

**FIRST QUARTER REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 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 statements of the Company for the 1st quarter ended on September 30, 2023. The comparative figures for the corresponding quarter ended on September 30, 2022 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2023.

Company Performance

Alhamdulillah, despite challenging environment, your Company has managed to remain profitable and earned after tax profit of Rs. 20,613,833 compared to Rs. 130,117,822 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 1.88 compared to Rs. 11.88 for the SPLY.

Sales revenue for the quarter under review increased by 18.24% over the SPLY and stood at Rs. 3,590,955,440 compared to Rs. 3,037,025,703. The increase in revenue is mainly due to increase in per unit selling rate. Cost of sales increased from 88.58% of sales during SPLY to 92.34% of sales during the period under review. Increase in cost of sales is mainly due to increase in raw material, power & fuel, Store and spare and packing material costs. Increase in cost of sales resulted in lower Gross Profit (GP) from 11.42% of sales during SPLY to 7.66% of sales during the period under review.

Overall operating expenses decreased from 3.94% of sales during SPLY to 2.43% of sales during the period under review. Finance cost significantly increased from 1.53% of sales during SPLY to 3.93% of sales during the period under review. Increase in finance costs is mainly due to increase in interest rates as well as increase in long term borrowings of the Company. The company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2023-24, Kapas, (seed cotton) arrivals up to September 30, 2023, at the Gineries totalled 5.025 million bales compared to 2.936 million bales for SPLY showing increase in arrival of 71.15%.

Future Outlook

The company has been navigating a consistently challenging economic landscape. The profitability of our product lines has been under pressure, primarily due to narrowing profit margins. Moreover, there is a noticeable reduction in demand for yarn. Our customers in the finished goods export sector report that international textile retailers are grappling with excessive inventory levels, which have hindered their ability to place new orders. This unfavorable backdrop has led to a noticeable deceleration in global textile demand. The recent rupee appreciation against USD is also putting pressure on export sales.

The Government has recently increased the minimum wage rate which will increase the cost of production. The government is likely to persist in raising costs associated with gas, electricity and interest rates. This, in turn, is anticipated to escalate expenses across various areas including spare parts, administration, transportation, and overall conversion costs. Considering all above factors the outlook for the 2nd quarter is not good. The financial outlook can improve if the benefits of a strengthening rupee are passed on to us in the form of lower fuel, electricity, gas and interest costs. The expectation of a 10 million plus bales crop of cotton is another positive element.

The challenge facing the company is to remain profitable despite inflation and reduced demand. Your management is aware of the current situation and is consistently evaluating its approach to meet customer demands, enhance productivity through innovation, efficiency and effective cost management initiatives.

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 against which LCs 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 thanks to the bankers and other stakeholders for their continued support to the Company.

On behalf of the Board.

Amin Ellahi Shaikh
Director

Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : October 26, 2023

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 30 ستمبر 2023 کو مختصر پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ منہج عبوری مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے ٹینڈنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2023 کو مختصر سال کے لئے ہیں۔ کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی مشکل ماحول کے باوجود، منافع بخش رہنے میں کامیاب رہی اور گزشتہ سال کی اسی مدت کے دوران 130,117,822 روپے کے مقابلے میں زبرد جاہزہ سہ ماہی کے دوران 20,613,833 روپے بعد از ٹیکس منافع کمایا۔ سہ ماہی کی فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 11.88 روپے کے مقابلے میں 1.88 روپے ہے۔ زبرد جاہزہ سہ ماہی میں فروخت آمدنی گزشتہ سال کی اسی مدت کے دوران سے 18.24 فیصد تک زیادہ ہوئی اور گزشتہ سال کی اسی مدت کے دوران 3,037,025,703 روپے کے مقابلے میں 3,590,955,440 روپے رہی۔ آمدنی میں اضافہ بنیادی طور پر نئی یونٹ فروخت شرح میں اضافہ کی وجہ سے ہوا ہے۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کے 88.58 فیصد سے بڑھ کر زبرد جاہزہ مدت کے دوران فروخت کے 92.34 فیصد تک زیادہ ہوئی ہے۔ فروخت کی لاگت میں اضافہ بنیادی طور پر خام مال، توانائی اور ایندھن، سٹور اینڈ پیکیجنگ اور پیکنگ میٹریل کی لاگت میں اضافہ کی وجہ سے ہوا ہے۔ فروخت کی لاگت میں اضافہ کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 11.42 فیصد سے کم ہو کر زبرد جاہزہ مدت کے دوران فروخت کا 7.66 فیصد تک کم ہوا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 3.94 فیصد سے کم ہو کر زبرد جاہزہ مدت کے دوران فروخت کے 2.43 فیصد تک ہوئے۔ مالی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کی 1.53 فیصد سے نمایاں طور پر بڑھ کر زبرد جاہزہ مدت کے دوران فروخت کی 3.93 فیصد ہوئی۔ مالی لاگت میں اضافہ بنیادی طور پر شرح سود میں اضافہ اور کمپنی کے طویل مدتی قرضوں میں اضافہ کی وجہ سے ہوا ہے۔ کمپنی منظم نقد بہاؤ کمائے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔

