

**THIRD QUARTER REPORT  
FOR THE PERIOD ENDED  
MARCH 31, 2021  
(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](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, 2021. The comparative figures for the corresponding quarter ended on March 31, 2020 are included for comparison, except in 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 of Rs. 304,250,474 or 14.47% of sales for the 3rd quarter of the financial year 2020-21 ended on March 31, 2021 compared to Rs. 94,125,804 or 5.59% of sales during the same period of last year (SPLY). Earning per share (EPS) for the period under review is Rs. 27.79 compared to Rs. 8.60 for the SPLY.

Robust demand for yarn resulted in a rise in sales revenue by 24.74% over the SPLY and stood at Rs. 2,102,015,824 compared to Rs. 1,685,115,205 during SPLY. Cost of sales decreased from 87.48% of sales during the SPLY to 78.62% of sales during the quarter under review. Increase in sales revenue and reduction in cost of sales resulted in increase of Gross Profit (GP) from 12.52% of sales during the SPLY to 21.38% of sales during the period under review.

Rise in sales volumes caused overall operating expenses to increase from 3.22% of sales during SPLY to 4.20% 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. Due to lower short term borrowings finance cost reduced from 2.40% of sales during SPLY to 1.66% during the period under review.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2020-21, Kapas, (seed cotton) arrivals upto April 01, 2021, at the Gineries totaled 5.645 million bales. Data for last year is only available upto March 15, 2020 which showed arrival of 8.571 million bales. Therefore, the current year arrival is lower by 2.926 million bales showing decrease in arrival of 34.14%.

### **Dividend**

The Board of Directors in their meeting held on 29th April, 2021, have declared first interim cash dividend @ 75% i.e Rs.7.50 per share for the year ending on 30th June 2021.

The share transfer books for ordinary shares of the Company will be closed from Friday, May 14, 2021 to Thursday, May 20, 2021 (both days inclusive). Valid transfer(s) received in order by our Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore by the close of business on Thursday, May 13, 2021 will be in time to be passed for payment of dividend to the transferee(s).

### **Future Outlook**

The profit achieved by the company in the current quarter has been remarkable. Timely purchases of raw materials allowed the company to realise profits. Value added textile sectors such as home textiles, towels, denim and knitting received substantial export orders which culminated into high yarn demand and profitable prices. The outlook for the rest of the financial year is reasonably optimistic. The company order book for yarn sales is strong and reasonably priced raw materials have been purchased. Barring any unforeseen developments, the fourth quarter should also report healthy performance.

Under the ongoing BMR programme company has established Letter of Credits for forty thousand six hundred fifty-six new spindles along with related machinery. More than half of new spindles would start production in the start of calendar year 2022 and rest would start at the end of year 2022. However, some of the old spindles will be scrapped. After implementation of the above expansion/ BMR the overall spindleage of the company is expected to be approximately 78,000.

However, the third wave of COVID has afflicted the country and may have an adverse effect on company performance. Government is taking effective steps to combat the pandemic and educating the population on following strict SOP's to avoid serious economic repercussions. Government effort to vaccinate the maximum number of people is commendable and it is hoped that the pace of vaccination shall accelerate. Our production facilities are adopting strict safety measures to keep the staff and workers safe.

The Government energy policy may become an issue affecting profitability as there is a proposal to restrict availability of gas for power generation. If this Government proposal is implemented the cost of energy will rise substantially and affect profitability. It is hoped that the textile sector which is contributing so handsomely to economic growth, exports and employment is spared from the cancellation of gas policy. In addition, there is concern that the rates for electricity and gas may also be increased and adversely affect profitability.

The cotton crop shortage is forcing the industry to resort to imported cotton. The cotton shortage can pose a threat for the continued viability of the local spinning industry and can also adversely affect the textile value added sector. Experts are attributing the crop shortage to unfavourable climatic conditions, lower cultivation area, pest attacks and low quality seeds. Textile industry continued reliance on imported cotton can have serious consequences on viability of the local spinners.

We hope that Technology upgradation fund (TUF), sales tax and income tax refunds would be released by the government in a timely manner.

