop outlook is not encouraging. Cotton quality and quantity has suffered due to excessive rainfalls and lower cultivation area. It is unfortunate to predict that we may end up producing even lower crop quantity compared to last year. The consequent shortfall will force the spinners to import cotton.

The benefits of the balancing, modernisation and replacement program has made the company technologically up-to-date, energy efficient and competitive. In order to sustain the momentum and achieve a better size the management is planning a new BMR and expansion plan. The estimated investment amount for the said project is Rs. 1.85 billion. The project consists of state of the art 25,200 spindles and related machinery.

The State Bank of Pakistan (SBP) has been aggressively supporting the economy with timely schemes to provide liquidity to manufacturing companies. The SBP has also provided an excellent scheme for long term investment funding. The federal government has also been extremely helpful for the promotion of business during this difficult time. Electricity and gas prices for the export sector has been provided at very reasonable rates. Sales tax refunds have also improved. It is hoped that the positive policies of the government and SBP will continue and Pakistan will achieve even greater success.

Business friendly policies such as uninterrupted and cost-effective energy supplies, refund of outstanding sales tax, income tax, DTL and technology upgradation funds are required. Management is vigilantly reviewing the ever-changing conditions in order to enhance company profits.

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 28, 2020

ڈائریکٹرز کا جائزہ

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 30 ستمبر 2020 کو مختصر پہلی سرمایہ کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے غوثی محسوس کر رہے ہیں۔ 30 ستمبر 2019 کو ختم ہونے والی سرمایہ کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے ٹینڈنٹ آف ٹرانزیکشن پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2020 کو مختصر سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی گزشتہ سال کی اسی سرمایہ کے دوران، 91,444,598 روپے کے مقابلے میں زیر جائزہ مدت کے دوران 32,542,423 روپے بعد از ٹیکس منافع کمایا۔ سرمایہ کی فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 8.35 روپے کے مقابلے میں 2.97 روپے ہے۔ یہ آمدنی گزشتہ سرمایہ سے نمایاں بہتری اور سوت کی طلب کی بحالی ظاہر کرتی ہیں۔

تعمیم پٹنی فروخت میں اضافے کے نتیجے میں فروخت آمدن میں 7.82 فیصد کا اضافہ ہوا۔ فروخت آمدنی گزشتہ سال کی اسی سرمایہ کے دوران 1,440,614,165 روپے کے مقابلے میں 1,553,324,900 روپے ہے۔ فروخت کی لاگت گزشتہ سال کی اسی سرمایہ کے دوران فروخت کے 86.10 فیصد سے بڑھ کر زیر جائزہ سرمایہ کے دوران فروخت کے 90.91 فیصد تک ہوئی ہے۔ فروخت کی لاگت میں اضافہ کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی سرمایہ کے دوران فروخت کے 13.90 فیصد سے کم ہو کر زیر جائزہ سرمایہ کے دوران فروخت کا 9.09 فیصد ہوا۔

مجموعی کاروباری اخراجات فروخت کے 4.61 فیصد سے کم ہو کر فروخت کے 4.27 فیصد تک ہوئے۔ کمپنی محکم نقد بہاؤ کمانے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ مالی اخراجات گزشتہ سال کی اسی سرمایہ کے دوران 3.73 فیصد سے کم ہو کر زیر جائزہ سرمایہ کے دوران فروخت کے 1.70 فیصد ہو گئے۔ مالی اخراجات میں یہ کمی بنیادی طور پر KIBOR کی شرح میں کمی اور طویل مدتی قرضوں کی رعایتی LTFF قرضوں میں تبدیلی کی وجہ سے ہوئی ہے۔

فصل سال 2020-21 کیلئے پاکستان کاؤنٹرز ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (بیج کپاس) کی 15 اکتوبر 2020 تک جزیز میں آمد گزشتہ سال کی اسی مدت میں 4.440 ملین کانٹوں کے مقابلے میں کل 2.688 ملین کانٹوں ہو گئیں جو 39.45 فیصد کی کمی ظاہر کرتی ہے۔

