

**FIRST QUARTER REPORT  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 2014  
(Un-Audited)**



**ELLCOT SPINNING MILLS LTD.**





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

#### REGISTERED OFFICE

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

#### WEB REFERENCE

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

#### SHARE REGISTRAR

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

#### MILLS

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



## ELLCOT SPINNING MILLS LIMITED

### 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 1st quarter of the financial year 2014-15 ended on September 30, 2014. The comparative figures for the corresponding quarter ended September 30, 2013 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2014.

#### Company Performance

The Company earned a profit after tax of Rs.5,227,752 or 0.43% of sales compared to Rs.151,555,399 or 9.90% (restated) of sales for the corresponding 1st quarter of last year. Earning per share (EPS) for the quarter is Rs. 0.48 compared to Rs. 13.84 (restated) for the 1st quarter of last year.

Sales revenue for the quarter under review was recorded at Rs.1,217,493,720 compared to Rs.1,531,383,607 showing a drop of 20.50% quarter-on-quarter basis. Drop in revenue was due to sluggish demand from International markets and appreciation of Pakistani Rupee against US Dollar causing erosion in unit prices of yarn. Cost of sales increased from 84.54% (restated) of sales to 95.24% of sales due to rise in energy costs, wages and other inputs during the period under review. Decrease in sales and increase in production costs caused the drop in the gross profit (G.P) from 15.46% (restated) of sales to 4.76% of sales.

Overall Operating expenses decreased from 2.90% of sales to 2.65% while finance costs decreased by 5.32% quarter-on-quarter giving much required support to the bottom line.

The Company has been able to generate stable cash flows and discharged all its operating and financial liabilities in time.

#### Future Outlook

Strong competition from competing countries has caused reduction in yarn prices. The unit prices of yarn are still falling. World cotton prices are depressed and predicted to fall further. Cotton prices are showing increased volatility. The raw cotton prices in Pakistan have also experienced a fall. Energy supply especially natural gas, is erratic and things may get worse in the upcoming winter season where past history shows frequent disruptions in the supply to Punjab based industries. These factors have created an uncertain environment for the industry in general and export-oriented sector in particular. Management has developed a strategy to book profits wherever possible by increased efforts in exports and fixing the cost of raw material. Management is concerned about the ever-increasing energy costs and frequent load shedding of gas due to which cost of inputs is rising. Wages and salaries are rising continuously.

The Board of Directors is cognizant of these facts and strives to take all necessary steps to protect the interests of the Company.

#### Acknowledgement

The profitable 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.

**Shafqat Ellahi Shaikh**

Mg. Director (Chief Executive)

Lahore : October 28, 2014



# ELLCOT SPINNING MILLS LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2014

	Un-Audited September 30 2014	Audited June 30 2014 (restated)	Audited June 30 2013 (restated)
Note	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 20,000,000 (June 30, 2014: 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	109,500,000	109,500,000	109,500,000
Capital reserve	7,760,000	7,760,000	7,760,000
Accumulated profit	<u>1,295,510,444</u>	<u>1,290,282,692</u>	<u>1,101,962,581</u>
<b>Total equity</b>	<b><u>1,412,770,444</u></b>	<b><u>1,407,542,692</u></b>	<b><u>1,219,222,581</u></b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	4 307,449,143	327,449,143	294,826,393
Liabilities against assets subject to finance lease	4,140,668	5,089,192	8,927,987
Employees retirement benefits	45,472,764	46,469,085	36,797,059
Deferred taxation	73,524,823	73,524,823	75,138,055
	<b>430,587,398</b>	<b>452,532,243</b>	<b>415,689,494</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	256,788,607	214,767,545	245,106,852
Accrued interest / mark-up	6,314,317	7,920,294	10,729,631
Short term borrowings	44,389,326	217,658,643	160,781,337
Current portion of non current liabilities	86,133,439	66,028,585	101,571,999
	<u>393,625,689</u>	<u>506,375,067</u>	<u>518,189,819</u>
<b>TOTAL LIABILITIES</b>	<b><u>824,213,087</u></b>	<b><u>958,907,310</u></b>	<b><u>933,879,313</u></b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2,236,983,531</u></b>	<b><u>2,366,450,002</u></b>	<b><u>2,153,101,894</u></b>

