

**THIRD QUARTER REPORT  
FOR THE PERIOD ENDED  
MARCH 31, 2022  
(Un-Audited)**



**ELLCOT SPINNING MILLS LTD.**



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## ELLCOT SPINNING MILLS LIMITED

### COMPANY INFORMATION

#### BOARD OF DIRECTORS

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

#### MANAGING DIRECTOR (Chief Executive)

Mr. Haroon Shahzada Ellahi Shaikh

#### AUDIT COMMITTEE

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

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

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

#### EXECUTIVE COMMITTEE

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

#### CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

#### CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Ahmad

#### HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

#### AUDITORS

Messrs Rahman Sarfraz Rahim Iqbal Rafiq  
Chartered Accountants  
Bandial & Associates

#### LEGAL ADVISOR

#### LEAD BANKERS

Allied Bank Ltd.  
Askari Bank Ltd.  
Bank Alfalah Ltd.  
Faysal Bank Ltd.  
Habib Bank Ltd.  
Meezan Bank Ltd.  
MCB Bank Ltd.  
National Bank of Pakistan  
United Bank Ltd.

#### REGISTERED OFFICE

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

#### REGIONAL OFFICE

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

#### WEB REFERENCE

[www.nagina.com](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 information of the Company for the third quarter ended on March 31, 2022. The comparative figures for the corresponding quarter ended on March 31, 2021 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2021.

### **Company Performance**

Alhamdulillah, your company has earned after tax profit of Rs. 361,260,737 for the 3rd quarter of the financial year 2021-22 ended on March 31, 2022 compared to Rs. 304,250,474 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 32.99 compared to Rs. 27.79 for the SPLY.

Robust demand of yarn during the quarter helped the company to achieve good prices. Sales revenue for the quarter is Rs. 2,925,956,314 compared to Rs. 2,102,015,824 during the SPLY. Cost of sales slightly decreased from 78.62% of sales during SPLY to 78.01% of sales during the period under review. Increase in sales revenue and reduction in cost of sales resulted in increase of Gross Profit (GP) from 21.38% of sales during the SPLY to 21.99% of sales during the period under review.

Overall operating expenses increased from 4.20% of sales during SPLY to 4.56% of sales during the period under review. The Company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Finance cost decreased from 1.66% of sales during SPLY to 1.43% of sales during the period under review. Reduction in finance cost is because of lower short term average borrowings because of strong operational cash flows.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2021-22 (final data of the year), Kapas, (seed cotton) arrivals upto March 01, 2022, at the Gineries totalled 7.442 million bales compared to 5.638 million bales for similar period of financial year 2020-21 showing increase in arrival of 32%.

### **Future Outlook**

Your company has performed remarkably well during the 3rd quarter of the financial year 2021-22 despite the substantial rise in raw cotton and polyester prices and inflation in costs especially wages, energy, interest, stores and spares and logistics. The excellent financial performance was largely due to healthy increase in selling prices of yarn coupled with timely purchase of raw cotton and polyester fiber at reasonable prices. The favorable market conditions, value added yarns and cost controls has resulted in another excellent quarterly financial result.

The entire textile chain in Pakistan is getting the benefit of rise in global demand. The favorable demand outlook for Pakistani textiles is likely to continue for the rest of the financial year. Your company is well positioned with adequate stocks and reasonably priced purchases of raw cotton and polyester fiber. It is hoped that the last quarter of the financial year shall also result in good profits.

On the other hand, value added exporters of Pakistan are complaining of exorbitant rise in container freight and shortage of shipping space for export of textiles. There are reports of finished goods stocks building up. Value added textile sectors like home furnishings and denim are also reporting difficulty in passing on price increases. Recently SBP has hiked policy rate by 2.50% which will ultimately cause rise in

borrowing costs. Exchange market has remained extremely volatile with PKR/USD parity touching level of 189. Devaluation of Pakistan rupee is likely to substantially increase the cost of raw material and other conversion costs. Recently Government has announced increase in minimum wage. This will also negatively impact on operating costs. We do not have clarity on future energy policy of the Government. Frequent shutdown of gas supply is disrupting production and negatively affecting profitability. It is feared that government may be forced to increase the price of fuels, electricity and gas. In addition, the impact of the IMF program is likely to increase other costs further and may also result in higher taxation. Therefore, Profit margins in the textile value chain are likely to be negatively impacted by the increasing raw material, energy, interest rates and shipping costs. Political uncertainty may also become a factor in Textile sector profits.