پاکستان کاٹن جزا سویسی ایجنٹ کی طرف سے فصل سال 2023-24 کے لئے جاری کردہ اعداد و شمار کے مطابق 30 ستمبر 2023 تک جزیرہ میں کپاس، (سچ کپاس) کی پینچ رگز گزشتہ سال کی اسی مدت کے دوران 2,936.6 ملین گانٹھوں کے مقابلے میں 5,025.2 ملین گانٹھیں ہوئی جو کہ 71.15 فیصد کا اضافہ ظاہر کر رہی ہے۔

مستقبل کا نقطہ نظر

کمپنی مسلسل مشکل معاشی منظر نامہ کا سامنا کر رہی ہے۔ ہماری پروڈکٹ لائنوں کا منافع، بنیادی طور پر منافع مارجن کم ہونے کی وجہ سے دباؤ میں ہے۔ مزید یہ کہ یاران کی طلب میں نمایاں کمی ہوئی ہے۔ تیار سامان کے برآمدی شعبہ میں ہمارے صارفین بیان کرتے ہیں کہ چین الاقوامی ٹیکسٹائل خوردہ فروش ضرورت سے زیادہ انوینٹری کی سطح سے دوچار ہیں جو کہ نئے آرڈر دینے کی ان کی صلاحیت میں رکاوٹ ہے۔ اس ناموافق پس منظر کی وجہ سے ٹیکسٹائل کی عالمی طلب میں نمایاں کمی واقع ہوئی ہے۔ امریکی ڈالر کے مقابلے میں روپیہ کی حالیہ قدر بھی برآمدی فروخت پر دباؤ ڈال رہی ہے۔ حکومت نے حال ہی میں کم از کم اجرت کی شرح میں اضافہ کر دیا ہے جس سے پیداواری لاگت میں اضافہ ہوگا۔ امکان ہے کہ حکومت گیس، بجلی اور شرح سود سے منسلک اخراجات میں اضافے پر برقرار ہے گی۔ نتیجتاً، اسپیر پائرس، ایڈیشنریشن، نقل و حمل، اور مجموعی طور پر چنائلوں کے اخراجات سمیت تمام مختلف شعبوں کے اخراجات میں اضافہ کی توقع ہے۔ مندرجہ بالا تمام عوامل پر غور کرتے ہوئے دوسری سہ ماہی کے لئے نقطہ نظر اچھا نہیں ہے۔ مالیاتی نقطہ نظر بہتر ہو سکتا ہے اگر روپیہ کے استحکام کے فوائد ہمیں ایندھن، بجلی، گیس اور سود کی کم لاگت کی صورت میں پہنچانے جائیں۔ کپاس کی 10 ملین سے زیادہ گانٹھوں کی فصل کی توقع ایک اور مثبت عنصر ہے۔