مستقبل کا نقطہ نظر

زیر جائزہ سرمایہ معقول منافع بخش مدت رہی ہے۔ ہم مستقبل قریب میں ٹیکسٹائل کے شعبے کے بارے میں محتاط انداز میں پُر امید ہیں۔ ہوم ٹیکسٹائل، تولیے، ڈپیم اور ہٹے ہوئے لباس تیار کرنے والے ویلیو ایڈڈ کاروبار کو بیرون ملک سے شاند آرڈر موصول ہونے ہیں۔ ویلیو ایڈڈ ٹیکسٹائل کی برآمدات اور مصالحت کے زیادہ استعمال سے مقامی مارکیٹ میں سوت کی طلب میں اضافہ ہوا ہے اور قیمتیں برآمدی قیمت سے زیادہ رہی ہیں۔ امید کی جارہی ہے کہ مقامی مارکیٹ میں طلب میں اضافہ کم از کم مالی سال کے باقی حصے تک برقرار رہے گا۔ مصنوعی مٹیریل کی تیاری اور مارکیٹنگ چیلنجز میں جدت کی مسلسل کوششوں سے بھی منافع کو بہتر بنانے میں مدد ملے گی۔

تاہم، COVID-19 کے اثرات کی وجہ سے عالمی کاروباری نقطہ نظر ابھی غیر یقینی ہے۔ سر دیوں میں اکثر دنیا کی معیشتیں وبائی بیماری کی دوسری لہر سے خوف زدہ ہیں۔ ہم امید اور دعا کرتے ہیں کہ دنیا کو جلد از جلد ویکٹین مل جائے اور اس بیماری پر قابو پایا جاسکے۔

پاکستان میں کپاس کی فصل کے آئندہ امکانات حوصلہ افزا نہیں ہیں۔ زیادہ بارش اور کاشت کے کم رجحان کی وجہ سے کپاس کے معیار اور مقدار کو نقصان پہنچا ہے۔ بد قسمتی سے یہ پیش گوئی ہے کہ ہم پچھلے سال کے مقابلے میں فصل کی کم مقدار پیدا کر سکتے ہیں۔ اس قلت کے نتیجے میں بہتر ڈپکس درآمد کرنے پر مجبور ہوں گے۔

توازن، جدت اور تبدیلی پروگرام کے تحت نوآئندہ کمپنی کو ٹیکنیکل طور پر جدید اور مسابقتی بنانے رکھنے میں مدد دی ہے۔ اس رفتار کو برقرار رکھنے اور بہتر حجم کے حصول کے لئے انتظامیاتی BMR اور توسیع کی منصوبہ بندی کر رہی ہے۔ مذکورہ منصوبہ پر سرمایہ کاری کا تخمینہ 1.85 ملین روپے لگا یا گیا ہے۔ یہ منصوبہ جدید 25,200 سپنڈلز اور مختلف مشینز پر مشتمل ہے۔

اسٹیٹ بینک آف پاکستان (SBP) میں پیکیجنگ کمپنیوں کو ٹیکو پٹی پٹی فراہم کرنے کے لئے بروقت اکٹھوں کے ذریعے معیشت کی جارحانہ حمایت کر رہا ہے۔ اسٹیٹ بینک آف پاکستان نے طویل مدتی سرمایہ کاری کی فنڈنگ کے لئے ایک بہتر اسکیم بھی فراہم کی ہے۔ وفاقی حکومت بھی اس مشکل وقت میں کاروبار کے فروغ کے لئے بہت زیادہ مددگار رہی ہے۔ برآمدی شعبے کے لئے بجلی اور گیس کی قیمتیں انتہائی مناسب نرخوں پر مہیا کی جارہی ہیں۔ سبز گیس کی قابل واپسی رقم بھی بہتری آئی ہے۔ امید ہے کہ حکومت اور اسٹیٹ بینک آف پاکستان کی مثبت پالیسیاں جاری رہیں گی اور پاکستان اس سے بھی زیادہ کامیابی حاصل کرے گا۔

بالنظیل اور موثر لاگاتی توانائی کی فراہمی، ہائیڈرو پاور، ٹیکسٹائل، ڈیٹیل اور ٹیکنالوجی آپ گریڈیشن قوم کی داخلی کو تیز کرنے کی کاروبار دوستانہ پالیسیاں درکار ہیں۔ انتظامیہ کمپنی کے منافع کو بڑھانے کے لئے ہمیشہ تیار رہے ہوتے حالات کا بغور جائزہ لے رہی ہے۔