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

Lahore : October 28, 2014

**Shahzada Ellahi Shaikh**  
Director



# ELLCOT SPINNING MILLS LIMITED

	Un-Audited September 30 2014	Audited June 30 2014 (restated)	Audited June 30 2013 (restated)
Note	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	6 <b>988,123,484</b>	1,011,522,729	1,002,596,544
Long term deposits	<b>7,090,700</b>	7,090,700	7,090,700
	<b>995,214,184</b>	1,018,613,429	1,009,687,244
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	<b>40,383,976</b>	33,711,906	48,681,445
Stock-in-trade	<b>654,594,634</b>	768,810,236	665,747,041
Trade debts	<b>206,404,845</b>	310,675,746	200,969,718
Advances, prepayments and other receivables	<b>121,230,254</b>	78,325,530	90,109,984
Short term investments	<b>159,618,030</b>	-	-
Advance income tax	<b>23,027,558</b>	23,044,482	32,813,872
Cash and bank balances	<b>36,510,050</b>	133,268,673	105,092,590
	<b>1,241,769,347</b>	1,347,836,573	1,143,414,650
<b>TOTAL ASSETS</b>	<b><u>2,236,983,531</u></b>	<u>2,366,450,002</u>	<u>2,153,101,894</u>

  
**Shafqat Ellahi Shaikh**  
 Mg. Director (Chief Executive)



# ELLCOT SPINNING MILLS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Note	Quarter Ended	
		SEPTEMBER 30 2014	SEPTEMBER 30 2013 (restated)
		Rupees	Rupees
Sales-net		1,217,493,720	1,531,383,607
Cost of sales	7	(1,159,597,186)	(1,294,639,582)
<b>Gross profit</b>		<b>57,896,534</b>	<b>236,744,025</b>
Distribution cost		(10,769,553)	(15,175,741)
Administrative expenses		(19,271,021)	(17,800,205)
Other operating expenses		(2,189,080)	(11,427,565)
		(32,229,654)	(44,403,511)
		25,666,880	192,340,514
Other income		5,060,350	3,038,162
<b>Operating profit</b>		<b>30,727,230</b>	<b>195,378,676</b>
Finance cost		(14,981,836)	(15,824,237)
<b>Profit before taxation</b>		<b>15,745,394</b>	<b>179,554,439</b>
Provision for taxation		(10,517,642)	(27,999,040)
<b>Profit after taxation</b>		<b>5,227,752</b>	<b>151,555,399</b>
<b>Earnings per share - basic and diluted</b>		<b>0.48</b>	<b>13.84</b>

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

Lahore : October 28, 2014

  
Shahzada Ellahi Shaikh  
Director

  
Shafqat Ellahi Shaikh  
Mg. Director (Chief Executive)





# ELLCOT SPINNING MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Quarter Ended	
	SEPTEMBER 30 2014	SEPTEMBER 30 2013 (restated)
	Rupees	Rupees
Profit after taxation	5,227,752	151,555,399
Other comprehensive income - net of tax	-	-
<b>Total comprehensive income for the period</b>	<b>5,227,752</b>	<b>151,555,399</b>

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

Lahore : October 28, 2014

Shahzada Ellahi Shaikh  
Director

Shafqat Ellahi Shaikh  
Mg. Director (Chief Executive)



