

**THIRD QUARTER REPORT
FOR THE PERIOD ENDED
MARCH 31, 2023
(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

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 third quarter ended on March 31, 2023. The comparative figures for the corresponding quarter ended on March 31, 2022 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2022.

Company Performance

Alhamdulillah, despite the turbulent business environment, your company remained profitable and posted a net after tax profit of Rs. 112,168,838 as compared to Rs. 361,260,737 during the same period of the last year (SPLY). Earning per share (EPS) for the quarter is Rs. 10.24 compared to Rs. 32.99 for the SPLY.

During the period under review, the company experienced a decline in sales revenue because of lower yarn volume, with a total of Rs. 2,896,344,863 as compared to Rs. 2,925,956,314 during SPLY. Cost of sales rose from 78.01% of sales during SPLY to 90.34% of sales during the period under review. The rise in cost of sales was primarily due to an increase in energy costs, labour and raw material costs, which led to lower gross profit. As a result, the company's gross profit margin decreased from 21.99% of sales during SPLY to 9.66% of sales during the period under review.

Overall operating expenses decreased from 4.56% of sales during SPLY to 3.12% of sales during the period under review. The company has been able to generate stable cash flows and made timely discharge of its operating liabilities. During the quarter interest rates rose to historical high levels. High interest rates have raised bank financing costs to unbearable levels. State Bank of Pakistan (SBP) is not allowing LTFF financing for purchase of machinery. Consequently, all the imported machinery retired in last one year or so is exposed to market based interest rates. All these factors in combination have resulted in rise in finance cost to 1.58% of sales during the period as compared to 1.43% of sales during SPLY.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2022-23 (final data of the year), Kapas, (seed cotton) arrivals upto April 01, 2023, at the Ginneries totalled 4.912 million bales compared to 7.442 million bales for the financial year 2021-22 showing decrease in arrival of 33.10%.

Future Outlook

The economic conditions for the company have remained difficult. The profit margins for products have come under pressure in both domestic and international markets, resulting in a challenging situation. The company has received complaints from customers about the decreased demand for finished goods, leading to a decline in yarn prices. International textile retailers have been experiencing high inventory levels, which have been preventing them from placing orders. The current monetary tightening policies pursued by central banks in major economies have the potential to cause an international recession. Furthermore, major international banks are experiencing tough times, with some even filing for bankruptcy. This unfavourable environment has led to a slowdown in global textile demand.

The Government has abolished concessional power tariff w.e.f. March 1, 2023. This has exposed the textile sector to very high power costs for manufacturing. Therefore, sector is facing dual pressure for lower demand and product higher input costs.



ELLCOT SPINNING MILLS LIMITED

Local cotton crop failure has led to the costly importation of cotton. The weakening of the rupee against the USD is causing immense upward pressure on cotton costs. The government is striving to finalize an IMF agreement. However, the delay in the IMF programme is leading to further negative speculation on USD / PKR parity. In the aftermath of the agreement, we foresee a further rise in energy costs, interest rates, taxes, and other expenditures to meet the IMF's targets. The last quarter of the current financial year appears to be even more challenging, with the possibility of financial losses.

The State Bank of Pakistan (SBP) policy rate of 21% is significantly affecting demand for textiles and also raising the financial costs of the company. We hope that this is the end of interest rate rise spree. Company is going through expansion/ BMR programme. For this purpose, the company obtained financing arrangements from banks on LTFF financing basis. However, SBP is not allowing LTFF financing to the borrowers. This has exposed the company to very high market based interest costs.

Your Company is aware of the current business challenges and is consistently evaluating its approach to meet customer demands, enhance productivity through innovation, efficiency, and effective cost management initiatives. The BMR/ expansion program of the company is continuing at a steady pace and during the period 16,800 spindles are under installation. Hopefully, all the spindle will be operational in 4th quarter.

