

**THIRD QUARTER REPORT  
FOR THE PERIOD ENDED  
MARCH 31, 2014  
(Un-Audited)**



**ELLCOT SPINNING MILLS LTD.**





## **C O N T E N T S**

Company Information	4
Directors' Report to the Members	5
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	8
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income	9
Condensed Interim Cash Flow Statement	10
Condensed Interim Statement of Changes in Equity	11
Notes to the Condensed Interim Financial Information	12



## ELLCOT SPINNING MILLS LIMITED

### COMPANY INFORMATION

#### BOARD OF DIRECTORS

Mr. Shaikh Enam Ellahi  
Mr. Syed Moaz Mohiuddin  
Mr. Jamal Nasim (Nominee NIT)  
Mr. Shahzada Ellahi Shaikh  
Mr. Shaukat Ellahi Shaikh  
Mr. Amin Ellahi Shaikh  
Mr. Shafqat Ellahi Shaikh

Non-Executive Director / Chairman  
Independent Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Executive Director

#### MANAGING DIRECTOR (Chief Executive)

Mr. Shafqat Ellahi Shaikh

#### AUDIT COMMITTEE

Mr. Syed Moaz Mohiuddin  
Mr. Shaukat Ellahi Shaikh  
Mr. Amin Ellahi Shaikh  
Mr. Shahzada Sultan Mubashir

Chairman  
Member  
Member  
Secretary

#### HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mr. Amin Ellahi Shaikh  
Mr. Shaikh Enam Ellahi  
Mr. Shaukat Ellahi Shaikh  
Mr. Muhammad Azam

Chairman  
Member  
Member  
Secretary

#### EXECUTIVE COMMITTEE

Mr. Shaikh Enam Ellahi  
Mr. Shahzada Ellahi Shaikh  
Mr. Shaukat Ellahi Shaikh  
Mr. Shafqat Ellahi Shaikh  
Mr. Muhammad Azam

Chairman  
Member  
Member  
Member  
Secretary

#### CORPORATE SECRETARY

Mr. Shahzada Sultan Mubashir

#### CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Ahmad

#### AUDITORS

Messrs Rahman Sarfraz Rahim Iqbal Rafiq  
Chartered Accountants

#### LEGAL ADVISOR

Bandial & Associates

#### LEAD BANKERS

Albaraka Bank (Pakistan) Limited  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
HSBC Bank Middle East Limited  
MCB Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
The Bank of Punjab  
United Bank Limited

#### REGISTERED OFFICE

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

#### WEB REFERENCE

[www.nagina.com](http://www.nagina.com)

#### SHARE REGISTRAR

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

#### MILLS

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



## **DIRECTORS' REPORT TO THE MEMBERS**

*IN THE NAME OF ALLAH THE MOST GRACIOUS  
THE MOST BENEVOLENT THE MOST MERCIFUL*

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the 3rd quarter of the financial year 2013-14 ended on March 31, 2014. The comparative figures for the corresponding quarter ended March 31, 2013 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2013 and June 30, 2012 restated to reflect the change in the Accounting Policy as mentioned in note 3.1.

### **Company Performance**

The Company has been able to announce profitable results despite stiff competition and other various challenges. Profits after tax for the 3rd quarter under review, is Rs.28,628,066 or 2.02% of sales compared to Rs.51,774,826 or 4.07% of sales over the corresponding quarter. Earning per share (EPS) is Rs.2.61 compared to Rs.4.73 during the corresponding quarter.

Net Sales of the Company witnessed an increase of 11.04% compared to corresponding quarter due to growth accruing from higher volumes supported by continued demand from International markets. However, gross profit decreased from 11.36% to 6.53% of sales owing to increase in cotton prices, rise in wages and salaries and energy costs during this quarter compared to corresponding quarter of previous year.

Distribution costs decreased by 2.02% whereas administrative expenses increased owing to rise in salaries & wages expenses and other inflationary effects. However, overall Operating expenses decreased from 3.21% of sales to 2.51% of sales during the period under review compared to previous period.

The Company has been able to generate stable cash flows and discharged all its operating and financial liabilities in time. Financial costs also decreased due to efficient financial management of the Company's resources.