# ELLCOT SPINNING MILLS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Quarter Ended	
	September 30 2014	September 30 2013 (restated)
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	15,745,394	179,554,439
Adjustments for:		
Depreciation on property, plant and equipment	25,142,780	25,324,726
Provision for employees retirement benefits	2,175,474	2,184,893
(Gain) / Loss on disposal of property, plant and equipment	(12,324)	(115,326)
Foreign exchange loss	-	1,580
Gain on sale of short term investments	(3,467,772)	(604,578)
Un-realized gain on re-measurement of short term investments	(1,390,381)	(1,843,435)
Interest / markup on borrowings	14,981,836	15,822,657
	37,429,613	40,770,517
	53,175,007	220,324,956
Changes in working capital		
Decrease / (increase) in current assets:		
Stores, spares and loose tools	(6,672,070)	4,119,027
Stock-in-trade	114,215,602	(68,400,645)
Trade debts	104,270,901	(20,334,345)
Advances, prepayments and other receivables	(42,904,724)	25,353,536
	168,909,709	(59,262,427)
(Decrease) / increase in current liabilities:		
Trade and other payables	42,021,062	62,652,390
Cash generated from operations	264,105,778	223,714,919
(Payments made) / receipts of:		
Employees retirement benefits	(3,171,795)	(2,543,554)
Interest/mark-up on borrowings	(16,587,813)	(14,901,466)
Income taxes	(10,500,718)	(8,224,225)
<b>Net cash generated from operating activities</b>	233,845,452	198,045,674
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,881,211)	(9,755,135)
Proceeds from disposal of property, plant and equipment	150,000	594,500
Purchase of short term investments	(340,000,000)	(298,000,000)
Proceeds from sale of short term investments	185,240,123	189,982,537
<b>Net cash used in investing activities</b>	(156,491,088)	(117,178,098)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance obtained	-	4,157,972
Repayment of long term finances	-	(18,886,641)
Repayment of liabilities against assets subject to finance lease	(843,670)	(2,443,885)
Net decrease in short term borrowings	(173,269,317)	(144,344,212)
<b>Net cash used in financing activities</b>	(174,112,987)	(161,516,766)
<b>Net decrease in cash and cash equivalents</b>	(96,758,623)	(80,649,190)
<b>Cash and cash equivalents at beginning of the period</b>	133,268,673	105,092,590
<b>Cash and cash equivalents at end of the period</b>	36,510,050	24,443,400

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

Shahzada Ellahi Shaikh  
Director

Lahore : October 28, 2014

Shafqat Ellahi Shaikh  
Mg. Director (Chief Executive)



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Issued, subscribed and paid up share capital	Capital reserve	Accumulated profit	Total
Note	Rupees	Rupees	Rupees	Rupees
<b>Balance as at June 30, 2013 - Audited</b>	109,500,000	7,760,000	1,134,135,737	1,251,395,737
Change in accounting policy	3.1			
<b>Balance as at June 30, 2013 - Audited (restated)</b>	109,500,000	7,760,000	1,101,962,581	1,219,222,581
<b>Comprehensive income</b>				
Profit after taxation - (restated)	-	-	151,555,399	151,555,399
Other comprehensive income - net of tax	-	-	-	-
<b>Total comprehensive income - (restated)</b>	-	-	151,555,399	151,555,399
<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 September 30, 2013 -Un-audited (restated)</b>	109,500,000	7,760,000	1,144,017,980	1,261,277,980
<b>Comprehensive income</b>				
Profit after taxation - (restated)	-	-	146,015,286	146,015,286
Other comprehensive income - net of tax	-	-	249,426	249,426
<b>Total comprehensive income - (restated)</b>	-	-	146,264,712	146,264,712
<b>Balance as at June 30, 2014 - Audited (restated)</b>	109,500,000	7,760,000	1,290,282,692	1,407,542,692
<b>Comprehensive income</b>				
Profit after taxation	-	-	5,227,752	5,227,752
Other comprehensive income - net of tax	-	-	-	-
<b>Total comprehensive income</b>	-	-	5,227,752	5,227,752
<b>Balance as at September 30, 2014 (Un-audited)</b>	109,500,000	7,760,000	1,295,510,444	1,412,770,444

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

**Shahzada Ellahi Shaikh**  
Director

**Shafqat Ellahi Shaikh**  
Mg. Director (Chief Executive)

Lahore : October 28, 2014



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

**1 LEGAL STATUS AND OPERATIONS**

Ellocot 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 report should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2014.

The comparative interim balance sheet as at June 30, 2014 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 or 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 quarter ended September 30, 2013.