افراط زر اور کم طلب کے باوجود کمپنی کو منافع بخش رہنا ایک چیلنج ہے۔ آپ کی انتظامیہ موجودہ مشکل صورتحال سے آگاہ ہے اور صارفین کی طلب کو پورا کرنے، اختراع، کارکردگی اور لاگت کے مؤثر انتظامی اقدامات کے ذریعے پیداواری صلاحیت کو بڑھانے کے لیے اپنے نقطہ نظر کا مسلسل جائزہ لے رہی ہے۔

امید ہے کہ حکومت کاروبار دوست پالیسیاں لائے گی جسے کہ موسم سرما کے دوران لاگت مؤثر انداز میں توانائی کی بلا قفل فراہمی، ہتھیار ٹیکس کی واپسی، تاکہ مہنگائی کی شرح کو کنٹرول اور مالیاتی اخراجات میں کمی لائی جاسکے اور جو LGS پہلے ہی ریٹائر ہو چکی ہیں کی مشینری کے لئے LTFF کی سہولت کا اجراء کرے گی۔ حکومتی پالیسیوں کو ٹیکسٹائل سیکٹر میں ویلیو چین کی تکمیل کی حوصلہ افزائی کرنی چاہیے تاکہ ملک تیار مصنوعات برآمد کر سکے۔

اظہار تشکر

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



بارون شہزادہ الہی شیخ
چیف ایگزیکٹو آفیسر



امین الہی شیخ
ڈائریکٹر



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023

		Un-Audited September 30 2023	Audited June 30 2023
	Note	Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share capital		<u>400,000,000</u>	<u>400,000,000</u>
Issued share capital		109,500,000	109,500,000
Capital reserve		(54,126,481)	(77,201,726)
Retained earnings		<u>4,008,903,065</u>	<u>3,988,289,232</u>
TOTAL EQUITY		4,064,276,584	4,020,587,506
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	4	<u>3,869,520,521</u>	3,983,206,232
Employees retirement benefits		181,992,508	171,603,423
Deferred taxation		199,113,489	199,113,489
Deferred grant	5	<u>284,460,205</u>	302,675,484
		4,535,086,723	4,656,598,628
CURRENT LIABILITIES			
Trade and other payables		<u>1,155,913,215</u>	931,993,658
Unclaimed dividend		7,680,326	7,688,093
Accrued interest/profit		117,870,605	110,490,652
Short term borrowings		381,412,415	402,824,470
Income tax payable		19,104,517	7,566,355
Current portion of non-current liabilities		<u>510,523,069</u>	462,997,611
		2,192,504,147	1,923,560,839
TOTAL LIABILITIES		6,727,590,870	6,580,159,467
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		<u>10,791,867,454</u>	<u>10,600,746,973</u>

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

Lahore : October 26, 2023


Amin Ellahi Shaikh
Director



ELLCOT SPINNING MILLS LIMITED

		Un-Audited	Audited
		September 30	June 30
		2023	2023
		<hr/>	<hr/>
	Note	Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	5,223,417,929	5,353,824,895
Long term deposits		7,090,700	7,090,700
		5,230,508,629	5,360,915,595
CURRENT ASSETS			
Stores and spares		168,464,979	147,500,214
Stock in trade		4,005,144,839	3,027,293,503
Trade receivables		672,566,094	945,283,223
Advances and other receivables		332,930,298	789,725,218
Other financial assets	8	216,364,673	184,707,493
Cash and bank balances		165,887,942	145,321,727
		5,561,358,825	5,239,831,378
TOTAL ASSETS		<hr/> 10,791,867,454 <hr/>	<hr/> 10,600,746,973 <hr/>

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 QUARTER ENDED SEPTEMBER 30, 2023

	Note	Quarter Ended	
		September 30 2023	September 30 2022
		Rupees	Rupees
Revenue from contracts with customers - net		3,590,955,440	3,037,025,703
Cost of sales	9	(3,315,909,014)	(2,690,100,963)
Gross profit		275,046,426	346,924,740
Selling and distribution expenses		(25,793,597)	(33,026,478)
Administrative expenses		(56,919,683)	(56,704,818)
Other expenses		(4,497,102)	(29,891,037)
		(87,210,382)	(119,622,333)
		187,836,044	227,302,407
Other income		13,933,755	17,770,228
Operating profit		201,769,799	245,072,635
Finance cost		(141,091,513)	(46,492,087)
Profit before taxation		60,678,286	198,580,548
Provision for taxation		(40,064,453)	(68,462,726)
Profit after taxation		20,613,833	130,117,822
Earnings per share - basic and diluted		1.88	11.88