#### **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 29, 2021

## ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 مارچ، 2021 کو تختہ تیسری سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 مارچ، 2020 کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے سینڈنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون، 2020 کو تختہ سال کے لئے ہیں۔

### کمپنی کی کارکردگی

الحمد للہ، کمپنی نے 31 مارچ، 2021 کو ختم ہونے والی مالی سال 2020-21 کی تیسری سہ ماہی کے دوران گزشتہ سال کی اسی مدت کے دوران 94,125,804 روپے یا فروخت کا 5.59 فیصد کے مقابلے میں 304,250,474 روپے یا فروخت 14.47 فیصد منافع کمایا۔ زیر جائزہ مدت کے لئے نیٹ درآمدی (EPS) گزشتہ سال کی اسی مدت کے لئے 8.60 روپے کے مقابلے 27.79 روپے ہے۔

دھاگے کی حوصلہ افزاء طلب کے نتیجے میں فروخت کی آمدنی گزشتہ سال کی اسی مدت سے 24.74 فیصد سے زیادہ ہوئی اور گزشتہ سال اسی مدت کے دوران 1,685,115,205 روپے کے مقابلے 2,102,015,824 روپے رہی۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کی 87.48 فیصد سے کم ہو کر زیر جائزہ سہ ماہی کے دوران فروخت کی 78.62 فیصد تک ہو گئی۔ 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 12.52 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 21.38 فیصد تک ہو گیا۔

فروخت حجم میں اضافہ کی وجہ سے مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 3.22 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 4.20 فیصد تک ہو گئے۔ کمپنی مستحکم نقدی بہاؤ پیدا کرنے اور اپنے کاروباری اور مالی واجبات کی بروقت ادائیگی کرنے میں کامیاب رہی۔ مختصر مدتی قرضوں کی کمی کی وجہ سے مالی اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 2.40 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران 1.66 فیصد تک ہو گئے۔

فصل سال 2020-21 کیلئے پاکستان کاٹن جزر ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (بیج کپاس) کی کم اپریل، 2021 تک جزر میں کل آمد 5.645 ملین گانٹھیں ہیں۔ گزشتہ سال کے اعداد و شمار فقط 15 مارچ، 2020 تک دستیاب ہیں جو 8.571 ملین گانٹھوں کی آمد ظاہر کرتی ہیں۔ اس لئے رواں سال کی آمد 2.926 ملین گانٹھوں سے کم ہوئی جو آمد میں 34.14 فیصد کی کمی ظاہر کرتی ہے۔

### منافع مقدمہ

بورڈ آف ڈائریکٹرز نے 29 اپریل 2021 کو اپنی میٹنگ میں، 30 جون 2021 کو ختم ہونے والے سال کیلئے پہلا عبوری نقد منافع مقدمہ بشرح 75 فیصد یعنی 7.50 روپے فی عام شیئر کا اعلان کیا ہے۔

کمپنی کے انتقال حصص کی کتب عام حصص کیلئے بروز جمعہ 14 مئی 2021 سے بروز جمعرات 20 مئی 2021 (بشمول دونوں ایام) بند رہیں گی۔ منتقلی کی مکمل درخواستیں کو کم بروز جمعرات 13 مئی 2021 کے اوقات کار میں کمپنی کے شیئر رجسٹر اریسرز جمید ایسوسی ایشن (پرائیوٹ) لمیٹڈ، پہلی منزل، ایچ۔ ایم ہاؤس، 7 بینک اسکوائر، لاہور کو موصول ہوں گی، منافع مقدمہ کی ادائیگی کے لئے بروقت بھیجی جائیں گی۔

### مستقبل کا نقطہ نظر

رواں سہ ماہی میں کمپنی کو حاصل ہونے والا منافع کمپنی کی تاریخ میں ایک بہترین منافع ہے۔ خام مال کی بروقت خریداری اور دھاگہ کی قیمتوں میں اضافہ کے متوازن سے کمپنی کو منافع ہوا۔ ہوم ٹیکسٹائل، ٹولے، ڈینیم اور رنگ جیسے ویلیو ایڈڈ ٹیکسٹائل سکٹرز کو بیرون ملک سے کافی آرڈر موصول ہوئے ہیں۔ جس کا اختتام دھاگے کی طلب اور منافع بخش قیمتوں میں اضافہ پر ہوا ہے۔ باقی مالی سال کا نقطہ نظر مناسب حد تک پُر امید ہے۔ دھاگے کی فروخت کے لئے کمپنی کے پاس مضبوط آرڈر بک ہیں اور خام مال موزوں قیمتوں پر خریدایا گیا ہے۔ کسی بھی غیر متوقع پیش رفتوں سے قطع نظر، چوتھی سہ ماہی میں بھی صحت مند منافع بیان کیا جانا چاہئے۔

