

**THIRD QUARTER REPORT
FOR THE PERIOD ENDED
MARCH 31, 2020
(Un-Audited)**



ELLCOT SPINNING MILLS LTD.



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ELLCOT SPINNING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

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

MANAGING DIRECTOR (Chief Executive)

Mr. Haroon Shahzada Ellahi Shaikh

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

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

EXECUTIVE COMMITTEE

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

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Ahmad

HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

AUDITORS

Messrs Rahman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants
Bandial & Associates

LEGAL ADVISOR

LEAD BANKERS

Albaraka Bank (Pakistan) Ltd.
Allied Bank Ltd.
Askari Bank Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
Meezan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Punjab
United Bank Ltd.

REGISTERED OFFICE

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

WEB REFERENCE

www.nagina.com

SHARE REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.
1st Floor, H.M. House
7-Bank Square, Lahore
Phone # 042-37235081-2
Fax # 042-37358817

MILLS

6.3 K.M, Manga Mandi, Raiwind Road
Mouza Rossa, Tehsil & District Kasur

DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the third quarter ended on March 31, 2020. The comparative figures for the corresponding quarter ended on March 31, 2019 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2019.

Company Performance

Alhamdulillah, your Company has earned after tax profit of Rs. 94,125,804 or 5.59% of sales for the 3rd quarter of the financial year 2019-20 ended on March 31, 2020 compared to Rs. 13,778,593 or 0.79% of sales during the corresponding quarter of previous year. Earning per share (EPS) for the period under review is Rs.8.60 compared to Rs. 1.26 for the corresponding period of previous year.

Sales revenue for the quarter is Rs. 1,685,115,205 compared to Rs. 1,741,364,023 during the corresponding quarter of previous year. There is a volume based reduction in sales. However, yarn prices improved in comparison to same quarter of previous year. Cost of sales decreased from 91.41% of sales during the same quarter of previous year to 87.48% of sales during the quarter under review. Reduction in cost of sales resulted in increase of Gross Profit (GP) by 41.02% over the same quarter of previous year.

Overall operating expenses decreased by 6.28% over the same period of previous year. The Company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Finance cost decreased from 4.54% of sales during the same period of previous year to 2.40% of sales during the period under review. The decrease is mainly due to cheaper foreign currency borrowings for working capital and conversion of our long term loans into SBP LTFF scheme.

The profit of the company was affected by the government imposed decision to stop all production from March 24, 2020 due to COVID-19.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2019-20, Kapas, (seed cotton) arrivals upto March 15, 2020, at the Ginneries totaled 8.571 million bales compared to 10.763 million bales for similar period of financial year 2018-19 showing decrease in arrival of 20.36%.

Future Outlook

Unfortunately, outbreak of COVID-19 has seriously disrupted the financial outlook for the company. International and local buyers have cancelled or deferred most of the orders. The government has ordered lockdowns of manufacturing facilities as well as retail and wholesale markets. In this depressing environment it is very difficult to assess future production and sales. It is hoped that the Governments all over the world are able to control the COVID-19 pandemic and allow people to resume economic activity. We have to wait for our buyers to restart their production to enable us to resume operations. Therefore, only partial production and sales can be assumed for the April-June quarter.

In cognizance of the prevailing situation Government and State Bank of Pakistan have announced certain support schemes for the industry. We hope that this will help the industry to sustain the brunt of this recessionary period. The Government has also released some of our old stuck up rebates. We hope the



ELLCOT SPINNING MILLS LIMITED

trend would continue and balance receivables under various tax refunds will be released. State Bank of Pakistan has reduced the interest rates by 4.25%. The company wants to place on record its appreciation of the Government and State Bank measures to provide liquidity and financial support to Pakistani industry.

During the period under review PKR devalued against USD which resulted in rise in imported material costs. SBP is easing monetary tightening and is reducing the policy rate. This is a welcome sign and will reduce cost of doing business.

Acknowledgement

The 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.