اطمینان رکھ کر

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

مختص نائب پورڈ



بارون شہرادر علی شاہ
چیف ایگزیکٹو آفیسر



امین علی شاہ
ڈائریکٹر



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

		Un-Audited September 30 2020	Audited June 30 2020
	Note	Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2020: 20,000,000)			
Ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid-up capital		109,500,000	109,500,000
Capital reserve		(55,222,467)	(101,904,670)
Accumulated profit		1,780,581,532	1,747,535,710
TOTAL EQUITY		1,834,859,065	1,755,131,040
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	5	2,312,443,680	1,935,827,028
Employees retirement benefits		111,288,859	107,407,455
Deferred taxation		38,456,941	38,456,941
Deferred grant	6	3,454,267	1,865,501
		2,465,643,747	2,083,556,925
CURRENT LIABILITIES			
Trade and other payables		595,194,563	587,873,291
Unclaimed dividend		6,014,183	6,014,183
Accrued interest/profit		24,116,773	47,924,330
Short term borrowings		309,684,630	819,226,442
Current portion of non-current liabilities		190,123,846	77,693,413
		1,125,133,995	1,538,731,659
TOTAL LIABILITIES		3,590,777,742	3,622,288,584
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		5,425,636,807	5,377,419,624

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

Lahore : October 28, 2020


Amin Ellahi Shaikh
Director



ELLCOT SPINNING MILLS LIMITED

		Un-Audited September 30 2020	Audited June 30 2020
	Note	Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	8	2,609,183,442	2,453,332,154
Long term deposits		7,090,700	7,090,700
		2,616,274,142	2,460,422,854
CURRENT ASSETS			
Stores, spares and loose tools		80,382,946	70,145,017
Stock in trade		1,406,703,462	1,743,157,595
Trade receivables		514,305,021	551,607,736
Advances, deposits, prepayments and other receivables		274,206,530	50,978,693
Other financial assets	9	389,829,924	353,113,980
Advance income tax		131,173,864	121,994,957
Cash and bank balances		12,760,918	25,998,792
		2,809,362,665	2,916,996,770
TOTAL ASSETS		5,425,636,807	5,377,419,624

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, 2020

	Note	Quarter Ended	
		September 30 2020	September 30 2019
		Rupees	Rupees
Sales-net		1,553,324,900	1,440,614,165
Cost of sales	10	(1,412,080,343)	(1,240,414,588)
Gross profit		141,244,557	200,199,577
Distribution cost		(16,410,519)	(16,917,100)
Administrative expenses		(38,729,752)	(40,207,973)
Other expenses		(11,229,959)	(9,299,786)
		(66,370,230)	(66,424,859)
		74,874,327	133,774,718
Other income		6,476,374	11,426,426
Operating profit		81,350,701	145,201,144
Finance cost		(26,383,605)	(53,756,546)
Profit before taxation		54,967,096	91,444,598
Provision for taxation		(22,424,673)	-
Profit after taxation		32,542,423	91,444,598
Earnings per share - basic and diluted		2.97	8.35

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 28, 2020



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter Ended	
	September 30 2020	September 30 2019
	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	47,185,602	(13,816,789)
Profit after taxation	32,542,423	91,444,598
Total comprehensive income for the period	<u>79,728,025</u>	<u>77,627,809</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 28, 2020



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter Ended	
	September 30 2020	September 30 2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	54,967,096	91,444,598
Adjustments for non-cash items		
Depreciation on property plant, and equipment	61,570,798	61,779,306
Amortization of intangible asset	309,999	309,999
Provision for employees retirement benefits	8,385,724	9,200,074
Loss / (Gain) on disposal of property, plant and equipment	7,156,136	(4,623,672)
Loss on sale of short term investments	-	4,407,925
Impairment loss on available for sale financial assets	-	78,681
Finance Cost	26,383,605	53,756,546
Profit on long term investment	-	(2,863,781)
Dividend income	(6,083,225)	(3,629,914)
	<u>97,723,037</u>	<u>118,415,164</u>
	152,690,133	209,859,762
Changes in working capital		
Decrease / (increase) in current assets:		
Stores, spares and loose tools	(10,237,929)	(2,289,844)
Stock in trade	336,454,133	363,926,865
Trade receivables	37,302,715	48,502,769
Advances, deposits, prepayments and other receivables	(223,227,837)	21,325,356
	<u>140,291,082</u>	<u>431,465,146</u>
Increase in Trade and other payables	7,321,272	50,725,470
	<u>300,302,487</u>	<u>692,050,378</u>
Cash generated from operations		
Payments made:		
Employees retirement benefits	(4,504,320)	(2,498,685)
Finance Cost	(50,191,162)	(55,353,677)
Income taxes	(31,603,580)	(14,228,906)
Net cash generated from operating activities	<u>214,003,425</u>	<u>619,969,110</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(228,904,221)	(113,188,163)
Proceeds from disposal of property, plant and equipment	4,016,000	8,172,000
Purchase of short term investments	(1,042)	(20,096,380)
Proceeds from disposal of short term investments	10,470,700	19,814,756
Dividend received	6,083,225	3,629,914
Net cash used in investing activities	<u>(208,335,338)</u>	<u>(101,667,873)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained	490,635,851	55,335,000
Repayment of long term finances	-	(40,951,088)
Net decrease in short term borrowings	(509,541,812)	(535,452,436)
Dividend paid	-	(92)
Net cash used in financing activities	<u>(18,905,961)</u>	<u>(521,068,616)</u>
Net decrease in cash and cash equivalents	<u>(13,237,874)</u>	<u>(2,767,379)</u>
Cash and cash equivalents at beginning of the period	<u>25,998,792</u>	<u>128,542,300</u>
Cash and cash equivalents at end of the period	<u>12,760,918</u>	<u>125,774,921</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 28, 2020