کمپنی کے جاری BMR پروگرام کے تحت چالیس ہزار چھ سو چھپن نئی سپنڈلز بمعہ متعلقہ مشینری کے لئے کرڈٹ لیٹرز جاری کر دیے ہیں۔ نئی سپنڈلز میں سے نصف سے زیادہ کیلنڈر سال 2022 کے شروع میں پروڈکشن کا آغاز کر دیں گی اور باقی سال 2022 کے اختتام تک آغاز کر دیں گی۔ تاہم، چند پرانی سپنڈلز سکرپ کر دی جائیں گی۔ مذکورہ توسیع BMR کے عملدرآمد کے بعد کمپنی کے مجموعی سپنڈلز تقریباً 78,000 ہونے کی امید ہے۔

تاہم، COVID-19 کی تیسری لہر نے ملک کو متاثر کیا ہے اور کمپنی کی کارکردگی پر بھی اس کا منفی اثر پڑ سکتا ہے۔ حکومت اس وبا کی بیماری سے نمٹنے کے لئے موثر اقدامات کر رہی ہے اور خطرناک معاشی نقصانات سے بچنے کے لیے عوام کو ایس او پیز پر سختی سے عمل کرنے کی تعلیم دے رہی ہے۔ زیادہ سے زیادہ لوگوں کو ویکسین لگانے کے لئے حکومتی کوشش قابل تعریف ہے اور امید ہے کہ ویکسینیشن کی رفتار تیز ہو جائے گی۔ ہماری پیداواری فیکٹریاں عملدرآمد اور کارکنوں کو محفوظ رکھنے کے لئے سخت حفاظتی اقدامات پر عملدرآمد کر رہی ہیں۔

حکومت کی توانائی کی پالیسی منافع کو متاثر کرنے کا سبب بن سکتی ہے جیسے کہ بجلی کی پیداوار کے لئے گیس کی دستیابی کو محدود کرنے کی تجویز دی گئی ہے۔ اگر حکومت کی اس تجویز پر عمل درآمد ہوتا ہے تو بجلی کی لاگت میں کافی حد تک اضافہ ہوگا اور منافع پر اثر پڑے گا۔ امید ہے کہ ٹیکسٹائل کا شعبہ جو کہ معاشی نمو، برآمدات اور روزگار میں بہت زیادہ حصہ شامل کر رہا ہے اس کو گیس منقطع کرنے کی پالیسی سے بچایا جائے گا۔ اس کے علاوہ، یہ خدشہ بھی ہے کہ بجلی اور گیس کے نرخوں میں بھی اضافہ کیا جاسکتا ہے جس سے منافع بری طرح سے متاثر ہو سکتا ہے۔

کپاس کی فصل کی قلت صنعت کو درآمد شدہ کاون کا سہارا لینے پر مجبور کر رہی ہے۔ کپاس کی قلت مقامی اسپننگ انڈسٹری کی موجودہ صلاحیت کے لئے خطرہ بن سکتی ہے اور اس سے ٹیکسٹائل ویلیو ایڈڈ شعبہ پر منفی اثر پڑ سکتا ہے۔ ماہرین فصل کی قلت کو موسم کے نامناسب حالات، کاشت کے کم رقبے، کیڑوں کے حملوں اور غیر معیاری بیج کی وجہ قرار دے رہے ہیں۔ ٹیکسٹائل انڈسٹری کا مسلسل درآمدہ کپاس پر انحصار مقامی سپنڈرز کی صلاحیت کو شدید نقصانات پہنچا سکتی ہے۔

امید ہے کہ حکومت کی طرف سے ٹیکسٹائل انڈسٹری کو ٹیکنالوجی اپ گریڈیشن فنڈ (TUF)، آئٹم ٹیکس اور سیلز ٹیکس کی قابل واپسی رقوم کو بروقت جاری کیا جائے گا۔