Shahzada Ellahi Shaikh
Chairman

Lahore : April 29, 2020

Haroon Shahzada Ellahi Shaikh
Mg. Director (Chief Executive)

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 مارچ 2020 کو تختہ تیسری سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ 31 مارچ 2019 کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ ماسوائے ٹیلیٹیٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2019 کو تختہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی نے گزشتہ سال کی اسی سہ ماہی کے دوران بعد از ٹیکس منافع 13,778,593 روپے یا فروخت کا 0.79 فیصد کے مقابلے میں مالی سال 20-2019 کی تیسری سہ ماہی تختہ 31 مارچ 2020 میں 125,804,94 روپے یا فروخت کا 5.59 فیصد کمایا ہے۔ زیر جائزہ مدت کی فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 1.26 روپے کے مقابلے میں 8.60 روپے ہے۔

سہ ماہی کی فروخت آمدنی گزشتہ سال کی اسی سہ ماہی کے دوران 1,741,364,023 روپے کے مقابلے میں 1,685,115,205 روپے ہے۔ حجم کی فروخت پر مبنی کمی ہوئی ہے۔ تاہم، سوئز کی قیمتیں گزشتہ سال کی اسی سہ ماہی کے موازنہ میں بہتر ہوئی ہیں۔ فروخت کی لاگت گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 91.41 فیصد سے کم ہو کر زیر جائزہ سہ ماہی کے دوران فروخت کے 87.48 فیصد تک ہوئی ہے۔ فروخت کی لاگت میں کمی کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی سہ ماہی سے 41.02 فیصد زیادہ ہوا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت سے 6.28 فیصد تک کم ہوئے۔ کمپنی مستحکم نقد بہاؤ پیدا کرنے اور اپنے تمام کاروباری اور مالی واجبات بروقت ادا کرنے کے قابل رہی ہے۔ مالی اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 4.54 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کے 2.40 فیصد ہو گئے۔ مالی اخراجات میں یہ کمی بنیادی طور پر ورکنگ کپٹل کے لئے سستے غیر ملکی قرضہ کا حصول اور ہمارے طویل مدتی قرضوں کی ایس بی پی LTFF اسکیم میں تبدیلی کی وجہ سے ہوئی ہے۔

COVID-19 کی وجہ سے 24 مارچ 2020 سے تمام پیداوار روکنے کے حکومتی عائد فیصلے نے کمپنی کے منافع کو متاثر کیا۔

فصل سال 2019-20 کیلئے پاکستان کاٹن، جزر ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس (بیج کپاس) کی 15 مارچ 2020 تک جزیرہ میں آمد گزشتہ سال 2018-19 کی اسی مدت میں 10.763 ملین کانٹھوں کے مقابلے میں کل 8.571 ملین کانٹھیں ہوئیں جوہ 20.36 فیصد کی کمی ظاہر کرتی ہے۔

مستقبل کا نقطہ نظر

بدقسمتی سے، COVID-19 کے پھیلنے نے کمپنی کے مالی نقطہ نظر کو شدید متاثر کیا ہے۔ بین الاقوامی اور مقامی خریداروں نے بیشتر آرڈرز کو منسوخ یا مؤخر کر دیا ہے۔ حکومت نے میونسپل پورٹس کے ساتھ ساتھ ریشیل اور ہول سیل ماریکٹوں کو لاک ڈاؤن کا حکم دیا ہے۔ اس ناساز ماحول میں مستقبل کی پیداوار اور فروخت کا اندازہ کرنا بہت مشکل ہے۔ امید کی جاتی ہے کہ پوری دنیا کی حکومتیں COVID-19 وبائی مرض پر قابو پا لیں گی اور لوگوں کو معاشی سرگرمیاں دوبارہ شروع کرنے کی اجازت دیں گی۔ ہمیں اپنا کام شروع کرنے کے لئے اپنے خریداروں کا اپنی پیداوار دوبارہ کام شروع کرنے کا انتظار کرنا ہوگا۔ لہذا، اپریل-جون کی سہ ماہی میں صرف جزوی پیداوار اور فروخت کی امید کی جاسکتی ہے۔