### **Future Outlook**

Strong competition from competing countries has caused reduction in yarn prices, whereas prices of raw material and costs of inputs are rising. Appreciation of Pakistani Rupee verses US dollar is hurting the export business. Energy supply to the Company is erratic with frequent interruption in supply of gas and electricity. The performance over the next quarter may be affected due to these adverse factors. Management is fully aware of these challenges and is very much vigilant about the situation and will strive to achieve profitability.

### **Acknowledgement**

The continued good results have been possible due to continued diligence and devotion of the staff and workers of the Company and the continued 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.

**Shaikh Enam Ellahi**  
Chairman

Lahore : April 24, 2014.



# ELLCOT SPINNING MILLS LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014

	Un-Audited March 31 2014 <i>Rupees</i>	Audited June 30 2013 <i>Rupees</i> (restated)	Audited June 30 2012 <i>Rupees</i> (restated)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 20,000,000 (June 30, 2013: 20,000,000) Ordinary shares of Rs. 10 each	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up capital	<b>109,500,000</b>	109,500,000	109,500,000
Capital reserve	<b>7,760,000</b>	7,760,000	7,760,000
Accumulated profit	<b>1,245,762,794</b>	1,134,135,737	851,920,434
<b>Total equity</b>	<b>1,363,022,794</b>	1,251,395,737	969,180,434
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	<b>355,923,275</b>	294,826,393	206,386,641
Liabilities against assets subject to finance lease	<b>6,000,666</b>	8,927,987	17,117,921
Employees retirement benefits	<b>35,884,187</b>	36,797,059	17,150,994
Deferred taxation	<b>75,138,055</b>	75,138,055	75,640,186
	<b>472,946,183</b>	415,689,494	316,295,742
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<b>251,917,012</b>	245,106,852	173,609,529
Accrued interest / mark-up	<b>12,367,875</b>	10,729,631	13,477,934
Short term borrowings	<b>588,901,898</b>	160,781,337	251,803,640
Current portion of non current liabilities	<b>65,940,253</b>	101,571,999	127,834,665
	<b>919,127,038</b>	518,189,819	566,725,768
<b>TOTAL LIABILITIES</b>	<b>1,392,073,221</b>	933,879,313	883,021,510
<b>CONTINGENCIES AND COMMITMENTS</b>	5	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,755,096,015</b>	<b>2,185,275,050</b>	<b>1,852,201,944</b>

The annexed explanatory notes from 1 to 11 form part of the condensed interim financial information.

Pursuant to section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Mg. Director (Chief Executive) who for the time being is not in the country.

**Shahzada Ellahi Shaikh**  
Director

Lahore : April 24, 2014.



# ELLCOT SPINNING MILLS LIMITED

		<b>Un-Audited March 31 2014</b>	<b>Audited June 30 2013</b>	<b>Audited June 30 2012</b>
	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	6	1,033,055,603	1,002,596,544	895,585,042
Long term deposits		7,090,700	7,090,700	7,509,290
		<b>1,040,146,303</b>	1,009,687,244	903,094,332
<b>CURRENT ASSETS</b>				
Stores, spares and loose tools		34,856,888	48,681,445	32,859,717
Stock-in-trade		1,367,634,912	697,920,197	736,731,198
Trade debts		204,797,586	200,969,718	88,104,410
Advances, prepayments and other receivables		63,240,423	90,109,984	57,272,629
Short term investments		-	-	45,160
Advance income tax		20,693,825	32,813,872	17,861,755
Cash and bank balances		23,726,078	105,092,590	16,232,743
		<b>1,714,949,712</b>	1,175,587,806	949,107,612
<b>TOTAL ASSETS</b>		<b>2,755,096,015</b>	2,185,275,050	1,852,201,944