اظہار تشکر

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

مخائب بورڈ



بارون شہزادہ الہی شیخ  
چیف ایگزیکٹو آفیسر



امین الہی شیخ  
ڈائریکٹر

لاہور: 29 اپریل، 2021ء



# ELLCOT SPINNING MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

		Un-Audited March 31 2021 Rupees	Audited June 30 2020 Rupees
	Note		
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
20,000,000 (June 30, 2020: 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		(42,915,237)	(101,904,670)
Accumulated profit		<u>2,197,130,253</u>	<u>1,747,535,710</u>
<b>TOTAL EQUITY</b>		<b>2,263,715,016</b>	<b>1,755,131,040</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	4	2,156,413,500	1,935,827,028
Employees retirement benefits		120,624,604	107,407,455
Deferred taxation		38,456,941	38,456,941
Gas infrastructure development cess		12,033,776	-
Deferred grant	5	1,489,662	1,865,501
		<u>2,329,018,483</u>	<u>2,083,556,925</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		515,758,761	587,873,291
Unclaimed dividend		6,014,183	6,014,183
Accrued interest/profit		32,167,247	47,924,330
Short term borrowings		254,884,462	819,226,442
Current portion of non-current liabilities		408,062,360	77,693,413
		<u>1,216,887,013</u>	<u>1,538,731,659</u>
<b>TOTAL LIABILITIES</b>		<b>3,545,905,496</b>	<b>3,622,288,584</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	6	<u><b>5,809,620,512</b></u>	<u><b>5,377,419,624</b></u>

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

Lahore : April 29, 2021

  
Amin Ellahi Shaikh  
Director





# ELLCOT SPINNING MILLS LIMITED

		Un-Audited March 31 2021 Rupees	Audited June 30 2020 Rupees
	Note		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	7	2,718,073,453	2,453,332,154
Long term deposits		7,090,700	7,090,700
		2,725,164,153	2,460,422,854
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		74,115,660	70,145,017
Stock in trade		1,964,364,873	1,743,157,595
Trade receivables		509,809,777	551,607,736
Advances, deposits, prepayments and other receivables		105,060,658	50,978,693
Other financial assets	8	296,911,911	353,113,980
Advance income tax		105,935,149	121,994,957
Cash and bank balances		28,258,331	25,998,792
		3,084,456,359	2,916,996,770
<b>TOTAL ASSETS</b>		<b>5,809,620,512</b>	<b>5,377,419,624</b>

**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, 2021**

	Note	Nine Months Ended		Quarter Ended	
		March 31	March 31	March 31	March 31
		2021	2020	2021	2020
		Rupees	Rupees	Rupees	Rupees
<b>Sales-net</b>		<b>5,360,779,419</b>	4,863,218,984	<b>2,102,015,824</b>	1,685,115,205
Cost of sales	9	<b>(4,544,848,039)</b>	(4,259,385,083)	<b>(1,652,533,779)</b>	(1,474,065,253)
<b>Gross profit</b>		<b>815,931,380</b>	603,833,901	<b>449,482,045</b>	211,049,952
Distribution cost		<b>(64,519,083)</b>	(52,311,432)	<b>(35,139,137)</b>	(18,623,954)
Administrative expenses		<b>(116,451,341)</b>	(118,241,891)	<b>(39,639,419)</b>	(39,525,542)
Other expenses		<b>(42,333,399)</b>	(23,875,052)	<b>(13,550,333)</b>	3,873,262
		<b>(223,303,823)</b>	(194,428,375)	<b>(88,328,889)</b>	(54,276,234)
		<b>592,627,557</b>	409,405,526	<b>361,153,156</b>	156,773,718
Other income		<b>28,913,282</b>	50,709,757	<b>8,044,306</b>	1,735,609
<b>Operating profit</b>		<b>621,540,839</b>	460,115,283	<b>369,197,462</b>	158,509,327
Finance cost		<b>(92,821,980)</b>	(143,098,292)	<b>(34,896,682)</b>	(40,424,308)
<b>Profit before taxation</b>		<b>528,718,859</b>	317,016,991	<b>334,300,780</b>	118,085,019
Provision for taxation		<b>(78,051,491)</b>	(75,324,929)	<b>(30,050,306)</b>	(23,959,215)
<b>Profit after taxation</b>		<b>450,667,368</b>	241,692,062	<b>304,250,474</b>	94,125,804
<b>Earnings per share - basic and diluted</b>		<b>41.16</b>	22.07	<b>27.79</b>	8.60