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Share Capital	Capital reserves			Revenue reserve	
	Issued, subscribed and paid-up share capital	Reserve for financial assets measured at FVTOCI	Reserve on merger	Total	Accumulated profit	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2019	109,500,000	(62,725,746)	7,760,000	(54,965,746)	1,579,899,248	1,634,433,502
Comprehensive income						
Profit after taxation	-	-	-	-	91,444,598	91,444,598
Other comprehensive loss	-	(13,816,789)	-	(13,816,789)	-	(13,816,789)
Total comprehensive (loss)/income	-	(13,816,789)	-	(13,816,789)	91,444,598	77,627,809
Balance as at September 30, 2019 (Un-audited)	109,500,000	(76,542,535)	7,760,000	(68,782,535)	1,671,343,846	1,712,061,311
Transactions with owners						
Final dividend for the year ended June 30, 2019	-	-	-	-	(65,700,000)	(65,700,000)
Final dividend @ 60% i.e. Rs. 6.0 per ordinary share	-	-	-	-	-	-
Comprehensive income						
Profit after taxation	-	-	-	-	134,434,683	134,434,683
Other comprehensive (loss)/income - net of tax	-	(30,901,234)	-	(30,901,234)	5,236,280	(25,664,954)
Total comprehensive (loss)/income	-	(30,901,234)	-	(30,901,234)	139,670,963	108,769,729
Other transactions						
Transfer of reserve for financial assets at FVTOCI on derecognition	-	(2,704,381)	-	(2,704,381)	2,704,381	-
Taxation relating to transfer of reserve for financial assets at FVTOCI on derecognition	-	483,480	-	483,480	(483,480)	-
	-	(2,220,901)	-	(2,220,901)	2,220,901	-
Balance as at June 30, 2020 (Audited)	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	79,728,025.00
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

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 28, 2020

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN- AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1 LEGAL STATUS AND OPERATIONS

Ellecot 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, 2020.

The comparative condensed interim statement of financial position as at June 30, 2020 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, 2020 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, 2020.

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, 2020.

	Note	Un-audited September 30 2020 Rupees	Audited June 30 2020 Rupees
5 LONG TERM FINANCES			
From Banking companies			
Opening Balance		2,010,264,959	1,915,437,168
Obtain during the period/ Year		484,308,405	243,772,593
Repayment made during the period / year		-	(148,944,802)
		2,494,573,364	2,010,264,959
		(182,129,684)	(74,437,931)
Less: Current portion shown under current liabilities		2,312,443,680	1,935,827,028
6 DEFERRED GRANT			
Opening Balance		5,120,983	-
Recognized during the period/ Year		6,327,446	5,120,983
Repayment made during the period / year		-	-
		11,448,429	5,120,983
		(7,994,162)	(3,255,482)
Less: Current portion shown under current liabilities		3,454,267	1,865,501
7 CONTINGENCIES AND COMMITMENTS			
7.1 Contingencies			
There is no significant change in status of contingencies as disclosed in note 16.1 to the annual financial statement for the year ended June 30, 2020.			
7.2 Commitments			
Irrevocable letters of credit for			
Capital expenditures		44,050,256	370,697,423
Non-capital expenditures		58,352,162	216,301,125
		102,402,418	586,998,548
Short Term Lease			
- payable with in one year		251,550	503,100
		102,653,968	587,501,648
8 FIXED ASSETS			
Property, plant and equipment			
- Operating fixed assets	8.1	2,375,626,774	2,445,620,896
- Capital work in progress	8.2	232,730,003	6,574,594
		2,608,356,777	2,452,195,490
Intangible asset	8.3	826,665	1,136,664
		2,609,183,442	2,453,332,154
8.1 Operating fixed assets			
Net book value at the beginning of the period/year		2,445,620,896	2,450,975,146
Additions during the period / year			
Plant and machinery		2,448,812	262,564,556
Electric Installation and equipment		-	386,200
Factory equipment		-	189,767
Office equipment		203,000	979,778
Furniture and fixtures		97,000	266,501
Vehicles		-	17,943,500
		2,748,812	282,330,302
Net book value of assets disposed during the period/year		(11,172,136)	(31,766,981)
Depreciation for the period/year		(61,570,798)	(255,917,571)
Net book value at end of the period/year		2,375,626,774	2,445,620,896
8.2 Capital work in progress			
Opening		6,574,594	-
Additions during the period / year		226,155,409	269,139,150
Transfers to operating fixed assets		-	(262,564,556)
Net book value at end of the period/year		232,730,003	6,574,594