  
**Amin Ellahi Shaikh**  
 Director



# ELLCOT SPINNING MILLS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Note	Nine Months Ended		Quarter Ended	
		March 31	March 31	March 31	March 31
		2014	2013	2014	2013
		Rupees	Rupees	Rupees	Rupees
Sales-net		4,487,270,157	3,567,173,300	1,414,289,561	1,273,638,117
Cost of sales	7	(4,033,233,971)	(3,081,222,002)	(1,321,875,013)	(1,129,015,985)
<b>Gross profit</b>		<b>454,036,186</b>	<b>485,951,298</b>	<b>92,414,548</b>	<b>144,622,132</b>
Distribution cost		(51,662,301)	(38,659,556)	(15,615,889)	(15,937,521)
Administrative expenses		(52,740,305)	(45,498,445)	(17,680,508)	(14,525,968)
Other operating expenses		(20,017,516)	(26,260,795)	(2,208,223)	(10,358,751)
		(124,420,122)	(110,418,796)	(35,504,620)	(40,822,240)
		<b>329,616,064</b>	<b>375,532,502</b>	<b>56,909,928</b>	<b>103,799,892</b>
Other income		4,294,842	3,529,064	431,753	492,071
<b>Operating profit</b>		<b>333,910,906</b>	<b>379,061,566</b>	<b>57,341,681</b>	<b>104,291,963</b>
Finance cost		(65,224,834)	(60,752,087)	(24,418,599)	(26,493,145)
<b>Profit before taxation</b>		<b>268,686,072</b>	<b>318,309,479</b>	<b>32,923,082</b>	<b>77,798,818</b>
Provision for taxation		(47,559,015)	(74,219,838)	(4,295,016)	(26,023,992)
<b>Profit after taxation</b>		<b>221,127,057</b>	<b>244,089,641</b>	<b>28,628,066</b>	<b>51,774,826</b>
<b>Earnings per share - basic and diluted</b>		<b>20.19</b>	<b>22.29</b>	<b>2.61</b>	<b>4.73</b>

The annexed explanatory notes from 1 to 11 form part of the condensed interim financial information.

Pursuant to section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Mg. Director (Chief Executive) who for the time being is not in the country.

Shahzada Ellahi Shaikh  
Director

Amin Ellahi Shaikh  
Director

Lahore : April 24, 2014.





## ELLCOT SPINNING MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Nine Months Ended		Quarter Ended	
	March 31 2014 <i>Rupees</i>	March 31 2013 <i>Rupees</i>	March 31 2014 <i>Rupees</i>	March 31 2013 <i>Rupees</i>
Profit after taxation	221,127,057	244,089,641	28,628,066	51,774,826
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>221,127,057</u></b>	<b><u>244,089,641</u></b>	<b><u>28,628,066</u></b>	<b><u>51,774,826</u></b>

The annexed explanatory notes from 1 to 11 form part of the condensed interim financial information.

Pursuant to section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Mg. Director (Chief Executive) who for the time being is not in the country.

Lahore : April 24, 2014.

Shahzada Ellahi Shaikh  
Director

Amin Ellahi Shaikh  
Director



# ELLCOT SPINNING MILLS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Nine Months Ended	
	March 31 2014	March 31 2013
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	268,686,072	318,309,479
Adjustments for:		
Depreciation on property, plant and equipment	78,026,359	68,262,313
Provision for employees retirement benefits	6,535,841	6,526,422
(Gain) / Loss on disposal of property, plant and equipment	64,155	(145,382)
Foreign exchange loss	-	652,441
Gain on sale of short term investments	(2,619,544)	(2,308,863)
Interest / markup on borrowings	56,943,779	56,844,965
	<b>138,950,590</b>	<b>129,831,896</b>
Changes in working capital	<b>407,636,662</b>	<b>448,141,375</b>
Decrease / (increase) in current assets:		
Stores, spares and loose tools	13,824,557	(15,549,953)
Stock-in-trade	(669,714,715)	(493,826,808)
Trade debts	(3,827,868)	(135,000,303)
Advances, prepayments and other receivables	26,869,561	(15,229,760)
	<b>(632,848,465)</b>	<b>(659,606,824)</b>
(Decrease) / increase in current liabilities:		
Trade and other payables	5,766,211	71,830,498
Cash used in operations	<b>(219,445,592)</b>	<b>(139,634,951)</b>
(Payments made) / receipts of:		
Employees retirement benefits	(7,448,713)	(5,899,666)
Interest/mark-up on borrowings	(55,305,535)	(53,184,193)
Income taxes	(35,438,968)	(43,009,871)
<b>Net cash used in operating activities</b>	<b>(317,638,808)</b>	<b>(241,728,681)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(116,216,903)	(83,572,883)
Proceeds from disposal of property, plant and equipment	7,667,330	3,960,362
Purchase of short term investments	(298,000,000)	(335,000,000)
Proceeds from sale of short term investments	300,619,544	337,354,023
<b>Net cash used in investing activities</b>	<b>(105,930,029)</b>	<b>(77,258,498)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finices obtained	92,346,882	66,089,102
Repayment of long term finances	(62,636,641)	(87,321,313)
Repayment of liabilities against assets subject to finance lease	(7,172,426)	(7,313,839)
Net Increase in short term borrowings	428,120,561	389,880,116
Dividend paid	(108,456,051)	(54,179,353)
<b>Net cash generated from financing activities</b>	<b>342,202,325</b>	<b>307,154,713</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(81,366,512)</b>	<b>(11,832,466)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>105,092,590</b>	<b>16,232,743</b>
<b>Cash and cash equivalents at end of the period</b>	<b>23,726,078</b>	<b>4,400,277</b>

