



ANNUAL REPORT 2017



Nagina Cotton Mills Limited

CONTENTS

Company Information	02
Notice of Annual General Meeting	03
Vision and Mission Statement	07
Directors' Report to the Members	11
Statement of Compliance with the Code of Corporate Governance	21
Shareholders' Information	24
Notice u/s 218 of the Companies Ordinance, 1984	28
Pattern of Shareholding	29
Key Financial Information	31
Auditors' Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance	32
Auditors' Report to the Members	33
Balance Sheet	34
Profit and Loss Account	36
Cash Flow Statement	37
Statement of Changes in Equity	38
Notes to the Financial Statements	39
Form of Proxy	71



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shahzada Ellahi Shaikh	Non-Executive Director / Chairman
Mr. Tajammal Husain Bokharee	Independent Non-Executive Director
Mr. Javaid Bashir Sheikh	Non-Executive Director
Mr. Shafqat Ellahi Shaikh	Non-Executive Director
Mr. Raza Ellahi Shaikh	Non-Executive Director
Mr. Haroon Shahzada Ellahi Shaikh	Non-Executive Director
Mr. Shaukat Ellahi Shaikh	Executive Director
Mr. Tariq Zafar Bajwa	Executive Director
Mr. Munawar Iqbal	Executive Director

MANAGING DIRECTOR (Chief Executive)

Mr. Shaukat Ellahi Shaikh

AUDIT COMMITTEE

Mr. Tajammal Husain Bokharee	Chairman
Mr. Shafqat Ellahi Shaikh	Member
Mr. Raza Ellahi Shaikh	Member
Mr. Syed Mohsin Gilani	Secretary

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mr. Raza Ellahi Shaikh	Chairman
Mr. Shafqat Ellahi Shaikh	Member
Mr. Tariq Zafar Bajwa	Member
Mr. Muhammad Azam	Secretary

EXECUTIVE COMMITTEE

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

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Tariq Zafar Bajwa

HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

AUDITORS

Messrs Deloitte Yousuf Adil
Chartered Accountants

LEGAL ADVISOR

Makhdoom & Makhdoom Advocates

LEAD BANKERS

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

REGISTERED OFFICE

2nd Floor, Shaikh 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.
5th Floor, Karachi Chambers,
Hasrat Mohani Road,
Karachi.
Phone # 021-32412754, 32424826
Fax # 021-32424835

MILLS

Aminabad, A-16, S.I.T.E., National Highway, Kotri

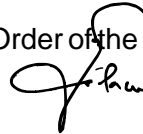
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 50th Annual General Meeting of members of NAGINA COTTON MILLS LTD. will be held at the Registered Office of the Company, situated at 2nd Floor, Shaikh Sultan Trust Bldg. No.2, 26, Civil Lines, Beaumont Road, Karachi - 75530 on **Saturday, October 28, 2017** at 11:30 a.m. to transact the following business:-

- 1) To confirm minutes of the Extraordinary General Meeting held on January 28, 2017.
- 2) To receive, consider and adopt Audited Accounts of the Company for the year ended June 30, 2017 together with the Directors' and Auditors' reports thereon.
- 3) To approve and declare final dividend as recommended by the Board of Directors.
- 4) To appoint Auditors for the year ending June 30, 2018 and fix their remuneration.
- 5) To transact any other ordinary business with the permission of the Chair.

A statement required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 is annexed.

By Order of the Board



Syed Mohsin Gilani
Corporate Secretary

September 28, 2017

NOTES:

- 1) The share transfer books for ordinary shares of the Company will be closed from Saturday, October 21, 2017 to Saturday, October 28, 2017 (both days inclusive). Valid transfer(s) received in order by our Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi by the close of business on Friday, October 20, 2017 will be in time to be passed for payment of dividend to the transferee(s).
- 2) A member entitled to attend and vote at the General Meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Company's registered office not less than forty eight (48) hours before the time of meeting. Members through CDC appointing proxies must attach attested copy of their Computerised National Identity Card (CNIC) with the proxy form.
- 3) The shareholders through CDC, who wish to attend the Annual General Meeting are requested to please bring, original CNIC with copy thereof duly attested by their bankers, account number and participant I.D number for identification purpose.
- 4) In case of corporate entity, certified copy of the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.
- 5) Members who have not submitted copy of valid CNIC are once again advised to submit the same without further delay to ensure compliance with the Securities and Exchange Commission of Pakistan (SECP) Notification S.R.O. 275(i)/2016 dated March 31, 2016 read with Notification S.R.O. 19(I)/2014 dated January 10, 2014 and Notification S.R.O. 831(I)/2012 dated July 5, 2012.

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

- 6) In accordance with Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that given bank mandate for dividend payments is **MANDATORY** and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the particulars relating to name, folio number, bank account number, IBAN Number, title of account and complete mailing address of the bank directly to the Company's Share Registrar in case of physical shareholders and directly to the relevant Participant / CDC Investor Account Service in case of maintaining shareholding under Central Depository System (CDS).

In case of non-receipt of above information, the dividend shall be withheld.

- 7) The financial statements for the year ended June 30, 2017 shall be uploaded on the Company's website on or before October 06, 2017.
- 8) Pursuant to SECP Notification S.R.O. 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form available on Company's website.

- 9) In terms of sub section 1(b) of Section 134 of the Companies Act, 2017, Members can also attend and participate in the AGM through video conference facility, if members residing in the vicinity, collectively holding 10% or more shareholding, provide their consent in writing, to participate in the AGM through video conference at least ten (10) days prior to date of AGM.

After receiving the consent of the members in aggregate 10% or more shareholding, the Company will intimate members regarding venue of video conference facility at least five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

- 10) Members are requested to promptly notify the Company of any change in their registered address.

11) IMPORTANT:

- a) Pursuant to the provisions of the Finance Act, 2017, effective July 1, 2017, the rates of deduction of income tax from dividend payments under the income Tax Ordinance have been revised as follows:
- i) Rate of tax deduction for filer of income tax return 15%
 - ii) Rate of tax deduction for non-filers of income tax return 20%

To enable the company to make tax deduction on the amount of cash dividend @15% instead of 20%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @20% instead of 15%.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on "Filer/ Non-Filer" status of principal shareholder as well as joint-holders (s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in writing, within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint-holder(s).

- b) Shareholders are requested to provide copy of CNIC/NTN, e-Dividend information and change of address to (i) respective Central Depository System (CDS) Participant and (ii) in case of physical securities to the Company's Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd., 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

STATEMENT AS REQUIRED UNDER THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2012.

Members had approved a special resolution u/s 208 of the Companies Ordinance, 1984 on October 30, 2015. The Company has not made any investment under the resolution. Following is the status:

a. Total investment approved	Rs.75,000,000/= (Rupees seventy five million only) to each of the following associated company: i) Ellcot Spinning Mills Ltd. (ESML) ii) Prosperity Weaving Mills Ltd. (PWML)																																			
b. Amount of investment made to date:	Nil																																			
c. Reason for not having made complete investment so far where resolution required it to be implemented in specified time.	Due to better cash flows, the associated companies did not need funds envisaged u/s 208 of the Companies Ordinance, 1984. Therefore, no investment transaction took place during the year 2016-17.																																			
d. Material change in Financial Statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	<table><tr><td></td><td colspan="2">Present Financial Position as on June 30, 2017</td><td colspan="2">Financial Position at the time of Approval as on June 30, 2016</td></tr><tr><td></td><td>PWML</td><td>ESML</td><td>PWML</td><td>ESML</td></tr><tr><td></td><td colspan="4">Rupees in Millions</td></tr><tr><td>Net sales</td><td>5,820.163</td><td>4,868.596</td><td>5,211.429</td><td>4,227.910</td></tr><tr><td>Gross profit</td><td>303.179</td><td>316.950</td><td>359.653</td><td>245.286</td></tr><tr><td>Profit before tax</td><td>58.496</td><td>121.013</td><td>72.362</td><td>59.490</td></tr><tr><td>Profit after tax</td><td>56.198</td><td>77.671</td><td>39.972</td><td>71.165</td></tr></table>		Present Financial Position as on June 30, 2017		Financial Position at the time of Approval as on June 30, 2016			PWML	ESML	PWML	ESML		Rupees in Millions				Net sales	5,820.163	4,868.596	5,211.429	4,227.910	Gross profit	303.179	316.950	359.653	245.286	Profit before tax	58.496	121.013	72.362	59.490	Profit after tax	56.198	77.671	39.972	71.165
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Profit after tax	56.198	77.671	39.972	71.165																																

Vision:

To strive for excellence through commitment, integrity, honesty and team work.

Mission:

The mission of Company is to operate state of the art spinning machinery capable of producing high quality carded and combed, cotton, core spun and blended yarn for knitting and weaving.

The Company will conduct its operations prudently assuring customer satisfaction and will provide profits and growth to its shareholders through;

- Providing quality products and services to our customers mainly engaged in the manufacturing of textile products.
- Manufacturing of cotton, core spun and blended yarn as per the customers' requirements and market demand.
- Exploring the global market with special emphasis on Europe and USA.
- Keeping pace with the rapidly changing technology by continuously balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Recruiting, developing, motivating and retaining the personnel having exceptional ability and dedication by providing them good working conditions, performance based compensation, attractive benefit program and opportunity for growth.
- Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.



Control Union Certification
P.O. Box 500, 8000 AD Zwolle, The Netherlands
<http://www.controlunion.com>
tel.: +31 (0) 71 4280000

CERTIFICATE OF COMPLIANCE

(Scope Certification)

CERTIFICATE No: CU4803/00CS-45/2017
REGISTRATION No: CU 448913

Control Union Certification declares that
Nagina Cotton Mills Limited
Nagina Group, 91-B-1, M.M. Alam Road,
Gulberg III,
Lahore
Punjab PAKISTAN

has been inspected and assessed according to the
Organic Cotton Standard (ICS)
Version 1.0
Organic Cotton Standard 100
Organic Cotton Standard Blended

and that products of this category as mentioned below (and further specified in the annex) comply with this standard
Yarns

Processing steps / activities carried out under responsibility of the above mentioned company (by the operations as detailed in the
annex) for certified products
Administration, Exporting, Spinning

This certificate is Valid until: 20 September 2018

Place and date of issue:
Zwolle-NL, 27 September 2017

Name of authorized person:

On behalf of the Managing Director
Miss J.M.D.K. Haidar
Certifier

Stamp of the issuing body



Standard's Logo



This certificate cannot be used as a marketing certificate.
The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.

Certificate of Compliance, Page 1 of 1



Control Union Certifications
P.O. Box 151, 8000 AD Zoete, The Netherlands
<http://www.controlunion.com>
tel.: +31(0)38-4250100

CERTIFICATE OF COMPLIANCE (Scope Certificate)

CERTIFICATE No: CU848333GOTS-01.2017
REGISTRATION No: CU 848333

Control Union Certifications declares that

Nagina Cotton Mills Limited
Nagina Group, 31-B-1, M.M. Alam Road,
Gulberg III,
Lahore
Punjab PAKISTAN

has been inspected and assessed according to the
Global Organic Textile Standard (GOTS)
version 5.0.

and that products of the categories as mentioned below (and further specified in the annex)
comply with this standard:

Yarns

Processing steps / activities carried out under responsibility of the above mentioned company
(by the operations as detailed in the annex) for certified products.

Administration, Exporting, Spinning

This certificate is Valid until: 20 September 2018

Place and date of issue:
Colombo-07, 27 September 2017

Stamp of the issuing body

Standard's Logo

Name of authorised person


Co-Chair of the Managing Director
Max H.M.L.K. Hanth
Certifier



This Certificate of Compliance provides no proof that any goods delivered by its holder are GOTS certified. Proof of GOTS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them.

The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.

Accredited by Dutch Accreditation Council (RVA), Accreditation No: C-412

Certificate of Compliance, page 1 of 3

CERTIFICATE

The company

NAGINA COTTON MILLS LTD
91, B1 N.M ALAM ROAD GULBERG III
54000 LAHORE, PAKISTAN

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report 2017060440



for the following articles:

Greige yarns made of 100% cotton and its mixtures with elastane; Partly based on pre-certified material according to OEKO-TEX® Standard 100.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Appendix 4, **product class II** have shown that the above mentioned goods meet the health-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Appendix 4 for products with direct contact to skin.

The certified articles fulfil requirements of Annex IIIb of REACH (incl. the use of azo colourants, nickel release, etc.) as well as the American requirement regarding total content of lead in children's articles (CPSC), with the exception of accessories made from glass.

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in connection with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 2016000153 is valid until 28.02.2018

Augs (Nicolas) España, 28.04.2017


Silvia Dávila Valencia
Innovation Assessment Manager




Isabel Soriano Samó
Chief of Innovation Area



DIRECTORS' REPORT TO THE MEMBERS

The Directors have the honor to present 50th Annual Report of your Company together with Audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2017. Figures for the previous year ended June 30, 2016 are included for comparison.

Company Performance

Alhamdulillah, your Company has managed to post after tax profit of Rs.78,428,216 compared to loss Rs.92,944,967 during previous year. Earning per share (EPS) for the year is Rs.4.19 compared to negative EPS Rs.4.97 for previous year.

Sales revenue increased by 22.83% over the previous year and stood at Rs.5,242,033,350 compared to Rs.4,267,868,825. Higher revenue is mainly due to better selling prices of yarn as well as increase in volume. Cost of sales decreased from 96.45% of sales to 93.26% of sales resulting in increase in Gross Profit (GP) from 3.55% of sales during previous year to 6.74% of sales during the year under review.

Distribution cost decreased from 2.17% of sales to 1.99% of sales. Administrative expenses diluted from 2.24% of sales of previous year to 2.10% of sales. Overall operating expenses increased by 16.77% over the previous year. Due to efficient utilization of financial resources and intensive negotiations with banks, finance cost reduced by 3% over the previous year.

Capital Assets Investment

During the year your Company invested Rs.273,703,741 in Balancing, Modernization, Replacement (BMR)/ expansion in building, plant and machinery and other assets. This was done in line with Company's strategic plans to continue to diversify its product range, addition of new qualities and blends of yarn and improvement in the production capacity of the plant to cater the needs of both domestic and International markets.

Dividend

The Board of Directors recommend cash dividend @30% i.e. Rs. 3/= per ordinary share for the year ended June 30, 2017. The dividend will amount to Rs. 56,100,000.

Future Outlook

It is a matter of great satisfaction that your company has reported profit for the year ending June 30, 2017 inspite of the very difficult trading conditions prevailing in the textile markets. The profits are partly attributed to the announcement of the export package. This step has helped in boosting exports and restoring profitability. It is hoped that the government will continue the export package for the current year 2017-18. The export package is essential to help the Pakistan textile industry to face the competition from regional countries.