It is hoped that the Government will bring in business friendly policies such as uninterrupted energy supplies in cost effective manner, refund of outstanding sales tax and income tax, controlling the inflation rate and reducing the financial costs and release of LTFF facility against the machinery LCs which has already been retired. Government policies should encourage the completion of the value chain in the textile sector so that the country can export finished products.

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 17, 2023

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 مارچ 2023ء کو مختتمہ نو ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مجدد عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 مارچ 2022ء کو مختتم ہونے والی نو ماہی 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 2022ء کو مختتمہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

غیر مستحکم کاروباری ماحول کے باوجود، آپ کی کمپنی منافع بخش رہی اور گزشتہ سال کی اسی مدت کے دوران ٹیکس کے بعد خالص منافع 112,168,838 روپے جبکہ گزشتہ سال کی اسی مدت کے دوران 361,260,737 روپے بعد از ٹیکس خالص منافع درج کیا۔ زیر جائزہ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے لئے 32.99 روپے کے مقابلے میں 10.24 روپے ہے۔

زیر جائزہ سہ ماہی کے دوران، کم یارن حجم کی وجہ سے کمپنی کی فروخت آمدنی میں کمی کا سامنا کرنا پڑا، جو کہ گزشتہ سال کی اسی مدت کے دوران 2,925,956,314 روپے کے مقابلے میں 2,896,344,863 روپے رہی۔ فروخت کی قیمت گزشتہ سال کی اسی مدت کے دوران فروخت کی 78.01 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کی 90.34 فیصد تک ہو گئی۔ فروخت کی قیمت میں اضافہ بنیادی طور پر توانائی کی قیمتوں، مزدوری اور خام مال کی قیمتوں میں اضافہ کی وجہ سے ہوا، جس کے باعث مجموعی منافع کم ہو گیا۔ نتیجتاً، کمپنی کا مجموعی منافع مارچ گزشتہ سال کے اسی مدت کے دوران فروخت کے 21.99 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کے 9.66 فیصد تک ہو گیا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 4.56 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کے 3.12 فیصد ہوئے۔ کمپنی مستحکم نقدی بہاؤ پیدا کرنے اور اپنے کاروباری واجبات کی بروقت ادائیگی کرنے میں کامیاب رہی۔ سہ ماہی کے دوران سود کی شرحیں تاریخی بلند سطحوں تک بڑھ گئیں۔ زیادہ بلند شرح سود نے بینک کے قرضوں کی قیمتوں کو ناقابل برداشت سطحوں تک بڑھا دیا۔ بینک دولت پاکستان (SBP) مشینری کی خریداری کے لئے LTFF فنانسنگ کی اجازت نہیں دے رہا ہے۔ اس کے نتیجے میں، گزشتہ ایک سال یا زائد عرصہ سے ریٹائرڈ تمام درآمدی مشینری کو مارکیٹ میں بیحد شرح سود کا سامنا ہے۔ ان تمام عناصر کے نتیجے میں مالی اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 1.43 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران 1.58 فیصد تک ہو گئے۔

فصل سال 2022-23 کیلئے پاکستان کاشن جزا ریویویشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (بیج کپاس) کی نیم اپریل 2023ء تک جزبہ میں کل آمد 4.912 بلین کلو گرام تھیں ہیں جو کہ گزشتہ مالی سال 2021-22 کی اسی مدت میں 7.442 بلین کلو گرام تھیں، جو کہ 33.10 فیصد کی کمی ظاہر کرتی ہیں۔