Domestic cotton production for the coming season is estimated to be around 11 million bales. The higher production estimate is based on likely increase in area under cotton cultivation. We hope that this estimated quantity is actually produced. Domestic production of cotton is necessary to maintain the international competitiveness of the Textile industry of Pakistan.

BMR/ expansion program of the company is continuing at a steady pace and during the period 25,200 spindles have been installed along with related machinery and has started production. Another 16,800 spindles will be added in next financial year. After the current BMR/Expansion plan is fully implemented in the next financial year the total installed capacity will be 79,200 spindles.

It is hoped that the Government would bring in long term business friendly policies such as uninterrupted energy supplies in cost effective manner. Release of outstanding tax refunds should also be expedited. The Government should also encourage the completion of value chain in Pakistan so that as a country we can focus on export of finished textile products which will be more beneficial for the country.

#### **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 gratitude to the bankers for their continued support to the Company.

On behalf of the Board.



**Amin Ellahi Shaikh**  
Director



**Haroon Shahzada Ellahi Shaikh**  
Chief Executive Officer

Lahore : April 28, 2022

## ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 مارچ 2022ء کو مختصر نو ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ منجمد عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 مارچ 2021ء کو ختم ہونے والی نو ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے شیڈولڈ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2021ء کو ختم سال کے لئے ہیں۔

### کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی نے 31 مارچ 2022ء کو ختم ہونے والی مالی سال 2021-22 کی تیسری سہ ماہی کے دوران ٹیکس کے بعد منافع 361,260,737 روپے جبکہ گزشتہ سال کی اسی سہ ماہی کے دوران 304,250,474 روپے بعد از ٹیکس منافع کمایا۔ زیر جائزہ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے لئے 27.79 روپے کے مقابلے 32.99 روپے ہے۔

زیر جائزہ سہ ماہی کے دوران دھماگہ کی مضبوط طلب نے اچھی قیمتیں حاصل کرنے میں کمپنی کی مدد کی ہے۔ زیر جائزہ سہ ماہی کے لئے فروخت آمدنی گزشتہ سال کی اسی مدت کے دوران 2,102,015,824 کے مقابلے 2,925,956,314 روپے ہے۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کی 78.62 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کی 78.01 فیصد ہو گئی ہے۔ فروخت آمدنی میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کے اسی مدت کے دوران فروخت کے 21.38 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 21.99 فیصد تک ہوا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 4.20 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 4.56 فیصد تک ہو گئے۔ کمپنی مستحکم نقدی بہاؤ پیدا کرنے اور اپنے کاروباری اور مالی واجبات کی بروقت ادائیگی کرنے میں کامیاب رہی۔ مالی اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 1.66 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران 1.43 فیصد تک ہو گئے۔ مضبوط آپریشنل نقدی بہاؤ کے باعث مختصر مدتی اوسط قرضوں کی وجہ سے مالی لاگت میں کمی ہوئی۔

پاکستان کاٹن جنرل ایسوسی ایشن کی طرف سے فصل 2021-22 کے لئے جاری کردہ اعداد و شمار کے مطابق یکم مارچ 2022ء (سال کا مکمل ڈیٹا) تک جزیز میں کپاس، (بیج کپاس) کی بیج پاکستان 2020-21 کی کل 5.638 ملین گانٹھوں کے مقابلے 7.442 ملین گانٹھیں ہوئی جو کہ 32 فیصد کا اضافہ ظاہر کر رہی ہے۔

### مستقبل کا نقطہ نظر

آپ کی کمپنی نے مالی سال 2021-22 کی تیسری سہ ماہی کے دوران خام کپاس اور پالینیسٹر کی قیمتوں میں خاطر خواہ اضافے اور اخراجات میں خاص طور پر اجرت، سود، اسٹوریج اور اسپننگ اور لاکسٹس میں بچاؤ کی وجہ سے باوجود نمائندہ کارکردگی کا مظاہرہ کیا ہے۔ بہترین مالی کارکردگی کی بڑی وجہ دھماگہ کی فروخت قیمتوں میں صحت مندا اضافہ کے ساتھ ساتھ مناسب قیمتوں پر خام کپاس اور پالینیسٹر فائبر کی بروقت خریداری تھی۔ سازگار مارکیٹ کے حالات، ویلیو ایڈڈ یارن اور لاگت پر کنٹرول کے نتیجے میں مزید بہترین سہ ماہی مالیاتی نتائج سامنے آئے ہیں۔