The annexed explanatory notes from 1 to 11 form part of the condensed interim financial information.

Pursuant to section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Mg. Director (Chief Executive) who for the time being is not in the country.

Shahzada Ellahi Shaikh  
Director

Amin Ellahi Shaikh  
Director

Lahore : April 24, 2014.



# ELLCOT SPINNING MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Issued, subscribed and paid up share capital	Capital reserve	Accumulated profit	Total
	Rupees	Rupees	Rupees	Rupees
<b>Balance as at July 01, 2012 (Audited)</b>	109,500,000	7,760,000	855,551,602	972,811,602
Change in accounting policy	-	-	(3,631,168)	(3,631,168)
Balance as at July 01, 2012 - Audited (restated)	109,500,000	7,760,000	851,920,434	969,180,434
<b>Comprehensive income</b>				
Profit after taxation	-	-	244,089,641	244,089,641
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for nine months ended March 31, 2013</b>	-	-	244,089,641	244,089,641
<b>Transactions with owners</b>				
Final dividend for the year ended June 30, 2012 @ 50% i.e. Rs. 5.00 per ordinary share	-	-	(54,750,000)	(54,750,000)
<b>Balance as at March 31, 2013 (Un-audited)</b>	109,500,000	7,760,000	1,041,260,075	1,158,520,075
<b>Comprehensive income</b>				
Profit after taxation - (restated)	-	-	108,287,513	108,287,513
Other comprehensive income - (restated)	-	-	(15,411,851)	(15,411,851)
<b>Total comprehensive income for quarter ended June 30, 2013</b>	-	-	92,875,662	92,875,662
<b>Balance as at June 30, 2013 - Audited (restated)</b>	109,500,000	7,760,000	1,134,135,737	1,251,395,737
<b>Comprehensive income</b>				
Profit after taxation	-	-	221,127,057	221,127,057
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for nine months ended March 31, 2014</b>	-	-	221,127,057	221,127,057
<b>Transactions with owners</b>				
Final dividend for the year ended June 30, 2013 @ 100% i.e. Rs. 10.00 per ordinary share	-	-	(109,500,000)	(109,500,000)
<b>Balance as at March 31, 2014 (Un-audited)</b>	109,500,000	7,760,000	1,245,762,794	1,363,022,794

The annexed explanatory notes from 1 to 11 form part of the condensed interim financial information.

Pursuant to section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Mg. Director (Chief Executive) who for the time being is not in the country.

Shahzada Ellahi Shaikh  
Director

Amin Ellahi Shaikh  
Director

Lahore : April 24, 2014.



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTH ENDED MARCH 31, 2014**

**1 LEGAL STATUS AND OPERATIONS**

Ellicot Spinning Mills Limited ("the Company") was incorporated in Pakistan as Public Limited Company under the Companies Ordinance, 1984. The registered office of the Company is situated at Nagina House, 91-B-1 M. M Alam Road , Gulberg- III, Lahore. The Company is listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited. The Company is primarily engaged in manufacture and sale of yarn.

**2 BASIS OF PREPARATION**

The interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2013.