مستقبل کا نقطہ نظر

کمپنی کو اس وقت انتہائی مشکل معاشی حالات کا سامنا ہے۔ چیلنجنگ حالت کے نتیجے میں، مصنوعات کے منافع مارچ دونوں ملکی اور بین الاقوامی منڈیوں میں دباؤ میں ہیں۔ کمپنی کو صارفین سے تیار سامان کی طلب میں کمی کی شکایات موصول ہوئی ہیں جس سے یارن کی قیمتوں میں کمی ہو گئی ہے۔ بین الاقوامی ٹیکسٹائل ریٹیلرز اب بھی انوینٹری کی اعلیٰ سطح کی شکایت کر رہے ہیں جو انہیں آرڈر دینے سے روک رہی ہے۔ بڑی معیشتوں کے مرکزی بینکوں کی طرف سے مالیاتی سختی کی وجہ سے بین الاقوامی کساد بازاری کا امکان ہے۔ یہاں تک کہ بڑے بین الاقوامی بینک بھی مشکل وقت سے گزر رہے ہیں اور چند بینک دیوالیہ ہونے کی زد میں ہیں۔ اس سختی ماحول کی وجہ سے عالمی منڈیوں میں ٹیکسٹائل کی طلب میں بھی کمی آئی ہے۔

حکومت نے نیم مارچ 2023ء سے بجلی کے رعایتی نرخ ختم کر دیئے ہیں۔ اس نے ٹیکسٹائل سیکٹور کو مینوفیکچرنگ کے لیے بجلی کی بہت زیادہ لاگت پر مجبور کر دیا ہے۔ اس لیے، سیکٹور کو کم طلب اور مصنوعات کی زیادہ لاگت کے دوہرے دباؤ کا سامنا ہے۔

مقامی کپاس کی فصل کی ناکامی کے باعث مہنگی کپاس کی درآمد کرنا پڑی ہے۔ امریکی ڈالر کے مقابلے روپے کا کمزور ہونا کپاس کی قیمتوں پر شدید زیادہ دباؤ کا باعث بن رہا ہے۔ حکومت آئی ایم ایف سے معاہدے کو حتمی شکل دینے کے لیے کوشاں ہے۔ تاہم، IMF پروگرام میں تاخیر USD/PKR برابر پر مزید بنیادی قیاس آرائیوں کا باعث بن رہی ہے۔ معاہدے کے بعد، ہم آئی ایم ایف کے اہداف کو پورا کرنے کے لیے توانائی کی قیمتوں، شرح سود، ٹیکسوں اور دیگر اخراجات میں مزید اضافے کی پیش گوئی کرتے ہیں۔ رواں مالی سال کی آخری سہ ماہی مالی نقصانات کے امکان کے ساتھ اور بھی زیادہ چیلنجنگ دکھائی دیتی ہے۔

اسٹیٹ بینک آف پاکستان (SBP) کی 21 فیصد پالیسی شرح ٹیکسٹائل کی طلب کو نمایاں طور پر متاثر اور کمپنی کے مالی اخراجات میں بھی اضافہ کر رہی ہے۔ ہم امید کرتے ہیں کہ یہ شرح سود میں آخری اضافہ ہے۔ کمپنی توسیع/بی ایم آر پروگرام سے گزر رہی ہے۔ اس مقصد کے لیے، کمپنی نے LTFF فنانسنگ کی بنیاد پر بینکوں سے فنانسنگ کے انتظامات حاصل کیے ہیں۔ تاہم، SBP قرض خواہان کو LTFF فنانسنگ کی اجازت نہیں دے رہا ہے۔ اس لیے کمپنی کو مارکیٹ پر مبنی بہت زیادہ سود کی لاگت پر مجبور کیا ہے۔

آپ کی کمپنی موجودہ کاروباری چیلنجوں سے آگاہ ہے اور صارفین کے مطالبات کو پورا کرنے، اختراع، کارکردگی، اور موثر لاگت کے انتظام کے اقدامات کے ذریعے پیداواری صلاحیت کو بڑھانے کے لیے اپنے نقطہ نظر کا مسلسل جائزہ لے رہی ہے۔ کمپنی کا BMR/توسیع پر دو گرام مستحکم رفتار سے جاری ہے اور اس مدت کے دوران 16,800 سپنڈلز نصب کئے جا رہے ہیں۔ بھر پور امید ہے کہ تمام سپنڈلز چوتھی سہ ماہی میں آپریٹبل ہو جائیں گے۔