پاکستان میں پوری ٹیکسٹائل چین عالمی طلب میں اضافے کا فائدہ اٹھا رہی ہے۔ پاکستانی ٹیکسٹائل کے لیے سازگار طلب کا نقطہ نظر باقی مالی سال میں بھی جاری رہنے کا امکان ہے۔ آپ کی کمپنی مناسب سٹاک اور خام کپاس اور پالینیسٹر فائبر کی موزوں قیمت پر خریداری کے ساتھ اچھی پوزیشن میں ہے۔ امید ہے کہ مالی سال کی آخری سہ ماہی میں بھی اچھا منافع حاصل ہوگا۔

دوسری جانب پاکستان کے ویلیو ایڈڈ ایکسپورٹرز کنٹینر فریٹ میں بے تحاشہ اضافے اور ٹیکسٹائل کی برآمد کے لیے چنگ پسیں کی کمی کی شکایت کر رہے ہیں۔ تیار سامان کے اسٹاکس میں اضافے کی اطلاعات ہیں۔ ویلیو ایڈڈ ٹیکسٹائل سیکٹر جیسے گھریلو فرنیچر اور ڈیم بھی قیمتوں میں اضافے کو متحمل کرنے میں دشواری کی اطلاع دے رہے ہیں۔ حال ہی میں اسٹیٹ بینک پاکستان نے پالیسی شرح میں 2.50 فیصد اضافہ کیا ہے جو بالآخر قرض کے اخراجات میں اضافے کا سبب بنے گا۔ ایکسیجنگ مارکیٹ پاکستانی روپیہ / امریکی ڈالر کی برابری کی سطح 189 پر پہنچنے کے ساتھ انتہائی اتار چڑھاؤ کا شکار ہے۔ پاکستانی روپیہ کی قدر میں کمی سے خام مال کی قیمت اور دیگر کنوشن اخراجات میں خاطر خواہ اضافہ ہونے کا امکان ہے۔ حال ہی میں حکومت نے کم از کم اجرت برحانہ کا اعلان کیا ہے۔ اس سے آپریٹنگ اخراجات پر بھی منفی اثر پڑے گا۔ ہمارے پاس حکومت کی مستقبل کی توانائی کی پالیسی کے بارے میں کوئی وضاحت نہیں ہے۔ گیس کی مسلسل بندش سے پیداوار میں خلل اور منافع پر منفی اثر پڑ رہا ہے۔ خدشہ ہے کہ حکومت ایندھن، بجلی اور گیس کی قیمتوں میں اضافے پر مجبور ہو سکتی ہے۔ اس کے علاوہ، آئی ایم ایف پروگرام کے اثرات سے دیگر اخراجات میں مزید اضافہ ہونے کا امکان ہے اور اس کے نتیجے میں ٹیکسوں میں بھی اضافہ ہو سکتا ہے۔ لہذا، ٹیکسٹائل ویلیو چین میں منافع کے مارجن پر خام مال، توانائی، شرح سود اور شپنگ کے بڑھتے ہوئے اخراجات سے منفی طور پر متاثر ہونے کا امکان ہے۔ ٹیکسٹائل سیکٹر کے منافع میں سیاسی غیر یقینی صورتحال بھی ایک عنصر بن سکتی ہے۔

آئندہ سیزن کے لیے کپاس کی مقامی پیداوار تقریباً 11 ملین گناٹھیں رہنے کا تخمینہ ہے۔ زیادہ پیداوار کا تخمینہ کپاس کے زیر کاشت رقبہ میں ممکنہ اضافے پر مبنی ہے۔ ہم امید کرتے ہیں کہ یہ تخمینہ شدہ مقدار اصل میں تیار کی گئی ہے۔ پاکستان کی ٹیکسٹائل انڈسٹری کی بین الاقوامی مسابقت کو برقرار رکھنے کے لیے کپاس کی مقامی پیداوار ضروری ہے۔

کمپنی کا BMR / توسیعی پروگرام مستحکم رفتار سے جاری ہے اور اس عرصے کے دوران متعلقہ مشینری کے ساتھ 25,200 سپنڈلز نصب کئے گئے ہیں اور پیداوار شروع ہو گئی ہے۔ اگلے مالی سال میں مزید 16,800 سپنڈلز کا اضافہ کیا جائے گا۔ موجودہ BMR / توسیع کے منصوبے کے اگلے مالی سال میں مکمل طور پر نافذ ہونے کے بعد کل نصب شدہ صلاحیت 79,200 سپنڈلز ہو جائے گی۔

