

**THIRD QUARTER REPORT
FOR THE PERIOD ENDED
MARCH 31, 2017
(Un-Audited)**



ELLCOT SPINNING MILLS LTD.



C O N T E N T S

Company Information	3
Directors' Report to the Members	4
Condensed Interim Balance Sheet	8
Condensed Interim Profit and Loss Account	10
Condensed Interim Statement of Profit or Loss and other Comprehensive Income	11
Condensed Interim Cash Flow Statement	12
Condensed Interim Statement of Changes in Equity	13
Notes to the Condensed Interim Financial Information	14



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. Amin Ellahi Shaikh	Chairman
Mr. Shaukat Ellahi Shaikh	Member
Mr. Raza 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

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

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' REPORT TO THE MEMBERS

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the third quarter ended on March 31, 2017. The comparative figures for the corresponding quarter ended on March 31, 2016 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2016.

Company Performance

Textile business in general and the spinning business in particular is facing difficult times. Exports are falling and margins are very low. In spite of these difficult conditions, Alhamdulillah, your Company has managed to remain profitable. Profit after tax for the 3rd quarter is Rs.10,557,666 or 0.85% of sales compared to Rs.18,101,606 or 1.74% during the corresponding quarter of previous year. Earning per share (EPS) for the period is Rs. 0.96 compared to Rs.1.65 for the corresponding period of last year.

Sales revenue for the quarter is Rs.1,245,156,888 compared to Rs.1,041,988,510 during the corresponding quarter of previous year showing increase of 19.50%. Revenue increased due to higher selling prices as well as increase in volumetric sales of the finished goods. Cost of sales increased from 92.74% of sales during the same quarter of previous year to 94.24% of sales during the quarter ended under review. The said cost hike is mainly due to rise in raw material and energy costs. Cost escalation has resulted in GP drop from 7.26% of sales to 5.76% of sales.

Overall operating expenses decreased to 3.03% of sales from 3.43% in the corresponding quarter of previous year. decrease in operating expenses is a result of higher local sales and reduction in transportation expenses.

The Company has been able to generate stable cash flows and timely discharge of all its operating and financial liabilities. Because of higher utilization of working capital lines finance cost increased by 32.41% over same period of last year.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2016-17, Kapas, (seed cotton) arrivals upto April 01, 2017, at the Ginneries totaled 10.726 million bales compared to 9.762 million bales for last similar period of the year 2015-16 showing increase in arrival of 9.87%.

Future Outlook

Spinning industry operating environment continues to remain volatile. Yarn demand is still under pressure. Our buyers are reluctant to increase yarn inventories. Competition from regional countries is also depressing yarn prices. The situation is resulting in reduction in overall textile exports of the country. Government has taken a welcome measure by announcing Rs. 180 billion PM export package. This package has provided some relief to the textile industry and should help to compete in the global markets. We hope that funds under the scheme will be released to the industry on a timely basis. However, core issues like uncompetitive exchange rate, high energy costs and low cotton quality and production are the impediments in sector recovery. Price of raw cotton has risen due to global crop shortfall. This increase in cotton price is expected to push up the yarn prices internationally.



ELLCOT SPINNING MILLS LIMITED

Management is pursuing a policy of cost effective strategies, cost controls, aggressive marketing and production of value added products to keep the company profitable.

It is hoped that the Government will support the textile industry by expediting refunds of sales tax, income tax and export rebates and by providing sufficient gas to operate the mills, allow the market to establish the fair value of Pakistani rupee against USD and encourage value addition in the textile sector. We also expect that long awaited TUF funds would also be released.

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.

Shafqat Ellahi Shaikh

Mg. Director (Chief Executive)

Lahore : April 26, 2017.