امید ہے کہ حکومت لاگت بچانے والے موثر انداز میں توانائی کی بلا قفل فراہمی، بقایا سائزنگس اور اکھ ٹیکس کی واپسی، افراط زر کی شرح پر کنٹرول، مالی اخراجات کی کمی اور مشینری L.C.s جو پہلے ہی ریٹائر ہو چکی ہے کے مقابل LTFE سہولت کی واگزاری جیسی کاروبار دوست پالیسیاں لانے گی۔ حکومتی پالیسیاں ٹیکسٹائل سیکٹر میں ویلیو چین کی تکمیل کی حوصلہ افزاء ہونی چاہئیں تاکہ ملک تیار مصنوعات کو برآمد کر سکے۔

اظہار تشکر

کمپنی کے عملدار 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: 17 اپریل 2023ء



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

		Un-Audited March 31 2023 Rupees	Audited June 30 2022 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		<u>200,000,000</u>	<u>200,000,000</u>
Issued share capital		109,500,000	109,500,000
Capital reserve		(92,552,361)	(65,351,273)
Retained earnings		<u>3,921,086,625</u>	<u>3,694,781,220</u>
TOTAL EQUITY		3,938,034,264	3,738,929,947
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	4	4,097,063,118	2,992,399,279
Employees retirement benefits		158,237,247	143,398,138
Deferred taxation		199,058,208	199,058,208
Deferred grant	5	321,427,871	379,091,906
		4,775,786,444	3,713,947,531
CURRENT LIABILITIES			
Trade and other payables		1,011,640,938	876,784,639
Unclaimed dividend		7,688,093	6,929,263
Accrued interest/profit		85,116,639	44,213,963
Short term borrowings		440,199,538	490,018,154
Income tax payable		-	68,974,204
Current portion of non-current liabilities		422,201,304	439,676,628
		<u>1,966,846,512</u>	<u>1,926,596,851</u>
TOTAL LIABILITIES		6,742,632,956	5,640,544,382
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		<u>10,680,667,220</u>	<u>9,379,474,329</u>

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

Lahore : April 17, 2023


Amin Ellahi Shaikh
Director



ELLCOT SPINNING MILLS LIMITED

		Un-Audited	Audited
		March 31	June 30
		2023	2022
Note		Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	5,334,190,685	4,074,503,676
Long term deposits		7,090,700	7,090,700
		5,341,281,385	4,081,594,376
CURRENT ASSETS			
Stores and spares		164,071,163	111,484,868
Stock in trade		3,065,565,283	3,052,656,146
Trade receivables		1,107,234,321	1,032,891,403
Advances and other receivables		261,094,221	414,810,288
Other financial assets	8	541,081,296	634,771,698
advance income tax		20,531,334	-
Cash and bank balances		179,808,217	51,265,550
		5,339,385,835	5,297,879,953
TOTAL ASSETS		10,680,667,220	9,379,474,329

Muhammad Ahmad
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh
Chief Executive Officer



