

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 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 information of the company for the half year ended on December 31, 2020 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2019 are included for comparison, except for statement of financial position where figures are for the year ended on June 30, 2020.

Company Performance

Alhamdulillah, your company has earned after tax profit, for the 1st half of financial year 2020-21, of Rs. 146,416,894 or 4.49% of sales compared to Rs. 147,566,258 or 4.64% of sales during the same period of last year (SPLY). Earning per share (EPS) for the period under review is Rs. 13.37 compared to Rs. 13.48 for the corresponding period of last year.

Increase in sales volume resulted in increase in sales revenue by 2.54% over SPLY and stood at Rs. 3,258,763,595 compared to Rs. 3,178,103,779 during the SPLY. Cost of sales increased from 87.64% of sales during the SPLY to 88.75% of sales during the period under review. The said increase is mainly due to utilization of expensive cotton and higher stores consumption. Increase in cost of sales resulted in decrease in Gross Profit (GP) from 12.36% of sales during SPLY to 11.25% of sales during the period under review.

Overall operating expenses decreased from 4.41% of sales during SPLY to 4.14% 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 significantly decreased from 3.23% during SPLY to 1.78% of sales during quarter under review. Reduction in finance cost is because of lower short term average borrowings and reduction in Kibor rates.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2020-21, Kapas, (seed cotton) arrivals upto February 15, 2021, at the Ginneries totaled 5.617 million bales compared to 8.548 million bales for similar period of financial year 2019-20 showing decrease in arrival of 34.29%.

Future Outlook

It has been a reasonably profitable half year under review. Yarn demand has been robust. The company took timely raw material positions which Alhamdulillah, proved to be profitable. The real benefit of the purchase of cheaper raw material is likely to be seen in the second half of the financial year. Value added businesses producing home textiles, towels, denim have received sizeable orders from global markets. This has increased yarn demand in the local market. This trend is likely to last for the rest of the financial year. We hope that annual financial results will benefit from this trend.

Under the BMR program, your company has installed very latest and efficient plant & machinery and the company is enjoying its dividends. The BMR program has enabled us to produce yarn of very high quality in a most efficient manner. The company intends to continue with its BMR and Expansion program. As reported earlier, letters of credit have been established for 25,200 spindles and related machinery. Some of the old spindles will be scrapped. However, it is expected that the mill capacity will rise by approximately 21,000 spindles. We hope to complete the BMR and expansion program by end of January 2022.

However, Government seems to be modifying its promise to provide concessional energy rates for the textile industry at 7.5 cents per unit and gas at 6.5 USD per MMBTU. Press reports suggest that the Government intends to cancel the gas allocation to many spinning units and force them to transfer to the electricity grid. It is feared that textile industry gas and electricity tariff will be increased and it will be detrimental for company profits.

The cotton crop shortage is forcing the industry to resort to imported cotton. The raw cotton shortage can become a very serious threat to the viability of the textile spinning industry and can also affect the textile value added sector. Experts are attributing the Cotton Crop shortage to unfavorable climatic conditions, lower cultivation area, pest attacks and low-quality seeds. Textile industry can lose its competitiveness in the international market if the industry has to rely on imported cotton. Urgent measures are required to resolve the crisis in cotton production.

We appreciate the Government actions to combat the COVID-19 related situation. We strictly followed the defined SOPs and yet operated at full capacity. We must extol SBP role for timely provision of various incentive schemes for the businesses such as payroll financing, deferment in long term loan repayments and concessional long term financing schemes like TERF and LTFF. This has given immense support for continuity of the businesses.



ELLCOT SPINNING MILLS LIMITED

Interest rates remained stable which kept the finance cost under control. We appreciate the government measures for release of pending tax refunds to the industry due to which corporate liquidity improved. It is hoped that export rebates, technology up-gradation fund (TUF), income tax and sales tax stuck up refunds will continue to be released in a timely manner to the textile industry.

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.

A handwritten signature in black ink, appearing to be 'Amin Ellahi Shaikh'.

Amin Ellahi Shaikh
Director

A handwritten signature in black ink, appearing to be 'Haroon Shahzada Ellahi Shaikh'.

Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : February 25, 2021.

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 دسمبر 2020ء کو تختہ پہلی ششماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 دسمبر 2019ء کو ختم ہونے والی ششماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے ٹینٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2020ء کو تختہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی نے گزشتہ سال کی اسی مدت کے دوران 147,566,258 روپے یا فروخت کا 4.64 فیصد کے مقابلے میں مالی سال 2020-21 کی پہلی ششماہی میں 146,416,894 روپے یا فروخت کا 4.49 فیصد بعد از یکس منافع کمایا۔ زیر جائزہ مدت کی فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 13.48 روپے کے مقابلے میں 13.37 روپے ہے۔

فروخت حجم میں اضافہ کے نتیجے میں فروخت کی آمدنی میں گزشتہ سال کی اسی مدت سے 2.54 فیصد اضافہ ہوا اور گزشتہ سال کی اسی مدت کے دوران 3,178,103,779 روپے کے مقابلے میں 3,258,763,595 روپے رہی ہے۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کے 87.64 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 88.75 فیصد تک ہوئی ہے۔ یہ اضافہ بنیادی طور پر ہنگی کپاس کے استعمال اور زیادہ سٹورز کنٹریشن کی وجہ سے ہوا۔ فروخت کی لاگت میں اضافہ کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 12.36 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کا 11.25 فیصد تک ہوا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 4.41 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کے 4.14 فیصد تک ہوئے۔ کمپنی مستحکم نقد بہاؤ کمانے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ مالی اخراجات گزشتہ سال کی اسی مدت کے دوران 3.23 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کے 1.78 فیصد ہو گئے۔ مالی اخراجات میں یہ کمی بنیادی طور پر مختصر مدتی اوسط قرضوں اور Kibor ریٹس میں کمی کی وجہ سے ہوئی۔

فصل سال 2020-21 کیلئے پاکستان کاشن جزی ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (بیج کپاس) کی 15 فروری 2021ء تک جزی میں آمد گزشتہ مالی سال 2019-20 کی اسی مدت میں 8,548 ملین گانٹھوں کے مقابلے میں کل 5,617 ملین گانٹھیں ہو گئیں جو 34.29 فیصد کی کمی ظاہر کرتی ہے۔

مستقبل کا نقطہ نظر

زیر جائزہ ششماہی معقول منافع بخش مدت رہی۔ یارن کی طلب میں اضافہ ہوا۔ کمپنی نے بروقت خام مال کی خریداری کر لی جو الحمد للہ، منافع بخش ثابت ہوئی۔ سستے خام مال کی خریداری کا حقیقی فائدہ مالی سال کی دوسری ششماہی میں حاصل ہونے کا امکان ہے۔ ہوم ٹیکسٹائل، تولیے، ڈنیم تیار کرنے والے ویلیو ایڈڈ کاروبار کو عالمی مارکیٹوں سے شاندار آرزو موصول ہوئے ہیں۔ جس سے مقامی مارکیٹ میں یارن کی طلب میں اضافہ ہو گیا ہے۔ یہ رجحان مالی سال کے باقی عرصے تک برقرار رہنے کا امکان ہے۔ ہمیں امید ہے کہ اس رجحان سے سالانہ مالیاتی نتائج کو فائدہ ہوگا۔

آپ کی کمپنی بی ایم آر پروگرام کے تحت انتہائی جدید اور موثر پلانٹ اور مشینری نصب کی گئی ہے اور کمپنی اس کے فوائد سے لطف اندوز ہو رہی ہے۔ BMR پروگرام سے ہم موثر انداز میں بہترین معیار کا یارن تیار کرنے کے قابل ہوئے ہیں۔ کمپنی اپنا بی ایم آر اور توسیعی پروگرام جاری رکھنا چاہتی ہے۔ جیسا کہ پہلے بتایا گیا ہے 25,200 سپنڈلز اور متعلقہ مشینری کیلئے لیڈز آف کرڈٹ جاری کئے گئے ہیں۔ چند پرانے سپنڈلز سرکریپ کر دیئے جائیں گے۔ تاہم، امید کی جاتی ہے کہ کل کی صلاحیت تقریباً 21,000 سپنڈلز سے بڑھ جائے گی۔ ہمیں امید ہے کہ جنوری 2022 کے اختتام تک بی ایم آر اور توسیعی پروگرام مکمل ہو جائے گا۔