موجودہ صورتحال کے پیش نظر حکومت اور اسٹیٹ بینک آف پاکستان نے صنعت کے لئے چندا مدادی منصوبوں کا اعلان کیا ہے۔ ہم امید کرتے ہیں کہ اس سے صنعت کو اس کساد بازاری کے دور سے بچنے میں مدد ملے گی۔ حکومت نے ہماری چند پرانی اعانتیں بھی جاری کی ہے۔ ہم امید کرتے ہیں کہ یہ رجحان جاری رہے گا اور متعدد ٹیکس رقوم کی واپسی کے تحت تقابلاً قابل وصولی رقوم کو جاری کیا جائے گا۔ اسٹیٹ بینک آف پاکستان نے سودی شرحوں میں 4.25 فیصد کمی کی ہے۔ کمپنی پاکستانی صنعت کو بیلوڈیٹی اور مالی مدد فراہم کرنے کے حکومتی اور اسٹیٹ بینک کے اقدامات کو سراہتی ہے۔

زیر جائزہ مدت کے دوران ڈالر کے مقابلے میں پاکستانی روپیہ کی قیمت کم ہوئی جس کے نتیجے میں درآمدی مال کے اخراجات میں اضافہ ہوا۔ اسٹیٹ بینک مالیاتی پالیسی کی تبدیلی میں کمی کر رہا ہے اور پالیسی شرح کو کم کر رہا ہے۔ یہ خوش آئند علامت ہے اور اس سے کاروبار کرنے کی لاگت کم ہوگی۔

اظہار تشکر

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

منجانب بورڈ



ہارون شہزادہ الہی شیخ

مینیجنگ ڈائریکٹر (چیف ایگزیکٹو)



شہزادہ الہی شیخ

چیئرمین

لاہور: 29 اپریل 2020ء



ELLCOT SPINNING MILLS LIMITED

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

		Un-Audited March 31 2020	Audited June 30 2019
	Note	Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2019: 20,000,000)			
Ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid-up capital		109,500,000	109,500,000
Capital reserve		(138,232,646)	(54,965,746)
Accumulated profit		1,755,891,310	1,579,899,248
TOTAL EQUITY		1,727,158,664	1,634,433,502
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	5	1,696,198,462	1,704,814,412
Employees retirement benefits		112,406,937	90,270,716
Deferred taxation		7,575,622	7,575,622
		1,816,181,021	1,802,660,750
CURRENT LIABILITIES			
Trade and other payables		601,274,896	456,809,473
Unclaimed dividend		6,014,183	5,505,184
Accrued interest/markup/profit		34,614,299	41,487,122
Short term borrowings		1,551,536,464	1,441,742,636
Current portion of non-current liabilities		260,828,911	210,622,756
		2,454,268,753	2,156,167,171
TOTAL LIABILITIES		4,270,449,774	3,958,827,921
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		5,997,608,438	5,593,261,423

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

Lahore : April 29, 2020


Shahzada Ellahi Shaikh
Chairman

		Un-Audited March 31 2020	Audited June 30 2019
	Note	Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	2,516,403,741	2,453,351,807
Long term deposits		7,090,700	7,090,700
Long term Investment		-	109,421,506
		2,523,494,441	2,569,864,013
CURRENT ASSETS			
Stores, spares and loose tools		55,877,344	47,471,743
Stock in trade		1,685,183,165	1,510,387,815
Trade receivables		574,034,015	547,519,263
Advances, prepayments and other receivables		638,492,791	188,637,482
Other financial assets	8	372,732,459	448,743,765
Advance income tax		116,034,660	152,095,042
Cash and bank balances		31,759,563	128,542,300
		3,474,113,997	3,023,397,410
TOTAL ASSETS		5,997,608,438	5,593,261,423

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



Muhammad Ahmad
Chief Financial Officer



Haroon Shahzada Ellahi Shaikh
Mg. Director (Chief Executive)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