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

	Note	Nine Months Ended		Quarter Ended	
		March 31 2023	March 31 2022	March 31 2023	March 31 2022
		Rupees	Rupees	Rupees	Rupees
Revenue from contracts with customers - net		8,633,475,285	7,923,054,111	2,896,344,863	2,925,956,314
Cost of sales	9	(7,870,060,167)	(6,045,939,290)	(2,616,670,923)	(2,282,493,604)
Gross profit		763,415,118	1,877,114,821	279,673,940	643,462,710
Selling and Distribution expenses		(75,379,198)	(97,513,840)	(24,893,374)	(53,226,761)
Administrative expenses		(161,325,942)	(127,171,487)	(52,977,201)	(45,632,130)
Other expenses		(32,503,950)	(109,008,202)	(12,361,160)	(34,660,463)
		(269,209,090)	(333,693,529)	(90,231,735)	(133,519,354)
		494,206,028	1,543,421,292	189,442,205	509,943,356
Other income		56,505,198	42,968,787	8,763,300	10,341,177
Operating profit		550,711,226	1,586,390,079	198,205,505	520,284,533
Finance cost		(128,334,730)	(115,569,267)	(45,817,435)	(41,844,230)
Profit before taxation		422,376,496	1,470,820,812	152,388,070	478,440,303
Provision for taxation		(87,454,936)	(285,576,968)	(40,219,232)	(117,179,566)
Profit after taxation		334,921,560	1,185,243,844	112,168,838	361,260,737
Earnings per share - basic and diluted		30.59	108.24	10.24	32.99

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 17, 2023



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

	Nine Months Ended		Quarter Ended	
	March 31	March 31	March 31	March 31
	2023	2022	2023	2022
	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	(26,317,243)	11,154,242	(4,364,788)	(971,528)
Other comprehensive (loss) / income	(26,317,243)	11,154,242	(4,364,788)	(971,528)
Profit after taxation	334,921,560	1,185,243,844	112,168,838	361,260,737
Total comprehensive income	<u>308,604,317</u>	<u>1,196,398,086</u>	<u>107,804,050</u>	<u>360,289,209</u>

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 17, 2023



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

	Nine Months Ended	
	March 31 2023	March 31 2022
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	422,376,496	1,470,820,812
Adjustments for non-cash and other items		
Depreciation	308,151,993	244,772,815
Provision for employees retirement benefits	31,092,644	26,370,531
Gain on disposal of property, plant and equipment	(1,165,116)	(11,591,193)
Changes in fair value of other financial assets at FVTPL	(17,021)	-
Gain on disposal of other financial assets at FVTPL	(13,438,175)	-
Finance cost	128,334,730	115,569,267
Dividend income	(39,523,941)	(29,024,033)
	413,435,114	346,097,387
	835,811,610	1,816,918,199
Changes in working capital		
Stores and spares	(52,586,295)	(42,937,837)
Stock in trade	(12,909,137)	(1,352,633,052)
Trade receivables	(74,342,918)	(441,008,341)
Advances and other receivables	153,716,067	(1,153,795,208)
Trade and other payables	134,856,299	237,915,181
	148,734,016	(2,752,459,257)
Cash generated / (used in) from operations	984,545,626	(935,541,058)
Payments for		
Employees retirement benefits	(16,253,535)	(14,130,727)
Finance cost	(87,432,054)	(101,320,011)
Income tax	(176,960,474)	(105,428,493)
Net cash generated / (used in) from operating activities	703,899,563	(1,156,420,289)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,569,302,386)	(1,594,711,845)
Proceeds from disposal of property, plant and equipment	2,628,500	28,290,650
Purchase of short term investments	(4,346,376,328)	(1,466,557,700)
Proceeds from disposal of short term investments	4,427,204,683	1,981,449,179
Dividend received	39,523,941	29,024,033
Net cash used in investing activities	(1,446,321,590)	(1,022,505,683)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	1,315,662,263	1,530,555,383
Repayment of long term finances	(286,137,783)	(272,210,042)
Net (decrease) / increase in short term borrowings	(49,818,616)	953,769,022
Dividend paid	(108,741,170)	(27,177,068)
Net cash generated from financing activities	870,964,694	2,184,937,295
NET INCREASE IN CASH AND CASH EQUIVALENTS	128,542,667	6,011,323
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	51,265,550	35,712,851
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	179,808,217	41,724,174