**2.1 Statement of compliance**

This condensed interim financial information of the Company for the Quarter ended September 30, 2014 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.

**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 condensed interim 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 report are the same as those applied in the preparation of the financial information of the Company for the year ended June 30, 2014. except as disclosed in note 3.1

**3.1 Change in accounting policy**

During the period, the management has changed Company's accounting policy in respect of determination of cost of raw material. The raw material which was previously valued on the basis of "first-in-first out" is now valued on "weighted average" cost basis. Management is of the view that this policy gives more fairer presentation of the results and the financial position of the Company. The change has been applied retrospectively by adjusting the accumulated profits as at June 30, 2013 and June 30, 2014. Had there been no change, accumulated profits as at the reporting date would have been lower by Rs.19,824,832 .



# ELLCOT SPINNING MILLS LIMITED

	<b>Un-audited September 30 2014</b>	<b>Audited June 30 2014</b>
	<i>Rupees</i>	<i>Rupees</i>
<b>4 LONG TERM FINANCES</b>		
<b>From Banking companies</b>		
Opening Balance	<b>389,949,143</b>	388,713,034
Obtain during the period	-	77,449,143
Repayment made during the period / year	-	(76,213,034)
	<b>389,949,143</b>	389,949,143
Less: Current portion shown under current liabilities	<b>(82,500,000)</b>	(62,500,000)
	<b>307,449,143</b>	327,449,143
<b>5 CONTINGENCIES AND COMMITMENTS</b>		
<b>5.1 Contingencies</b>		
There is no significant change in status of contingencies as disclosed in note 17.1 to the annual statement for the year ended June 30, 2014, except bills discounted.		
	<b>Un-audited September 30 2014</b>	<b>Audited June 30 2014</b>
	<i>Rupees</i>	<i>Rupees</i>
<b>5.2 Commitments</b>		
<b>Irrevocable letters of credit for import of</b>		
Capital expenditures	-	6,628,635
Non-capital expenditures	<b>57,483,105</b>	89,372,952
	<b>57,483,105</b>	96,001,587
<b>Operating Lease</b>		
- payable with in one year	<b>450,000</b>	300,000
	<b>57,933,105</b>	96,301,587
<b>6 FIXED ASSETS</b>		
Operating fixed assets		
- Owned (Note 6.1)	<b>962,227,212</b>	985,348,135
- Leased (Note 6.2)	<b>11,104,573</b>	11,389,306
	<b>973,331,785</b>	996,737,441
Intangible asset under development - Software	<b>14,791,699</b>	14,785,288
	<b>988,123,484</b>	1,011,522,729
<b>6.1 Operating fixed assets - Owned</b>		
Opening written down value	<b>985,348,135</b>	970,594,146
Additions during the period / year		
Building	-	3,364,017
Plant and machinery	-	95,287,387
Office equipment	<b>488,800</b>	514,456
Vehicles	<b>1,386,000</b>	8,593,900
	<b>1,874,800</b>	107,759,760
Written down value of property, plant and equipment transferred from lease assets	-	17,757,086
Written down value of property, plant and equipment disposed off	<b>(137,676)</b>	(7,731,485)
Depreciation charged during the period/year	<b>(24,858,047)</b>	(103,031,372)
Written down value at end of the period/year	<b>962,227,212</b>	985,348,135
<b>6.2 Operating fixed assets - Leased</b>		
Opening written down value	<b>11,389,306</b>	32,002,398
Additions during the period / year		
Written down value of property, plant and equipment transferred to own assets	-	(17,757,086)
Depreciation charged during the period/year	<b>(284,733)</b>	(2,856,006)
Written down value at end of the period/year	<b>11,104,573</b>	11,389,306