	Note	Nine Months Ended		Quarter Ended	
		March 31 2020	March 31 2019	March 31 2020	March 31 2019
		Rupees	Rupees	Rupees	Rupees
Sales-net		4,863,218,984	4,756,396,746	1,685,115,205	1,741,364,023
Cost of sales	9	(4,259,385,083)	(4,307,508,344)	(1,474,065,253)	(1,591,709,539)
Gross profit		603,833,901	448,888,402	211,049,952	149,654,484
Distribution cost		(52,311,432)	(42,054,513)	(18,623,954)	(21,678,718)
Administrative expenses		(118,241,891)	(105,394,329)	(39,525,542)	(34,617,529)
Other expenses		(23,875,052)	(27,533,737)	3,873,262	(1,619,346)
		(194,428,375)	(174,982,579)	(54,276,234)	(57,915,593)
		409,405,526	273,905,823	156,773,718	91,738,891
Other income		50,709,757	21,330,812	1,735,609	1,025,395
Operating profit		460,115,283	295,236,635	158,509,327	92,764,286
Finance cost		(143,098,292)	(218,867,138)	(40,424,308)	(78,985,693)
Profit before taxation		317,016,991	76,369,497	118,085,019	13,778,593
Provision for taxation		(75,324,929)	-	(23,959,215)	-
Profit after taxation		241,692,062	76,369,497	94,125,804	13,778,593
Earnings per share - basic and diluted		22.07	6.97	8.60	1.26

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



Shahzada Ellahi Shaikh
Chairman



Muhammad Ahmad
Chief Financial Officer



Haroon Shahzada Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : April 29, 2020

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

	Nine Months Ended		Quarter Ended	
	March 31	March 31	March 31	March 31
	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of available for sale financial assets	-	(20,916,035)	-	29,001,026
Items that will not be reclassified to profit or loss				
Financial assets at fair value through OCI	(85,193,053)	-	(132,952,054)	-
Gain on sale of financial assets at fair value through OCI	1,926,153	-	1,926,153	-
Other comprehensive (loss) / income before taxation	(83,266,900)	(20,916,035)	(131,025,901)	29,001,026
Taxation	-	-	-	-
Other comprehensive (loss) / Income after taxation	(83,266,900)	(20,916,035)	(131,025,901)	29,001,026
Profit after taxation	241,692,062	76,369,497	94,125,804	13,778,593
Total comprehensive income / (loss)	158,425,162	55,453,462	(36,900,097)	42,779,619

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

Lahore : April 29, 2020


Shahzada Ellahi Shaikh
Chairman


Muhammad Ahmad
Chief Financial Officer


Haroon Shahzada Ellahi Shaikh
Mg. Director (Chief Executive)

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

	Nine Months Ended	
	March 31 2020	March 31 2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	317,016,991	76,369,497
Adjustments for non-cash items		
Depreciation and amortization	190,031,597	199,587,681
Provision for employees retirement benefits	27,600,224	24,457,488
(Gain) / loss on disposal of property, plant and equipment	(836,187)	6,889,010
(Gain) / loss on sale of investments designated at FVTPL	(18,157,454)	16,328,200
Finance cost	143,098,292	218,867,138
Dividend income	(25,969,022)	(20,497,847)
	315,767,450	445,631,670
	632,784,441	522,001,167
Changes in working capital		
Stores, spares and loose tools	(8,405,601)	27,791,436
Stock in trade	(174,795,350)	(204,859,298)
Trade receivables	(26,514,752)	244,282,206
Advances, prepayments and other receivables	(449,855,309)	115,970,465
Trade and other payables	144,465,423	76,541,342
	(515,105,589)	259,726,151
Cash generated from operations	117,678,852	781,727,318
Payments for		
Employees retirement benefits	(5,464,003)	(15,884,795)
Finance cost	(149,971,115)	(205,997,356)
Income tax	(39,264,547)	(42,827,074)
Net cash (used in) / generated from operating activities	(77,020,813)	517,018,093
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(276,785,054)	(90,122,059)
Proceeds from disposal of property, plant and equipment	24,537,710	23,177,169
Purchase of short term investments	(168,830,432)	(169,348,004)
Proceeds from disposal of short term investments	179,732,292	85,007,466
Proceeds from disposal of long term investments	109,421,506	-
Dividend received	25,969,022	20,497,847
Net cash used in investing activities	(105,954,956)	(130,787,581)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	190,535,008	122,105,495
Repayment of long term finances	(148,944,803)	(94,226,810)
Net increase / (decrease) in short term borrowings	109,793,828	(295,175,890)
Dividend paid	(65,191,001)	(64,618,222)
Net cash generated from / (used in) financing activities	86,193,032	(331,915,427)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(96,782,737)	54,315,085
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	128,542,300	16,953,009
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	31,759,563	71,268,094