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 17, 2023

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	Share Capital	Capital reserves			Revenue reserve	Total equity
	Issued share capital	Reserve for financial assets measured at FVTOCI	Reserve on merger	Total	Retained Earnings	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2021 - Audited	109,500,000	(40,531,696)	7,760,000	(32,771,696)	2,475,342,221	2,552,070,525
Comprehensive income						
Profit after taxation	-	-	-	-	1,185,243,844	1,185,243,844
Other comprehensive income	-	11,154,242	-	11,154,242	-	11,154,242
Total comprehensive income	-	11,154,242	-	11,154,242	1,185,243,844	1,196,398,086
Other transactions						
Transfer of reserve for financial assets at FVTOCI on derecognition	-	(22,986,386)	-	(22,986,386)	22,986,386	-
Transactions with owners						
Final Dividend @ 25% i.e. Rs. 2.5 per ordinary share	-	-	-	-	(27,375,000)	(27,375,000)
Balance as at March 31, 2022 - Un-audited	109,500,000	(52,363,840)	7,760,000	(44,603,840)	3,656,197,451	3,721,093,611
Comprehensive income						
Profit after taxation	-	-	-	-	46,056,445	46,056,445
Other comprehensive loss	-	(27,173,730)	-	(27,173,730)	(1,046,379)	(28,220,109)
Total comprehensive (loss)/income	-	(27,173,730)	-	(27,173,730)	45,010,066	17,836,336
Other transactions						
Transfer of reserve for financial assets at FVTOCI on derecognition	-	3,439,967	-	3,439,967	(3,439,967)	-
Related Taxation	-	2,986,330	-	2,986,330	(2,986,330)	-
	-	6,426,297	-	6,426,297	(6,426,297)	-
Transactions with owners						
	-	-	-	-	-	-
Balance as at June 30, 2022 - Audited	109,500,000	(73,111,273)	7,760,000	(65,351,273)	3,694,781,220	3,738,929,947
Comprehensive income						
Profit after taxation	-	-	-	-	334,921,560	334,921,560
Other comprehensive loss	-	(26,317,243)	-	(26,317,243)	-	(26,317,243)
Total comprehensive (loss) / income	-	(26,317,243)	-	(26,317,243)	334,921,560	308,604,317
Other transactions						
Transfer of reserve for financial assets at FVTOCI on derecognition	-	(883,845)	-	(883,845)	883,845	-
Transactions with owners						
Final Dividend @ 100% i.e. Rs. 10 per ordinary share	-	-	-	-	(109,500,000)	(109,500,000)
Balance as at March 31, 2023 - Un-audited	109,500,000	(100,312,361)	7,760,000	(92,552,361)	3,921,086,625	3,938,034,264

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 17, 2023



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

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 measuring area of 236 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, 2022.

The comparative condensed interim statement of financial position as at June 30, 2022 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, 2022 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, 2023 and March 31, 2022 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, 2022.