تاہم، حکومت ٹیکسٹائل انڈسٹری کو بجلی کی 7.5 سینٹس فی یونٹ اور گیس کی 6.5 یو ایس ڈی فی ایم ایم بی ٹی یو پر مراعات دینے کے وعدے میں رد و بدل کرتی نظر آتی ہے۔ اخبارات سے پتہ چلتا ہے کہ حکومت کئی سپنڈنگ پنٹل کیس فراہمی کو منسوخ کرنے اور انہیں زبردستی الیکٹریٹی گرڈ پر منتقل کرنے کا ارادہ رکھتی ہے۔ یہ خدشہ ہے کہ ٹیکسٹائل انڈسٹری کے گیس اور بجلی کے نرخوں میں اضافہ ہوگا اور کمپنی کے منافع کے لئے نقصان دہ ہوگا۔

کپاس کی فصل کی قلت صنعت کو در آمد شدہ کاٹن کا سہارا لینے پر مجبور کر رہی ہے۔ خام کپاس کی قلت ٹیکسٹائل اسپننگ صنعت کی بقاء کے لئے ایک انتہائی سنگین خطرہ بن سکتی ہے اور ٹیکسٹائل و پلیوائڈ ڈسکٹر کو بھی متاثر کر سکتی ہے۔ ماہرین کپاس کی فصل کی کمی کو موسمیاتی حالات، کاشت کے کم رقبے اور ناقص معیاری بیج کی وجہ قرار دے رہے ہیں۔ اگر صنعت کو در آمد شدہ کپاس پر انحصار کرنا پڑا تو ٹیکسٹائل کی صنعت بین الاقوامی مارکیٹ میں اپنی مسابقت کھو سکتی ہے۔ کپاس کی پیداوار میں بحران کو حل کرنے کے لئے ہنگامی اقدامات ضروری ہیں۔

ہم COVID-19 سے متعلق صورتحال سے نمٹنے کے لئے حکومت کے اقدامات کو سراہتے ہیں۔ ہم نے بیان کردہ ایس او پیز پر سختی سے عمل کیا اور ابھی بھی پوری صلاحیت سے عمل کر رہے ہیں۔ ہمیں کاروبار کے لئے مختلف رعایتی اسکیموں مثلاً تنخواہوں کی ادائیگی کے لئے سرمائے کی فراہمی، طویل مدتی قرض کی ادائیگیوں میں التوا اور رعایتی طویل مدتی فنانسنگ اسکیمیں جیسے کہ TERF اور LTFF کی بروقت فراہمی کے لئے SBP کے کردار کو لازماً سراہنا چاہیے۔ اس نے کاروباری اداروں کے تسلسل کے لئے بے پناہ تعاون فراہم کیا ہے۔

سوڈی شرح مستحکم رہی جس نے فننس لاگت کو قابو میں رکھا۔ ہم صنعت کو زبردستی انوائس رقوم کی واپسی کے حکومتی اقدامات کی تعریف کرتے ہیں جس کی وجہ سے کارپوریٹ لیکویڈیٹی میں بہتری آئی ہے۔ امید ہے کہ برآمدی رعایات، بینکاروں کی اپ گریڈیشن فنڈ (ٹی یو ایف)، انکم ٹیکس اور سیلز ٹیکس کی قابل واپسی رقوم ٹیکسٹائل انڈسٹری کو بروقت جاری کی جائیں گی۔

اظہار تشکر

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

منجانب بورڈ



بارون شہزادہ الٰہی شیخ



امین الٰہی شیخ

چیف ایگزیکٹو آفیسر

ڈائریکٹر

لاہور: 25 فروری 2021ء

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ELLCOT SPINNING MILLS LIMITED Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **ELLCOT SPINNING MILLS LIMITED** ['the Company'] as at December 31, 2020 and the related 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 notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended December 31, 2020 of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **ZUBAIR IRFAN MALIK**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date: **FEBRUARY 25, 2021**