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 : October 26, 2023



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Note	Quarter Ended	
		September 30	September 30
		2023	2022
		Rupees	Rupees
Items that will not be reclassified to profit or loss			
Financial assets at fair value through OCI	8.2	23,075,245	(7,033,131)
Profit after taxation		20,613,833	130,117,822
Total comprehensive income		43,689,078	123,084,691

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

Lahore : October 26, 2023


Amin Ellahi Shaikh
Director


Muhammad Ahmad
Chief Financial Officer


Haroon Shahzada Ellahi Shaikh
Chief Executive Officer



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Quarter Ended	
	September 30 2023	September 30 2022
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	60,678,286	198,580,548
Adjustments for non-cash and other items		
Depreciation	133,905,545	101,777,450
Provision for employees retirement benefits	15,374,442	10,364,215
Gain on disposal of property, plant and equipment	(898,383)	(23,983)
Gain on disposal of other financial assets at FVTPL	(89,258)	-
Finance Cost	141,091,513	46,492,087
Dividend income	(10,657,515)	(17,026,885)
	278,726,344	141,582,884
Changes in working capital	339,404,630	340,163,432
Stores and spares	(20,964,765)	(711,532)
Stock in trade	(977,851,336)	1,251,880,481
Trade receivables	272,717,129	31,340,646
Advances and other receivables	456,794,920	(371,636,362)
Trade and other payables	223,919,557	(17,051,018)
	(45,384,495)	893,822,215
Cash generated from operations	294,020,135	1,233,985,647
Payments for:		
Employees retirement benefits	(4,985,357)	(5,125,491)
Finance Cost	(133,711,560)	(55,286,042)
Income tax	(28,526,291)	(43,956,604)
Net cash generated from operating activities	126,796,927	1,129,617,510
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,415,196)	(174,218,122)
Proceeds from disposal of property, plant and equipment	1,815,000	36,500
Purchase of short term investments	(11,815,516)	(2,114,305,575)
Proceeds from disposal of short term investments	3,322,839	1,354,655,461
Dividend received	10,657,515	17,026,885
Net cash used in investing activities	(435,358)	(916,804,851)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	-	128,274,685
Repayment of long term finances	(84,375,532)	(97,447,632)
Net decrease in short term borrowings	(21,412,055)	(239,823,669)
Dividend paid	(7,767)	(38,519)
Net cash used in financing activities	(105,795,354)	(209,035,135)
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,566,215	3,777,524
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	145,321,727	51,265,550
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	165,887,942	55,043,074

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 : October 26, 2023



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Share Capital	Capital reserves			Revenue reserve	Total equity
	Issued, subscribed and paid-up share capital	Reserve for financial assets measured at FVTOCI	Reserve on merger	Total	Retained Earning	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2022	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	-	-	-	-	130,117,822	130,117,822
Other comprehensive loss	-	(7,033,131)	-	(7,033,131)	-	(7,033,131)
Total comprehensive (loss) / income	-	(7,033,131)	-	(7,033,131)	130,117,822	123,084,691
Other transactions						
Transfer from reserve for financial assets at FVTOCI on derecognition	-	(1,210,087)	-	(1,210,087)	1,210,087	-
Balance as at September 30, 2022 (Un-audited)	109,500,000	(81,354,491)	7,760,000	(73,594,491)	3,826,109,129	3,862,014,638
Comprehensive income						
Profit after taxation	-	-	-	-	289,617,268	289,617,268
Other comprehensive loss	-	(16,997,851)	-	(16,997,851)	(4,546,549)	(21,544,400)
Total comprehensive (loss) / income	-	(16,997,851)	-	(16,997,851)	285,070,719	268,072,868
Other transactions						
Transfer from reserve for financial assets at FVTOCI on derecognition	-	16,419,726	-	16,419,726	(16,419,726)	-
Related Taxation	-	(3,029,110)	-	(3,029,110)	3,029,110	-
	-	13,390,616	-	13,390,616	(13,390,616)	-
Transactions with owners						
Final dividend @ 100% i.e. Rs. 10 per ordinary share	-	-	-	-	(109,500,000)	(109,500,000)
Balance as at June 30, 2023 (Audited)	109,500,000	(84,961,726)	7,760,000	(77,201,726)	3,988,289,232	4,020,587,506
Comprehensive income						
Profit after taxation	-	-	-	-	20,613,833	20,613,833
Other comprehensive income	-	23,075,245	-	23,075,245	-	23,075,245
Total comprehensive income	-	23,075,245	-	23,075,245	20,613,833	43,689,078
Balance as at September 30, 2023 (Un-audited)	109,500,000	(61,886,481)	7,760,000	(54,126,481)	4,008,903,065	4,064,276,584