ELLCOT SPINNING MILLS LIMITED

		Un-audited March 31 2023	Audited June 30 2022
		Rupees	Rupees
4 LONG TERM FINANCES			
From Banking companies			
As at beginning of the period/year		3,358,773,885	2,579,520,396
Obtain during the period / year		1,315,662,263	1,533,746,450
Accretion during the period/year		54,460,830	56,873,014
Repayment made during the period / year		(286,137,783)	(364,708,153)
Deferred grant recognised during the period/year		-	(446,657,822)
As at end of the period/year		<u>4,442,759,195</u>	<u>3,358,773,885</u>
Current maturity presented under current liabilities		<u>(345,696,077)</u>	<u>(366,374,606)</u>
		<u>4,097,063,118</u>	<u>2,992,399,279</u>
5 DEFERRED GRANT			
As at beginning of the period/year		452,393,928	62,609,120
Recognized during the period/year		-	446,657,822
Amortized during the period/year		(54,460,830)	(56,873,014)
As at end of the period/year		<u>397,933,098</u>	<u>452,393,928</u>
Current maturity presented under current liabilities		<u>(76,505,227)</u>	<u>(73,302,022)</u>
		<u>321,427,871</u>	<u>379,091,906</u>
6 CONTINGENCIES AND COMMITMENTS			
6.1 Contingencies			
There is no significant change in status of contingencies as disclosed in note 18.1 to the annual financial statement for the year ended June 30, 2022.			
6.2 Commitments	Note	Un-audited March 31 2023	Audited June 30 2022
		Rupees	Rupees
Irrevocable letters of credit for			
purchase of property, plant and equipment		-	1,177,399,814
purchase of stores and spares		39,325,771	34,382,247
purchase of raw material		<u>1,707,739,632</u>	<u>548,974,273</u>
		<u>1,747,065,403</u>	<u>1,760,756,334</u>
Short Term Lease			
- payable with in one year		1,004,454	608,760
		<u>1,748,069,857</u>	<u>1,761,365,094</u>
7 FIXED ASSETS			
Property, plant and equipment			
Operating fixed assets	7.1	<u>3,811,411,662</u>	<u>4,016,655,871</u>
Capital work in progress	7.2	<u>1,522,779,023</u>	<u>57,847,805</u>
		<u>5,334,190,685</u>	<u>4,074,503,676</u>
Intangible asset	7.3	-	-
		<u>5,334,190,685</u>	<u>4,074,503,676</u>



ELLCOT SPINNING MILLS LIMITED

	Note	Un-audited March 31 2023 Rupees	Audited June 30 2022 Rupees
7.1 Operating fixed assets			
Net book value at the beginning of the period/year		4,016,655,871	2,600,265,510
Additions during the period / year			
Land		20,802,100	-
Plant and machinery		75,913,502	1,615,941,929
Buildings on freehold land		-	118,060,028
Electric installations and equipment		-	25,315,393
Factory equipment		-	150,000
Office equipment		666,346	1,867,100
Furniture and fixtures		1,160,720	1,080,543
Vehicles		5,828,500	34,891,300
		104,371,168	1,797,306,293
Net book value of assets disposed during the period/year		(1,463,384)	(26,461,690)
Depreciation for the period/year		(308,151,993)	(354,454,242)
Net book value at end of the period/year		3,811,411,662	4,016,655,871
7.2 Capital work in progress			
As at the beginning of the period/year		57,847,805	235,490,327
Additions during the period/year		1,540,844,720	1,581,824,828
Transfers to operating fixed assets		(75,913,502)	(1,759,467,350)
As at end of the period/year		1,522,779,023	57,847,805
7.3 Intangible assets			
These represents cost of Oracle Financials Suite acquired by the Company, fully amortized @ 20% per annum using straight line method.			
8 OTHER FINANCIAL ASSETS			
Financial assets at fair value through other comprehensive income	8.1	156,064,275	634,771,698
Financial assets at fair value through profit or loss	8.2	385,017,021	-
		541,081,296	634,771,698
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 2023 Rupees	Audited June 30 2022 Rupees
Investments in listed equity securities			
Cost of investment		274,398,738	274,398,738
Changes in fair value		(118,334,463)	(91,084,210)
		156,064,275	183,314,528
Investments in mutual funds			
Cost of investment		-	451,506,335
Changes in fair value		-	(49,165)
		-	451,457,170
		156,064,275	634,771,698



ELLCOT SPINNING MILLS LIMITED

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

	March 31, 2023		
	Listed equity securities	Mutual funds	Total
	Rupees	Rupees	Rupees
As at beginning of the year	(91,084,210)	(49,165)	(91,133,375)
Fair value (loss)/gain arising during the year	(27,250,253)	933,010	(26,317,243)
Fair value gain transferred to retained earning on disposal	-	(883,845)	(883,845)
As at end of the Period	(118,334,463)	-	(118,334,463)