Place: **LAHORE**



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	<i>Note</i>	December 31, 2020	June 30, 2020
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized capital</i>			
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 reserves		(28,735,915)	(101,904,670)
Accumulated profit		1,888,233,267	1,747,535,710
TOTAL EQUITY		1,968,997,352	1,755,131,040
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	6	2,281,116,468	1,935,827,028
Employees retirement benefits		115,927,594	107,407,455
Deferred taxation		38,456,941	38,456,941
Gas infrastructure development cess		19,821,031	-
Deferred grant	7	2,712,852	1,865,501
		2,458,034,886	2,083,556,925
CURRENT LIABILITIES			
Trade and other payables		612,746,226	587,873,291
Unclaimed dividend		6,014,183	6,014,183
Accrued interest/profit		29,597,237	47,924,330
Short term borrowings		1,122,221,449	819,226,442
Current portion of non-current liabilities		303,957,975	77,693,413
		2,074,537,070	1,538,731,659
TOTAL LIABILITIES		4,532,571,956	3,622,288,584
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES		6,501,569,308	5,377,419,624

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

	<i>Note</i>	December 31, 2020	June 30, 2020
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	9	2,748,462,526	2,453,332,154
Long term deposits		7,090,700	7,090,700
		2,755,553,226	2,460,422,854
CURRENT ASSETS			
Stores, spares and loose tools		83,751,260	70,145,017
Stock in trade		1,819,058,391	1,743,157,595
Trade receivables		550,641,881	551,607,736
Advances, deposits, prepayments and other receivables		699,681,201	50,978,693
Other financial assets	10	413,744,440	353,113,980
Advance income tax		116,938,805	121,994,957
Cash and bank balances		62,200,104	25,998,792
		3,746,016,082	2,916,996,770
TOTAL ASSETS		6,501,569,308	5,377,419,624

The annexed notes from 1 to 18 form an integral part of these 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 SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Note	Six month ended		Three month ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		Rupees	Rupees	Rupees	Rupees
Sales - net		3,258,763,595	3,178,103,779	1,705,438,695	1,737,489,614
Cost of sales	11	(2,892,314,260)	(2,785,319,830)	(1,480,233,917)	(1,544,905,242)
Gross profit		366,449,335	392,783,949	225,204,778	192,584,372
Distribution cost		(29,379,946)	(33,687,478)	(12,969,427)	(16,770,378)
Administrative expenses		(76,811,922)	(78,716,349)	(38,082,170)	(38,508,376)
Other expenses		(28,783,066)	(27,748,314)	(17,553,107)	(18,448,528)
		(134,974,934)	(140,152,141)	(68,604,704)	(73,727,282)
		231,474,401	252,631,808	156,600,074	118,857,090
Other income		20,868,976	48,974,148	14,392,602	37,547,722
Operating profit		252,343,377	301,605,956	170,992,676	156,404,812
Finance cost		(57,925,298)	(102,673,984)	(31,541,693)	(48,917,438)
Profit before taxation		194,418,079	198,931,972	139,450,983	107,487,374
Provision for taxation	12	(48,001,185)	(51,365,714)	(25,576,512)	(51,365,714)
Profit after taxation		146,416,894	147,566,258	113,874,471	56,121,660
Earnings per share - basic and diluted		13.37	13.48	10.40	5.13

The annexed notes from 1 to 18 form an integral part of these interim financial statements.



Amin Ellahi Shaikh
Director



Muhammad Ahmad
Chief Financial Officer



Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : February 25, 2021

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Six month ended		Three month ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees	Rupees	Rupees	Rupees
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Financial assets at fair value through OCI	67,449,418	47,759,001	20,263,816	61,575,790
Other comprehensive income before taxation	67,449,418	47,759,001	20,263,816	61,575,790
Taxation	-	-	-	-
Other comprehensive income after taxation	67,449,418	47,759,001	20,263,816	61,575,790
Profit after taxation	146,416,894	147,566,258	113,874,471	56,121,660
Total comprehensive income	213,866,312	195,325,259	134,138,287	117,697,450

The annexed notes from 1 to 18 form an integral part of these interim financial statements.