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 29, 2021

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

	Nine Months Ended		Quarter Ended	
	March 31 2021	March 31 2020	March 31 2021	March 31 2020
	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	57,916,608	(83,266,900)	(9,532,810)	(131,025,901)
Other comprehensive income / (loss) before taxation	57,916,608	(83,266,900)	(9,532,810)	(131,025,901)
Taxation	-	-	-	-
Other comprehensive income / (loss) after taxation	57,916,608	(83,266,900)	(9,532,810)	(131,025,901)
Profit after taxation	450,667,368	241,692,062	304,250,474	94,125,804
Total comprehensive income / (loss)	508,583,976	158,425,162	294,717,664	(36,900,097)

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 29, 2021

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

	Nine Months Ended	
	March 31 2021	March 31 2020
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	528,718,859	317,016,991
<b>Adjustments for non-cash and other items</b>		
Depreciation	200,583,758	189,101,599
Amortization	929,998	929,998
Provision for employees retirement benefits	24,342,821	27,600,224
loss / (Gain) on disposal of property, plant and equipment	3,081,681	(836,187)
Gain on sale of investments designated at FVTPL	-	(18,157,454)
Finance cost	92,821,980	143,098,292
Dividend income	(20,125,512)	(25,969,022)
	<b>301,634,726</b>	<b>315,767,450</b>
	<b>830,353,585</b>	<b>632,784,441</b>
<b>Changes in working capital</b>		
Stores, spares and loose tools	(3,970,643)	(8,405,601)
Stock in trade	(221,207,278)	(174,795,350)
Trade receivables	41,797,959	(26,514,752)
Advances, deposits, prepayments and other receivables	(54,081,965)	(449,855,309)
Trade and other payables	(25,409,934)	144,465,423
	<b>(262,871,861)</b>	<b>(515,105,589)</b>
<b>Cash generated from operations</b>	<b>567,481,724</b>	<b>117,678,852</b>
<b>Payments for</b>		
Employees retirement benefits	(11,125,672)	(5,464,003)
Finance cost	(108,579,063)	(149,971,115)
Income tax	(61,991,683)	(39,264,547)
<b>Net cash generated / (used in) from operating activities</b>	<b>385,785,306</b>	<b>(77,020,813)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(496,158,321)	(276,785,054)
Proceeds from disposal of property, plant and equipment	26,821,585	24,537,710
Purchase of short term investments	(13,145,242)	(168,830,432)
Proceeds from disposal of short term investments	127,263,919	179,732,292
Proceeds from disposal of long term investments	-	109,421,506
Dividend received	20,125,512	25,969,022
<b>Net cash used in investing activities</b>	<b>(335,092,547)</b>	<b>(105,954,956)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	559,569,015	190,535,008
Repayment of long term finances	(43,660,255)	(148,944,803)
Net (decrease) / increase in short term borrowings	(564,341,980)	109,793,828
Dividend paid	-	(65,191,001)
<b>Net cash (used in) / generated from financing activities</b>	<b>(48,433,220)</b>	<b>86,193,032</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,259,539</b>	<b>(96,782,737)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>25,998,792</b>	<b>128,542,300</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>28,258,331</b>	<b>31,759,563</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 29, 2021

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2021**

	Share Capital	Capital reserves			Revenue reserve	
	Issued, subscribed and paid-up share capital	Reserve for financial assets measured at FVTOCI	Reserve on merger	Total	Accumulated profit	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at June 30, 2019 - Audited</b>	109,500,000	(62,725,746)	7,760,000	(54,965,746)	1,579,899,248	1,634,433,502
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	241,692,062	241,692,062
Other comprehensive loss	-	(83,266,900)	-	(83,266,900)	-	(83,266,900)
<b>Total comprehensive (loss) / income</b>	-	(83,266,900)	-	(83,266,900)	241,692,062	158,425,162
<b>Transactions with owners</b>						
Final dividend for the year ended June 30, 2019 @ 60% i.e. Rs. 6 per ordinary share	-	-	-	-	(65,700,000)	(65,700,000)
<b>Balance as at March 31, 2020 - Un-audited</b>	109,500,000	(145,992,646)	7,760,000	(138,232,646)	1,755,891,310	1,727,158,664
<b>Comprehensive income</b>						
Loss after taxation	-	-	-	-	(15,812,781)	(15,812,781)
Other comprehensive income	-	38,548,877	-	38,548,877	5,236,280	43,785,157
<b>Total comprehensive income / (Loss)</b>	-	38,548,877	-	38,548,877	(10,576,501)	27,972,376
<b>Other transactions</b>						
Transfer of reserve for financial assets at FVTOCI on derecognition	-	(2,704,381)	-	(2,704,381)	2,704,381	-
Taxation relating to transfer of reserve for financial assets at FVTOCI on derecognition	-	483,480	-	483,480	(483,480)	-
	-	(2,220,901)	-	(2,220,901)	2,220,901	-
<b>Balance as at June 30, 2020 - Audited</b>	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>Transactions with owners</b>	-	-	-	-	-	-
<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