Raw cotton arrivals in the ginning factories for the current year upto September 15, 2017 have been reported as 2,365,555 bales. The arrivals to date are encouraging and it is hoped that Pakistan will produce a good cotton crop this year. A good cotton crop in Pakistan is essential to maintain the competitiveness of the textile industry and sustain the export volumes. Exchange rate of Pak rupee showed stable trend against USD. Management is well aware of the challenges ahead and making all out efforts to control costs, finding ways to enter in new markets, diversification of its product range etc. We expect that Government of Pakistan will play its role by taking steps such as continuing the export package, zero rating the exports, allowing timely refunds of stuck up amounts under sales and income taxes, maintain uninterrupted energy supplies and achieve competitiveness in the exchange rate. Investment in new technology has enabled the company to be better equipped to produce variety of yarns in order to meet the requirements of our quality conscious customers.

We expect that long awaited technology up-gradation fund (TUF) support would also be released during the FY 2017-18.

Wages and salaries, administration and general costs are rising continuously. Therefore, we are foreseeing another challenging year ahead of us. However, management is cognizant of the situation and taking all measures to cope with these challenges.

Corporate Social Responsibility

The Company strongly believes in the integration of Corporate Social Responsibility into its business, and consistently endeavors to uplift communities that are influenced directly or indirectly by our business.

Environment, Health and Safety: The Company maintains safe working conditions avoiding the risk to the health of employees and public at large. The management has maintained safe environment in all its operations throughout the year and is constantly upgrading their safety and living facilities.

Safety is a matter of concern for machinery as well as the employees working at plant. Fire extinguishers and other fire safety equipments have been placed at sites as well as registered and head office of the Company. Regular drills are performed to ensure efficiency of fire safety equipments.

Compliance with the Code of Corporate Governance

The "Statement of Compliance with the Code of Corporate Governance" (CCG) is annexed.

Corporate Governance & Financial Reporting Framework

As required by the Code of Corporate Governance, Directors are pleased to report that:

- i) The financial statements prepared by the management of the Company present fair state of Company's operations, cash flows and changes in equity.
- ii) Proper books of account of the Company have been maintained.

- iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.
- iv) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements, and any departures therefrom has been adequately disclosed and explained.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) There are no doubts upon the Company's ability to continue as a going concern.
- vii Key operating and financial data for the last six years is annexed.
- viii) There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2017 except for those disclosed in the financial statements.
- ix) No adverse material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.
- x) During 2016-2017, no trade in the shares of the Company carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children except the following:

Transferor		Transferee		No. of Shares	Nature of Transaction
Name	Designation	Name	Designation		
Mr. Shahzada Ellahi Shaikh	Director	Mr. Haroon Ellahi Shaikh	Director	500,000	Transferred through gift
Mr. Shahzada Ellahi Shaikh	Director	Mr. Omer Ellahi Shaikh	-	500,000	
Mr. Shaukat Ellahi Shaikh	CEO / Director	Mr. Raza Ellahi Shaikh	Director	1,000,000	
Mr. Shafqat Ellahi Shaikh	Director	Mr. Amin Ellahi Shaikh	Executive	1,000,000	
Mr. Shaikh Enam Ellahi (Late)	Director / Chairman	Mr. Shafqat Ellahi Shaikh	Director	437,008	Due to death of Joint Investor Account holder, survivor received the shares.
Mr. Shafqat Ellahi Shaikh	Director	Mr. Shaukat Ellahi Shaikh	CEO / Director	145,669	Transferred through gift
Mr. Shafqat Ellahi Shaikh	Director	Mr. Shahzada Ellahi Shaikh	Director	145,670	

Related Parties

The transactions between the related parties were carried out at an arm's length basis. The Company has fully complied with the best practices of the transfer pricing as contained in the listing regulation of Pakistan Stock Exchange Ltd.

Financial Statements Audit

Financial statements of the Company have been audited without any qualification by Messrs Deloitte Yousaf Adil, Chartered Accountants, the statutory external auditors of the Company.

Shareholding Pattern

The shareholding pattern as at June 30, 2017 including the information under the Code of Corporate Governance, for ordinary shares is annexed.

Notice u/s 218 of the Companies Ordinance, 1984

Notice u/s 218 of the Companies Ordinance, 1984 is annexed.

Committees of the Board

In compliance with the Code of Corporate Governance and Articles of Association of the Company the Board of Directors had formed following Committees.

- Audit Committee
- Human Resource and Remuneration (HR&R) Committee
- Executive Committee

The names of the members of above committees are given in the Company information.

Board of Directors' Meetings

During the year four (4) meetings of the Board of Directors were held. Attendance by each Director is as follows:-

Sr. No.	Name of Director	Attendance
1	Mr. Shahzada Ellahi Shaikh	3
2	Mr. Javaid Bashir Sheikh	4
3	Mr. Shaukat Ellahi Shaikh	4
4	Mr. Shafqat Ellahi Shaikh	4
5	Mr. Munawar Iqbal	4
6	Mr. Tajammal Husain Bokharee	3
7	Mr. Raza Ellahi Shaikh	4
8	Mr. Tariq Zafar Bajwa, Director & CFO	4
9	Mr. Haroon Shahzada Ellahi Shaikh	4

Leave of absence was granted to Directors who could not attend any of the Board meetings.

Audit Committee Meetings

During the year, four (4) meetings of Audit Committee of the Board were held. Attendance by each Director is as follows:

Sr. No.	Name of Director	Attendance
1	Mr. Tajammal Husain Bokharee	4
2	Mr. Shafqat Ellahi Shaikh	4
3	Mr. Raza Ellahi Shaikh	3

Leave of absence was granted to Director who could not attend any of the Audit Committee meetings.

Executive Committee Meetings

During the year, two (2) meetings of Executive Committee of the Board were held. Attendance by each Director is as follows:

Sr No.	Name of Director	Attendance
1	Mr. Shahzada Ellahi Shaikh	2
2	Mr. Shaukat Ellahi Shaikh	2
3	Mr. Shafqat Ellahi Shaikh	2
4	Mr. Raza Ellahi Shaikh	2

Human Resource and Remuneration (HR&R) Committee Meetings

During the year, two (2) meeting of HR & R Committee of the Board was held. Attendance by each Director is as follows:

Sr No.	Name of Director	Attendance
1	Mr. Shafqat Ellahi Shaikh	2
2	Mr. Raza Ellahi Shaikh	2
3	Mr. Tariq Zafar Bajwa	2

Director's Training Program

The Company has complied with the requirements of regulation 5.19.7 of PSX rule book.

Appointment of Auditors

Messrs Deloitte Yousuf Adil, Chartered Accountants, Karachi are due to retire and being eligible, offer themselves for re-appointment as Auditors for the FY 2017-18. The Audit Committee has recommended for re-appointment of present Auditors.

Acknowledgment

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 stake holders for their continued support to the Company.

On behalf of the Board



Shaukat Ellahi Shaikh

Mg. Director (Chief Executive)

September 28, 2017

ممبران کے لئے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 جون 2017 کو اختتام سال کے لئے کھینچی کی 50 ویں سالانہ رپورٹ مع نظر ثانی شدہ مالیاتی حسابات اور اس پر حساب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہی ہے۔ 30 جون 2016 کو ختم ہونے والے گزشتہ سال کے اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔

کھینچی کی کارکردگی

الحمد للہ، آپ کی کھینچی نے گزشتہ سال کے دوران 92,944,967 روپے نقصان کے مقابلے بعد از ٹیکس منافع 78,428,216 روپے درج کیا ہے۔ نی ٹیمپر آمدنی (EPS) گزشتہ سال کی 4.97 روپے منفی EPS کے مقابلے اس سال 4.19 روپے ہے۔

فروخت کی آمدنی گزشتہ سال سے 22.83 فیصد زیادہ ہوئی جو 4,267,868,825 روپے کے مقابلے میں 5,242,033,350 روپے رہی۔ آمدنی میں اضافہ بنیادی طور پر یارن کی فروخت کی بہتر قیمتوں اور حجم میں اضافہ کی وجہ سے ہے۔ فروخت کی اگست فروخت کے 96.45 فیصد سے کم ہو کر فروخت کے 93.26 فیصد تک ہو گئی جس کے نتیجے میں مجموعی منافع (GP) میں گزشتہ سال سے فروخت کا 3.55 فیصد سے بڑھ کر زیر جائزہ سال کے دوران فروخت کا 6.74 فیصد تک ہوا۔

تقسیم کے اخراجات فروخت کے 2.17 فیصد سے کم ہو کر فروخت کے 1.99 فیصد تک ہو گئے۔ انتظامی اخراجات گزشتہ سال کے فروخت کے 2.24 فیصد سے کم ہو کر فروخت کے 2.10 فیصد تک ہو گئے۔ مجموعی آپریٹنگ اخراجات گزشتہ سال سے 16.77 فیصد زیادہ ہوئے۔ مالی وسائل کے موثر استعمال اور بینکوں کے ساتھ بڑے زور گنت وشنید کے باعث مالی اگست گزشتہ سال سے 3 فیصد کم ہوئی۔

طویل مدتی اثاثوں کی سرمایہ کاری

دوران سال آپ کی کھینچی نے بلڈنگ پلانٹ، مشینری اور دیگر اثاثوں کی توسیع/توازن جدت BMR میں 273,703,741 روپے کی سرمایہ کاری کی۔ یہ سرمایہ کاری مکمل طور پر بین الاقوامی دونوں مارکیٹوں کی ضروریات کو پورا کرنے کے لئے پلانٹ کی پیداواری صلاحیت کی بہتری اور یارن کی نئی اقسام اور پلیٹنڈز کی بہتری، اس کی مصنوعات کی تنوع کے لئے جاری کھینچی کے کلیدی منصوبوں کے مطابق کی گئی ہے۔

منافع مٹھمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2017 کو اختتام سال کے لئے منافع مٹھمہ بشرح 30 فیصد یعنی 3 روپے فی عام شیئر کی سفارش کی ہے۔ منافع مٹھمہ کی رقم 56,100,000 روپے تک ہوگی۔

مستقبل کے امکانات

یہ بہت اطمینان کی بات ہے کہ ٹیکسٹائل مارکیٹوں میں موجود بہت مشکل ٹریڈنگ حالات کے باوجود آپ کی کھینچی نے 30 جون 2017 کو ختم ہونے والے سال کے لئے منافع کمایا ہے۔ منافع جزوی طور پر برآمدی ٹیکس کے اعلان سے منسوب کیا جاتا ہے۔ اس اقدام سے برآمدات کو فروغ دینے اور منافع کو بحال کرنے میں مدد ملی ہے۔ امید ہے کہ حکومت رواں سال 2017-18 کے لئے برآمدی ٹیکس جاری رکھے گی۔ علاقائی ممالک سے مقابلہ کا سامنا کرنے کے لئے پاکستانی ٹیکسٹائل صنعت کی مدد کے لئے برآمدی ٹیکس ضروری ہے۔

15 ستمبر 2017 تک رواں سال کے لئے جنگ ٹیکسٹریوں میں کپاس کی آمد 2,365,555 ٹن لگبھگ رہی۔ اب تک کی آمد حوصلہ بخش رہی ہیں اور امید ہے کہ پاکستان میں اس سال کپاس کی فصل کی اچھی پیداوار ہوگی۔ پاکستان میں اچھی کپاس کی فصل ٹیکسٹائل انڈسٹری کے مقابلہ اور برآمدی ٹیکس کو برقرار رکھنے کے لئے ضروری ہے۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کا کمپنچ ریٹ حکم رہا ہے۔ انتظامیہ آنے والے چیلنجوں سے واقف ہے اور اخراجات کو کنٹرول کرنے، نئی اریکیوں میں داخل ہونے کے طریقوں کو تلاش کرنے، اپنی مصنوعات کی رینج میں اضافہ کرنے کے لئے تمام تر کوششیں کر رہی ہے۔ ہم امید رکھتے ہیں کہ حکومت پاکستان برآمدی ٹیکس، برآمدات کی زیروریٹکس، سلائیٹکس اور انکم ٹیکس کی رکی ہوئی رقم کی بر وقت واپسی، بلا قفل توثیق کی فراہمی کو برقرار رکھے۔ مابقی انکمپنچ ریٹ حاصل کرنے جیسے اقدامات اٹھا کر اپنا کردار ادا کرے گی۔ ہمارے معیار کے متلاشی صارفین کی ضروریات کو پورا کرنے کی خاطر فی ٹیکنالوجی میں سرمایہ کاری نے آپ کی کھینچی کو مختلف قسم کے یارن پیدا کرنے کے لئے بہتر آلات سے لیس کیا ہے۔

ہمیں امید ہے کہ طویل انتظار کے بعد ٹیکنالوجی اپ گریڈیشن فنڈ (TUF) سپورٹ بھی مالی سال 18-2017 کے دوران ادا کر دیا جائے گا۔

اجرت اور تنخواہ، انتظامی اور عمومی اخراجات مسلسل بڑھ رہے ہیں۔ لہذا، ہم آگے ایک اور مشکل سال کی توقع کر رہے ہیں۔ تاہم، انتظامیہ صورتحال سے واقف ہے اور ان مسائل سے نمٹنے کے لئے تمام اقدامات اٹھا رہی ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی اپنے کاروبار میں کارپوریٹ سماجی ذمہ داری کے انضمام پر پختہ یقین رکھتی ہے، اور کیونٹیز جو ہمارے کاروبار سے بلواسطہ یا بلاواسطہ طور پر متاثر ہو رہی ہے کی بہتری کے لئے مسلسل کوشاں رہتی ہے۔

ماحول، صحت اور تحفظ

کمپنی اپنے ملازمین اور عوام کی صحت کے لئے خطرات سے بچنے کے لئے محفوظ کام کے حالات کو برقرار رکھتی ہے۔ انتظامیہ نے سال بھر اپنی تمام کارروائیوں میں محفوظ ماحول کو برقرار رکھا ہے اور مسلسل ملازمین کی حفاظت اور زندگی کی سہولیات کو بہتر بنا رہی ہے۔

مشینری اور ان پر کام کرنے والے ملازمین کا تحفظ کمپنی کی ترجیحات ہیں۔ آگ بجھانے والے آلات اور آگ سے بچاؤ کا دیگر ساز و سامان کمپنی کی سائٹس کے ساتھ ساتھ اس کے رجسٹرڈ اور صدر دفتر میں رکھا گیا ہے۔ آگ سے بچاؤ کے ساز و سامان کی کارکردگی کو یقینی بنانے کے لئے باقاعدہ مشق کا مظاہرہ کیا جاتا ہے۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل

"کارپوریٹ گورننس (CCG) کے ضابطہ کی تیس کا بیان" منسلک ہے۔

کارپوریٹ گورننس اور عمومی مالیاتی رپورٹنگ کا طریقہ کار

کارپوریٹ گورننس کے ضابطہ کے مطابق، ڈائریکٹرز بخوشی بیان کرتے ہیں:

a- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکٹوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

b- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

c- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

d- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی لیاقتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔ اور کسی بھی انحراف کا مزید انکشاف اور وضاحت کی گئی ہے۔

e- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور سکی موثر طریقے سے مملکت آد اور گہرائی کی جاتی ہے۔

f- کمپنی کے روائے اور رہنے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

g- گزشتہ چھ سال کا کلیدی پریکٹس اور مالیاتی ڈیٹا منسلک ہے۔

h- ٹیکس، ڈیوٹیز، لینڈ اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو 30 جون 2017 کو بقیہ یا ہوں، سوائے ان کے جن کو مالی حسابات میں ظاہر کیا گیا ہے؛

i- مالی سال کے اختتام سے اب تک کمپنی کی مالی حالت کو مستحکم کرنے والی کوئی اضافی مادی تبدیلیاں درود سے جن کا تعلق اس بیلنس شیٹ سے ہو تو غلط چن نہیں ہوئے ہیں۔

j- 2016-2017 کو دوران کمپنی کے حصص میں اس کے ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کے ازواج اور نا پالغ بچوں کی طرف سے درج ذیل کے علاوہ کوئی تجارت نہیں کی گئی ہے:

فنانسنگز کی نوعیت	حصص کی تعداد	وصول کنندہ	منقول کنندہ
بذریعہ گفٹ منتقلی	500,000	جناب بارون الہی شیخ	جناب شہزادہ الہی شیخ
	500,000	جناب عمر الہی شیخ	جناب شہزادہ الہی شیخ
	1,000,000	جناب رضا الہی شیخ	جناب شوکت الہی شیخ
	1,000,000	جناب امین الہی شیخ	جناب شہزادہ الہی شیخ
جوائنٹ انویسٹمنٹ کاؤنٹ ہولڈر کے انتقال کے باعث پس ماندہ کو حصص کی وصولی	437,008	جناب شہزادہ الہی شیخ	جناب شہزادہ الہی شیخ
بذریعہ گفٹ منتقلی	145,669	جناب شوکت الہی شیخ	جناب شہزادہ الہی شیخ
	145,670	جناب شہزادہ الہی شیخ	جناب شہزادہ الہی شیخ

متعلقہ پارٹیز

متعلقہ پارٹیز کے درمیان لین دین بازار کے مطابق قیمتیں مقرر کر کے کیا گیا۔ کمپنی پاکستان اسٹاک ایکسچینج کی لسٹنگ کے ضابطے میں موجود منتقلی پرائسنگ کے بہترین طریقوں پر عمل پیرا ہے۔

مالیاتی حسابات کا آڈٹ

کمپنی کے مالی حسابات کا آڈٹ بغیر کسی بے ضابطگی کی نشاندہی کے میسرز ڈیولپمنٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے کیا ہے جو کہ کمپنی کے بیرونی آڈیٹرز ہیں۔

ترتیب حصص داری

30 جون 2017 کے مطابق تقسیم عام حصص داری کی معلومات کارپوریٹ گورننس کے ضابطے کے تحت منسلک ہے۔

کمپنیز آرڈیننس 1984 کی دفعہ 218 کے تحت نوٹس

کمپنیز آرڈیننس 1984 کی دفعہ 218 کے تحت نوٹس منسلک ہے

بورڈ کی کمیٹیاں

کارپوریٹ گورننس کے ضابطہ اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق بورڈ آف ڈائریکٹرز نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں:

• آڈٹ کمیٹی

• ہیومن ریسورس اینڈ ریکرنیشن (HR&R) کمیٹی

• ایگزیکٹو کمیٹی

مندرجہ بالا کمیٹیوں کے ارکان کے نام کمپنی کی معلومات میں دیئے گئے ہیں۔

بورڈ آف ڈائریکٹرز کے اجلاس

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل ہے۔

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	جناب شہزادہ امی شیخ	3
2	جناب جاوید بشیر شیخ	4
3	جناب شوکت امی شیخ	4
4	جناب شفقت امی شیخ	4
5	جناب منور اقبال	4
6	جناب قمل حسین بخاری	3
7	جناب رضا الہی شیخ	4
8	جناب طارق ظفر باجوہ	4
9	جناب ہارون شہزادہ امی شیخ	4

ڈائریکٹرز جو بورڈ کے کسی اجلاس میں نہیں آ سکتے تھے کو غیر موجودگی کی رخصت عطا کی گئی۔

آڈٹ کمیٹی کے اجلاس

زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل ہے۔

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	جناب قمل حسین بخاری	4
2	جناب شفقت امی شیخ	4
3	جناب رضا الہی شیخ	3

ڈائریکٹرز جو آڈٹ کمیٹی کے کسی اجلاس میں نہیں آ سکتے تھے کو غیر موجودگی کی رخصت عطا کی گئی۔

ایگزیکٹو کمیٹی کے اجلاس

زیر جائزہ سال کے دوران، ایگزیکٹو کمیٹی کے دو (2) اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل ہے۔

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	جناب شہزادہ امی شیخ	2
2	جناب شوکت امی شیخ	2
3	جناب شفقت امی شیخ	2
4	جناب رضا الہی شیخ	2

ہیومن ریسورس اینڈ ریمیزیشن (HR & R) کمیٹی کے اجلاس
زیر جائزہ سال کے دوران ہیومن ریسورس اینڈ ریمیزیشن (HR & R) کمیٹی کے دو (2) اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل ہے:-

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	جناب شفقت الہی شیخ	2
2	جناب رضا الہی شیخ	2
3	جناب طارق ظفر باجوہ	2

ڈائریکٹر کی تربیت کے پروگرام

کمپنی نے PSX رول بک کے قوانین 5.19.7 کی ضروریات پر عمل کیا ہے۔

محاسب کی تقرری

میسرز ڈیلوئٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر سال 2017-18 کے لیے بطور آڈیٹر دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے موجودہ آڈیٹر کی دوبارہ تعیناتی کے لئے سفارش کی ہے۔

اعتراف

کمپنی کے عملی کارکنوں کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز مینگرز اور دیگر حصہ داروں کا بھی کمپنی کی مسلسل حمایت پر شکریہ ادا کرتے ہیں۔

منجانب بورڈ



شوکت الہی شیخ

مینجنگ ڈائریکٹر (چیف ایگزیکٹو)

لاہور: 28 ستمبر 2017

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Chapter 5.19 of Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of Independent Non-Executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Tajammal Husain Bokharee
Executive Directors	Mr. Shaukat Ellahi Shaikh Mr. Tariq Zafar Bajwa Mr. Munawar Iqbal
Non-Executive Directors	Mr. Javaid Bashir Sheikh Mr. Shahzada Ellahi Shaikh Mr. Shafqat Ellahi Shaikh Mr. Raza Ellahi Shaikh Mr. Haroon Shahzada Ellahi Shaikh

The Independent Director meets the criteria of Independence under clause 5.19.1.(b) of the CCG

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the financial year 2016-17, a casual vacancy occurred on the Board on September 20, 2016 and filled up by the board on September 29, 2016.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and Non-Executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified in Code of Corporate Governance, seven (7) Directors have obtained certification under Directors' Training Program (DTP) and two (2) Directors' are exempted. All the Directors are fully conversant with their duties and responsibilities as Directors', they were further apprised through presentations during the year.
10. No new appointment of CFO and Company Secretary has been made during the year. However, head of internal audit has been appointed and the remuneration and terms and conditions of his employment were approved by the Board.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members, all members are Non-Executive Directors and the Chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are Non-Executive Directors and the Chairman of the committee is a Non-Executive Director.
18. The Board has set up an effective internal audit function. The staff is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results and business decisions which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

on behalf of the Board



SHAUKAT ELLAHI SHAIKH
Mg. Director (Chief Executive)

September 28, 2017

SHAREHOLDERS' INFORMATION

Annual General Meeting

50th Annual General Meeting of NAGINA COTTON MILLS LTD. will be held at the Registered Office of the Company, 2nd Floor, Shaikh Sultan Trust Bldg. No.2, 26, Civil Lines, Beaumont Road, Karachi - 75530 on Saturday, October 28, 2017 at 11:30 a.m.

Eligible shareholders are encouraged to participate and vote.

Ownership

On June 30, 2017, the Company has 952 Shareholders.

Web Reference

The Company maintains a functional website. Annual, half-yearly and quarterly reports are regularly posted at the Company's website: www.nagina.com

Dividend

The Board of Directors have recommended in their meeting held on September 28, 2017, payment of final cash dividend at the rate of Rs.3/= per share i.e. 30% for the year ended June 30, 2017.

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

In accordance with Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that given bank mandate for dividend payments is **MANDATORY** and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following particulars directly to the Company's Share Registrar in case of physical shareholders and directly to the relevant Participant / CDC Investor Account Service in case of maintaining shareholding under Central Depository System (CDS).

<i>Detail of Bank Mandate</i>	
Name of Shareholder	
Folio No. / CDC Account No.	
Cell Number of Shareholder	
Landline Number of Shareholder	
E-mail address	
Title of Bank Account of shareholder	
International Bank Account Number (IBAN) " Mandatory "	PK _____ (24 digits) (kindly provide your accurate IBAN after consulting with your respective bank branch, in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's Name	
Branch Name and Address	
Branch Code	
CNIC No. (copy attached)	
NTN (in case of Corporate Entity)	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

Signature of the Shareholder

in case of non-receipt of above information, the dividend shall be withheld.

Requirement of CNIC Number / National Tax Number (NTN) Certificate.

As has already notified from time to time, the Securities and Exchange Commission of Pakistan (SECP), vide Notification SRO 275(I)/2016 dated March 31, 2016 read with Notification SRO 19(I)/2014 dated January 10, 2014 and Notification SRO 831(I)/2012 dated July 5, 2012 required that dividend warrants should bear Computerized National Identity Card (CNIC) number of the registered member.

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 Registrar:

M/s Hameed Majeed Associates (Pvt.) Ltd.
5th Floor, Karachi Chambers,
Hasrat Mohani Road,
Karachi
Ph # (+92-21) 32412754, 32424826
Fax # (+92-21) 32424835

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals)/ NTN (corporate entities) by shareholders.

Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001 ("Income Tax Ordinance").

Pursuant to the provisions of the Finance Act, 2017 with effect from July 1, 2017, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- (a) Rate of tax deduction for filer of income tax returns @15%
- (b) Rate of tax deduction for non-filer of income tax returns @20%

All shareholders' of the Company who hold shares in physical form are therefore requested to send a valid copy of their CNIC (individuals) and NTN (Corporate entities) certificate to the Company's Share Registrar M/s. Hameed Majeed Associates (Pvt.) Ltd. to allow the Company to ascertain the status of the shareholder.

Shareholders of the Company who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Ltd (CDC) are requested to send valid copies of their CNIC (individuals) and NTN (Corporate entities) certificate to their CDC Participants / CDC Investor Account Services.

Where the required documents are not submitted, the Company will be constrained to treat the non-complying shareholders as a non-filer thereby attracting a higher rate of withholding tax.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on "Filer/ Non-Filer" status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in writing, within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s).

Requirement of Valid Tax Exemption Certificate for Claiming Exemption from Withholding Tax.

As per FBR Circulars C.No.1(29)WHT/2006 dated 30 June 2010 and C.No. 1(43)DG(WHT)/2008-Vol.II-66417-R dated May 12, 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under Clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.

Zakat Declaration (Form CZ-50)

The Shareholders claiming exemption from deduction of Zakat are advised to submit their Zakat Declaration Form CZ-50 under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund Rules), 1981 to our Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi. The Shareholders while sending the Zakat Declarations must quote company name and their respective Folio Nos and /or CDC A/c Nos.

Electronic Transmission of Audited Financial Statements and Notice of Annual General Meeting (Notice) Through E-Mail (Optional)

Pursuant to SECP notification S.R.O 787(I)/ 2014 dated September 8, 2014, members who hold shares in physical form, may inform the Company or Company's Share Registrar M/s. Hameed Majeed Associates (Pvt.) Ltd., and who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Ltd (CDC) may inform their CDC Participants / CDC Investor Account Services, to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form as given below:

REQUEST FORM FOR ELECTRONIC TRANSMISSION OF AUDITED FINANCIAL STATEMENTS AND NOTICE THROUGH E-MAIL

In terms of SECP notification SRO 787(I)/2014 dated September 8, 2014, I,
_____ hereby give my consent for electronic
transmission of Audited Financial Statements and Notice through e-mail. My e-mail address is
_____.

I undertake that by sending the Audited Financial Statements and Notice through e-mail, by the
Company, the Company shall be considered compliant with relevant requirements of sections 50,
158 and 233 of the Companies Ordinance, 1984.

It is stated that the above mentioned e-mail address is correct, that I will intimate the changes in the
above mentioned e-mail address to the Company and the Share Registrar as soon as these occur.

Signature of the Shareholder.

Please send the above request form at the following address:

The Secretary,
Nagina Cotton Mills Ltd., 2nd Floor, Shaikh Sultan Trust Building, No. 2, 26-Civil Lines, Beaumont
Road, Karachi.

e-mail address: mohsin.gilani@nagina.com

or

M/s. Hameed Majeed Associates (Pvt.) Ltd.
5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi

e-mail address: shares@hmaconsultants.com

Investor Relations Contact

Mr. Syed Mohsin Gilani, Corporate Secretary

Email: mohsin.gilani@nagina.com, Ph # (+92-42) 35756270, Fax: (+92-42) 35711856

Delivery of the Unclaimed / Undelivered Shares & Dividend

Members are requested to contact the Registered Office of the Company or the Share Registrar,
M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road,
Karachi for collection of their unclaimed shares / unpaid dividend which they have not received due
to any reasons.

To: All members of the Company

NOTICE UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984

In pursuance of Section 218 of the Companies Ordinance, 1984, the members of the Company are hereby informed that upon recommendation of Human Resource and Remuneration (HR&R) Committee, Board of Directors in their meeting held on September 28, 2017 has approved the increase in remuneration of Mr. Shaukat Ellahi Sheikh, Mg. Director (Chief Executive), Mr. Syed Mohsin Gilani, Corporate Secretary, Mr. Munawar Iqbal, full time working Director, and Mr. Tariq Zafar Bajwa, full time working Director & CFO effective from July 1, 2017 as under:

a) Remuneration of Mr. Shaukat Ellah Shaikh, Mg. Director (Chief Executive)

Description	Present Remuneration	Remuneration After Increase
Remuneration	Rs.497,462/= per month inclusive of 10% medical allowance.	Rs.572,081/= per month inclusive of 10% medical allowance.
Other Benefits		
Transport	Two company maintained cars with drivers	No Change
Utilities	Actual cost of utilities, i.e. gas, electricity and water at his residence and telecommunication facilities	No Change
Leave Fare Assistance (LFA)	Leave passage for self and family.	No Change

b) Remuneration of Mr. Syed Mohsin Gilani, Corporate Secretary

Remuneration	Rs.152,500/= per month.	Rs.175,000/= per month.
Other benefits	As per Company policy	As per Company policy

c) Remuneration of Mr. Munawar Iqbal, full time working Director

Remuneration	Rs.152,500/= per month.	Rs.175,000/= per month.
Other benefits	As per Company policy	As per Company policy

d) Remuneration of Mr. Tariq Zafar Bajwa, Full time working Director & CFO.