Amin Ellahi Shaikh
Director



Muhammad Ahmad
Chief Financial Officer



Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : February 25, 2021

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Six month ended	
	December 31, 2020	December 31, 2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	194,418,079	198,931,972
Adjustments for non-cash and other items		
Depreciation	128,688,949	124,288,524
Amortization	619,998	619,999
Provision for employees retirement benefits	16,364,272	18,400,150
Loss on disposal of property, plant and equipment	14,308,845	3,828,208
Dividend income	(14,618,662)	(24,679,012)
Loss on disposal of investments	-	9,090,246
Changes in fair value of financial assets at fair value through profit or loss	-	(22,160,534)
Finance cost	57,925,298	102,673,984
	203,288,700	212,061,565
	397,706,779	410,993,537
Changes in working capital		
Stores, spares and loose tools	(13,606,243)	(7,873,223)
Stock in trade	(75,900,796)	(141,940,309)
Trade receivables	965,855	(67,952,254)
Advances, deposits, prepayments and other receivables	(648,702,508)	140,012,243
Trade and other payables	79,364,786	70,280,186
	(657,878,906)	(7,473,357)
Cash (used in)/generated from operations	(260,172,127)	403,520,180
Payments for		
Finance cost	(76,252,391)	(104,314,877)
Income tax	(42,945,035)	(19,905,966)
Employees retirement benefits	(7,844,133)	(4,194,650)
Net cash (used in)/generated from operating activities	(387,213,686)	275,104,687
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(446,855,248)	(137,370,974)
Proceeds from disposal of property, plant and equipment	8,107,084	16,233,709
Purchase of short term investments	(13,145,236)	(33,515,955)
Proceeds from disposal of long term investments	-	109,421,506
Proceeds from disposal of short term investments	19,964,196	74,991,291
Dividend received	14,618,662	24,679,012
Net cash (used in)/generated from investing activities	(417,310,542)	54,438,589
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	559,550,533	55,335,000
Repayment of long term finances	(21,820,000)	(81,431,985)
Dividend paid	-	(64,799,361)
Net increase/(decrease) in short term borrowings	302,995,007	(348,773,246)
Net cash generated from/(used in) financing activities	840,725,540	(439,669,592)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	36,201,312	(110,126,316)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	25,998,792	128,542,300
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	62,200,104	18,415,984

The annexed notes from 1 to 18 form an integral part of these interim financial statements.



Amin Ellahi Shaikh
Director



Muhammad Ahmad
Chief Financial Officer



Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : February 25, 2021

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

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Share capital	Capital reserves			Revenue reserve	
	Issued subscribed and paid-up 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 - Audited	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	-	-	-	-	147,566,258	147,566,258
Other comprehensive loss	-	47,759,001	-	47,759,001	-	47,759,001
Total comprehensive income	-	47,759,001	-	47,759,001	147,566,258	195,325,259
Transaction with owners						
Final dividend @ 60% i.e. Rs. 6 per ordinary share	-	-	-	-	(65,700,000)	(65,700,000)
Balance as at December 31, 2019 - Un-audited	109,500,000	(14,966,745)	7,760,000	(7,206,745)	1,661,765,506	1,764,058,761
Balance as at January 01, 2020 - Un-audited	109,500,000	(14,966,745)	7,760,000	(7,206,745)	1,661,765,506	1,764,058,761
Comprehensive income						
Profit after taxation	-	-	-	-	78,313,023	78,313,023
Other comprehensive (loss)/income	-	(92,477,024)	-	(92,477,024)	5,236,280	(87,240,744)
Total comprehensive (loss)/income	-	(92,477,024)	-	(92,477,024)	83,549,303	(8,927,721)
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)	-
Transaction with owners	-	(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
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
Comprehensive income						
Profit after taxation	-	-	-	-	146,416,894	146,416,894
Other comprehensive income	-	67,449,418	-	67,449,418	-	67,449,418
Total comprehensive income	-	67,449,418	-	67,449,418	146,416,894	213,866,312
Other transactions						
Transfer of reserve for financial assets at FVTOCI on derecognition	-	5,719,337	-	5,719,337	(5,719,337)	-
Taxation relating to transfer of reserve for financial assets at FVTOCI on derecognition	-	-	-	-	-	-
Transaction with owners	-	5,719,337	-	5,719,337	(5,719,337)	-
Balance as at December 31, 2020 - Un-audited	109,500,000	(36,495,915)	7,760,000	(28,735,915)	1,888,233,267	1,968,997,352