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 29, 2021



## ELLCOT SPINNING MILLS LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

#### 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.

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 nine month period ended March 31, 2020 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, 2021 and March 31, 2020 are neither audited nor reviewed. 2.1 Statement of compliance

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

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

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

#### 2.2 Basis of measurement

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

#### 2.3 Judgments, estimates and assumptions

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

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

#### 2.4 Functional currency

These interim financial statements are prepared in Pak Rupees which is the Company's functional currency.

#### 3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

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

#### 4 LONG TERM FINANCES

##### From Banking companies

As at beginning of the period/year  
Obtain during the period / year  
Accretion during the period/year  
Repayment made during the period / year  
Deferred grant recognised during the period/year

As at end of the period/year  
Current maturity presented under current liabilities

Un-audited March 31 2021	Audited June 30 2020
Rupees	Rupees
2,010,264,959	1,915,437,168
559,569,015	248,893,576
8,252,374	-
(43,660,255)	(148,944,802)
(11,594,866)	(5,120,983)
2,522,831,227	2,010,264,959
(366,417,727)	(74,437,931)
2,156,413,500	1,935,827,028

		Un-audited March 31 2021 Rupees	Audited June 30 2020 Rupees
<b>5</b>	<b>DEFERRED GRANT</b>		
	As at beginning of the period/year	5,120,983	-
	Recognized during the period/year	11,594,866	5,120,983
	Amortized during the period/year	(8,252,374)	-
	As at end of the period/year	8,463,475	5,120,983
	Current maturity presented under current liabilities	(6,973,813)	(3,255,482)
		<u>1,489,662</u>	<u>1,865,501</u>
<b>6</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>6.1</b>	<b>Contingencies</b>		
	There is no significant change in status of contingencies as disclosed in note 16.1 to the annual financial statement for the year ended June 30, 2020.		
<b>6.2</b>	<b>Commitments</b>		
	<b>Irrevocable letters of credit for</b>		
	purchase of property, plant and equipment	1,464,281,079	370,697,423
	purchase of stores, spares and loose tools	12,903,091	18,708,583
	purchase of raw material	453,918,899	197,592,542
		1,931,103,069	586,998,548
	<b>Short Term Lease</b>		
	- payable with in one year	830,115	503,100
		<u>1,931,933,184</u>	<u>587,501,648</u>
<b>7</b>	<b>FIXED ASSETS</b>		
	<b>Property, plant and equipment</b>		
	- Operating fixed assets	7.1 2,666,041,166	2,445,620,896
	- Capital work in progress	7.2 51,825,621	6,574,594
		2,717,866,787	2,452,195,490
	Intangible asset	7.3 206,666	1,136,664
		<u>2,718,073,453</u>	<u>2,453,332,154</u>
<b>7.1</b>	<b>Operating fixed assets</b>		
	Net book value at the beginning of the period/year	2,445,620,896	2,450,975,146
	Additions during the period / year		
	Land	-	-
	Plant and machinery	437,004,006	262,564,556
	Buildings on freehold land	9,710,835	-
	Electric installations and equipment	-	386,200
	Factory equipment	-	189,767
	Office equipment	749,000	979,778
	Furniture and fixtures	403,353	266,501
	Vehicles	3,040,100	17,943,500
		450,907,294	282,330,302
	Net book value of assets disposed during the period/year	(29,903,266)	(31,766,981)
	Depreciation for the period/year	(200,583,758)	(255,917,571)
	Net book value at end of the period/year	<u>2,666,041,166</u>	<u>2,445,620,896</u>

	Note	Un-audited March 31 2021 Rupees	Audited June 30 2020 Rupees
<b>7.2 Capital work in progress</b>			
Opening		6,574,594	-
Additions during the period/year		482,255,033	269,139,150
Transfers to operating fixed assets		(437,004,006)	(262,564,556)
Net book value at end of the period/year		<u>51,825,621</u>	<u>6,574,594</u>
<b>7.3 Intangible assets</b>			
Net book value at beginning of the period/year		1,136,664	2,376,661
Amortization for the period/year		(929,998)	(1,239,997)
Net book value at end of the period/year		<u>206,666</u>	<u>1,136,664</u>
<b>8 OTHER FINANCIAL ASSETS</b>			
Financial assets at fair value through other comprehensive income	8.1	296,911,911	353,113,980
		<u>296,911,911</u>	<u>353,113,980</u>