The comparative interim balance sheet as at June 30, 2013 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of profit and loss and other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information are stated from un-audited condensed interim financial information for the nine month ended March 31, 2013.

**2.1 Statement of compliance**

This condensed interim financial report has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

**2.2 Basis of measurement**

This condensed interim financial information has 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 this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

**2.3 Judgements, estimates and assumptions**

The preparation of financial information 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**

This financial information is prepared in Pak Rupees which is the Company's functional currency.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2013, except for the change referred to in note 3.1.

- 3.1** During the period, the Company has changed its accounting policy in respect of post-employment benefits whereby actuarial gains and losses are recognized in other comprehensive income in the periods in which they occur. Current and past services costs, gains or losses on settlement and net interest on defined benefit obligation continue to be recognized in profit or loss. Prior to change, actuarial gains and losses are recognized in profit or loss using the '10% Corridor Approach'. The change has been applied retrospectively by adjusting the accumulated profits as at July 01, 2012 and June 30, 2013. Had there been no change, accumulated profits as at the reporting date would have been higher by Rs. 18,868,831.



# ELLCOT SPINNING MILLS LIMITED

	<b>Un-audited March 31 2014 <i>Rupees</i></b>	<b>Audited June 30 2013 <i>Rupees</i></b>
<b>4 LONG TERM FINANCES</b>		
<b>From Banking companies</b>		
Opening Balance	388,713,034	324,957,954
Obtain during the period / year	92,346,882	182,326,393
Repayment made during the period / year	<u>(62,636,641)</u>	<u>(118,571,313)</u>
	418,423,275	388,713,034
Less: Current portion shown under current liabilities	<u>(62,500,000)</u>	<u>(93,886,641)</u>
	<u><u>355,923,275</u></u>	<u><u>294,826,393</u></u>
<b>5 CONTINGENCIES AND COMMITMENTS</b>		
<b>5.1 Contingencies</b>		
There is no significant change in status of contingencies since June 30, 2013, except bills discounted.		
	<b>Un-audited March 31 2014 <i>Rupees</i></b>	<b>Audited June 30 2013 <i>Rupees</i></b>
<b>5.2 Commitments</b>		
<b>Irrevocable letters of credit for import of</b>		
Non-capital expenditures	35,113,907	89,998,780
<b>Operating Lease</b>		
- payable with in one year	150,000	264,000
	<u><u>35,263,907</u></u>	<u><u>90,262,780</u></u>
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets		
- Owned (Note 6.1)	<u>1,010,573,267</u>	<u>970,594,146</u>
- Leased (Note 6.2)	<u>11,705,677</u>	<u>32,002,398</u>
	1,022,278,944	1,002,596,544
Capital work in progress	<u>10,776,659</u>	<u>-</u>
	<u><u>1,033,055,603</u></u>	<u><u>1,002,596,544</u></u>
<b>6.1 Operating fixed assets - Owned</b>		
Opening written down value	970,594,146	857,511,247
Additions during the period / year		
Factory Building	<u>3,364,017</u>	<u>-</u>
Plant and machinery	<u>93,094,371</u>	<u>189,598,938</u>
Furniture and fittings	<u>-</u>	<u>184,841</u>
Office equipment	<u>387,956</u>	<u>144,890</u>
Vehicles	<u>8,593,900</u>	<u>25,499,171</u>
	105,440,244	215,427,840
Net book value of assets transferred from leased assets during the period/year	19,347,612	1,805,859
Net book value of assets disposed during the period/year	<u>(7,731,485)</u>	<u>(14,036,576)</u>
Depreciation charged during the period/year	<u>(77,077,250)</u>	<u>(90,114,224)</u>
Written down value at end of the period/year	<u><u>1,010,573,267</u></u>	<u><u>970,594,146</u></u>



# ELLCOT SPINNING MILLS LIMITED

<b>Un-audited</b>	<b>Audited</b>
<b>March 31</b>	<b>June 30</b>
<b>2014</b>	<b>2013</b>
<b>Rupees</b>	<b>Rupees</b>