# ELLCOT SPINNING MILLS LIMITED

	<b>Quarter Ended (Un-audited)</b>	
	<b>September 30 2014</b>	<b>September 30 2013 (Restated)</b>
	<i>Rupees</i>	<i>Rupees</i>
<b>7 COST OF SALES</b>		
Raw material consumed	<b>865,513,835</b>	981,166,743
Fuel and power	<b>149,122,048</b>	135,431,257
Stores, spares and loose tools consumed	<b>48,164,710</b>	39,604,224
Salaries, wages and benefits	<b>67,350,831</b>	65,210,266
Insurance	<b>2,301,322</b>	2,697,992
Repair and maintenance	<b>1,694,461</b>	2,191,747
Depreciation	<b>24,323,730</b>	24,564,984
Other manufacturing overheads	<b>2,939,787</b>	4,579,773
	<b>1,161,410,724</b>	1,255,446,986
Work-in-process:		
At beginning of period	<b>46,327,710</b>	42,484,186
At end of period	<b>(51,679,088)</b>	(43,869,521)
	<b>(5,351,378)</b>	(1,385,335)
Finished goods:		
At beginning of period	<b>24,300,229</b>	72,989,279
Purchases	-	20,181,532
At end of period	<b>(20,762,389)</b>	(52,592,880)
	<b>3,537,840</b>	40,577,931
	<b>1,159,597,186</b>	1,294,639,582

## 8 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnels 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>Quarter Ended (Un-audited)</b>	
		<b>September 30 2014</b>	<b>September 30 2013</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>Nature of Relationship</b>	<b>Nature of Transaction</b>		
Associated companies	Purchase of goods and services	<b>1,453,343</b>	11,207,162
	Sale of goods and services	<b>394,490,273</b>	367,318,556
Key Management Personnel	Remuneration and other benefits	<b>3,324,930</b>	2,955,234

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 October 28, 2014.

## 10 OTHERS

The Shareholders of the Company on recommendation of the Board of the Directors, have approved a cash dividend at the rate of seventy percent (i.e. Rs.7/- per ordinary share) in Annual General Meeting held on October 27, 2014.

## 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.

**Shahzada Ellahi Shaikh**  
Director

**Shafqat Ellahi Shaikh**  
Mg. Director (Chief Executive)

Lahore : October 28, 2014



**SHAREHOLDERS' INFORMATION**

Dear Shareholder,

**1. DEDUCTION OF TAX ON DIVIDEND INCOME - FINANCE ACT, 2014**

It is hereby informed that pursuant to the provisions of the Finance Act, 2014 with effect from July 1, 2014, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:

- (a) Rate of tax deduction for filer of income tax returns @10%
- (b) Rate of tax deduction for non-filer of income tax returns @15%

You are therefore, requested to please provide us the following details to enable us to deduct applicable tax on dividend income (as and when declared / paid).

Name of Shareholder	Folio No. / CDC Participant & Account #	National Tax No. (For all shareholder)	CNIC No. (for individuals only), please enclose a copy of valid CNIC, if not already provided

Non-receipt / availability of above information well in time before the payment of dividend for the year 2013-14 would force us to treat you as "non-filer" and you will be subject to deduction of Income tax on dividend @15% as applicable to the non-filers.

**2. MANDATORY SUBMISSION OF COPY OF COMPUTERIZED NATIONAL IDENTITY CARD (CNIC)**

As we have already informed through various letters/ notices in respect of submission of a copy of valid CNIC, we reiterate that in accordance with the directives of Securities and Exchange Commission of Pakistan (SECP), CNIC number is mandatory requirement to be printed on the dividend warrant. Further provision of CNIC number is obligatory on annual return (Form-A) as required under section 156 of the Companies Ordinance, 1984.

Members who have not yet submitted copy of their valid Computerized National Identity Card (CNIC) / National Tax Number (NTN) Certificate (in case of Corporate Entity) are requested to submit the same at the earliest.

Copy of CNIC/NTN may be sent directly to the Share Registrars:

M/s Hameed Majeed Associates (Pvt.) Limited,  
1st Floor, H.M. House,  
7-Bank Square,  
Lahore  
Ph # (+92-42) 37235081-82  
Fax # (+92-42) 37358817

**Kindly note that in case of non-compliance of the submission of CNIC, the Company shall be constrained to withhold the dispatch of dividend warrant in future.**

**Shahzada Sultan Mubashir**  
*Corporate Secretary*

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