Remuneration	Rs.175,000/= per month.	Rs.185,000/= per month.
Other benefits	As per Company policy	As per Company policy

September 28, 2017


Syed Mohsin Gilani
 Corporate Secretary

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2017
CUIN (INCORPORATION NUMBER) 0002500

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
411	1	100	12,948
284	101	500	83,256
65	501	1,000	52,397
123	1,001	5,000	304,662
32	5,001	10,000	222,581
11	10,001	15,000	140,802
5	15,001	20,000	90,998
2	20,001	25,000	41,700
2	25,001	30,000	58,913
1	30,001	35,000	34,368
-	35,001	45,000	-
1	45,001	50,000	50,000
1	50,001	55,000	51,500
-	55,001	65,000	-
1	65,001	70,000	66,192
-	70,001	75,000	-
1	75,001	80,000	78,759
-	80,001	115,000	-
1	115,001	120,000	118,736
-	120,001	315,000	-
1	315,001	320,000	318,658
-	320,001	695,000	-
2	695,001	700,000	1,400,000
-	700,001	1,015,000	-
3	1,015,001	1,020,000	3,051,542
-	1,020,001	1,395,000	-
1	1,395,001	1,400,000	1,400,000
1	1,400,001	1,405,000	1,400,500
-	1,405,001	3,225,000	-
2	3,225,001	3,230,000	6,454,419
-	3,230,001	3,265,000	-
1	3,265,001	3,270,000	3,267,069
952	Total:-		18,700,000

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their Spouse and Minor Children	11,836,237	63.29
Associated Companies, Undertakings and Related Parties	3,060,542	16.37
NIT and ICP	1,430	0.01
Banks, Development Finance Institutions, Non Banking Finance Institutions	6,090	0.03
Insurance Companies	318,658	1.70
Modarabas and Mutual Funds	Nil	Nil
Shareholders Holding 10% or more	9,721,488	51.99
General Public		
a. Local	3,420,727	18.29
b. Foreign	678	0.00
Others (Joint Stock Companies)	55,638	0.30

**INFORMATION UNDER CLAUSE XVI (J) OF THE CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2017**

S #	Name	Shares Held	Percentage
1)	<u>Associated Companies, Undertaking and Related Parties</u>		
i)	HAROON OMER (PVT) LTD.	1,017,147	5.44
ii)	MONELL (PVT) LTD.	1,017,147	5.44
iii)	ICARO (PVT) LTD.	1,017,248	5.44
iv)	ELLAHI INTERNATIONAL (PVT) LTD.	9,000	0.05
		3,060,542	16.37
2)	<u>Mutual Funds</u>	Nil	Nil
3)	<u>Directors, Chief Executive Officer and their Spouse and Minor Children</u>		
i)	MR. SHAHZADA ELLAHI SHAIKH	3,227,350	17.26
ii)	MR. SHAUKAT ELLAHI SHAIKH	3,267,069	17.47
iii)	MR. SHAFQAT ELLAHI SHAIKH	3,227,069	17.26
iv)	MRS. HUMERA SHAHZADA ELLAHI SHEIKH	4,248	0.02
v)	MRS. MONA SHAUKAT SHAIKH	4,248	0.02
vi)	MRS. SHAISTA SHAFQAT SHAIKH	4,248	0.02
vii)	MR. RAZA ELLAHI SHAIKH	1,400,500	7.49
viii)	MR. HAROON SHAHZADA ELLAHI SHAIKH	700,000	3.75
ix)	MR. TAJAMMAL HUSAIN BOKHAREE	502	-
x)	JAVOID BASHIR SHEIKH	500	-
xi)	MR. TARIQ ZAFAR BAJWA	501	-
xii)	MR. MUNAWAR IQBAL	2	-
		11,836,237	63.29
4)	<u>Executives</u>	1,400,018	7.49
5)	<u>Public Sector Companies and Corporations</u>	1,430	0.01
6)	<u>Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds.</u>	324,748	1.74
7)	<u>Shareholders Holding Five Percent or More Voting Rights</u>		
i)	HAROON OMER (PVT) LTD.	1,017,147	5.44
ii)	MONELL (PVT) LTD.	1,017,147	5.44
iii)	ICARO (PVT) LTD.	1,017,248	5.44
iv)	MR. AMIN ELLAHI SHAIKH	1,400,000	7.49
v)	MR. RAZA ELLAHI SHAIKH	1,400,500	7.49
vi)	MR. SHAFQAT ELLAHI SHAIKH	3,227,069	17.26
vii)	MR. SHAHZADA ELLAHI SHAIKH	3,227,350	17.26
viii)	MR. SHAUKAT ELLAHI SHAIKH	3,267,069	17.47

KEY FINANCIAL INFORMATION

YEAR ENDED 30TH JUNE					
2017	2016	2015	2014	2013 (Restated)	2012

Sales	Rs.'000	5,242,033	4,267,869	4,208,114	4,569,161	4,451,553	3,674,769
Gross profit	Rs.'000	353,294	151,481	389,233	566,856	969,563	616,633
Operating profit	Rs.'000	175,288	1,975	217,991	360,207	740,955	466,407
Profit / (loss) before tax	Rs.'000	110,886	(64,422)	148,032	270,460	663,938	364,033
Profit / (loss) after tax	Rs.'000	78,428	(92,945)	133,689	253,833	643,734	329,166
Share capital - paid up	Rs.'000	187,000	187,000	187,000	187,000	187,000	187,000
Shareholders' equity	Rs.'000	1,756,209	1,717,735	1,870,217	1,842,813	1,782,879	1,271,227
Total assets	Rs.'000	3,657,194	3,057,405	2,768,308	2,883,654	2,652,601	1,851,471
Earnings / (loss) per share - pre tax	Rs.	5.93	(3.45)	7.92	14.46	35.50	19.47
Earnings / (loss) per share - after tax	Rs.	4.19	(4.97)	7.15	13.57	34.42	17.60
Cash Dividend per share	Rs.	3.00	1.00	3.50	6.00	10.00	5.00
Market value per share as on 30 June	Rs.	42.65	45.51	63.00	69.01	71.79	22.96
Gross profit to sales	%	6.74	3.55	9.25	12.41	21.78	16.78
Operating profit to sales	%	3.34	0.05	5.18	7.88	16.64	12.69
Profit / (Loss) before tax to sales	%	2.12	(1.51)	3.52	5.92	14.91	9.91
Profit / (Loss) after tax to sales	%	1.50	(2.18)	3.18	5.56	14.46	8.96
Current ratio		2.04 : 1	2.53:1	3.46:1	3.21:1	4.77:1	3.95:1
Total debt to total assets ratio	%	51.98	43.82	32.44	36.09	32.79	31.34
Debt equity ratio	%	34.02	29.38	20.09	22.47	24.61	22.16

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors (the Board) of **Nagina Cotton Mills Limited** for the year ended June 30, 2017 to comply with the requirements of Regulation 5.19 of the Pakistan Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended June 30, 2017.


Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Date: 28 SEP 2017
Place: Karachi

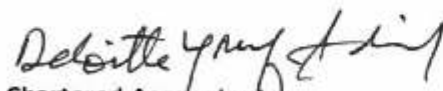
Auditors' Report to the Members

We have audited the annexed balance sheet of **Nagina Cotton Mills Limited** (the Company) as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) In our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.


Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Dated: 28 SEP 2017
Karachi

Member of
Deloitte Touche Tohmatsu Limited

BALANCE SHEET AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 50,000,000 shares of Rs. 10/- each		500,000,000	500,000,000
Share capital	5	187,000,000	187,000,000
Capital reserves	6	238,059,984	254,445,363
Unappropriated profit		1,331,148,740	1,276,289,208
TOTAL EQUITY		1,756,208,724	1,717,734,571
LIABILITIES			
NON CURRENT LIABILITIES			
Long - term finances	7	792,275,827	630,008,976
Deferred liabilities	8	84,752,937	74,736,927
		877,028,764	704,745,903
CURRENT LIABILITIES			
Trade and other payables	9	592,194,669	428,035,638
Accrued interest/mark-up	10	8,241,442	10,517,052
Short - term borrowings	11	310,457,231	111,653,516
Current portion of long-term finances	7	113,063,284	84,718,723
		1,023,956,626	634,924,929
TOTAL LIABILITIES		1,900,985,390	1,339,670,832
CONTINGENCIES AND COMMITMENTS			
	12		
TOTAL EQUITY AND LIABILITIES		3,657,194,114	3,057,405,403

The annexed notes from 1 to 44 form an integral part of these financial statements.

September 28, 2017


Shahzada Ellahi Shaikh
 Director

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	13	1,550,833,381	1,435,680,166
Investment properties	14	14,513,729	14,801,190
Intangible assets	15	3,251,903	4,082,176
Long-term deposits		1,069,258	1,110,258
		1,569,668,271	1,455,673,790
CURRENT ASSETS			
Stores and spares	16	31,359,837	34,057,091
Stock-in-trade	17	715,961,623	724,010,229
Trade debts	18	454,983,103	329,873,056
Loans and advances	19	165,242,357	138,698,478
Prepayments	20	5,122,393	8,367,089
Other receivables	21	55,802,297	2,678,330
Sales tax refundable		102,484,321	57,411,550
Other financial assets	22	534,699,288	119,964,290
Cash and bank balances	23	21,870,624	186,671,500
		2,087,525,843	1,601,731,613
TOTAL ASSETS		3,657,194,114	3,057,405,403



Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Sales	24	5,242,033,350	4,267,868,825
Cost of goods sold	25	(4,888,738,900)	(4,116,388,155)
Gross profit		353,294,450	151,480,670
Distribution cost	26	(104,518,191)	(92,553,673)
Administrative expenses	27	(109,975,120)	(95,807,183)
Other expenses	28	(8,218,169)	(2,357,653)
Other income	29	(222,711,480) 44,705,511	(190,718,509) 41,213,315
Operating profit		175,288,481	1,975,476
Finance cost	30	(64,402,764)	(66,397,256)
Profit / (Loss) before taxation		110,885,717	(64,421,780)
Provision for taxation	31	(32,457,501)	(28,523,187)
Profit / (Loss) after taxation		78,428,216	(92,944,967)
Other comprehensive income			
Items that will not be reclassified to profit and loss account			
Remeasurement of defined benefit liability	8	(4,868,684)	5,431,997
Items that may be reclassified subsequently to profit and loss account			
Unrealized (loss) / gain on remeasurement of available for sale investments		(16,385,379)	480,946
Other comprehensive (loss) / income for the year		(21,254,063)	5,912,943
Total comprehensive income / (loss) for the year		57,174,153	(87,032,024)
Earnings / (loss) per share - basic and diluted	32	4.19	(4.97)

The annexed notes from 1 to 44 form an integral part of these financial statements.

September 28, 2017


Shahzada Ellahi Shaikh
Director


Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	33	255,892,466	(291,594,717)
(Payments) made / receipt of:			
Employees retirement benefits		(15,917,060)	(27,148,528)
Finance cost		(66,678,374)	(62,029,098)
Income tax		(55,249,096)	(44,862,951)
Long term deposits		41,000	(41,278)
Net cash generated from / (used in) operating activities	A	118,088,936	(425,676,572)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(269,264,075)	(263,557,869)
Purchase of intangible asset		-	(921,991)
Proceeds from disposal of property, plant and equipment		3,497,926	4,523,953
Purchase of other financial assets		(1,033,584,349)	(1,476,660,038)
Proceeds from disposal of other financial assets		610,736,235	1,976,286,777
Rental income received		19,215,062	17,380,969
Dividend received		15,794,262	1,742,500
Net cash (used in) / generated from investing activities	B	(653,604,939)	258,794,301
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finances obtained		400,284,854	313,041,994
Repayment of long-term finances		(209,673,442)	(68,544,739)
Net increase in short-term borrowings excluding running finance		218,224,690	43,318,847
Dividend paid		(18,700,000)	(65,450,000)
Net cash generated from financing activities	C	390,136,102	222,366,102
Net (decrease) / increase in cash and cash equivalents	(A+B+C)	(145,379,901)	55,483,831
Cash and cash equivalents at beginning of the year		121,101,649	65,617,818
Cash and cash equivalents at end of the year		(24,278,252)	121,101,649
Cash and cash equivalents			
Cash and bank balances	23	21,870,624	36,564,651
Short-term running finances	11.1	(46,148,876)	(65,569,851)
Term Deposit Receipts	23	-	150,106,849
		(24,278,252)	121,101,649

The annexed notes from 1 to 44 form an integral part of these financial statements.


Shahzada Ellahi Shaikh
 Director


Shaukat Ellahi Shaikh
 Mg. Director (Chief Executive)

September 28, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	Capital reserves				Revenue reserve	
	Issued subscribed and paid-up capital	Amalgamation reserve Note 6.2	Capital redemption reserve Note 6.1	Surplus / (deficit) on revaluation of available for sale investment	Unappropriated profit	Total
	----- Rupees -----					
Balance at June 30, 2015	187,000,000	12,104,417	241,860,000	-	1,429,252,178	1,870,216,595
Total Comprehensive Income						
Loss for the year	-	-	-	-	(92,944,967)	(92,944,967)
Other comprehensive income						
Surplus on revaluation of available for sale investment	-	-	-	480,946	-	480,946
Remeasurement of defined benefit liability	-	-	-	-	5,431,997	5,431,997
Total comprehensive income / (loss) for the year	-	-	-	480,946	(87,512,970)	(87,032,024)
Transaction with owners:						
Final dividend for the year ended June 30, 2015 @ 35% i.e. Rs. 3.5 per ordinary share	-	-	-	-	(65,450,000)	(65,450,000)
Balance at June 30, 2016	187,000,000	12,104,417	241,860,000	480,946	1,276,289,208	1,717,734,571
Total Comprehensive Income						
Profit for the year	-	-	-	-	78,428,216	78,428,216
Other comprehensive income						
Loss on revaluation of available for sale investment	-	-	-	(16,385,379)	-	(16,385,379)
Remeasurement of defined benefit liability	-	-	-	-	(4,868,684)	(4,868,684)
Total comprehensive (loss) / income for the year	-	-	-	(16,385,379)	73,559,532	57,174,153
Transaction with owners:						
Final dividend for the year ended June 30, 2016 @ 10% i.e. Re. 1 per ordinary share	-	-	-	-	(18,700,000)	(18,700,000)
Balance at June 30, 2017	187,000,000	12,104,417	241,860,000	(15,904,433)	1,331,148,740	1,756,208,724

The annexed notes from 1 to 44 form an integral part of these financial statements.

September 28, 2017


Shahzada Ellahi Shaikh
Director


Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. GENERAL INFORMATION

- 1.1 Nagina Cotton Mills Limited (the Company) was incorporated in Pakistan on May 16, 1967 as a public limited company under the Companies Act, 1913 as repealed by the Companies Ordinance, 1984, and listed on Pakistan Stock Exchange Limited. The registered office is situated at 2nd floor, Shaikh Sultan Trust Building No.2, 26-Civil Lines, Beaumont Road, Karachi in the province of Sindh. The principal business of the Company is manufacture and sale of yarn. The Company's manufacturing facilities are located in Kotri Industrial Trading Estate in the province of Sindh.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial statements have been prepared under the Companies Ordinance 1984.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for staff retirement benefits at present value, and financial instruments at fair value.