	June 30, 2022		
	Listed equity securities	Mutual funds	Total
	Rupees	Rupees	Rupees
As at beginning of the year	(49,354,197)	158,568	(49,195,629)
Fair value (loss)/gain arising during the year	(29,427,210)	7,035,884	(22,391,326)
Fair value gain transferred to retained earnings on disposal	(12,302,803)	(7,243,617)	(19,546,420)
As at end of the year	(91,084,210)	(49,165)	(91,133,375)

8.2 Financial assets at fair value through profit or loss

These represent investments in mutual funds. These, being held for trading, are required to be measured at fair value through profit or loss mandatorily. Accordingly, these have been classified as 'financial assets at fair value through profit or loss'. Particulars of investments are as follows:

	Un-audited March 31 2023	Audited June 30 2022
	Rupees	Rupees
Investments in mutual funds		
Cost of investment	385,000,000	-
Changes in fair value	17,021	-
	385,017,021	-

9 COST OF SALES

	Nine Months Ended (Un-audited)		Quarter Ended (Un-audited)	
	March 31 2023	March 31 2022	March 31 2023	March 31 2022
	Rupees	Rupees	Rupees	Rupees
Raw material consumed	5,710,280,771	4,772,715,977	1,765,476,307	1,844,200,457
Power and fuel	918,156,270	575,605,419	327,423,264	236,319,491
Stores and spares consumed	203,043,691	193,706,896	70,191,438	70,882,754
Salaries, wages and benefits	359,360,456	321,981,246	125,147,614	105,269,295
Insurance	20,268,472	13,083,389	7,349,699	4,880,336
Repair and maintenance	10,815,452	9,070,933	2,660,585	2,412,776
Depreciation	299,014,126	236,960,624	100,106,885	99,434,522
Others	38,506,853	59,539,112	10,948,701	51,388,156
Manufacturing Cost	7,559,446,091	6,182,663,596	2,409,304,493	2,414,787,787
Work in process				
As at beginning of the period	79,611,941	50,048,113	97,343,644	62,946,358
As at end of the period	(98,728,625)	(75,030,134)	(98,728,625)	(75,030,134)
	(19,116,684)	(24,982,021)	(1,384,981)	(12,083,776)
Cost of goods manufactured	7,540,329,407	6,157,681,575	2,407,919,512	2,402,704,011
Finished goods				
As at beginning of the period	279,395,082	51,892,779	262,238,433	43,424,657
Purchased during the period	265,923,850	-	162,101,150	-
As at end of the period	(215,588,172)	(163,635,064)	(215,588,172)	(163,635,064)
	329,730,760	(111,742,285)	208,751,411	(120,210,407)
	7,870,060,167	6,045,939,290	2,616,670,923	2,282,493,604



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.

The Company has a lease agreement with an associated company which is prices as mutually agreed. 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:

		Nine Months Ended (Un-audited)	
		March 31	March 31
		2023	2022
		Rupees	Rupees
10.1 Transactions With Related Parties			
Nature of Relationship	Nature of Transaction		
Associated companies	Purchase	311,192,016	253,416
	Sale	3,629,803,566	2,583,291,469
	Rent Paid	943,578	857,790
Key Management Personnel	Short term employee benefits	25,025,003	23,549,431

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures some of its assets at fair value. 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:

11.1 Financial instruments measured at fair value

11.1.1 Recurring fair value measurements

Nature of asset	Hierarchy	Valuation techniques/Key inputs	Un-audited	Audited
			March 31	June 30
			2023	2022
			Rupees	Rupees
Investments				
Investments in equity securities	Level 1	Quoted prices in an active market	156,064,275	183,314,528
Investments in mutual funds	Level 1	Quoted prices in an active market	385,017,021	451,457,170

11.1.2 Non-recurring fair value measurements

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

11.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

11.3 Assets and liabilities other than financial instruments.

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

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 17, 2023.

13 OTHERS

There are no other significant activities since June 30, 2022 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 17, 2023



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ELLCOT SPINNING MILLS LTD.

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