امید ہے کہ حکومت لاگت بچانے والے موثر انداز میں توانائی کی بلا قطل فراہمی جیسی طویل مدتی کاروبار دوست پالیسیاں لائے گی۔ بقایا ٹیکس ریفنڈز کے اجراء کو بھی تیز کیا جانا چاہئے۔ حکومت کو پاکستان میں ویلیو چین کی تکمیل کی بھی حوصلہ افزائی کرنی چاہیے تاکہ بحیثیت ملک ہم تیار ٹیکسٹائل مصنوعات کی درآمد پر توجہ مرکوز کر سکیں جو ملک کے لیے زیادہ فائدہ مند ثابت ہوگی۔

اظہار تشکر

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

منجانب بورڈ



بارون شہزادہ الہی شیخ  
چیف ایگزیکٹو آفیسر



امین الہی شیخ  
ڈائریکٹر

لاہور: 28 اپریل، 2022ء

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2022**

	Note	Un-Audited March 31 2022 Rupees	Audited June 30 2021 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 20,000,000 (June 30, 2021 : 20,000,000) ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up capital		109,500,000	109,500,000
Capital reserve		(44,603,840)	(32,771,696)
Retained earning		<u>3,656,197,451</u>	<u>2,475,342,221</u>
<b>TOTAL EQUITY</b>		<b>3,721,093,611</b>	<b>2,552,070,525</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	4	3,098,751,136	2,221,091,888
Employees retirement benefits		136,255,043	124,015,239
Deferred taxation		135,096,203	135,096,203
Deferred grant	5	361,297,225	48,906,946
		<u>3,731,399,607</u>	<u>2,529,110,276</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		909,911,885	671,996,704
Unclaimed dividend		6,929,263	6,731,331
Accrued interest/profit		36,629,527	22,380,271
Short term borrowings		988,754,411	34,985,389
Current taxation		98,919,041	-
Current portion of non-current liabilities		440,426,496	372,130,682
		<u>2,481,570,623</u>	<u>1,108,224,377</u>
<b>TOTAL LIABILITIES</b>		<b>6,212,970,230</b>	<b>3,637,334,653</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>9,934,063,841</b></u>	<u><b>6,189,405,178</b></u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



		Un-Audited March 31 2022 Rupees	Audited June 30 2021 Rupees
Note			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
	7		
Fixed assets		4,168,995,410	2,835,755,837
Long term deposits		7,090,700	7,090,700
		<b>4,176,086,110</b>	<b>2,842,846,537</b>
<b>CURRENT ASSETS</b>			
	8		
Stores and spares		114,195,705	71,257,868
Stock in trade		2,807,784,648	1,455,151,596
Trade receivables		1,079,894,296	638,885,955
Advances and other receivables		1,497,348,452	343,553,244
Other financial assets		217,030,456	720,767,693
Current taxation		-	81,229,434
Cash and bank balances		41,724,174	35,712,851
		<b>5,757,977,731</b>	<b>3,346,558,641</b>
<b>TOTAL ASSETS</b>		<b>9,934,063,841</b>	<b>6,189,405,178</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