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



Shahzada Ellahi Shaikh
Chairman



Muhammad Ahmad
Chief Financial Officer



Haroon Shahzada Ellahi Shaikh
Mg. Director (Chief Executive)


Lahore : April 29, 2020


**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**


	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
Balance as at June 30, 2018 (Restated) - Audited	109,500,000	(5,786,435)	7,760,000	1,973,565	1,437,796,816	1,549,270,381
Comprehensive income						
Profit after taxation	-	-	-	-	76,369,497	76,369,497
Other comprehensive loss	-	(20,916,035)	-	(20,916,035)	-	(20,916,035)
Total comprehensive (loss) / income	-	(20,916,035)	-	(20,916,035)	76,369,497	55,453,462
Transactions with owners						
Final dividend for the year ended June 30, 2018 @ 60% i.e. Rs. 6 per ordinary share	-	-	-	-	(65,700,000)	(65,700,000)
Balance as at March 31, 2019 - Un-audited	109,500,000	(26,702,470)	7,760,000	(18,942,470)	1,448,466,313	1,539,023,843
Comprehensive income						
Profit after taxation	-	-	-	-	128,399,022	128,399,022
Other comprehensive (Loss) / income	-	(36,023,276)	-	(36,023,276)	3,033,913	(32,989,363)
Total comprehensive (Loss) / income	-	(36,023,276)	-	(36,023,276)	131,432,935	95,409,659
Balance as at June 30, 2019 - Audited	109,500,000	(62,725,746)	7,760,000	(54,965,746)	1,579,899,248	1,634,433,502
Comprehensive income						
Profit after taxation	-	-	-	-	241,692,062	241,692,062
Other comprehensive loss	-	(83,266,900)	-	(83,266,900)	-	(83,266,900)
Total comprehensive (loss) / income	-	(83,266,900)	-	(83,266,900)	241,692,062	158,425,162
Transactions with owners						
Final dividend for the year ended June 30, 2019 @ 60% i.e. Rs. 6 per ordinary share	-	-	-	-	(65,700,000)	(65,700,000)
Balance as at March 31, 2020 - Un-audited	109,500,000	(145,992,646)	7,760,000	(138,232,646)	1,755,891,310	1,727,158,664

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

Lahore : April 29, 2020


Shahzada Ellahi Shaikh
Chairman


Muhammad Ahmad
Chief Financial Officer


Haroon Shahzada Ellahi Shaikh
Mg. Director (Chief Executive)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

The interim financial statements are un-audited and has been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2019.

The comparative condensed interim statement of financial position as at June 30, 2019 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, 2019 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, 2020 and March 31, 2019 are neither audited nor reviewed.

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Judgments, estimates and assumptions

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

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

2.4 Functional currency

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

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, 2019.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE PERIOD.

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

4.1 IFRS 16 - Leases (2016)

IFRS 16 - Leases (2016) specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less and the underlying asset is of low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company has elected recognition exemption under this IFRS due to short term and low value leases.