ایلیکٹو سپننگ ملز لمیٹڈ

ممبران کے لئے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 31 مارچ 2017ء کی مختصر سہ ماہی کے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ 31 مارچ 2016ء کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار موازنے کے لئے شامل کئے گئے ہیں۔ بیلنس شیٹ میں تقابلی اعداد و شمار 30 جون 2016ء کے اختتام سال کے لئے ہیں۔

کمپنی کی کارکردگی

ٹیکسٹائل کاروبار عمومی طور پر اور سپننگ کاروبار خصوصی طور پر مشکل ادوار سے گزر رہا ہے۔ برآمدات اور منافع میں کمی ہو رہی ہے۔ الحمد للہ کمپنی مشکل حالات کے باوجود منافع بخش رہی ہے۔ تیسری سہ ماہی کا بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے دوران 18,101,606 روپے یا فروخت کا 1.74 فیصد کے مقابلے میں 10,557,666 روپے یا فروخت کا 0.85 فیصد ہوا۔ رواں سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کی 1.65 روپے EPS کے مقابلے میں 0.96 روپے ہوئی ہے۔

زیر جائزہ سہ ماہی کے لئے فروخت کی آمدن گزشتہ سال کی اسی مدت کے دوران 1,041,988,510 روپے کے مقابلے میں 1,245,156,888 روپے رہی۔ جو کہ 19.50 فیصد اضافہ ظاہر کر رہی ہے۔ آمدنی میں اضافہ فروخت کی قیمتوں اور تیار اشیاء کی فروخت میں اضافہ کی وجہ سے ہوا۔ فروخت کی لاگت، گزشتہ سال کی اسی مدت کے دوران فروخت کی 92.74 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کی 94.24 فیصد ہو گئی۔ فروخت کی لاگت میں یہ اضافہ بنیادی طور پر خام مال اور بجلی کی لاگت میں اضافے کی وجہ سے ہوا۔ لاگت میں اضافہ کے نتیجے میں مجموعی منافع (GP) فروخت کا 7.26 فیصد سے کم ہو کر فروخت کا 5.76 فیصد رہا۔

مجموعی انتظامی اخراجات گزشتہ سال کی اسی سہ ماہی میں 3.43 فیصد سے کم ہو کر فروخت کے 3.03 فیصد تک ہو گئے، انتظامی اخراجات میں کمی مقامی فروخت کا زیادہ ہونے اور ٹرانسپورٹیشن اخراجات میں کمی کے نتیجے میں ہوئی۔

کمپنی اپنے تمام انتظامی اور مالی واجبات کی بروقت ادائیگیوں اور مستحکم نقدی بہاؤ پیدا کرنے کے قابل ہوئی۔ ورکنگ کیپٹل لائسنز کے زیادہ سے زیادہ استعمال کی وجہ سے مالی لاگت گزشتہ سال کی اسی مدت کے مقابلے میں 32.41 فیصد تک بڑھ گئی ہے۔

کراپ سال 17-2016 کے لئے پاکستان کاشن جیز زالیو سی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (نیچ کپاس) یکم اپریل 2017 تک جیزیز میں آمد گزشتہ سال 16-2015 کی اسی مدت میں 9,762 ملین گانٹھوں کے مقابلے میں 9.87 فیصد کے اضافے کے ساتھ 10,726 ملین گانٹھیں رہی۔

مستقبل کا نقطہ نظر

سپننگ صنعت کا آپریٹنگ ماحول غیر مستحکم رہا ہے۔ دھانے کی طلب اب بھی دباؤ کا شکار ہے۔ ہمارے خریدار دھانے کے ذخیرے بڑھانے سے گریزاں ہیں۔ علاقائی ممالک سے مسابقت بھی یارن کی قیمتوں پر دباؤ ڈال رہی ہے۔ اس صورت حال کے نتیجے میں ملک کی مجموعی ٹیکسٹائل برآمدات میں کمی ہوئی ہے۔ حکومت

نے 180 ملین روپے کے PM برآمدی پیکیج کا اعلان کر کے خوش آمد قدم اٹھایا ہے۔ اس پیکیج نے ٹیکسٹائل انڈسٹری کو کچھ تقویت دی ہے اور عالمی مسابقت میں بھی معاون ہوگی۔ ہمیں امید ہے کہ سکیم کے تحت انڈسٹری کو فنڈز جلد ہی ادا کر دیئے جائیں گے۔ تاہم بنیادی مسائل جیسا کہ غیر مسابقتی آپیکھنج ریت، بجلی کی زیادہ قیمتیں اور کپاس کی غیر معیاری کوالٹی اور پیداوار میں کمی، شعبہ کی بحالی میں مزاحم ہیں۔ خام کپاس کی قیمتیں عالمی سطح پر کپاس کی کم فصل کی وجہ سے بڑھنا شروع ہو گئی ہیں۔ کپاس کی قیمتوں میں یہ اضافہ دھماکے کی قیمتوں میں اضافے کا سبب بن سکتا ہے۔