**Muhammad Ahmad**  
Chief Financial Officer



**Haroon Shahzada Ellahi Shaikh**  
Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Note	Nine Months Ended		Quarter Ended	
		March 31 2022	March 31 2021	March 31 2022	March 31 2021
		Rupees	Rupees	Rupees	Rupees
Revenue from contracts with customers - net		7,923,054,111	5,360,779,419	2,925,956,314	2,102,015,824
Cost of sales	9	(6,045,939,290)	(4,544,848,039)	(2,282,493,604)	(1,652,533,779)
<b>Gross profit</b>		<b>1,877,114,821</b>	<b>815,931,380</b>	<b>643,462,710</b>	<b>449,482,045</b>
Selling and Distribution expenses		(97,513,840)	(64,519,083)	(53,226,761)	(35,139,137)
Administrative expenses		(127,171,487)	(116,451,341)	(45,632,130)	(39,639,419)
Other expenses		(109,008,202)	(42,333,399)	(34,660,463)	(13,550,333)
		(333,693,529)	(223,303,823)	(133,519,354)	(88,328,889)
		1,543,421,292	592,627,557	509,943,356	361,153,156
Other income		42,968,787	28,913,282	10,341,177	8,044,306
<b>Operating profit</b>		<b>1,586,390,079</b>	<b>621,540,839</b>	<b>520,284,533</b>	<b>369,197,462</b>
Finance cost		(115,569,267)	(92,821,980)	(41,844,230)	(34,896,682)
<b>Profit before taxation</b>		<b>1,470,820,812</b>	<b>528,718,859</b>	<b>478,440,303</b>	<b>334,300,780</b>
Provision for taxation		(285,576,968)	(78,051,491)	(117,179,566)	(30,050,306)
<b>Profit after taxation</b>		<b>1,185,243,844</b>	<b>450,667,368</b>	<b>361,260,737</b>	<b>304,250,474</b>
Earnings per share - basic and diluted		108.24	41.16	32.99	27.79

The annexed notes from 1 to 14 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 : April 28, 2022



# ELLCOT SPINNING MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine Months Ended		Quarter Ended	
	March 31 2022	March 31 2021	March 31 2022	March 31 2021
	Rupees	Rupees	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	11,154,242	57,916,608	(971,528)	(9,532,810)
Other comprehensive income / (loss) before taxation	11,154,242	57,916,608	(971,528)	(9,532,810)
Profit after taxation	1,185,243,844	450,667,368	361,260,737	304,250,474
Total comprehensive income	1,196,398,086	508,583,976	360,289,209	294,717,664

The annexed notes from 1 to 14 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 : April 28, 2022

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Nine Months Ended	
	March 31 2022	March 31 2021
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,470,820,812	528,718,859
<b>Adjustments for non-cash and other items</b>		
Depreciation	244,772,815	200,583,758
Amortization	-	929,998
Provision for employees retirement benefits	26,370,531	24,342,821
(Gain) / Loss on disposal of property, plant and equipment	(11,591,193)	3,081,681
Finance cost	115,569,267	92,821,980
Dividend income	(29,024,033)	(20,125,512)
	<b>346,097,387</b>	<b>301,634,726</b>
	<b>1,816,918,199</b>	<b>830,353,585</b>
<b>Changes in working capital</b>		
Stores and spares	(42,937,837)	(3,970,643)
Stock in trade	(1,352,633,052)	(221,207,278)
Trade receivables	(441,008,341)	41,797,959
Advances and other receivables	(1,153,795,208)	(54,081,965)
Trade and other payables	237,915,181	(25,409,934)
	<b>(2,752,459,257)</b>	<b>(262,871,861)</b>
<b>Cash / (used in) generated from operations</b>	<b>(935,541,058)</b>	<b>567,481,724</b>
<b>Payments for</b>		
Employees retirement benefits	(14,130,727)	(11,125,672)
Finance cost	(101,320,011)	(108,579,063)
Income tax	(105,428,493)	(61,991,683)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,156,420,289)</b>	<b>385,785,306</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,594,711,845)	(496,158,321)
Proceeds from disposal of property, plant and equipment	28,290,650	26,821,585
Purchase of short term investments	(1,466,557,700)	(13,145,242)
Proceeds from disposal of short term investments	1,981,449,179	127,263,919
Proceeds from disposal of long term investments	-	-
Dividend received	29,024,033	20,125,512
<b>Net cash used in investing activities</b>	<b>(1,022,505,683)</b>	<b>(335,092,547)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	1,530,555,383	559,569,015
Repayment of long term finances	(272,210,042)	(43,660,255)
Net increase / (decrease) in short term borrowings	953,769,022	(564,341,980)
Dividend paid	(27,177,068)	-
<b>Net cash generated / (used in) from financing activities</b>	<b>2,184,937,295</b>	<b>(48,433,220)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6,011,323</b>	<b>2,259,539</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>35,712,851</b>	<b>25,998,792</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>41,724,174</b>	<b>28,258,331</b>

The annexed notes from 1 to 14 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 : April 28, 2022