## 6.2 Operating fixed assets - Leased

Opening written down value	<b>32,002,398</b>	38,073,795
Additions during the period / year	-	-
Net book value of assets transferred to owned assets during the period/year	<b>(19,347,612)</b>	(1,805,859)
Depreciation charged during the period/year	<b>(949,109)</b>	(4,265,538)
Written down value at end of the period/year	<b>11,705,677</b>	32,002,398

<b>Nine Months Ended (Un-audited)</b>		<b>Quarter Ended (Un-audited)</b>	
<b>March 31</b>	March 31	<b>March 31</b>	March 31
<b>2014</b>	2013	<b>2014</b>	2013
<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>

## 7 COST OF SALES

Raw material consumed	<b>3,103,979,691</b>	2,318,066,193	<b>1,018,241,952</b>	825,951,461
Fuel and power	<b>432,065,263</b>	341,613,225	<b>149,439,904</b>	126,821,386
Stores, spares and loose tools consumed	<b>142,366,156</b>	116,909,257	<b>48,591,723</b>	48,918,603
Salaries, wages and benefits	<b>202,814,560</b>	172,110,131	<b>66,221,042</b>	57,508,129
Insurance	<b>8,678,318</b>	7,837,651	<b>3,399,393</b>	2,573,405
Repair and maintenance	<b>4,850,628</b>	4,613,416	<b>1,423,260</b>	1,641,357
Depreciation	<b>75,685,568</b>	66,214,444	<b>26,358,015</b>	22,677,488
Other manufacturing overheads	<b>12,006,713</b>	18,949,512	<b>3,131,554</b>	7,993,492
	<b>3,982,446,897</b>	3,046,313,829	<b>1,316,806,843</b>	1,094,085,321
Work-in-process:				
At beginning of period	<b>42,484,186</b>	40,975,482	<b>54,701,453</b>	45,656,470
At end of period	<b>(59,586,810)</b>	(47,224,159)	<b>(59,586,810)</b>	(47,224,159)
	<b>(17,102,624)</b>	(6,248,677)	<b>(4,885,357)</b>	(1,567,689)
Finished stocks:				
At beginning of period	<b>72,989,279</b>	73,375,095	<b>35,234,640</b>	69,688,900
Purchases	<b>20,181,532</b>	972,302	-	-
At end of period	<b>(25,281,113)</b>	(33,190,547)	<b>(25,281,113)</b>	(33,190,547)
	<b>67,889,698</b>	41,156,850	<b>9,953,527</b>	36,498,353
	<b>4,033,233,971</b>	3,081,222,002	<b>1,321,875,013</b>	1,129,015,985

## 8 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnel of the company. The Company in the normal course of business enters into transactions with various related parties. The transactions with related parties during the period generally consist of sales and purchases.

Nature and description of related party transactions during the period along with monetary values are as follows:

<b>Nature of Relationship</b>	<b>Nature of Transaction</b>	<b>Nine Months Ended (Un-audited)</b>	
		<b>March 31</b>	March 31
		<b>2014</b>	2013
		<b>Rupees</b>	<b>Rupees</b>
Associated companies	Purchase of goods and services	<b>11,543,628</b>	1,440,764
	Sale of goods and services	<b>1,089,064,814</b>	1,013,729,288
	Dividend paid	<b>26,634,610</b>	13,317,305
Key Management Personnel	Remuneration and other benefits	<b>8,796,149</b>	8,959,895
	Dividend paid to directors and their family members	<b>51,426,240</b>	25,763,120



## ELLCOT SPINNING MILLS LIMITED

Transaction with related parties are carried out at arm's length in the normal course of business. The consideration is computed on commercial terms and conditions. There is no balance outstanding with or from associated undertakings, as at reporting date.

### 9 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 24, 2014.

### 10 OTHERS

There are no other significant activities since June 30, 2013 affecting the interim financial information.

### 11 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.

Pursuant to section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Mg. Director (Chief Executive) who for the time being is not in the country.

**Shahzada Ellahi Shaikh**  
Director

**Amin Ellahi Shaikh**  
Director

Lahore : April 24, 2014.

**BOOK POST**

---

**PRINTED MATTER  
U.P.C**

*If undelivered please return to:*

**ELLCOT SPINNING MILLS LTD.**

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