2.3 Functional And Presentation Currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2017

- 2.4.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments / Interpretation

Effective date (accounting periods beginning on or after)

Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception

January 01, 2016

Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations

January 01, 2016

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative

January 01, 2016

Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization

January 01, 2016

Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants

January 01, 2016

Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements

January 01, 2016

2.5 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / Amendments / Interpretation

Effective date (accounting periods beginning on or after)

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions

January 1, 2018

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture

Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative

January 1, 2017

Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses

January 1, 2017

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property

January 01, 2018. Earlier application is permitted.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.

January 01, 2018. Earlier application is permitted.

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 01, 2019

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account.

3.2 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost using the effective interest method.

3.3 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.4 Property, plant and equipment

Owned

Property, plant and equipment except freehold land, lease hold land and capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land, lease hold land and capital work in progress are stated at cost, less impairment if any.

Assets' residual values and their useful lives are reviewed and adjusted at each balance sheet date, if significant and appropriate.

Depreciation is charged to income applying the reducing balance method at the rates specified in the note 13.1. Depreciation on all additions is charged from the month on which the asset is available for use and no depreciation is charged from the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the financial year in which they are incurred.

Assets are derecognised when disposed or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of assets, if any, are recognised in profit and loss account, as and when incurred.

Assets held under finance lease

Assets subject to finance lease are depreciated over their expected useful lives on the same basis as owned assets.

Capital work in progress

All cost / expenditure connected with specific assets incurred during the implementation period are carried under this head. These are transferred to specific assets as and when assets are available for use.

3.5 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably.

Generally costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any, thereon.

Intangible asset with a definite useful life is amortised on a straight line basis over its useful life. Amortization on all additions in intangibles is charged from the month in which the asset is available for use and on disposals upto the month of disposal. Amortisation charge is recognised in the profit and loss account. The rates of amortization are disclosed in note 15.

3.6 Investment properties

Investment properties are properties held to earn rentals and / or capital appreciation. The investment property of the Company comprises land and buildings which are valued using the cost method i.e. at cost less accumulated depreciation and impairment, if any.

Depreciation on buildings is charged to profit and loss account applying the reducing balance method at the rates specified in the note 14.

3.7 Investments

Regular way purchase or sale of investments

All purchases and sales of investments are recognised using trade date accounting. Trade date is the date on which the Company commits to purchase or sell the investment.

Investment at Fair value through profit or loss

These are investments designated at fair value through profit or loss at inception or held for trading. These are initially measured at fair value and changes on re-measurement are taken to profit and loss account.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit & loss account upon initial recognition if:

- * such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- * the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's risk management; or
- * it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit & loss.

Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available for sale. After initial recognition, investments which are classified as available for sale are measured at fair value. Gains or losses on available for sale investment are recognized directly in other comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit and loss account. These are sub-categorized as follows:

Quoted

For investment that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Un-quoted

Investments in unquoted equity instruments are stated at cost less any identified impairment losses.

Held-to-maturity

Held-to-maturity Investments are initially recognized at acquisition cost, which includes transaction cost associated with the investment. Subsequently these are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.8 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2017.

Remeasurement which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

3.9 Stores and spares

These are valued at lower of moving average cost and net realizable value less allowance for obsolete and slow moving items. Items in transit are valued at cost accumulated up to the balance sheet date.

3.10 Stock in trade

These are valued at lower of cost and net realisable value applying the following basis:

Raw material	Moving weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realisable value

Average manufacturing cost in relation to work in process and finished goods represents manufacturing cost which consists of prime cost and proportion of manufacturing overheads.

Net realizable value represents estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

3.11 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivable based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

3.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, short-term running finances and term deposit receipts of less than 3 months.

3.13 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that non-financial assets except deferred tax assets and inventories may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss account.

3.14 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

3.15 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.16 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Exchange differences are included in profit and loss account.

3.17 Revenue recognition

Sales are recorded on dispatch of goods or on segregation of goods for delivery against confirmed customer's orders where risks and rewards are transferred to a customer.

Dividend is recognized when right to receive is established.

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.

Rental income is recognized when it is due.

Gains / losses arising on sale of investments are included in the profit and loss account in the period in which they arise.

3.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit and loss account in the period in which they are incurred.

3.19 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available if any or minimum taxation at the rate of 1% of the turnover whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profits and taxable temporary differences will be available against such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

3.20 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders of the Company.

3.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.22 Segment Reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker (CODM). The Company considers Chief Executive as its CODM who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 40 to these financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- i. Assumptions and estimates used in the recognition of current and deferred taxation (note 3.19 & 31)
- ii. Assumptions and estimates used in accounting for defined benefit plan (note 3.8 & 8)
- iii. Assumptions and estimates used in calculating the provision for impairment of trade debts (note 18)
- iv. Assumptions and estimates used in determining the residual values and useful lives of property, plant and equipment (note 3.4 & 13)
- v. Assumptions and estimates used in writing down items of stock in trade to their net realisable value (note 17)

5. SHARE CAPITAL

2017 Number of shares	2016 Number of shares		2017 Rupees	2016 Rupees
		Issued, subscribed and paid-up capital		
		Ordinary shares of Rs.10/- each fully paid		
3,133,000	3,133,000	In cash	31,330,000	31,330,000
15,567,000	15,567,000	As bonus shares	155,670,000	155,670,000
18,700,000	18,700,000		187,000,000	187,000,000

5.1 There were no movements in shares during the reporting periods.

5.2 The Company has one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders. All shares rank equally with regard to right in the Company's residual assets.

5.3 Following shares are held by associates of the Company as at the balance sheet date.

	Note	2017 Number of Shares	2016
Associates - due to common directorship			
Monell (Private) Limited		1,017,147	1,017,147
Haroon Omer (Private) Limited		1,017,147	1,017,147
ICARO (Private) Limited		1,017,248	1,017,248
Ellahi International (Private) Limited		9,000	9,000
		3,060,542	3,060,542

Rupees Rupees

6. CAPITAL RESERVES

Capital redemption reserve	6.1	241,860,000	241,860,000
Amalgamation reserve	6.2	12,104,417	12,104,417
(Deficit) / surplus on revaluation of available for sale investment	22.3	(15,904,433)	480,946
		238,059,984	254,445,363

6.1 This represents capital reserve created for the redemption of preference shares.

6.2 This represents capital reserve created on amalgamation of Ellahi Electric Company Limited with the Company.

7. LONG-TERM FINANCES

From banking companies and other financial institutions - secured

Demand finances	7.1	161,666,608	218,333,259
Term finances	7.2	32,727,273	43,636,363
Long-term financing facility (LTFF)	7.3	565,004,798	292,506,818
Long-term financing facility (NIDF)	7.4	143,108,277	157,419,104
Custom debentures	7.5	2,832,155	2,832,155
		905,339,111	714,727,699

Less: Current portion:

Demand finances	(56,666,648)	(56,666,648)
Term finance	(10,909,092)	(10,909,092)
Long-term financing facility (LTFF)	(14,033,733)	-
Long-term financing facility (NIDF)	(28,621,656)	(14,310,828)
Custom debentures	(2,832,155)	(2,832,155)
	(113,063,284)	(84,718,723)
	792,275,827	630,008,976

7.1 Demand finances

Name of institution	Limited		Outstanding amount		Details of financing, security and repayment terms
	2017	2016	2017	2016	
	Rupees		Rupees		
National Bank of Pakistan (Facility I)	100,000,000	100,000,000	41,666,655	58,333,320	Facility is secured against joint pari passu hypothecation charge over all present and future fixed assets and joint pari passu equitable mortgage charge over land and building of the Company. The loan is subject to mark-up at a rate of 3 month average KIBOR ask side plus 0.5 bps (2016 : 3 months average KIBOR ask side plus 175 bps) repayable in 24 equal quarterly installments commenced from January 2014.
National Bank of Pakistan (Facility II)	240,000,000	240,000,000	119,999,953	159,999,939	Facility is secured against joint pari passu hypothecation charge over all present and future fixed assets and joint pari passu equitable mortgage over land and building with 25% margin. The loan is subject to mark-up at a rate of 3 month average KIBOR ask side plus 0.5 bps (2016 : 3 months average KIBOR ask side plus 175 bps) repayable in 24 equal quarterly installments commenced from August 2014.
			161,666,608	218,333,259	

7.2 Term Finance Facilities

Habib Bank Limited	60,000,000	60,000,000	32,727,273	43,636,363	Facility is secured against joint pari passu charge on entire present and future fixed assets of the Company and personal guarantee of sponsoring directors. The loan is subject to mark-up at the rate of 3 month average KIBOR offer rate plus 0.5 bps (2016 : 3 month average KIBOR plus 135 bps) repayable in 22 equal quarterly installments commenced from February 2015.
			32,727,273	43,636,363	

7.3 Long Term Finance Facilities (LTFF)

United Bank Limited	149,693,155	149,693,155	149,693,155	149,693,155	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building & machinery) of the company. The loan is subject to mark-up at the rate of 3.5 % (2016: 3.5%). The loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.14 of 2015 and is repayable in 32 equal quarterly installments commencing from Nov 2017.
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Name of institution	Limited		Outstanding amount		repayment terms
	2017	2016	2017	2016	
	Rupees		Rupees		
United Bank Limited	142,813,663	142,813,663	142,813,663	142,813,663	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building & machinery) of the company. The loan is subject to mark-up at the rate of 2.5 % (2016: 2.5%). The loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 and is repayable in 32 equal quarterly installments commencing from July 2018.
United Bank Limited	149,628,405	-	149,628,405	-	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building & machinery) of the company. The loan is subject to mark-up at the rate of 2.5 %. The loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 repayable in 32 equal quarterly installments commencing from March 2019.
United Bank Limited	122,869,575	-	122,869,575	-	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building & machinery) of the company. The loan is subject to mark-up at the rate of 2.5 %. The loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 repayable in 32 equal quarterly installments commencing from September 2019.
			565,004,798	292,506,818	

7.4 Long Term Finance Facilities (NIDF)

United Bank Limited	157,493,182	157,493,182	143,108,277	157,419,104	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building & machinery) of the company. The loan is subject to mark-up at the rate of 3 months KIBOR plus 100 bps p.a. (2016: 3 Months KIBOR plus 100 bps p.a) repayable in 22 equal quarterly installments commenced from March 2017.
			143,108,277	157,419,104	

7.5 Debentures had been issued in favor of Collector of Customs of Karachi to cover deferred payment of custom duty on imported machinery.

- 7.6 The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Note	2017 Rupees	2016 Rupees
- Short-term borrowings	11	310,457,231	111,653,516
- Long-term finances	7.1, 7.2 and 7.4	337,502,158	419,388,726

- 7.7 Management considers that there is no non-compliance of the financing agreements with banking companies and financial institutions where the Company is exposed to penalties.

8. DEFERRED LIABILITY

Provision for staff gratuity	84,752,937	74,736,927
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The company operates unfunded gratuity scheme for all its confirmed employees who have completed the minimum qualifying period of service as defined under the respective Scheme. Provision is made to cover the obligations under the scheme on the basis of actuarial assumptions and is determined using Projected Unit Credit Method. Details of actuarial assumption and amounts charged in these financial statements are as follows:

Actuarial assumptions

- Discount rate	7.75%	7.25%
- Expected rate of salary increase	5.75%	5.25%
- Average expected remaining working life of the employees	10 Years	10 Years

Movement in the net defined benefit liability

Balance at the beginning of the year	74,736,927	83,628,947
Recognized in profit and loss account		
Current service cost	16,222,952	16,858,173
Interest cost	4,841,434	6,830,332
	21,064,386	23,688,505
Recognized in other comprehensive income		
Premeasurement loss / (gain) on premeasurement of defined benefit liability	4,868,684	(5,431,997)
Benefits paid during the year	(15,917,060)	(27,148,528)
Balance at end of the year	84,752,937	74,736,927

Actuarial gains and losses

Actuarial loss from changes in demographic and financial assumptions	174,499	3,393,916
Experience adjustments	4,694,185	(8,825,913)
	4,868,684	(5,431,997)

Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated:

	Change in assumption	Increase / (decrease) in defined benefit obligation	
		Increase in assumption	Decrease in assumption
		2017	
Discount Rate	1%	(5,223,118)	5,942,484
Salary Increase	1%	6,253,996	(5,598,198)
Average duration of defined benefit obligation in years		7	7

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

The scheme exposes the Company to the actuarial risks such as:

Salary risks

The risks that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Longevity risks

The risk arises when the actual lifetime of the retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

8.1 The expected maturity analysis of undiscounted benefit obligation is:

Note	2017 Rupees	2016 Rupees
	Undiscounted payments	
Less than a year	16,292,366	14,987,969
Between 1 to 2 years	14,779,341	13,742,343
Between 2 to 3 years	13,127,846	12,087,752
Between 3 to 4 years	13,124,841	10,692,838
Between 4 to 5 years	15,515,771	11,210,097
Between 5 to 6 years	10,071,958	13,303,915
6 years and above	393,630,878	317,066,914

9. TRADE AND OTHER PAYABLES

Creditors		56,539,997	53,571,346
Accrued liabilities	9.1	442,206,996	295,656,945
Advance from customers		12,334,616	9,429,929
Unclaimed dividend		6,220,865	6,151,229
Workers' Profit Participation Fund	9.2	5,955,195	-
Workers' Welfare Fund	9.3	43,036,947	40,773,973
Preference shares redemption liability and dividend		733,365	733,365
Other Government expenses - Infrastructure fee	9.4	24,406,846	21,378,432
Others		759,842	340,419
		592,194,669	428,035,638

9.1 This includes an amount of Rs. 294,273,611 (2016 : Rs. 206,627,863) in respect of gas infrastructure development Cess.

Gas Infrastructure Development (GID) Cess was levied with effect from December 15, 2011 and was chargeable from industrial gas customers at different rates as prescribed by the Federal Government through OGRA notification.

On June 13, 2013, the Honorable Peshawar High Court declared the levy, imposition and recovery of the Cess unconstitutional with the direction to refund the "Cess" so far collected. Honorable Supreme Court of Pakistan examined the case and vide its findings dated August 22, 2014, concluded that GID Cess is a fee and not a tax and on either count the "Cess" could not have been introduced through a money bill under Article 73 of the Constitution and the same was, therefore, not validly levied in accordance with the Constitution. However, on September 25, 2014, the President of Pakistan had promulgated GID Cess Ordinance 2014, which was applicable to the whole of Pakistan and has to be complied by all parties.

On September 29, 2014, the Honorable Sindh High Court gave a stay order to various parties against the promulgation of Presidential order on September 25, 2014.

On May 22, 2015, the GID Cess Act was passed by Parliament applicable on all consumers. Following the imposition of the said Act, many consumers filed a petition in Honorable Sindh High Court and obtained stay order against Act passed by the Parliament.

On October 26, 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh and is pending for adjudication.

In view of aforementioned developments, the Company on prudent basis, continue to recognize the provision for gas infrastructure development Cess.