The annexed notes from 1 to 18 form an integral part of these interim financial statements.


Amin Ellahi Shaikh
Director


Muhammad Ahmad
Chief Financial Officer


Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : February 25, 2021

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020**

1 LEGAL STATUS AND OPERATIONS

Ellicot Spinning Mills Limited ['the Company'] was incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg III, Lahore. The manufacturing facility is located at 6.3 K.M, Manga Mandi, Raiwind Road, Mouza Rossa, Tehsil and District Kasur in the Province of Punjab.

2 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.

This interim financial statements have been subjected to limited scope review by the auditors of the company, as required by the Companies Act, 2017 under section 237. 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 six month period ended December 31, 2019 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended December 31, 2020 and December 31, 2019 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 are prepared in Pak Rupees which is the Company's functional currency.

2.5 Date of authorisation for issue

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 25, 2021.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

3.2 Definition of a Business (Amendments to IFRS 3 - Business Combinations)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

3.3 Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

3.4 Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

3.5 Covid-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	January 01, 2023
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards).	January 01, 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	January 01, 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	January 01, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	January 01, 2022
Annual Improvements to IFRS Standards 2018–2020.	January 01, 2022
Amendments to IFRS 17	January 01, 2023
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases).	January 01, 2021
Other than afore mentioned standards, interpretations and amendments, IABS has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:	
IFRS 1 - First Time Adoption of International Financial Reporting Standards	
IFRS 14 - Regulatory Deferral Accounts	
IFRS 17 – Insurance contracts (2017)	

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Company for the year ended June 30, 2020.

	<i>Note</i>	December 31, 2020	June 30, 2020
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
6 LONG TERM FINANCES			
From Banking companies			
As at beginning of the period/year		2,010,264,959	1,915,437,168
Obtained during the period/year		559,550,533	248,893,576
Accretion during the period/year		5,664,379	-
Repayments made during the period/year		(21,820,000)	(148,944,802)
Deferred grant recognised during the period/year	7	(11,594,866)	(5,120,983)
As at end of the period/year		2,542,065,005	2,010,264,959
Current maturity presented under current liabilities		(260,948,537)	(74,437,931)
		2,281,116,468	1,935,827,028
7 DEFERRED GRANT			
As at beginning of the period/year		5,120,983	-
Recognized during the period/year	6	11,594,866	5,120,983
Amortized during the period/year		(5,664,379)	-
As at end of the period/year		11,051,470	5,120,983
Current maturity presented under current liabilities		(8,338,618)	(3,255,482)
		2,712,852	1,865,501
8 CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
8.1.1 Guarantees issued by banks on behalf of the Company amount to Rs. 207.075 million (June 30, 2020: Rs. 207.075 million).			
8.1.2 Bills discounted/negotiated as at the reporting date amount to Rs. 98.1 million (June 30, 2020: Rs. 260.306 million).			
	<i>Note</i>	December 31, 2020	June 30, 2020
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
8.2 Commitments			
8.2.1 Commitments under irrevocable letters of credit for:			
- purchase of property, plant and equipment		994,309,704	370,697,423
- purchase of stores, spares and loose tools		13,723,992	18,708,583
- purchase of raw material		372,149,267	197,592,542
		1,380,182,963	586,998,548

8.2.2 Commitments under short term leases

The Company has rented office premises from a related party under short term lease arrangements. Lease agreement covers a period of one year and is renewable/extendable on mutual consent. Lease rentals are payable quarterly in advance. Commitments for payments in future periods under the lease agreement are as follows:

	Note	December 31, 2020	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
- payments not later than one year		1,106,820	503,100
- payments later than one year		-	-
		1,106,820	503,100

9 FIXED ASSETS

Property, plant and equipment

Operating fixed assets	9.1	2,540,945,914	2,445,620,896
Capital work in progress	9.2	206,999,946	6,574,594
		2,747,945,860	2,452,195,490
Intangible assets	9.3	516,666	1,136,664
		2,748,462,526	2,453,332,154

9.1 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		236,109,608	262,564,556
Buildings on freehold land		9,710,835	-
Electric installations and equipment		-	386,200
Factory equipment		-	189,767
Office equipment		276,000	979,778
Furniture and fixtures		333,453	266,501
Vehicles		-	17,943,500
		246,429,896	282,330,302
Net book value of assets disposed during the period/year		(22,415,929)	(31,766,981)
Depreciation for the period/year		(128,688,949)	(255,917,571)
Net book value at end of the period/year		2,540,945,914	2,445,620,896

9.2 Capital work in progress

Opening		6,574,594	-
Additions during the period/year		206,999,946	269,139,150
Transfers to operating fixed assets		(6,574,594)	(262,564,556)
Net book value at end of the period/year		206,999,946	6,574,594

	<i>Note</i>	December 31, 2020	June 30, 2020
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
9.3 Intangible assets			
Net book value at beginning of the period/year		1,136,664	2,376,661
Amortization for the period/year		(619,998)	(1,239,997)
Net book value at end of the period/year		516,666	1,136,664

10 OTHER FINANCIAL ASSETS

Financial assets at fair value through other comprehensive income	<i>10.1</i>	413,744,440	353,113,980
		413,744,440	353,113,980

10.1 Financial assets at fair value through other comprehensive income

These represent investments in listed equity securities and mutual funds which have been designated as 'financial assets at fair value through OCI'. These investments are not held for trading. Instead, they are held for strategic purposes for an indefinite period. Accordingly, the Company has elected to designate these investments as at fair value thorough 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:

	December 31, 2020	June 30, 2020
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
<i>Investments in listed equity securities</i>		
Cost of investment	383,844,591	380,692,480
Changes in fair value	(53,155,749)	(101,372,027)
	330,688,842	279,320,453
<i>Investments in mutual funds</i>		
Cost of investment	85,360,670	101,051,076
Changes in fair value	(2,305,072)	(27,257,549)
	83,055,598	73,793,527
	413,744,440	353,113,980

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

	December 31, 2020 (Un-Audited)		
	Listed equity securities Rupees	Mutual funds Rupees	Total Rupees
As at beginning of the year	(86,166,223)	(23,498,447)	(109,664,670)
Fair value gain arising during the year	48,719,672	18,729,746	67,449,418
Fair value (gain)/loss transferred to accumulated profits on disposal	(503,394)	6,222,731	5,719,337
Reclassified to profit or loss	-	-	-
As at end of the year	(37,949,945)	1,454,030	(36,495,915)
Deferred taxation	-	-	-
	(37,949,945)	1,454,030	(36,495,915)
	June 30, 2020 (Audited)		
	Listed equity securities Rupees	Mutual funds Rupees	Total Rupees
As at beginning of the year	(67,594,776)	(6,200,218)	(73,794,994)
Fair value loss arising during the year	(31,851,098)	(20,279,103)	(52,130,201)
Fair value gain transferred to accumulated profits on disposal	(1,926,153)	(778,228)	(2,704,381)
Reclassified to profit or loss	-	-	-
As at end of the year	(101,372,027)	(27,257,549)	(128,629,576)
Deferred taxation	15,205,804	3,759,102	18,964,906
	(86,166,223)	(23,498,447)	(109,664,670)