**8.1 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 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 2021 Rupees	Audited June 30 2020 Rupees
<b>Investments in listed equity securities</b>		
Cost of investment	366,552,054	380,692,480
Changes in fair value	(69,640,143)	(101,372,027)
	<u>296,911,911</u>	<u>279,320,453</u>
<b>Investments in mutual funds</b>		
Cost of investment	-	101,051,076
Changes in fair value	-	(27,257,549)
	<u>-</u>	<u>73,793,527</u>
	<u>296,911,911</u>	<u>353,113,980</u>

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

	March 31, 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 gain arising during the year	35,068,248	22,848,360	57,916,608
Fair value (gain) / loss transferred to accumulated profits on disposal	(3,336,364)	4,409,189	1,072,825
Reclassified to profit or loss	-	-	-
	<u>(69,640,143)</u>	<u>-</u>	<u>(69,640,143)</u>



	June 30, 2020		
	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)
Recognized in 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)

**9 COST OF SALES**

	Nine Months Ended (Un-audited)		Quarter Ended (Un-audited)	
	March 31 2021 Rupees	March 31 2020 Rupees	March 31 2021 Rupees	March 31 2020 Rupees
Raw material consumed	3,395,354,274	2,789,259,729	1,315,233,451	944,843,353
Fuel and power	439,172,757	494,668,211	141,361,602	157,499,654
Stores, spares and loose tools consumed	167,690,948	145,727,308	50,470,707	42,755,373
Salaries, wages and benefits	268,330,164	265,949,284	79,827,062	91,399,066
Insurance	11,173,241	10,416,990	3,932,863	3,577,189
Repair and maintenance	7,738,795	7,895,586	2,125,814	1,725,849
Depreciation	193,454,677	181,607,263	69,739,462	62,172,962
Other manufacturing overheads	10,870,297	14,606,261	3,146,185	5,328,280
Manufacturing Cost	4,493,785,153	3,910,130,632	1,665,837,146	1,309,301,726
Work in process				
As at beginning of the period	64,558,660	50,421,233	63,078,012	51,040,001
As at end of the period	(54,025,707)	(62,639,510)	(54,025,707)	(62,639,510)
	10,532,953	(12,218,277)	9,052,305	(11,599,509)
Cost of goods manufactured	4,504,318,106	3,897,912,355	1,674,889,451	1,297,702,217
Finished goods				
As at beginning of the period	111,217,659	57,511,935	48,332,054	75,643,802
Purchased during the period	-	419,441,111	-	216,199,552
As at end of the period	(70,687,726)	(115,480,318)	(70,687,726)	(115,480,318)
	40,529,933	361,472,728	(22,355,672)	176,363,036
	4,544,848,039	4,259,385,083	1,652,533,779	1,474,065,253

**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.



## ELLCOT SPINNING MILLS LIMITED

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 2021	March 31 2020
		Rupees	Rupees
Associated companies	Purchase of goods and services	98,645	309,856,681
	Sale of goods and services	1,075,290,856	1,171,129,422
	Rent Paid	779,805	730,710
	Dividend paid	-	15,980,766
Key Management Personnel	Short term employee benefits	17,347,484	11,619,310
	Dividend paid to directors and their family members	-	30,630,744

### 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

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

	March 31, 2021			
	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees
Financial assets - at fair value through OCI				
- Mutual funds	-	-	-	-
- Listed equity securities	296,911,911	-	-	296,911,911
	<u>296,911,911</u>	<u>-</u>	<u>-</u>	<u>296,911,911</u>
	June 30, 2020			
	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees
Financial assets - at fair value through OCI				
- Mutual funds	73,793,527	-	-	73,793,527
- Listed equity securities	279,320,453	-	-	279,320,453
	<u>353,113,980</u>	<u>-</u>	<u>-</u>	<u>353,113,980</u>

### 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 29, 2021.

### 13 OTHERS

There are no other significant activities since June 30, 2020 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

Muhammad Ahmad  
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh  
Chief Executive Officer

Lahore : April 29, 2021

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