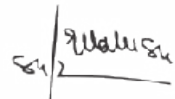
انتظامیہ کمپنی کو منافع بخش رکھنے کے لئے موثر لاجسٹک حکمت عملیوں، اخراجات پر کنٹرول، چوہانہ مارکیٹنگ اور ویلیو ایڈڈ مصنوعات بنانے کی پالیسی پر عمل کر رہی ہے۔

امید ہے کہ حکومت سلیزنیکس، آنکمنکس اور برآمدی رعایتوں کی قوم کی واپسی میں تیزی لانے، ملوں کو چلانے کے لئے وافر گیس کی فراہمی، امریکی ڈالر کے مقابلے پاکستانی روپے کی مناسب قدر قائم رکھ کر اور ٹیکسٹائل شعبہ میں ویلیو ایڈیشن کی حوصلہ افزائی کر کے ٹیکسٹائل صنعت کی مدد کرے گی۔ ہم یہ بھی امید کرتے ہیں کہ TUF فنڈز بھی جلد ہی ادا کر دیئے جائیں گے۔

اعلیٰ ہارشلکر

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

منجانب بورڈ



شفقت الہی شیخ

مینجنگ ڈائریکٹر (چیف ایگزیکٹو)

26 اپریل 2017ء



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2017

	Note	March 31, 2017 Un-Audited Rupees	June 30, 2016 Audited Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2016: 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 reserves		14,409,246	8,212,161
Accumulated profit		<u>1,319,589,707</u>	<u>1,300,769,538</u>
TOTAL EQUITY		1,443,498,953	1,418,481,699
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	3	506,232,257	539,712,204
Liabilities against assets subject to finance lease		-	-
Employees retirement benefits		72,951,433	66,908,522
Deferred taxation		52,031,536	52,031,536
		631,215,226	658,652,262
CURRENT LIABILITIES			
Trade and other payables		319,067,107	239,845,121
Accrued interest / markup		15,036,980	11,201,552
Short term borrowings		825,447,104	452,833,638
Current portion of non current liabilities		77,722,648	89,281,356
		<u>1,237,273,839</u>	<u>793,161,667</u>
TOTAL LIABILITIES		1,868,489,065	1,451,813,929
CONTINGENCIES AND COMMITMENTS	4	-	-
TOTAL EQUITY AND LIABILITIES		<u>3,311,988,018</u>	<u>2,870,295,628</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Lahore : April 26, 2017.


Amin Ellahi Shaikh
 Director



ELLCOT SPINNING MILLS LIMITED

		March 31, 2017	June 30, 2016
		Un-Audited	Audited
		Rupees	Rupees
ASSETS	Note		
NON-CURRENT ASSETS			
Fixed assets	5	1,207,819,054	1,213,576,874
Long term deposits		7,090,700	7,090,700
		1,214,909,754	1,220,667,574
CURRENT ASSETS			
Stores, spares and loose tools		46,450,669	43,623,721
Stock in trade		1,017,481,411	738,170,879
Trade debts		296,026,313	281,423,824
Advances, prepayments and other receivables		310,922,150	206,010,087
Short term investments		338,472,741	119,964,290
Advance income tax		75,800,024	84,239,692
Cash and bank balances		11,924,956	176,195,561
		2,097,078,264	1,649,628,054
TOTAL ASSETS		3,311,988,018	2,870,295,628