11 COST OF SALES

	Six month ended		Three month ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
Raw material consumed	2,080,120,823	1,844,416,376	1,102,680,447	966,197,320
Fuel and power	297,811,155	337,168,557	139,314,520	170,043,996
Stores, spares and loose tools consumed	117,220,241	102,971,935	66,406,907	51,761,802
Salaries, wages and benefits	188,503,102	174,550,218	96,382,618	88,103,705
Insurance	7,240,378	6,839,801	3,590,658	2,710,031
Repair and maintenance	5,612,981	6,169,737	3,452,218	3,579,354
Depreciation	123,715,215	119,434,301	64,626,794	60,068,247
Other manufacturing overheads	7,724,112	9,277,981	3,695,417	4,654,457
Manufacturing cost	2,827,948,007	2,600,828,906	1,480,149,579	1,347,118,912
Work in process				
As at beginning of the period	64,558,660	50,421,233	51,895,880	41,882,905
As at end of the period	(63,078,012)	(51,040,001)	(63,078,012)	(51,040,001)
	1,480,648	(618,768)	(11,182,132)	(9,157,096)
Cost of goods manufactured	2,829,428,655	2,600,210,138	1,468,967,447	1,337,961,816
Finished goods				
As at beginning of the period	111,217,659	57,511,935	59,598,524	150,444,669
Purchased during the period	-	203,241,559	-	132,142,559
As at end of the period	(48,332,054)	(75,643,802)	(48,332,054)	(75,643,802)
	62,885,605	185,109,692	11,266,470	206,943,426
	2,892,314,260	2,785,319,830	1,480,233,917	1,544,905,242

12 PROVISION FOR TAXATION

12.1 Provision for current tax has been made in accordance with the requirements of section 113, 150 and 154 of the Income Tax Ordinance, 2001.

12.2 No provision for deferred tax has been made as the impact of the same is considered immaterial

13 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:

		Six months ended	
		December 31, 2020	December 31, 2019
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>

13.1 Transactions with related parties

Nature of relationship	Nature of transaction		
Associated companies	Purchase of goods and services	-	159,864,050
	Sales of goods and services	619,707,654	828,934,161
	Rent paid	503,100	479,160
	Dividend paid	-	15,980,766
Key management personnel	Short term employee benefits	11,995,197	6,414,291
	Dividend paid to directors and their family members	-	30,630,744

14 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	December 31, 2020	June 30, 2020
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>

14.1 Financial assets

<i>Cash in hand</i>	298,679	-
<i>Financial assets at amortized cost</i>		
Long term deposits	7,090,700	7,090,700
Trade receivables	550,641,881	551,607,736
Advances to employees	1,173,159	765,000
Cash and bank balances	61,901,425	25,998,792
	620,807,165	585,462,228
<i>Financial assets designated as fair value through OCI</i>		
Investment in listed equity securities	330,688,842	279,320,453
Investment in mutual funds	83,055,598	73,793,527
	413,744,440	353,113,980
	1,034,850,284	938,576,208

	December 31, 2020	June 30, 2020
	Rupees	Rupees
	(Un-Audited)	(Audited)
14.2 Financial liabilities		
Financial liabilities at amortized cost		
Long term finances	2,550,403,623	2,010,264,959
Short term borrowings	1,122,221,449	819,226,442
Accrued interest/profit	29,597,237	47,924,330
Trade creditors	106,120,738	106,699,737
Accrued liabilities	361,501,723	335,508,503
Unclaimed dividend	6,014,183	6,014,183
	4,175,858,953	3,325,638,154

15 FAIR VALUE MEASUREMENTS
15.1 Financial instruments
15.1.1 Financial instruments measured at fair value

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:

a) Recurring fair value measurements

Nature of asset	Hierarchy	Valuation techniques and key inputs	December 31, 2020	June 30, 2020
			Rupees	Rupees
			(Un-Audited)	(Audited)
Available for sale financial assets				
Investments in equity securities	Level 1	Quoted bid prices in an active market	330,688,842	279,320,453
Investments in mutual funds	Level 1	Quoted bid prices in an active market	83,055,598	73,793,527

b) Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

15.1.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

15.2 Assets and liabilities other than financial instruments.

None of the assets and liabilities other than financial instruments are measured at fair value.

16 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in these interim financial statements.

17 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

18 GENERAL

18.1 There are no other significant activities since June 30, 2020 affecting the interim financial statements.

18.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

18.3 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 : February 25, 2021

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