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 : October 26, 2023



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN- AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 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 14 Marla.

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, 2023.

The comparative condensed interim statement of financial position as at June 30, 2023 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 quarter ended September 30, 2023 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 September 30, 2023 and September 30, 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, 2023.

4 LONG TERM FINANCES

From Banking companies

	Un-audited September 30 2023 Rupees	Audited June 30 2023 Rupees
As at beginning of the period / year	4,369,787,421	3,358,773,885
Obtain during the period / year	-	1,387,089,263
Accretion during the period / year	19,130,338	73,302,022
Repayment made during the period / year	(84,375,532)	(449,377,749)
As at end of the period / year	4,304,542,227	4,369,787,421
Current portion shown under current liabilities	(435,021,706)	(386,581,189)
	<u>3,869,520,521</u>	<u>3,983,206,232</u>



ELLCOT SPINNING MILLS LIMITED

	Note	Un-audited September 30 2023 Rupees	Audited June 30 2023 Rupees
5 DEFERRED GRANT			
As at beginning of the period / year		379,091,906	452,393,928
Amortized during the period / year		<u>(19,130,338)</u>	<u>(73,302,022)</u>
As at end of the period / year		359,961,568	379,091,906
Current portion shown under current liabilities		<u>(75,501,363)</u>	<u>(76,416,422)</u>
		<u>284,460,205</u>	<u>302,675,484</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, 2023.			
6.2 Commitments			
Irrevocable letters of credit for			
- purchase of stores and spare		120,137,317	59,187,077
- purchase of raw material		-	754,317,731
		<u>120,137,317</u>	<u>813,504,808</u>
Short Term Lease			
- payable with in one year		334,818	669,636
		<u>120,472,135</u>	<u>814,174,444</u>
7 FIXED ASSETS			
Property, plant and equipment			
- Operating fixed assets	7.1	5,214,385,448	5,348,493,610
- Capital work in progress	7.2	9,032,481	5,331,285
		<u>5,223,417,929</u>	<u>5,353,824,895</u>
7.1 Operating fixed assets			
Net book value at the beginning of the period/year		5,348,493,610	4,016,655,871
Additions during the period / year			
Freehold land		-	20,802,100
Buildings on freehold land		-	103,006,166
Plant and machinery		-	1,649,704,797
Office equipment		503,000	666,346
Furniture and fixtures		211,000	1,418,220
Vehicles		-	11,679,500
		<u>714,000</u>	<u>1,787,277,129</u>
Net book value of assets disposed during the period/year		(916,617)	(30,215,819)
Depreciation for the period/year		<u>(133,905,545)</u>	<u>(425,223,571)</u>
Net book value at end of the period/year		<u>5,214,385,448</u>	<u>5,348,493,610</u>
7.2 Capital work in progress			
As at the beginning of the period/year		5,331,285	57,847,805
Additions during the period / year		3,701,196	1,700,194,443
Transfers to operating fixed assets		-	(1,752,710,963)
As at end of the period/year		<u>9,032,481</u>	<u>5,331,285</u>
8 OTHER FINANCIAL ASSETS			
Financial assets at fair value through other comprehensive income	8.1	176,183,961	153,108,716
Financial assets at fair value through profit or loss		-	3,178,054
Financial assets at amortized cost		40,180,712	28,420,723
		<u>216,364,673</u>	<u>184,707,493</u>