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		Rupees	Rupees	Rupees	Rupees
Sales-net		3,605,953,740	3,065,860,368	1,245,156,888	1,041,988,510
Cost of sales	6	(3,375,858,725)	(2,875,678,904)	(1,173,396,205)	(966,354,099)
Gross profit		230,095,015	190,181,464	71,760,683	75,634,411
Distribution cost		(24,964,994)	(34,699,372)	(9,498,027)	(10,415,893)
Administrative expenses		(79,427,276)	(66,743,980)	(26,488,359)	(22,869,708)
Other expenses		(6,937,532)	(5,385,784)	(1,734,055)	(2,473,528)
		(111,329,802)	(106,829,136)	(37,720,441)	(35,759,129)
		118,765,213	83,352,328	34,040,242	39,875,282
Other income		9,955,513	9,706,341	1,423,715	432,937
Operating profit		128,720,726	93,058,669	35,463,957	40,308,219
Finance cost		(40,838,445)	(34,389,801)	(16,974,825)	(12,819,626)
Profit before taxation		87,882,281	58,668,868	18,489,132	27,488,593
Provision for taxation		(30,737,112)	(31,218,448)	(7,931,466)	(9,386,987)
Profit after taxation		57,145,169	27,450,420	10,557,666	18,101,606
Earnings per share - basic and diluted		5.22	2.51	0.96	1.65

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Lahore : April 26, 2017.


Amin Ellahi Shaikh
Director


Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UN-AUDITED)**

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

	Nine Months Ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees	Rupees	Rupees	Rupees
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of available for sale financial assets	6,197,085	(6,253,354)	(20,434,009)	(114,022)
Items that will not be reclassified to profit or loss	-	-	-	-
Other comprehensive income/(loss) before taxation	6,197,085	(6,253,354)	(20,434,009)	(114,022)
Profit after taxation	57,145,169	27,450,420	10,557,666	18,101,606
Total comprehensive income / (loss)	63,342,254	21,197,066	(9,876,343)	17,987,584

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Lahore : April 26, 2017.


Amin Ellahi Shaikh
Director


Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

	Nine Months Ended	
	March 31, 2017	March 31, 2016
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	87,882,281	58,668,868
Adjustments for non-cash items		
Depreciation	94,363,611	77,033,326
Provision for employees retirement benefits	18,831,393	6,526,420
Gain on disposal of property, plant and equipment	(14,114)	(156,992)
Gain on sale of short term investments	(1,439,323)	(7,947,604)
Interest / markup on borrowings	38,353,948	31,871,847
Dividend income	(7,784,750)	(975,000)
	142,310,765	106,351,997
Operating profit before changes in working capital	230,193,046	165,020,865
Changes in working capital		
Stores, spares and loose tools	(2,826,948)	16,906,778
Stock in trade	(279,310,532)	(246,337,871)
Trade debts	(14,602,489)	3,794,356
Advances, prepayments and other receivables	(104,912,063)	(240,440,430)
Trade and other payables	78,848,431	37,393,120
	(322,803,601)	(428,684,047)
Net cash used in operations	(92,610,555)	(263,663,182)
Payments for		
Employees retirement benefits	(12,788,482)	(9,255,452)
Interest/markup on borrowings	(34,518,520)	(32,516,082)
Income taxes	(22,297,444)	(38,568,991)
Net cash used in operating activities	(162,215,001)	(344,003,707)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(89,771,677)	(86,999,540)
Proceeds from disposal of property, plant and equipment	1,180,000	1,558,173
Purchase of short term investments	(412,311,366)	(650,836,248)
Proceeds from disposal of short term investments	201,439,323	782,495,539
Dividend income	7,784,750	975,000
Net cash (used in)/ generated from investing activities	(291,678,970)	47,192,924
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	52,148,841	-
Repayment of long term finances	(96,078,711)	(59,540,831)
Repayment of liabilities against assets subject to finance lease	(1,108,785)	(2,933,898)
Net Increase in short term borrowings	372,613,466	303,818,566
Dividend paid	(37,951,445)	(38,002,362)
Net cash generated from financing activities	289,623,366	203,341,475
NET DECREASE IN CASH AND CASH EQUIVALENTS	(164,270,605)	(93,469,308)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	176,195,561	148,674,604
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11,924,956	55,205,296

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Amin Ellahi Shaikh
Director

Lahore : April 26, 2017.


Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

	Share capital	Capital reserves			Revenue reserves	
	Issued, subscribed and paid up share capital	Changes in fair value of available for sale financial assets	Capital reserve	Total	Accumulated profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2015 Audited	109,500,000	-	7,760,000	7,760,000	1,267,426,918	1,384,686,918
Comprehensive income						
Profit after taxation	-	-	-	-	27,450,420	27,450,420
Other comprehensive loss	-	(6,253,354)	-	(6,253,354)	-	(6,253,354)
Total comprehensive (loss) / income	-	(6,253,354)	-	(6,253,354)	27,450,420	21,197,066
Transaction with owners						
Final dividend @ 35% i.e. Rs. 3.5 per ordinary share	-	-	-	-	(38,325,000)	(38,325,000)
Balance as at March 31, 2016 Un-audited	109,500,000	(6,253,354)	7,760,000	1,506,646	1,256,552,338	1,367,558,984
Comprehensive income						
Profit after taxation	-	-	-	-	43,714,125	43,714,125
Other comprehensive income	-	6,705,515	-	6,705,515	503,075	7,208,590
Total comprehensive income	-	6,705,515	-	6,705,515	44,217,200	50,922,715
Balance as at June 30, 2016 Audited	109,500,000	452,161	7,760,000	8,212,161	1,300,769,538	1,418,481,699
Comprehensive income						
Profit after taxation	-	-	-	-	57,145,169	57,145,169
Other comprehensive loss	-	6,197,085	-	6,197,085	-	6,197,085
Total comprehensive income	-	6,197,085	-	6,197,085	57,145,169	63,342,254
Transactions with owners						
Final dividend @ 35% i.e. Rs. 3.5 per ordinary share	-	-	-	-	(38,325,000)	(38,325,000)
Balance as at March 31, 2017 Un-audited	109,500,000	6,649,246	7,760,000	14,409,246	1,319,589,707	1,443,498,953

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Lahore : April 26, 2017.


Amin Ellahi Shaikh
Director


Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

1 LEGAL STATUS AND OPERATIONS

Ellicot Spinning Mills Limited ("the Company") is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange. 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 in District Kasur in the Province of Punjab.

2 BASIS OF PREPARATION

The interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2016.

The comparative interim balance sheet as at June 30, 2016 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of profit and loss and other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information are stated from un-audited condensed interim financial information for the nine month ended March 31, 2017.

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

2.2 Basis of measurement

This condensed interim financial information has 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 this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgements, estimates and assumptions

The preparation of financial information 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

This financial information is prepared in Pak Rupees which is the Company's functional currency.

	March 31, 2017	June 30, 2016
	Un-audited	Audited
	Rupees	Rupees
3 LONG TERM FINANCES		
From Banking companies		
Opening Balance	627,884,775	427,449,143
Obtain during the period	52,148,841	272,476,463
Repayment made during the period / year	(96,078,711)	(72,040,831)
	583,954,905	627,884,775
Less: Current portion shown under current liabilities	(77,722,648)	(88,172,571)
	<u>506,232,257</u>	<u>539,712,204</u>
4 CONTINGENCIES AND COMMITMENTS		
4.1 Contingencies		
There is no significant change in the status of contingencies since June 30, 2016, with the exception of bills discounted/ negotiated which amount to Rs. 18,264,226/- (June 30, 2016: Rs.58,038,425) as at the reporting date.		
4.2 Commitments		
Irrevocable letters of credit for:		
Capital expenditures	83,252,400	27,164,549
Non-capital expenditures	340,903,847	95,995,577
	424,156,247	123,160,126
Operating Lease		
- payable with in one year	198,000	360,000
	<u>424,354,247</u>	<u>123,520,126</u>
5 FIXED ASSETS		
Property, plant and equipment		
- Owned (Note 5.1)	1,197,076,791	1,201,212,714
- Leased (Note 5.2)	5,575,608	6,267,508
	1,202,652,399	1,207,480,222
Intangible assets (Note 5.3)	5,166,655	6,096,652
	<u>1,207,819,054</u>	<u>1,213,576,874</u>