	Note	2017 Rupees	2016 Rupees
9.2 Workers' Profit Participation Fund			
Opening balance		-	8,071,694
Interest on fund utilized in the Company's business	9.2.1	-	1,545,692
		-	9,617,386
Allocation for the year	28	5,955,195	-
		5,955,195	9,617,386
Amount paid to the fund		-	(9,617,386)
		5,955,195	-

9.2.1 Interest on funds utilized is charged @ Nil % (2016: 26.25%) per annum.

9.3 Prior to certain amendments made through Finance Acts of 2006 & 2008, Worker Welfare Fund (WWF) was levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes falling under the Final Tax Regime (FTR). An amendment was made in Section 4 of the WWF Ordinance, 1971 (the Ordinance) whereby WWF liability was required at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return.

Aggrieved by the amendments made through the Finance Act, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the WWF Ordinance in 2011. However, the Company together with other stakeholders also filed the petition in the Sindh High Court which, in 2013, decided the petition against the Company and other stakeholders. Management has filed appeal before the Supreme Court of Pakistan against the decision of the Sindh High Court. During the year, Supreme Court of Pakistan has passed an order dated November 10, 2016 that the Workers' Welfare Fund (WWF) is a fee, not a tax. Hence, the amendments made through Finance Act, 2006 and 2008 have been declared invalid in the said order. The company consulted with their legal counsel on this matter and understand that there has been a review petition filed against this decision which is pending for hearing. Considering this development, the company has decided to maintain the said provision in the financial statements until the final conclusion of the matter.

- 9.4 This represents Rs. 24.407 million (2016: 21.378 million) provision for Sindh Development and Infrastructure Fee and Duty which was levied by the Excise and Tax Department on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. The levy was initially challenged by the Company along with other companies in the High Court of Sindh after which several proceedings were held. Currently the petition is filed in the High Court and through the interim order passed on May 31, 2011 the High Court of Sindh has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. The management is confident for a favorable outcome. However, as a matter of prudence, the Company has paid 50% of the value of infrastructure fee in cash and recorded liability for the remaining amount which is supported by a bank guarantee.

	Note	2017 Rupees	2016 Rupees
10. ACCRUED INTEREST / MARK-UP			
Long-term finances			
- From banking companies		5,708,899	9,199,337
Short-term borrowings		2,532,543	1,317,715
		8,241,442	10,517,052
11. SHORT-TERM BORROWINGS			
- Banking companies - secured			
Running finance	11.1	46,148,876	65,569,851
Foreign currency finance	11.1	264,308,355	46,083,665
	11.2	310,457,231	111,653,516
11.1 The Company can avail foreign currency, cash and running finance facilities from various banks aggregating to Rs. 2,760 million (2016 : Rs. 2,870 million). These borrowings are secured against hypothecation of stocks and book debts / receivables of the Company and pari passu charge on present and future current assets, demand promissory notes and lien on export orders / contracts. Cash and running finance facilities are subject to variable markup ranging from 1 to 3 month KIBOR plus 0.2% to 0.75% (2016 : from 1 to 3 month KIBOR plus 0.2% to 0.75%) per annum payable on quarterly basis where as foreign currency loans markup rate ranging from 0.9% to 2% (2016: 0.9% to 1.1343%) per annum.			
11.2 The aggregate unveiled short-term borrowing facilities available amounted to Rs. 2,450 million (2016 : Rs. 2,758 million).			
12. CONTINGENCIES AND COMMITMENTS			
12.1 Contingencies			
Bank guarantees issued on behalf of the Company	12.1.1	14,602,000	14,602,000
Bills discounted		269,136,348	267,394,310
Bank guarantee in favor of Excise and Taxation department	9.4	29,296,448	24,296,448
12.1.1 It represent guarantee issued in favor of Hyderabad Electric Supply Company (HESCO).			
12.2 Commitments			
Machinery	12.2.1	17,605,000	91,891,000
Civil work		1,666,922	15,673,016
Raw material		3,477,197	17,881,889
Stores and spares		8,915,988	6,580,538
Commitments for rentals of assets under operating lease agreements as at June 30, 2017:			
Not later than one year		1,930,087	29,640
12.2.1 It includes amount relating to service contract of repair and maintenance of machinery.			
13. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	1,528,622,577	1,409,029,696
Capital work in progress	13.2	22,210,804	26,650,470
		1,550,833,381	1,435,680,166

13.1 Operating fixed assets

2017								
Particulars	Cost at July 01, 2016	Additions / (Deletions)	Cost at June 30, 2017	Accumulated depreciation at July 01, 2016	Depreciation for the year	Accumulated depreciation at June 30, 2017	Written down value at June 30, 2017	Rate of Depreciation %
(Rupees)								
Owned								
Land - freehold	7,400,318	-	7,400,318	-	-	-	7,400,318	-
Land - leasehold	2,474,682	-	2,474,682	-	-	-	2,474,682	-
Commercial building on free hold land	16,699,610	-	16,699,610	9,927,985	338,581	10,266,566	6,433,044	5
Mills buildings on lease hold land	168,348,241	31,041,966	199,390,207	110,361,744	7,098,906	117,460,650	81,929,557	10
Other buildings on leasehold land	25,105,632	5,890,828	30,996,460	14,917,468	749,294	15,666,762	15,329,698	5
Machinery and equipment	2,184,717,498	227,425,495 (799,338)	2,411,343,655	968,460,830	127,867,416 (725,973)	1,095,602,273	1,315,741,382	10
Electric installations and equipment	111,480,910	2,719,873 (2,850,000)	111,350,783	56,711,903	5,531,497 (1,273,931)	60,969,469	50,381,314	10
Gas installations	3,671,136	-	3,671,136	2,698,129	97,301	2,795,430	875,706	10
Office equipment	18,934,157	1,070,154	20,004,311	10,469,258	915,952	11,385,210	8,619,101	10
Furniture and fixtures	24,316,751	1,339,825	25,656,576	13,269,066	1,153,265	14,422,331	11,234,245	10
Vehicles	65,570,925	4,215,600 (5,009,750)	64,776,775	32,873,781	6,791,133 (3,091,669)	36,573,245	28,203,530	20
	2,628,719,860	273,703,741 (8,659,088)	2,893,764,513	1,219,690,164	150,543,345 (5,091,573)	1,365,141,936	1,528,622,577	
2016								
Particulars	Cost at July 01, 2015	Additions / (Deletions)	Cost at June 30, 2016	Accumulated depreciation at July 01, 2015	Depreciation for the year	Accumulated depreciation at June 30, 2016	Written down value at June 30, 2016	Rate of depreciation %
(Rupees)								
Owned								
Land - freehold	7,400,318	-	7,400,318	-	-	-	7,400,318	-
Land - leasehold	2,474,682	-	2,474,682	-	-	-	2,474,682	-
Commercial building on free hold land	16,699,610	-	16,699,610	9,571,584	356,401	9,927,985	6,771,625	5
Mills buildings on lease hold land	168,348,241	-	168,348,241	103,918,800	6,442,944	110,361,744	57,986,497	10
Other buildings on leasehold land	25,105,632	-	25,105,632	14,381,249	536,219	14,917,468	10,188,164	5
Machinery and equipment	1,961,406,523	238,329,170 (15,018,195)	2,184,717,498	868,265,300	113,258,823 (13,063,293)	968,460,830	1,216,256,668	10
Electric installations and equipment	109,215,994	2,264,916	111,480,910	50,730,406	5,981,497	56,711,903	54,769,007	10
Gas installations	3,671,136	-	3,671,136	2,590,016	108,113	2,698,129	973,007	10
Office equipment	15,997,163	2,936,994	18,934,157	9,733,005	736,253	10,469,258	8,464,899	10
Furniture and fixtures	23,153,319	1,163,432	24,316,751	12,099,784	1,169,282	13,269,066	11,047,685	10
Vehicles	62,679,473	9,837,297 (6,945,845)	65,570,925	30,214,023	7,602,098 (4,942,340)	32,873,781	32,697,144	20
	2,396,152,091	254,531,809 (21,964,040)	2,628,719,860	1,101,504,167	136,191,630 (18,005,633)	1,219,690,164	1,409,029,696	

	Note	2017 Rupees	2016 Rupees
13.1.1 Total depreciation			
Operating fixed assets	13.1	150,543,345	136,191,630
Investment property	14	287,461	302,591
	13.1.2	150,830,806	136,494,221

13.1.2 Depreciation for the year has been allocated as under:

Cost of goods manufactured	25.1	141,955,458	126,517,461
Administrative expenses	27	8,875,348	9,976,760
		150,830,806	136,494,221

13.1.3 Detail of disposal of assets

Description of Assets	Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
----- (Rupees) -----							
Machinery and equipment	799,338	725,973	73,365	100,000	26,635	Negotiation	Muhammad Saleem Muhalla Gujrati, Tando Adam Road, Latifabad
Electric installations	250,000	141,101	108,899	46,378	(62,521)	Negotiation	High Power Engineering Service Samanabad, By Pass Road, Aroop, Gujranwala
Electric installations	2,600,000	1,132,830	1,467,170	624,548	(842,622)	Negotiation	High Power Engineering Service Samanabad, By Pass Road, Aroop, Gujranwala
Vehicle	1,776,200	1,044,010	732,190	940,000	207,810	Negotiation	Faisal Rasool Abro House No. 8-1, Mohalla Jahania, Civil Line, Saddar, Hyderabad
Vehicle	711,975	337,722	374,253	420,000	45,747	Negotiation	Syed Zafar Hassan Jafri House No. 422, Mohalla F.B. Area, Block No. 020, Karachi
Vehicle	839,000	690,350	148,650	465,000	316,350	Negotiation	Muhammad Zafar Flat No. 905, Jeddah Centre, Raja Ghazanfer Ali Road, Karachi
Vehicle	1,548,475	930,808	617,667	850,000	232,333	Negotiation	Irfan Ahmad House No. 16-A, Gali No 7, Muhalla Gulzeb Colony, Samanabad, Lahore
Vehicle	65,600	50,113	15,487	24,000	8,513	Negotiation	Abdullah Bin Saeed House No. A-63-7, Luqman Road, Dehli Colony, Karachi
Vehicle	68,500	38,666	29,834	28,000	(1,834)	Negotiation	Jameel Hassan House No. 102, Mohalla Housing Colony, Sheikhupura District
Rupees 2017	8,659,088	5,091,573	3,567,515	3,497,926	(69,589)		
Rupees 2016	21,964,040	18,005,633	3,958,407	4,523,953	565,546		

	Note	2017 Rupees	2016 Rupees
13.2 Capital work-in-Progress			
Civil work	13.2.1	802,683	22,575,550
Machinery and electrical installations	13.2.2	18,743,796	2,377,920
Advance for vehicles	13.2.3	2,664,325	1,697,000
		22,210,804	26,650,470
13.2.1 Civil work			
Opening balance		22,575,550	13,045,638
Additions		15,159,927	9,931,646
		37,735,477	22,977,284
Transfer to property, plant and equipment		(36,932,794)	(401,734)
Closing balance	13.2.4	802,683	22,575,550
13.2.2 Machinery and electrical installations			
Opening balance		2,377,920	2,347,772
Additions		245,989,580	241,707,721
		248,367,500	244,055,493
Transfer to property, plant and equipment		(229,623,704)	(241,677,573)
Closing balance	13.2.4	18,743,796	2,377,920
13.2.3 Advance for Vehicle			
Opening Balance		1,697,000	2,231,000
Additions		4,928,825	1,697,000
		6,625,825	3,928,000
Transfer to property, plant and equipment		(3,961,500)	(2,231,000)
Closing Balance		2,664,325	1,697,000

13.2.4 These include advances to suppliers amounting to Rs. 5,614,587 (2016 :Rs. 5,053,223)

14. INVESTMENT PROPERTIES

	Cost			Depreciation			Written down	Annual
	As at July 1, 2016	Additions / (disposals)	As at June 30, 2017	As at July 1, 2016	Charge for the year	As at June 30, 2017	value as at June 30, 2017	rate of Dep. %
	(Rupees)							
Building on free hold land in Lahore	17,539,312	-	17,539,312	11,790,091	287,461	12,077,552	5,461,760	5
Land in Lahore - free hold	8,300,631	-	8,300,631	-	-	-	8,300,631	-
Land in Sheikhupura - freehold	751,338	-	751,338	-	-	-	751,338	-
2017 Rupees	26,591,281	-	26,591,281	11,790,091	287,461	12,077,552	14,513,729	
2016 Rupees	26,591,281	-	26,591,281	11,487,500	302,591	11,790,091	14,801,190	

14.1 As per the Valuation done by M/s Surval the fair value of Land and building in Lahore - free hold is Rs.367.436 million and Land in Sheikhupura is Rs 37 million as at June 30, 2015 . Management considers that there is no material change in the fair value of the above properties since last revaluation.

15. INTANGIBLE ASSETS

	Cost			Amortization			Carrying	Rate of
	As at July 01, 2016	Additions	As at June 30, 2017	As at July 01, 2016	Charge for the year	As at June 30, 2017	value as at June 30, 2017	Amortization %
	(Rupees)							
ERP software	4,151,365	-	4,151,365	69,189	830,273	899,462	3,251,903	20
2017 Rupees	4,151,365	-	4,151,365	69,189	830,273	899,462	3,251,903	
2016 Rupees	-	4,151,365	4,151,365	-	69,189	69,189	4,082,176	

	2017 Rupees	2016 Rupees
15.1 Amortization for the year has been allocated as under:		
Administrative expenses	830,273	69,189

	Note	2017 Rupees	2016 Rupees
16. STORES AND SPARES			
Stores		11,903,246	16,237,098
Spares		19,456,591	17,819,993
		31,359,837	34,057,091
17. STOCK-IN-TRADE			
Raw material		616,597,003	621,474,464
Work-in-process		45,082,213	51,742,678
Finished goods		46,381,864	49,789,038
Waste		7,900,543	1,004,049
		715,961,623	724,010,229
18. TRADE DEBTS			
Considered good			
Foreign - secured	18.1	205,046,401	114,560,379
Local - unsecured	18.2	249,936,702	215,312,677
		454,983,103	329,873,056
Considered doubtful		1,044,009	1,044,009
		456,027,112	330,917,065
Less: Provision for doubtful debts		(1,044,009)	(1,044,009)
		454,983,103	329,873,056
18.1	These are secured against letters of credit in favor of the Company.		
18.2	These are non-interest bearing, the normal credit period is 15 to 45 day terms.		
18.3	Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of credit customers, to assess whether or not provision is required.		
18.4	Trade debts include debtors with a carrying amount of Rs. 71.265 million (2016: Rs. 1.764 million) which are past due at the reporting date against which the Company has not made a provision as there is no significant change in credit quality and the amount is considered recoverable. Company does not hold any collateral against these balances.		
18.4.1	Aging of past due but not impaired		
46-90 days		26,710,256	1,012,489
91-180 days		42,553,835	105,408
181 days and above		2,001,348	646,098
		71,265,439	1,763,995
19. LOANS AND ADVANCES			
Considered good			
Advances			
Employees		151,928	189,633
Income tax	19.1	156,148,359	133,356,764
Suppliers		7,328,590	4,681,419
Expenses		1,114,825	58,931
Letters of credit		498,655	411,731
		165,242,357	138,698,478
19.1	Movement of advance tax is as under:		
Opening balance		133,356,764	117,017,000
Paid during the year		55,249,096	44,862,951
Provision for tax	31	(32,457,501)	(28,523,187)
		156,148,359	133,356,764
20. PREPAYMENTS			
Prepaid insurance		1,716,774	7,402,113
Others		3,405,619	964,976
		5,122,393	8,367,089