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Share Capital	Capital reserves			Revenue reserve	
	Issued share capital	Reserve for financial assets measured at FVTOCI	Reserve on merger	Total	Retained Earnings	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2020 - Audited	109,500,000	(109,664,670)	7,760,000	(101,904,670)	1,747,535,710	1,755,131,040
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	450,667,368	450,667,368
Other comprehensive income	-	57,916,608	-	57,916,608	-	57,916,608
<b>Total comprehensive income</b>	-	57,916,608	-	57,916,608	450,667,368	508,583,976
<b>Other transactions</b>						
Transfer of reserve for financial assets at FVTOCI on derecognition	-	1,072,825	-	1,072,825	(1,072,825)	-
Taxation relating to transfer of reserve for financial assets at FVTOCI on derecognition	-	-	-	-	-	-
	-	1,072,825	-	1,072,825	(1,072,825)	-
<b>Balance as at March 31, 2021 - Un-audited</b>	109,500,000	(50,675,237)	7,760,000	(42,915,237)	2,197,130,253	2,263,715,016
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	362,929,630	362,929,630
Other comprehensive income / (Loss)	-	9,750,583	-	9,750,583	(2,199,704)	7,550,879
<b>Total comprehensive income</b>	-	9,750,583	-	9,750,583	360,729,926	370,480,509
<b>Other transactions</b>						
Transfer of reserve for financial assets at FVTOCI on derecognition	-	1,216,797	-	1,216,797	(1,216,797)	-
Taxation relating to transfer of reserve for financial assets at FVTOCI on derecognition	-	(823,839)	-	(823,839)	823,839	-
	-	392,958	-	392,958	(392,958)	-
<b>Transactions with owners</b>						
Interim dividend @ 75% i.e. Rs. 7.5 per ordinary share	-	-	-	-	(82,125,000)	(82,125,000)
<b>Balance as at June 30, 2021 - Audited</b>	109,500,000	(40,531,696)	7,760,000	(32,771,696)	2,475,342,221	2,552,070,525
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	1,185,243,844	1,185,243,844
Other comprehensive income	-	11,154,242	-	11,154,242	-	11,154,242
<b>Total comprehensive income</b>	-	11,154,242	-	11,154,242	1,185,243,844	1,196,398,086
<b>Other transactions</b>						
Transfer of reserve for financial assets at FVTOCI on derecognition	-	(22,986,386)	-	(22,986,386)	22,986,386	-
Taxation relating to transfer of reserve for financial assets at FVTOCI on derecognition	-	-	-	-	-	-
	-	(22,986,386)	-	(22,986,386)	22,986,386	-
<b>Transactions with owners</b>						
Final Dividend @ 25% i.e Rs. 2.5 per ordinary share	-	-	-	-	(27,375,000)	(27,375,000)
<b>Balance as at March 31, 2022 - Un-audited</b>	109,500,000	(52,363,840)	7,760,000	(44,603,840)	3,656,197,451	3,721,093,611

The annexed notes from 1 to 14 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 : April 28, 2022

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022**

### **1 LEGAL STATUS AND OPERATIONS**

Ellicot Spinning Mills Limited ['the Company'] was incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg III, Lahore. The regional office of the Company is situated at 2nd Floor, Shaikh Sultan Trust Building No. 2, 26 - Civil Lines, Beaumont Road, Karachi. The manufacturing facility is located at 6.3 K.M, Manga Mandi, Raiwind Road Mouza Rossa, Tehsil and District Kasur in the Province of Punjab with a total area of 228 Kanal and 14 Marlas.

### **2 BASIS OF PREPARATION**

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

The comparative condensed interim statement of financial position as at June 30, 2021 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the nine month period ended March 31, 2021 are based on unaudited, interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended March 31, 2022 and March 31, 2021 are neither audited nor reviewed.

#### **2.1 Statement of compliance**

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

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

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

#### **2.2 Basis of measurement**

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

#### **2.3 Judgments, estimates and assumptions**

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

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

#### **2.4 Functional currency**

These interim financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these interim financial statements have been rounded to the nearest Rupees unless specified otherwise.