	March 31, 2017 Un-audited Rupees	June 30, 2016 Audited Rupees
5.1 Operating fixed assets - Owned		
Net book value at the beginning of the period/year	1,201,212,714	996,094,505
Additions during the period / year		
Plant and machinery	80,518,930	289,139,527
Building	3,479,102	-
Electric installations and equipment	-	2,050,000
Office equipment	1,074,945	8,324,236
Furniture and fixtures	134,700	419,500
Vehicles	4,564,000	11,641,000
	89,771,677	311,574,263
Transfers from leased assets during the period/year		2,957,829
Net book value of assets disposed off during the period/year	(1,165,886)	(3,927,265)
Depreciation for the period/year	(92,741,714)	(105,486,618)
Net book value at end of the period/year	<u>1,197,076,791</u>	<u>1,201,212,714</u>
5.2 Assets subject to finance lease		
Net book value at beginning of the period/year	6,267,508	10,250,375
Net book value of assets transferred during the period/year	-	(2,957,829)
Amortization for the period/year	(691,900)	(1,025,038)
Net book value at end of the period/year	<u>5,575,608</u>	<u>6,267,508</u>
5.3 Intangible assets		
Net book value at beginning of the period/year	6,096,652	6,199,985
Amortization for the period/year	(929,997)	(103,333)
Net book value at end of the period/year	<u>5,166,655</u>	<u>6,096,652</u>

6 COST OF SALES

	Nine Months Ended (Un-audited)		Quarter Ended (Un-audited)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees	Rupees	Rupees	Rupees
Raw material consumed	2,399,851,382	2,073,608,347	783,958,356	718,344,007
Fuel and power	340,680,840	289,601,776	121,650,519	76,548,377
Stores, spares and loose tools consumed	138,300,723	117,390,096	51,605,241	36,955,404
Salaries, wages and benefits	279,249,055	232,156,191	90,828,550	74,214,229
Insurance	8,740,955	7,019,470	4,032,847	2,306,956
Repair and maintenance	8,737,770	7,769,424	3,696,448	2,753,217
Depreciation	87,561,388	71,690,935	29,741,470	24,304,659
Other manufacturing overheads	11,698,097	10,925,500	2,993,653	4,231,732
	3,274,820,210	2,810,161,739	1,088,507,084	939,658,581
Work-in-process:				
As at beginning of the period	53,273,667	46,147,113	75,279,904	54,855,841
As at end of the period	(47,324,976)	(52,296,785)	(47,324,976)	(52,296,785)
	5,948,691	(6,149,672)	27,954,928	2,559,056
	3,280,768,901	2,804,012,067	1,116,462,012	942,217,637
Finished goods				
As at beginning of the period	97,472,315	40,271,540	62,563,734	66,810,195
Purchased during the period	54,401,300	74,069,030	51,154,250	-
As at end of the period	(56,783,791)	(42,673,733)	(56,783,791)	(42,673,733)
	95,089,824	71,666,837	56,934,193	24,136,462
	3,375,858,725	2,875,678,904	1,173,396,205	966,354,099

7 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnels of the company. The Company in the normal course of business enters into transactions with various related parties. 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	Nine Months Ended (Un-audited)	
		March 31, 2017	March 31, 2016
		Rupees	Rupees
Associated companies	Purchase of goods and services	1,017,750	76,434,264
	Sale of goods and services	609,197,537	782,829,511
	Dividend paid	9,322,114	9,322,114
Key Management Personnel	Remuneration and other benefits	6,959,932	10,592,007
	Dividend paid to directors and their family members	17,131,530	17,969,434

Transaction with related parties are carried out at arm's length in the normal course of business. The consideration is computed on commercial terms and conditions. There is no balance outstanding with or from associated undertakings as at reporting date.

8 FAIR VALUE MEASUREMENTS

The table below analysis financial instruments 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 (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

March 31, 2017			
Level 1	Level 2	Level 3	Total
Rs	Rs	Rs	Rs
Available for sale			
- Listed equity securities	338,472,741	-	338,472,741
	<u>338,472,741</u>	<u>-</u>	<u>338,472,741</u>
June 30, 2016			
Level 1	Level 2	Level 3	Total
Rs	Rs	Rs	Rs
Available for sale			
- Listed equity securities	119,964,290	-	119,964,290
	<u>119,964,290</u>	<u>-</u>	<u>119,964,290</u>

9 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 April 26, 2017.

10 OTHERS

There are no other significant activities since June 30, 2016 affecting the condensed interim financial information.

11 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.

Lahore : April 26, 2017.


Amin Ellahi Shaikh
Director


Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

www.jamapunji.pk



**Jama
Punji**
سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk
[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices.

BOOK POST

**PRINTED MATTER
U.P.C**

If undelivered please return to:

ELLCOT SPINNING MILLS LTD.

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