		Un-audited March 31 2020	Audited June 30 2019
		Rupees	Rupees
5 LONG TERM FINANCES			
From Banking companies			
Opening Balance		1,915,437,168	1,901,468,741
Obtain during the period / year		190,535,008	122,105,495
Repayment made during the period / year		(148,944,803)	(108,137,068)
		1,957,027,373	1,915,437,168
Less: Current portion shown under current liabilities		(260,828,911)	(210,622,756)
		<u>1,696,198,462</u>	<u>1,704,814,412</u>
6 CONTINGENCIES AND COMMITMENTS			
6.1 Contingencies			
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, 2019.			
		Un-audited March 31 2020	Audited June 30 2019
	Note	Rupees	Rupees
6.2 Commitments			
Irrevocable letters of credit for			
Capital expenditures		360,709,542	111,808,130
Non-capital expenditures		532,805,407	70,679,302
		893,514,949	182,487,432
Operating Lease			
- payable with in one year		754,650	479,160
		<u>894,269,599</u>	<u>182,966,592</u>
7 FIXED ASSETS			
Property, plant and equipment			
- Operating fixed assets	7.1	2,430,126,150	2,450,975,146
- Capital work in progress	7.2	84,830,928	-
		2,514,957,078	2,450,975,146
Intangible asset	7.3	1,446,663	2,376,661
		<u>2,516,403,741</u>	<u>2,453,351,807</u>
7.1 Operating fixed assets			
Net book value at the beginning of the period/year		2,450,975,146	2,640,791,138
Additions during the period / year			
Land		-	1,080,000
Plant and machinery		177,239,974	58,585,883
Buildings on freehold land - Mills		-	22,375,770
Electric installations and equipment		386,200	1,337,188
Factory equipment		189,767	1,341,400
Office equipment		589,185	966,500
Furniture and fixtures		275,500	1,527,684
Vehicles		13,273,500	19,871,500
		191,954,126	107,085,925
Net book value of assets disposed during the period/year		(23,701,523)	(30,732,747)
Depreciation for the period/year		(189,101,599)	(266,169,170)
Net book value at end of the period/year		<u>2,430,126,150</u>	<u>2,450,975,146</u>

		Un-audited March 31 2020	Audited June 30 2019
	Note	Rupees	Rupees
7.2 Capital work in progress			
Opening		-	136,131
Additions during the period/year		262,070,902	82,162,710
Transfers to operating fixed assets		(177,239,974)	(82,298,841)
Net book value at end of the period/year		84,830,928	-
7.3 Intangible assets			
Net book value at beginning of the period/year		2,376,661	3,616,658
Amortization for the period/year		(929,998)	(1,239,997)
Net book value at end of the period/year		1,446,663	2,376,661
8 OTHER FINANCIAL ASSETS			
Financial assets at fair value through other comprehensive income	8.1	372,732,459	341,632,278
Financial assets at fair value through profit or loss	8.2	-	107,111,487
		372,732,459	448,743,765

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 2020	Audited June 30 2019
	Rupees	Rupees
Investments in listed equity securities		
Cost of investment	380,692,479	399,479,136
Changes in fair value	(120,512,454)	(67,594,776)
	260,180,025	331,884,360
Investments in mutual funds		
Cost of investment	151,028,027	15,948,136
Changes in fair value	(38,475,593)	(6,200,218)
	112,552,434	9,747,918
	372,732,459	341,632,278

8.2 Financial assets at fair value through profit or loss

These represent investments in listed equity securities through a separately managed asset management account with Alfalah GHP Investment Management Limited. 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'. The details are as follows:

	Un-audited March 31 2020	Audited June 30 2019
	Rupees	Rupees
Investments in asset management account		
Cost of investment	-	126,683,091
Changes in fair value	-	(19,571,604)
	-	107,111,487