	Note	2017 Rupees	2016 Rupees
21. OTHER RECEIVABLES			
Export rebate		51,736,251	-
Income tax refundable		892,665	892,665
Other receivables		3,173,381	1,785,665
		55,802,297	2,678,330
22. OTHER FINANCIAL ASSETS			
Available for sale investments			
Investment in listed equity securities	22.1	507,055,203	119,964,290
Investment in mutual funds	22.2	27,644,085	-
		534,699,288	119,964,290

22.1 Investment in listed equity securities - At fair value

2017 Number of shares	2016 Number of shares	Name of investee	2017 Rupees	2016 Rupees
Quoted companies				
1,383,000	985,500	Engro Fertilizers Limited	76,396,920	63,545,040
299,500	150,000	Pakistan Petroleum Limited	44,367,930	23,257,500
258,600	100,000	United Bank Limited	60,905,472	17,692,000
449,000	200,000	Bank Al-Habib Limited	25,480,750	8,624,000
45,200	25,000	Oil and Gas Development Company Limited	6,359,188	3,451,750
365,000	100,000	Fatima Fertilizer Company Limited	12,296,850	3,394,000
1,250,000	-	Fauji Cement Company Limited	51,287,500	-
447,500	-	Habib Metropolitan Bank Limited	14,789,875	-
333,500	-	Bank Alfalah Limited	13,406,700	-
289,000	-	Shabbir Tiles & Ceramics Limited	5,540,130	-
267,000	-	K-Electric Limited	1,842,300	-
122,500	-	Pak Elektron Limited	13,514,200	-
112,300	-	MCB Bank Limited	23,631,289	-
109,000	-	International Steels Limited	13,940,010	-
107,500	-	Century Paper & Board Mills Limited	10,540,375	-
100,000	-	Loads Limited	4,147,000	-
91,000	-	Pakistan Telecommunication Company Limited	1,420,510	-
78,500	-	Faysal Bank Limited	1,766,250	-
45,000	-	Nishat (Chunian) Limited	2,309,400	-
42,000	-	Engro Polymer & Chemicals Limited	1,533,000	-
39,017	-	Synthetic Products Enterprises Limited	2,943,833	-
39,000	-	Gul Ahmed Textile Mills Limited	1,598,220	-
34,000	-	Al-Shaheer Corporation Limited	1,363,740	-
32,300	-	Allied Bank Limited	2,894,726	-
31,500	-	Saif Power Limited	950,670	-
30,500	-	Fauji Fertilizer Bin Qasim Limited	1,306,620	-
28,500	-	Kohinoor Textile Mills Limited	2,996,205	-
27,500	-	Sui Southern Gas Co. Limited	1,001,275	-
25,500	-	Systems Limited	1,933,920	-
25,000	-	Mughal Iron And Steel Industries Limited	2,018,250	-
24,000	-	Kot Addu Power Company Limited	1,728,480	-
23,500	-	Pioneer Cement Limited	3,055,000	-
22,500	-	The Hub Power Company Limited	2,642,175	-
21,800	-	Nishat Mills Limited	3,459,224	-
21,500	-	Agriauto Industries Limited	9,285,850	-
20,600	-	Habib Bank Limited	5,544,284	-
18,200	-	D.G. Khan Cement Company Limited	3,879,512	-
18,000	-	Tariq Glass Limited	1,993,680	-
14,800	-	Engro Corporation Limited	4,823,468	-
14,500	-	Amreli Steels Limited	1,782,775	-
14,500	-	Maple Leaf Cement Factory Limited	1,614,720	-
13,500	-	Sui Northern Gas Pipelines Limited	2,010,420	-
13,400	-	Mari Petroleum Company Limited	21,113,576	-
11,200	-	Glaxosmithkline Pakistan Limited	2,205,504	-
10,500	-	Pakistan Oilfields Limited	4,810,575	-
9,800	-	Cherat Cement Company Limited	1,752,044	-

2017 Number of shares	2016	Name of investee	Note	2017 Rupees	2016 Rupees
Quoted companies					
9,700	-	Pakistan State Oil Company Limited		3,757,295	-
8,400	-	Attock Cement Limited		2,542,428	-
5,800	-	Lucky Cement		4,850,308	-
4,200	-	Ferozsons Laboratories Limited		1,623,342	-
3,800	-	Shell Pakistan Limited		2,186,406	-
3,300	-	Honda Atlas Cars (Pakistan) Limited		2,863,377	-
2,600	-	Attock Refinery Limited		994,708	-
2,500	-	Pak Suzuki Motor Company Limited		1,950,900	-
2,500	-	Attock Petroleum Limited		1,566,075	-
2,500	-	Crescent Steel & Allied Products Limited		596,425	-
2,200	-	Abbott Laboratories (Pakistan) Limited		2,056,120	-
2,000	-	Millat Tractors Limited		2,748,880	-
1,600	-	National Refinery Limited		1,161,584	-
1,100	-	Indus Motor Company Limited		1,972,960	-
				507,055,203	119,964,290

22.1.1 This includes fair value of Rs. 133,014,061 (2016: Nil) held in Separately Managed Account (SMA) maintained with managed by NAFA.

22.2 Investment in mutual funds

NAFA Stock Fund 864,538 units	14,017,445	-
NAFA Islamic Energy Fund 1,040,543 units	13,626,640	-
	27,644,085	-

22.3 Reconciliation between fair value and cost of investments classified as 'available for sale'

Fair value of investments			
- in listed equity securities	22.1	507,055,203	119,964,290
- in mutual funds	22.2	27,644,085	-
		534,699,288	119,964,290
Less: unrealized loss / (gain) on remeasurement of investments at June 30		15,904,433	(480,946)
Cost of investments		550,603,721	119,483,344

23. CASH AND BANK BALANCES

Cash with banks			
In current accounts		21,838,195	36,532,222
In deposit accounts		81	81
Cash in hand		32,348	32,348
Term deposit receipts	23.1	-	150,106,849
		21,870,624	186,671,500

23.1 It carried return at 6.5% p.a. and matured on July 4, 2016.

	Note	Local	Export	Total	
				2017	2016
24. SALES					
Yarn	24.1 & 24.2	1,803,031,327	3,247,603,212	5,050,634,539	4,242,209,640
Waste		91,963,018	-	91,963,018	46,363,273
Raw material		47,105,593	-	47,105,593	16,821,864
		1,942,099,938	3,247,603,212	5,189,703,150	4,305,394,777
Export rebate				52,400,114	-
Less : Sales tax				(69,914)	(37,525,952)
				5,242,033,350	4,267,868,825

24.1 Export sales is net of exchange loss of Rs.1,927,444 (2016 : exchange loss of Rs. 11,329,693)

24.2 Export sales include indirect export of Rs. Nil (2016 : Rs. 123,154,662)

	Note	2017 Rupees	2016 Rupees
25. COST OF GOODS SOLD			
Opening stock - finished goods		50,793,087	31,783,493
Cost of goods manufactured	25.1	4,850,940,371	4,124,290,308
Purchase of finished goods		1,448,238	-
		<u>4,903,181,696</u>	<u>4,156,073,801</u>
Closing stock - finished goods	17	(54,282,407)	(50,793,087)
Cotton yarn loss claim		-	(4,468,596)
Cost of sales of raw material		39,839,611	15,576,037
		<u>4,888,738,900</u>	<u>4,116,388,155</u>
25.1 Cost of goods manufactured			
Raw material consumed	25.1.1	3,638,221,753	3,060,980,119
Packing material consumed		78,891,985	71,898,023
Stores and spares consumed		106,063,726	71,906,351
Salaries, wages and benefits	25.1.2	376,867,745	369,917,551
Fuel		471,889,477	419,676,270
Rent, rates and taxes		532,912	549,714
Insurance		9,561,570	9,417,680
Repairs and maintenance		13,726,692	9,681,855
Depreciation	13.1.2	141,955,458	126,517,461
Other manufacturing overheads		6,568,588	6,287,430
		<u>4,844,279,906</u>	<u>4,146,832,454</u>
Work in process			
Opening stock		51,742,678	29,200,532
Closing stock	17	(45,082,213)	(51,742,678)
		<u>6,660,465</u>	<u>(22,542,146)</u>
		<u>4,850,940,371</u>	<u>4,124,290,308</u>
25.1.1 Raw material consumed			
Opening stock		621,474,464	417,522,678
Purchases		3,633,344,292	3,264,931,905
		<u>4,254,818,756</u>	<u>3,682,454,583</u>
Closing stock	17	(616,597,003)	(621,474,464)
		<u>3,638,221,753</u>	<u>3,060,980,119</u>

25.1.2 It includes Rs. 17,687,765 (2016 : Rs. 20,304,253) in respect of staff retirement benefits.

	Note	2017 Rupees	2016 Rupees
26. DISTRIBUTION COST			
Freight		42,965,837	32,268,446
Commission:			
-Local		7,932,163	8,284,943
-Export		23,988,393	21,021,750
Stamp duty		1,769,638	2,015,682
Travelling		4,568,344	5,395,666
Export development surcharge		8,038,281	7,112,945
Quality claims		292,324	1,232,168
Handling and other charges		9,329,738	10,145,715
Insurance		1,542,368	1,753,996
Distribution expense		929,600	988,800
Other		3,161,505	2,333,562
		104,518,191	92,553,673

27. ADMINISTRATIVE EXPENSES

Directors' remuneration, fees and benefits		10,936,469	9,946,176
Staff salaries and benefits	27.1	51,070,097	41,593,746
Travelling and conveyance		1,172,865	1,518,627
Printing and stationery		1,395,059	1,454,522
Postage and telephone		2,850,534	3,013,255
Fees, subscription and periodicals		2,922,171	2,380,129
Legal and professional		1,355,928	856,272
Advertisement		282,400	145,981
Utilities - net of recoveries		5,007,598	4,611,077
Rent, rates and taxes		6,188,048	4,679,184
Insurance		1,754,292	1,660,281
Auditors' remuneration	27.2	900,000	900,000
Repairs and maintenance		2,815,988	2,290,133
Vehicles running and maintenance		7,941,907	7,676,949
Entertainment		1,349,079	1,754,926
Depreciation	13.1.2 & 27.3	8,875,348	9,976,760
Amortization		830,273	69,189
Donations	27.4	900,000	450,000
Other		1,427,064	829,976
		109,975,120	95,807,183

27.1 It includes Rs. 3,376,621 (2016: Rs. 3,384,252) in respect of staff retirement benefits.

27.2 Auditors' remuneration

Annual audit fee	550,000	550,000
Half yearly review fee	150,000	150,000
Code of Corporate Governance certification	50,000	50,000
Tax compliance services	150,000	150,000
	900,000	900,000

27.3 It includes depreciation on investment properties amounting to Rs. 287,461 (2016: Rs 302,591).

27.4 Donations were not made to any donee in which a director or his spouse had any interest at any time during the year.

	Note	2017 Rupees	2016 Rupees
28. OTHER EXPENSES			
Workers' Profit Participation Fund	9.2	5,955,195	-
Workers' Welfare Fund	9.3	2,262,974	2,357,653
		<u>8,218,169</u>	<u>2,357,653</u>
29. OTHER INCOME			
Income from financial assets			
Dividend income	29.1	17,786,967	1,742,500
Gain on sale of other financial assets			
- held for trading		-	19,790,454
- available for sale		6,279,558	-
Interest income on term deposit receipt		477,743	802,054
Unrealized loss on revaluation of FCY Short Term finance		-	(15,662)
29.1	This includes dividend of Rs. 2,171,637 received and reinvested in NAFA mutual funds.		
Income from assets other than financial assets			
Scrap sales		1,015,770	908,682
(Loss) / gain on disposal of property, plant and equipment	13.1.3	(69,589)	565,546
Rental income from investment property		19,215,062	17,380,969
Other income		-	38,772
		<u>44,705,511</u>	<u>41,213,315</u>
30. FINANCE COST			
Mark-up / interest on:			
Long term finances		37,673,222	42,318,199
Short term borrowings		19,721,282	13,551,787
Workers' Profit Participation Fund	9.2.1	-	1,545,692
Bank charges and commission		7,008,260	8,981,578
		<u>64,402,764</u>	<u>66,397,256</u>
31. PROVISION FOR TAXATION			
Tax for the year		<u>32,457,501</u>	<u>28,523,187</u>
31.1	The total income of the Company for the current year attracts minimum tax under Section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.		
31.2	Relationship between tax expense and accounting profit		
Accounting profit / (loss) - before tax		110,885,717	(64,421,780)
Tax @ 31% (2016: 32%)		34,374,572	-
Effect of:			
- Items that are deductible in determining taxable profits		7,646,100	12,532,706
- Items subject to final tax regime		17,263,620	30,145,982
- Items subject to reduced rates		(4,342,825)	8,301,615
- Others		33,806	(1,305,547)
		20,600,701	49,674,756
Tax credit		(22,517,772)	(21,151,569)
Tax charge for the year		<u>32,457,501</u>	<u>28,523,187</u>
31.3	The Company has not accounted for deferred tax asset / income amounting to Rs. 11,183,543 as it is not expected to be realised in the foreseeable future.		

32. EARNINGS PER SHARE - basic and diluted

There is no dilutive effect on the basic earnings per share of the Company which is based on :

	2017	2016
Profit / (loss) after taxation (Rupees)	<u>78,428,216</u>	<u>(92,944,967)</u>
Weighted average number of ordinary shares	<u>18,700,000</u>	<u>18,700,000</u>
Earnings / (loss) per share (Rupees)	<u>4.19</u>	<u>(4.97)</u>

33. Cash (used in) / generated from operations

	Rupees	Rupees
Profit / (Loss) before taxation	110,885,717	(64,421,780)
Adjustments for:		
Depreciation	150,830,806	136,494,221
Amortization	830,273	69,189
Provision for gratuity	21,064,386	23,688,505
Loss / (gain) on disposal of property, plant and equipment	69,589	(565,546)
Gain on sale of other financial assets		
- held for trading	-	(19,790,454)
- available for sale	(6,279,558)	-
Unrealised loss on revaluation of FCY Short Term Loan	-	15,662
Finance cost	64,402,764	66,397,256
Rental income	(19,215,062)	(17,380,969)
Dividend income	(17,786,967)	(1,742,500)
	<u>304,801,948</u>	<u>122,763,584</u>
Decrease / (increase) in current assets:		
Stores and spares	2,697,254	(8,941,066)
Stock-in-trade	8,048,606	(245,503,526)
Trade debts	(125,110,047)	(263,592,831)
Loans and advances	(3,752,284)	90,164
Prepayments	3,244,696	(6,007,436)
Other receivables	(53,123,967)	(772,970)
Sales tax refundable	(45,072,771)	(6,327,811)
	<u>(213,068,513)</u>	<u>(531,055,476)</u>
Increase in current liabilities:		
Trade and other payables	164,159,031	116,697,175
Cash generated from / (used in) operations	<u>255,892,466</u>	<u>(291,594,717)</u>

34. REMUNERATION OF DIRECTORS AND EXECUTIVES

	2017				2016			
	Chief Executive	Directors		Executives	Chief Executive	Directors		Executives
		Executive	Non-Executive			Executive	Non-Executive	
	-Rupees-				-Rupees-			
Remuneration	4,775,640	2,620,000	-	18,281,058	4,341,480	2,420,000	-	11,614,336
House rent allowance	1,193,904	1,179,000	-	8,226,476	1,085,376	1,089,000	-	5,226,451
Other allowances	-	131,000	-	914,053	-	121,000	-	580,717
Retirement benefits	-	215,342	-	1,402,279	-	198,904	-	954,603
Leave encashment	-	466,583	-	2,979,711	-	285,416	-	1,995,422
Bonus/ex-gratia	-	-	-	369,786	-	-	-	175,685
Meeting fee	-	-	355,000	-	-	-	405,000	-
	<u>5,969,544</u>	<u>4,611,925</u>	<u>355,000</u>	<u>32,173,363</u>	<u>5,426,856</u>	<u>4,114,320</u>	<u>405,000</u>	<u>20,547,214</u>
No. of persons	1	2	2	16	1	2	2	10

- 34.1** Chief Executive and Executive Directors are provided with free use of the Company's maintained car and Chief Executive is entitled for reimbursement of utility bills.