ELLCOT SPINNING MILLS LIMITED

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 other comprehensive income'. 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 other comprehensive income as the management believes that recognizing 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 realizing their performance potential in the long run. The detail of costs of acquisition and fair values as at the reporting date for each individual investment are as follows:

Investments in listed equity securities

	Un-audited September 30 2023	Audited June 30 2023
	Rupees	Rupees
Cost of investment	252,429,123	252,429,123
Changes in fair value	(76,245,162)	(99,320,407)
	176,183,961	153,108,716
	176,183,961	153,108,716

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

	September 30, 2023		
	Listed equity securities Rupees	Mutual funds Rupees	Total Rupees
As at beginning of the period	(99,320,407)	-	(99,320,407)
Fair value gain arising during the period	23,075,245	-	23,075,245
Fair value gain/(loss) transferred to retained earning on disposal	-	-	-
	(76,245,162)	-	(76,245,162)
As at end of the period			
Deferred taxation as at the reporting date	14,358,681	-	14,358,681
Reserve for financial assets measured at FVTOCI	(61,886,481)	-	(61,886,481)
	June 30, 2023		
	Listed equity securities Rupees	Mutual funds Rupees	Total Rupees
As at beginning of the year	(91,084,210)	(49,165)	(91,133,375)
Fair value (loss)/gain arising during the year	(24,329,681)	933,010	(23,396,671)
Fair value gain/(loss) transferred to retained earnings on disposal	16,093,484	(883,845)	15,209,639
As at end of the year	(99,320,407)	-	(99,320,407)
Deferred taxation as at the reporting date	14,358,681	-	14,358,681
Reserve for financial assets measured at FVTOCI	(84,961,726)	-	(84,961,726)

9 COST OF SALES

	Quarter Ended (Un-audited)	
	September 30 2023	September 30 2022
	Rupees	Rupees
Raw material consumed	2,428,107,063	1,944,140,265
Power and fuel	412,204,549	311,697,592
Stores and spares consumed	74,599,239	38,148,824
Packing material consumed	42,815,990	30,914,587
Salaries, wages and benefits	122,770,637	114,082,146
Insurance	9,917,068	6,382,890
Repair and maintenance	7,076,151	3,590,652
Depreciation	131,035,599	98,831,635
Others	17,459,412	10,242,167
Manufacturing cost	3,245,985,708	2,558,030,758
Work in process		
As at beginning of the period	118,238,905	79,611,941
As at end of the period	(112,624,083)	(83,499,875)
	5,614,822	(3,887,934)
Cost of goods manufactured	3,251,600,530	2,554,142,824
Finished goods		
As at beginning of the period	304,978,028	279,395,082
As at end of the period	(240,669,544)	(143,436,943)
	64,308,484	135,958,139
	3,315,909,014	2,690,100,963



ELLCOT SPINNING MILLS LIMITED

10 TRANSACTIONS 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 priced 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:

Nature of Relationship	Nature of Transaction	Quarter Ended (Un-audited)	
		September 30 2023	September 30 2022
		Rupees	Rupees
Associated companies	Purchases	-	61,111
	Sales	1,922,470,710	1,378,024,394
	Rent paid	334,818	304,380
Key Management Personnel	Short term employee benefits	9,304,167	8,341,667

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
			September 30 2023	June 30 2023
Investments			Rupees	Rupees
Investments in equity securities	Level 1	Quoted prices in an active market	176,183,961	153,108,716
Investments in mutual funds	Level 1	Quoted prices in an active market	-	3,178,054

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

This un-audited condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue on October 26, 2023.

13 OTHERS

There are no other significant activities since June 30, 2023 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 : October 26, 2023

If undelivered please return to:

ELLCOT SPINNING MILLS LTD.

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