### **3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

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

		Un-audited March 31 2022 Rupees	Audited June 30 2021 Rupees
<b>4 LONG TERM FINANCES</b>			
<b>From Banking companies</b>			
As at beginning of the period/year		2,579,520,396	2,010,264,959
Obtain during the period / year		1,530,555,383	732,071,333
Accretion during the period/year		4,725,349	11,705,579
Repayment made during the period / year		(272,210,042)	(105,327,759)
Deferred grant recognised during the period/year		(370,433,953)	(69,193,716)
As at end of the period/year		3,472,157,133	2,579,520,396
Current maturity presented under current liabilities		(373,405,997)	(358,428,508)
		<u>3,098,751,136</u>	<u>2,221,091,888</u>
<b>5 DEFERRED GRANT</b>			
As at beginning of the period/year		62,609,120	5,120,983
Recognized during the period/year		370,433,953	69,193,716
Amortized during the period/year		(4,725,349)	(11,705,579)
As at end of the period/year		428,317,724	62,609,120
Current maturity presented under current liabilities		(67,020,499)	(13,702,174)
		<u>361,297,225</u>	<u>48,906,946</u>
<b>6 CONTINGENCIES AND COMMITMENTS</b>			
<b>6.1 Contingencies</b>			
There is no significant change in status of contingencies as disclosed in note 17.1 to the annual financial statement for the year ended June 30, 2021.			
<b>6.2 Commitments</b>			
<b>Irrevocable letters of credit for</b>			
purchase of property, plant and equipment		1,098,394,034	1,716,705,271
purchase of stores and spares		33,952,624	20,851,584
purchase of raw material		1,046,583,167	832,626,520
		2,178,929,825	2,570,183,375
<b>Short Term Lease</b>			
- payable with in one year		913,140	553,410
		<u>2,179,842,965</u>	<u>2,570,736,785</u>
<b>7 FIXED ASSETS</b>			
<b>Property, plant and equipment</b>			
- Operating fixed assets	7.1	4,103,838,234	2,600,265,510
- Capital work in progress	7.2	65,157,176	235,490,327
		4,168,995,410	2,835,755,837
Intangible asset	7.3	-	-
		<u>4,168,995,410</u>	<u>2,835,755,837</u>

		Un-audited March 31 2022 Rupees	Audited June 30 2021 Rupees
<b>Note</b>			
<b>7.1 Operating fixed assets</b>			
Net book value at the beginning of the period/year		2,600,265,510	2,445,620,896
Additions during the period / year			
Land		-	9,710,835
Plant and machinery		1,599,389,921	442,769,059
Buildings on freehold land		108,332,352	-
Electric installations and equipment		25,315,393	-
Factory equipment		150,000	-
Office equipment		1,750,700	1,040,500
Furniture and fixtures		413,330	1,156,450
Vehicles		29,693,300	5,579,601
		1,765,044,996	460,256,445
Net book value of assets disposed during the period/year		(16,699,457)	(33,015,179)
Depreciation for the period/year		(244,772,815)	(272,596,652)
Net book value at end of the period/year		<u>4,103,838,234</u>	<u>2,600,265,510</u>
<b>7.2 Capital work in progress</b>			
As at the beginning of the period/year		235,490,327	6,574,594
Additions during the period/year		1,429,056,770	681,395,627
Transfers to operating fixed assets		(1,599,389,921)	(452,479,894)
As at end of the period/year		<u>65,157,176</u>	<u>235,490,327</u>
<b>7.3 Intangible assets</b>			
Net book value at beginning of the period/year		-	1,136,664
Amortization for the period/year		-	(1,136,664)
Net book value at end of the period/year		<u>-</u>	<u>-</u>
<b>8 OTHER FINANCIAL ASSETS</b>			
Financial assets at fair value through other comprehensive income	8.1	217,030,456	720,767,693
		<u>217,030,456</u>	<u>720,767,693</u>
<b>8.1 Financial assets at fair value through other comprehensive income</b>			
These represent investments in listed equity securities and mutual funds which have been designated as 'financial assets at fair value through OCI'. These investments are not held for trading. Instead, they are held for strategic purposes for an indefinite period. Accordingly, the Company has elected to designate these investments as at fair value through OCI as the management believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments and realising their performance potential in the long run. The details are as follows:			
		Un-audited March 31 2022 Rupees	Audited June 30 2021 Rupees
<b>Investments in listed equity securities</b>			
Cost of investment		277,832,138	365,227,157
Changes in fair value		(61,003,928)	(49,354,197)
		216,828,210	315,872,960
<b>Investments in mutual funds</b>			
Cost of investment		226,091	404,736,165
Changes in fair value		(23,845)	158,568
		202,246	404,894,733
		<u>217,030,456</u>	<u>720,767,693</u>