35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors of the Company and key management personnel. The Company carries out transactions with various related parties as per agreed terms. There is no balance outstanding with or from associated undertakings. Remuneration of directors and key management personnel are disclosed in note 34 and amount due in respect of staff retirement benefits is disclosed in note 8. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of Transactions	2017 Rupees	2016 Rupees
Associated companies	Purchase of goods	7,964,138	403,653
	Sale of goods	28,819,890	101,852,246
	Rental income	1,844,750	1,682,500
	Purchase of fixed assets	2,901,481	4,325,785
	Dividend paid	3,060,542	10,711,897
Directors, family members of directors and key management personnel	Dividend paid	13,936,237	48,776,830

36. PLANT CAPACITY AND ACTUAL PRODUCTION

It is difficult to describe precisely the production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed and twist. It would also vary according to the pattern of production adopted in a particular year.

Number of spindles installed	No.	53,748	53,676
Total number of spindles worked	No.	53,748	53,676
Number of shifts per day	No.	3	3
Actual number of shifts in a year	No.	1,091	1,094
Plant capacity on the basis of utilization converted in to 20s' count	Kgs	19,351,613	18,982,657
Actual production converted into 20s' count	Kgs	16,617,912	15,788,810

37. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities, comprise long term finances, trade and other payables and short term borrowings. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's principal financial assets comprise of trade debts, advances, short-term deposits, other receivables and cash and bank balances that arrive directly from its operations. The Company also has long term deposits.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

37.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs. 508.86 million (2016: Rs. 640.894 million), the financial assets which are subject to credit risk amounted to Rs. 487.02 million (2016: Rs. 484.36 million). The Company manages credit risk in trade debts by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

The Company is exposed to credit risk from its operating activities primarily for trade debts and other receivables, deposits with banks and financial institutions, and other financial instruments. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings i.e. A1+ to A1 in short term and AAA to A for long term.

Credit risk related to receivables

Customers' credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. The management monitors and limits the Company's exposure of credit risk by limiting transactions with specific counter parties and continually assessing their credit worthiness. Outstanding customer receivables are regularly monitored and any shipments to major export customers are generally covered by letters of credit.

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of trade debts, where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. At June 30, 2017 the Company had approximately 22 (2016: 17) major local customers that owed more than Rs. 3 million each and accounted for approximately 90% (2016 : 85%) of local trade debts. Export debts amounting to Rs. 205 million (2016 : Rs. 114 million) are secured against letters of credit.

37.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans. 54.22% (2016: 47.21%) of the Company's financial liabilities will mature in less than one year based on the carrying value of borrowings reflected in the financial statements.

37.2.1 Liquidity and interest risk table

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

		2017				
	Carrying values	Contractual Cash flows	Less than 3 month	3 months - 1 year	1 - 5 years	More than 5 years
----- Rupees -----						
Financial Liabilities						
On balance sheet						
Long-term finances	905,339,111	905,339,111	24,049,349	89,013,935	594,432,762	197,843,065
Short term borrowings	310,457,231	310,457,231	310,457,231	-	-	-
Accrued interest / mark-up	8,241,442	8,241,442	8,241,442	-	-	-
Trade and other payables - non interest bearing	506,461,065	506,461,065	506,461,065	-	-	-
	1,730,498,849	1,730,498,849	849,209,087	89,013,935	594,432,762	197,843,065

		2016				
	Carrying values	Contractual Cash flows	Less than 3 month	3 months - 1 year	1 - 5 years	More than 5 years
----- Rupees -----						
Financial Liabilities						
On balance sheet						
Long-term finances	714,727,699	714,727,699	16,893,935	67,824,787	497,789,299	132,219,676
Short term borrowings	111,653,516	111,653,516	111,653,516	-	-	-
Accrued interest / mark-up	10,517,052	10,517,052	10,517,052	-	-	-
Trade and other payables - non interest bearing	356,453,304	356,453,304	356,453,304	-	-	-
	1,193,351,571	1,193,351,571	495,517,807	67,824,787	497,789,299	132,219,676

Effective rates of interest are mentioned in respective notes to the financial statements.

37.2.2 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical business standards;
- risk mitigation, including insurance where it is effective;
- operational and qualitative track record of suppliers and service providers.

37.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or the equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will effect the value of financial instruments. The Company has significant amount of interest based financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 1 month, 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account other financing options available.

Interest rate sensitivity analysis

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended June 30, 2017 would decrease/increase by Rs. 3.375 million (2016 : Rs. 4.193 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Foreign currency exchange risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However, the Company is materially exposed to foreign currency risk on assets. The Company enters into forward foreign exchange contract to manage the foreign currency exchange risk associated with the anticipated sales. As at June 30, 2017 financial assets include Rs. 205.046 million (2016: Rs. 114.56 million) which are subject to foreign currency risk against US Dollars.

Foreign currency sensitivity analysis

At June 30, 2017, if the Rupee had weakened / strengthened by 5% against the US dollar with all other variables held constant, the Company's profit for the year would have increased / decreased by Rs. 10.252 million (2016: increased / decreased by Rs 5.728 million), mainly as a result of foreign exchange gains / losses on translation of US dollar-denominated trade debts.

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at reporting date the Company is exposed to equity securities price risk as it has investment amounting to Rs. 507.055 million (2016: 119.964 million) in the shares of quoted companies as mentioned in note-22.

If equity price would have been 10% higher / lower with all others variables held constant, other comprehensive income for the year of the company would have been higher / lower by Rs. 50.71 million (2016: 11.99 million)

37.4 Financial Instruments by Category

The accounting policies for financial instruments have been applied for line items below:

	Loans and receivables	Available for sale	Total June 30, 2017
	Rupees -----		
Assets as per balance sheet			
Long term deposits	1,069,258	-	1,069,258
Trade debts	454,983,103	-	454,983,103
Loans and advances	151,928	-	151,928
Other receivables	3,173,381	-	3,173,381
Other financial assets	-	534,699,288	534,699,288
Cash and bank balances	21,870,624	-	21,870,624
	481,248,294	534,699,288	1,015,947,582

	Financial liabilities measured at amortized cost	Total June 30, 2017
	Rupees -----	
Liabilities as per balance sheet		
Long-term finances	905,339,111	905,339,111
Short-term borrowings	310,457,231	310,457,231
Trade and other payables	506,461,065	506,461,065
Accrued interest / mark-up	8,241,442	8,241,442
	1,730,498,849	1,730,498,849

	Held-to- maturity	Loans and receivables	Available for sale	Total June 30, 2016
	Rupees -----			
Assets as per balance sheet				
Long term deposits	-	1,110,258	-	1,110,258
Trade debts	-	329,873,056	-	329,873,056
Loans and advances	-	189,633	-	189,633
Other receivables	-	1,785,665	-	1,785,665
Other financial assets	-	-	119,964,290	119,964,290
Cash and bank balances	150,106,849	36,564,651	-	186,671,500
	150,106,849	369,523,263	119,964,290	639,594,402

	Financial liabilities measured at amortized cost	Total June 30, 2016
	----- Rupees -----	
Liabilities as per balance sheet		
Long-term finances	714,727,699	714,727,699
Short-term borrowings	111,653,516	111,653,516
Trade and other payables	356,453,304	356,453,304
Accrued interest / mark-up	10,517,052	10,517,052
	1,193,351,571	1,193,351,571

38. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company is not subject to any externally imposed capital requirements.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of share capital and reserves as well as debts of the Company. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares. The Company's overall strategy remains unchanged since June 30, 2016.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

The carrying value of all the financial instruments reported in the financial statements approximates their fair value as the items are short term in nature.

The table below analyses financial instrument 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 the liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's financial assets which are carried at fair value:

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
	-----Rs-----			
Financial assets				
- At fair value				
- Available for sale	534,699,288	-	-	534,699,288
	534,699,288	-	-	534,699,288

	June 30, 2016			Total
	Level 1	Level 2	Level 3	
	-----Rs-----			
Financial assets				
- At fair value				
- Available for sale	119,964,290	-	-	119,964,290
	119,964,290	-	-	119,964,290

At the reporting date, the Company holds above financial assets where the company has used Level 1 inputs for the measurement of fair values and there is no transfer between levels.

40. OPERATING SEGMENTS

Chief Executive considers the business as a single operating segment as the Company's assets allocation decisions are based on a single, integrated business strategy, and the Company's performance is evaluated on an overall basis. Sales of the Company related to export customers is 61.95 percent (2016: 70.63 percent) . As at year end, all non-current assets of the Company are located within Pakistan.

41. NUMBER OF EMPLOYEES

Total number of employees at the year end was 1,092 (2016 : 1,146). Average number of employees during the year was 1,119 (2016 : 1,132).

42. SUBSEQUENT EVENTS

The board of directors in its meeting held on September 28, 2017 proposed to distribute to the shareholders of the Company a cash dividend at the rate of 30 percent i.e. Rs. 3/= per ordinary share (2016: Rs. 1 per ordinary share). The dividend is subject to the approval by the shareholders of the Company in its forthcoming Annual General Meeting. These financial statements do not reflect the effect of such dividend which will be accounted for in the financial statements of the Company subsequent to the year end, when it is approved by the shareholders of the Company.

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 28th September 2017 by the Board of Directors of the Company.

44. GENERAL

Figures have been rounded off nearest to Rupee. Corresponding figures have been rearranged wherever necessary.

September 28, 2017


Shahzada Ellahi Shaikh
 Director


Shaukat Ellahi Shaikh
 Mg. Director (Chief Executive)








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NOTES

This image shows a full page of white paper with horizontal dashed lines, typical of primary school handwriting practice paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

FORM OF PROXY

The Secretary,
NAGINA COTTON MILLS LTD.
 2nd Floor, Shaikh Sultan Trust Building No. 2,
 26-Civil Lines, Beaumont Road,
 Karachi – 75530

I/We _____ of _____ being member(s) of
NAGINA COTTON MILLS LTD., and holder of _____ Ordinary Shares as per Share Register Folio
 No. _____ (In case of Central Depository System Account Holder A/c No. _____ Participant
 I.D. No. _____) hereby appoint _____ of
 _____ who is member of the Company as per Register Folio No. _____ (In case
 of Central Depository System Account Holder A/c No. _____ Participant I.D. No. _____
 _____) or failing him/her _____ of
 _____ who is member of the Company as per Register Folio No. _____ (In case of
 Central Depository System Account Holder A/c No. _____ Participant I.D. No. _____) as
 my/our proxy to vote for me/us and on my/our behalf at the 50th Annual General Meeting of the Company to be held
 on October 28, 2017 and at any adjournment thereof.

Affix
 Rs. 5/=
 Revenue
 Stamp

(Signature should agree with the
 Specimen signature registered
 with the Company)

Signed at _____ this the _____ day of _____ 2017.

NOTES:

1. If a member is unable to attend the meeting, he/she may sign this form and send it to the Secretary so as to reach him not less than 48 hours before the time of holding the meeting.
2. Members through CDC appointing proxies must attach attested copy of their Computerized National Identity Card (CNIC) with the proxy form.
3. The Shareholders through CDC, who wish to attend the Annual General Meeting are requested to please bring, original CNIC with copy thereof duly attested by their Bankers, Account Number and Participant I.D Number for identification purpose.
4. In case of corporate entity, certified copy of the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.

پراکسی فارم (مختار نامہ)

سیکرٹری

نگینہ کاتلن ملز لمیٹڈ

دوسری منزل، شیخ سلطان ٹرسٹ بلڈنگ نمبر 2،

26- سول لائنز، تپاؤنٹ روڈ،

کراچی - 75530

میں اہم

ساکن

بجائے دکن عجیبہ کاتلن ملز لمیٹڈ اور حال عام حصص بمطابق شیئر رجسٹر فوئیو نمبر

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر پارٹیشن (شرکت) آئی ڈی نمبر (

بذریعہ ہذا

محترم / محترمہ

ساکن

جو کہی کا ممبر ہے بمطابق شیئر رجسٹر فوئیو نمبر

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر پارٹیشن (شرکت) آئی ڈی نمبر (

یا اسکی غیر موجودگی میں محترم / محترمہ

ساکن

جو کہی کا ممبر ہے بمطابق شیئر رجسٹر فوئیو نمبر

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر پارٹیشن (شرکت) آئی ڈی نمبر (

مورخہ 28 اکتوبر 2017ء کو منعقد ہونے والے کہی کے 50 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار

(پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

دستخط آج بروز بتاریخ 2017ء

5 روپے کارسیدی ٹکٹ

چسپاں کریں

دستخط کہی کے ہاں رجسٹرڈ نمونہ دستخطوں کے

مطابق ہونے چاہئیں

نوٹ:

1- اگر ایک ممبر اجلاس میں شرکت کے قابل نہیں ہے تو وہ اس فارم پر دستخط کرے اور سیکرٹری کو اس طور ارسال کر دے کہ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہئے۔

2- سی ڈی سی کے ذریعے حصص یافتگان پراکسیز تقرر کرتے ہوئے پراکسی فارم کے ہمراہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی مصدقہ کاپی منسلک کریں۔

3- سی ڈی سی کے ذریعے حصص یافتگان جو سالانہ اجلاس میں شرکت کرنا چاہتے ہوں سے التماس ہے کہ شناخت کے مقصد کے لئے اصل کمپیوٹرائزڈ قومی شناختی کارڈ بعد اپنے ٹیکرز سے اسکی مصدقہ

کاپی، اکاؤنٹ نمبر اور پارٹیشن آئی ڈی نمبر ہمراہ لائیں۔

4- کارپوریٹ اثباتی کی صورت میں، بورڈ آف ڈائریکٹری قرارداد / مختار نامہ کی مصدقہ کاپی مع نمونہ دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کہی میں جمع کرانا ہو

گا۔