		Un-audited September 30 2020 Rupees	Audited June 30 2020 Rupees
8.3 Intangible assets	Note		
Net book value at beginning of the period/year		1,136,664	2,376,661
Amortization for the period/year		(309,999)	(1,239,997)
Net book value at end of the period/year		<u>826,665</u>	<u>1,136,664</u>
9 OTHER FINANCIAL ASSETS			
Financial assets at fair value through other comprehensive income	9.1	389,829,924	353,113,980
9.1 Financial assets at fair value through other comprehensive income			
Investments in listed equity securities			
Cost of investment		370,725,179	380,692,480
Changes in fair value		(67,966,831)	(101,372,027)
		<u>302,758,348</u>	<u>279,320,453</u>
Investments in mutual funds			
Cost of investment		101,052,118	101,051,076
Changes in fair value		(13,980,542)	(27,257,549)
		<u>87,071,576</u>	<u>73,793,527</u>
		<u>389,829,924</u>	<u>353,113,980</u>
		Quarter Ended (Un-audited)	
		September 30 2020 Rupees	September 30 2019 Rupees
10 COST OF SALES			
Raw material consumed		977,440,376	878,219,056
Fuel and power		158,496,635	167,124,561
Stores, spares and loose tools consumed		50,813,334	51,210,133
Salaries, wages and benefits		92,120,484	86,446,513
Insurance		3,649,720	4,129,770
Repair and maintenance		2,160,763	2,590,383
Depreciation		59,088,421	59,366,054
Other manufacturing overheads		4,028,695	4,623,524
Manufacturing cost		<u>1,347,798,428</u>	<u>1,253,709,994</u>
Work-in-process:			
At beginning of period		64,558,660	50,421,233
At end of period		(51,895,880)	(41,882,905)
		<u>12,662,780</u>	<u>8,538,328</u>
Cost of goods manufactured		<u>1,360,461,208</u>	<u>1,262,248,322</u>
Finished goods:			
At beginning of period		111,217,659	57,511,935
Purchases		-	71,099,000
At end of period		(59,598,524)	(150,444,669)
		<u>51,619,135</u>	<u>(21,833,734)</u>
		<u>1,412,080,343</u>	<u>1,240,414,588</u>

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 2020	September 30 2019
		Rupees	Rupees
Associated companies	Purchase of goods and services	251,550	239,580
	Sale of goods and services	373,838,283	409,106,942
Key Management Personnel	Remuneration and other benefits	5,858,637	3,102,864

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, 2020			
	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees
Financial assets - at fair value through profit or loss				
- Asset management account	-	-	-	-
Financial assets - at fair value through OCI				
- Mutual funds	87,071,576	-	-	87,071,576
- Listed equity securities	302,758,348	-	-	302,758,348
	389,829,924	-	-	389,829,924
	June 30, 2020			
	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees
Financial assets - at fair value through profit or loss				
- Asset management account	-	-	-	-
Financial assets - at fair value through OCI				
- Mutual funds	73,793,527	-	-	73,793,527
- Listed equity securities	279,320,453	-	-	279,320,453
	353,113,980	-	-	353,113,980

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, 2020.

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 28, 2020.

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 28, 2020

If undelivered please return to:

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