**8.2 Changes in fair value of investments at fair value through other comprehensive income**

	March 31, 2022		
	Listed equity securities Rupees	Mutual funds Rupees	Total Rupees
As at beginning of the year	(49,354,197)	158,568	(49,195,629)
Fair value gain arising during the year	4,093,037	7,061,205	11,154,242
Fair value (gain) / loss transferred to retained earning on disposal	(15,742,768)	(7,243,618)	(22,986,386)
As at end of the Period	(61,003,928)	(23,845)	(61,027,773)
Deferred taxation	6,169,276	(39,643)	6,129,633
Impact of change in rate of deferred taxation	2,534,300	-	2,534,300
	(52,300,352)	(63,488)	(52,363,840)

  

	June 30, 2021		
	Listed equity securities Rupees	Mutual funds Rupees	Total Rupees
As at beginning of the year	(101,372,027)	(27,257,549)	(128,629,576)
Fair value loss arising during the year	54,029,298	23,115,027	77,144,325
Fair value gain transferred to retained earning on disposal	(2,011,468)	4,301,090	2,289,622
As at end of the year	(49,354,197)	158,568	(49,195,629)
Deferred taxation	6,169,276	(39,643)	6,129,633
Impact of change in rate of deferred taxation	2,534,300	-	2,534,300
	(40,650,621)	118,925	(40,531,696)

**9 COST OF SALES**

	Nine Months Ended (Un-audited)		Quarter Ended (Un-audited)	
	March 31 2022 Rupees	March 31 2021 Rupees	March 31 2022 Rupees	March 31 2021 Rupees
Raw material consumed	4,772,715,977	3,395,354,274	1,844,200,457	1,315,233,451
Fuel and power	575,605,419	439,172,757	236,319,491	141,361,602
Stores and spares	193,706,896	167,690,948	70,882,754	50,470,707
Salaries, wages and benefits	321,981,246	268,330,164	105,269,295	79,827,062
Insurance	13,083,389	11,173,241	4,880,336	3,932,863
Repair and maintenance	9,070,933	7,738,795	2,412,776	2,125,814
Depreciation	236,960,624	193,454,677	99,434,522	69,739,462
Other manufacturing overheads	59,539,112	10,870,297	51,388,156	3,146,185
Manufacturing Cost	6,182,663,596	4,493,785,153	2,414,787,787	1,665,837,146
Work in process				
As at beginning of the period	50,048,113	64,558,660	62,946,358	63,078,012
As at end of the period	(75,030,134)	(54,025,707)	(75,030,134)	(54,025,707)
	(24,982,021)	10,532,953	(12,083,776)	9,052,305
Cost of goods manufactured	6,157,681,575	4,504,318,106	2,402,704,011	1,674,889,451
Finished goods				
As at beginning of the period	51,892,779	111,217,659	43,424,657	48,332,054
As at end of the period	(163,635,064)	(70,687,726)	(163,635,064)	(70,687,726)
	(111,742,285)	40,529,933	(120,210,407)	(22,355,672)
	6,045,939,290	4,544,848,039	2,282,493,604	1,652,533,779



# ELLCOT SPINNING MILLS LIMITED

## 10 TRANSACTIONS AND BALANCES 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	Nine Months Ended (Un-audited)	
		March 31 2022	March 31 2021
		Rupees	Rupees
Associated companies	Purchase of goods and services	253,416	98,645
	Sale of goods and services	2,583,291,469	1,075,290,856
	Rent Paid	857,790	779,805
	Dividend paid	6,658,653	-
Key Management Personnel	Short term employee benefits	23,549,431	17,347,484
	Dividend paid to directors and their family members	12,765,310	-

## 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

	March 31, 2022			Total
	Level 1	Level 2	Level 3	
	Rs			
Financial assets - at fair value through OCI				
- Mutual funds	202,246	-	-	202,246
- Listed equity securities	216,828,210	-	-	216,828,210
	217,030,456	-	-	217,030,456
	June 30, 2021			
	Level 1	Level 2	Level 3	Total
	Rs			
Financial assets - at fair value through OCI				
- Mutual funds	404,894,733	-	-	404,894,733
- Listed equity securities	315,872,960	-	-	315,872,960
	720,767,693	-	-	720,767,693

## 12 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 April 28, 2022.

## 13 OTHERS

There are no other significant activities since June 30, 2021 affecting the condensed interim financial statements.

**14 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

Lahore : April 28, 2022



**Muhammad Ahmad**  
Chief Financial Officer



**Haroon Shahzada Ellahi Shaikh**  
Chief Executive Officer

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