8.3 Changes in fair value

March 31, 2020			
Listed equity securities	Mutual fund	Asset management account	Total
As at beginning of the period	(67,594,776)	(6,200,218)	(19,571,604)
Accumulated impairment reclassified	-	-	-
Changes for the period	(52,917,678)	(32,275,375)	(85,193,053)
- recognized in OCI	-	-	19,571,604
- recognized in profit or loss	-	-	-
As at end of the period	(120,512,454)	(38,475,593)	(158,988,047)
June 30, 2019			
Listed equity securities	Mutual fund	Asset management account	Total
As at beginning of the year	15,898,634	(2,531,405)	(15,462,049)
Accumulated impairment reclassified	(20,174,799)	-	-
Changes for the year	(63,318,611)	(3,668,813)	-
- recognized in OCI	-	-	(4,109,555)
- recognized in profit or loss	-	-	-
As at end of the year	(67,594,776)	(6,200,218)	(19,571,604)

9 COST OF SALES

	Nine Months Ended (Un-audited)		Quarter Ended (Un-audited)	
	March 31 2020	March 31 2019	March 31 2020	March 31 2019
	Rupees	Rupees	Rupees	Rupees
Raw material consumed	2,789,259,729	2,899,674,997	944,843,353	985,802,718
Fuel and power	494,668,211	418,643,775	157,499,654	138,626,284
Stores, spares and loose tools consumed	145,727,308	131,709,144	42,755,373	39,505,766
Salaries, wages and benefits	265,949,284	263,692,953	91,399,066	83,133,710
Insurance	10,416,990	10,553,576	3,577,189	5,625,064
Repair and maintenance	7,895,586	6,008,485	1,725,849	1,873,805
Depreciation	181,607,263	193,804,781	62,172,962	65,017,232
Other manufacturing overheads	14,606,261	12,671,305	5,328,280	3,850,087
Manufacturing Cost	3,910,130,632	3,936,759,016	1,309,301,726	1,323,434,666
Work in process				
As at beginning of the period	50,421,233	58,649,452	51,040,001	58,044,813
As at end of the period	(62,639,510)	(59,385,966)	(62,639,510)	(59,385,966)
	(12,218,277)	(736,514)	(11,599,509)	(1,341,153)
Cost of goods manufactured	3,897,912,355	3,936,022,502	1,297,702,217	1,322,093,513
Finished goods				
As at beginning of the period	57,511,935	61,759,790	75,643,802	86,302,474
Purchased during the period	419,441,111	395,400,990	216,199,552	268,988,490
As at end of the period	(115,480,318)	(85,674,938)	(115,480,318)	(85,674,938)
	361,472,728	371,485,842	176,363,036	269,616,026
	4,259,385,083	4,307,508,344	1,474,065,253	1,591,709,539

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.

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 2020 Rupees	March 31 2019 Rupees
Associated companies	Purchase of goods and services	309,856,681	343,875,456
	Sale of goods and services	1,171,129,422	1,229,165,380
	Rent Paid	730,710	675,180
	Dividend paid	15,980,766	15,980,766
Key Management Personnel	Remuneration and other benefits	11,619,310	8,086,713
	Dividend paid to directors and their family members	30,630,744	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, 2020				
	Level 1 Rs.	Level 2 Rs.	Level 3	Total
Financial assets - at fair value through profit or loss				
- Asset management account	-	-	-	-
Financial assets - at fair value through OCI				
- Mutual funds	112,552,434	-	-	112,552,434
- Listed equity securities	260,180,025	-	-	260,180,025
	372,732,459	-	-	372,732,459
June 30, 2019				
	Level 1 Rs.	Level 2 Rs.	Level 3	Total
Financial assets - at fair value through profit or loss				
- Asset management account	107,111,487	-	-	107,111,487
Financial assets - at fair value through OCI				
- Mutual funds	9,747,918	-	-	9,747,918
- Listed equity securities	331,884,360	-	-	331,884,360
	448,743,765	-	-	448,743,765

12 DATE OF AUTHORIZATION FOR ISSUE

This un-audited condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 29, 2020.

13 OTHERS

There are no other significant activities since June 30, 2019 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.



Shahzada Ellahi Shaikh
Chairman



Muhammad Ahmad
Chief Financial Officer



Haroon Shahzada Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : April 29, 2020

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