



NAGINA GROUP



ANNUAL REPORT 2022

**NAGINA COTTON
MILLS LIMITED**

CONTENTS

Company Information	2
Notice of Annual General Meeting	3
Vision and Mission Statement	8
Chairman Review Report	9
Directors' Report to the Members	12
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	23
Shareholders' Information	25
Pattern of Shareholding	28
Key Financial Information	30
Independent Auditors' Review Report to the Members on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019	31
Independent Auditors' Report to the Members	32
Statement of Financial Position	36
Statement of Profit or Loss and Other Comprehensive Income	38
Statement of Cash Flows	39
Statement of Changes in Equity	40
Notes to the Financial Statements	41
Form of Proxy	83

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shahzada Ellahi Shaikh	Non-Executive Director/ Chairman
Mr. Tajammal Husain Bokharee	Independent Non-Executive Director
Mr. Shafiq ur Rehman	Independent Non-Executive Director
Ms. Tosheebea Sarwar	Independent Non-Executive Director
Mr. Hasan Ahmad	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. Amin Ellahi Shaikh	Executive Director

MANAGING DIRECTOR (Chief Executive)

Mr. Amin Ellahi Shaikh

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mr. Shafiq ur Rehman	Chairman
Mr. Amin Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

EXECUTIVE COMMITTEE

Mr. Amin Ellahi Shaikh	Chairman
Mr. Shaukat Ellahi Shaikh	Member
Mr. Raza Ellahi Shaikh	Member
Mr. Haroon Shahzada 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 Yousuf Adil
Chartered Accountants

LEGAL ADVISOR

Makhdoom & Makhdoom Advocates

LEAD BANKERS

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
Pakistan Kuwait Investment Co. (Pvt) Ltd.
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

REGIONAL OFFICE

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

WEB REFERENCE

www.nagina.com

SHARE REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.
5th Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.
Phone # 021-32412754, 32424826 Fax # 021-3242835

MILLS

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 55th 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 **Thursday, October 27, 2022** at 12:00 noon to transact the following business:-

ORDINARY BUSINESS

- 1) To confirm minutes of the Annual General Meeting held on October 28, 2021.
- 2) To receive, consider and adopt Audited Financial statement of the Company together with the Chairman's Review Report, Directors' and Auditors' reports thereon for the year ended June 30, 2022.
- 3) To approve and declare final cash dividend at Rs.10/- per share i.e.100% for the year ended June 30, 2022, as recommended by the Board of Directors.
- 4) To appoint Auditors for the year ending on June 30, 2023 and fix their remuneration.

SPECIAL BUSINESS

- 5) To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2022 and authorize the Board of Directors of the Company to approve transactions with related parties by passing the following special resolutions with or without modifications:
 - a) "**RESOLVED** that the transactions conducted with Related Parties as disclosed in Note 37 & 37.1 of the financial statements for the year ended June 30, 2022 be and are hereby ratified, approved and confirmed"
 - b) "**FURTHER RESOLVED** that the Board of Directors of the Company be and is hereby authorized to approve all related party transactions to be carried out during the financial year 2023. These transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next AGM for their formal ratification/approval."
- 6) To transact any other ordinary business with the permission of the Chair.

Statements under Section 134 (3) pertaining to the special business of the Companies Act, 2017 and under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 are annexed.

By Order of the Board



Syed Mohsin Gilani
Corporate Secretary

September 28, 2022

NOTES:

- 1) The share transfer books for ordinary shares of the Company will be closed from Friday, October 21, 2022 to Thursday, October 27, 2022 (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 Thursday, October 20, 2022 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 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.
- 5) Shareholders interested in attending the AGM either physically or through Zoom application are hereby requested to get themselves registered with the Company Secretary office by providing the following details at the earliest but not later than 48 hours before the time of AGM through following means:

- a) Mobile/WhatsApp: 0333-4524559
- b) E-mail: nagina-agm22@nagina.com

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification. Member wishing to attend in person must also provide a copy of their vaccination certificates at the above e-mail address. Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone/computer devices. In view of the above, the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means.

The Company reserves the right to refuse entry to any member who has not pre-registered for physical attendance or is not carrying their vaccination card with them. These measures are necessary to ensure the safety and the health of all present.

- 6) In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulation 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants. Therefore, shareholders are requested to 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 rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:

- | | |
|--|-----|
| i) Rate of Withholding Income Tax deduction for the persons whose names are appearing on ATL. | 15% |
| ii) Rate of Withholding Income Tax deduction for the persons whose names are not appearing on ATL. | 30% |

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not appearing on Active Taxpayers' List (ATL) available on the website of FBR are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% 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).

- 8) Individual Members who have not yet submitted a copy of their valid Computerized Identity Card (CNIC) to the Company are once again requested to send a copy of their valid CNIC at the earliest directly to the office of Share Registrar of the Company, M/s. Hameed Majeed Associates (Pvt) Ltd., 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi. Corporate Members are requested to provide their National Tax Number (NTN) and folio number thereon while sending the copies to the Share Registrar of the Company. In case of non-receipt of the copy of a valid CNIC or NTN (as the case may be), the Company would be unable to comply with the requirements of the Companies Act, 2017 and SROs issued there under.
- 9) Shareholders 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.
- 10) The financial statements for the year ended June 30, 2022 shall be uploaded on the Company's website www.nagina.com twenty-one days prior to the date of holding of annual general meeting.
- 11) 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.
- 12) Members can exercise their right to demand a poll subject to meeting requirements of Section 143 - 145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.
- 13) If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.

- 14) As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e. May 30, 2017.

The shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Ltd.

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

STATEMENT U/S 134 (3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the special businesses to be transacted at the Annual General Meeting (AGM) of Nagina Cotton Mills Limited, (the "Company" or "NCML") to be held on **Thursday, October 27, 2022** at 12:00 noon at registered office of the Company.

1. Agenda item No. 5 (a) - Ratification and Approval of Related Party Transactions

All the transactions carried out by the Company with related parties during the financial year ended June 30, 2022 given in the related party note 37 & 37.1 of the Annual Financial Statements of the Company for the year ended June 30, 2022,

The Company carried out transactions with Related Parties on arm's length basis as per the approved Related Party Transactions Policy in the normal course of business and periodically reviewed by the Board Audit Committee pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

The transactions with related parties have been approved by the Board in the quarterly / annual financial statements during the fiscal year 2021-22, however, the Board decided to place above related party transaction concluded during the fiscal year 2021-22 before the shareholders in AGM for ratification and approval due to the interests/concerns of some of the directors due to common directorship.

2. Agenda item No. 5 (b) - Authorization for the Board of Directors to approve related party transactions during the financial year ending June 30, 2023

The Company shall be conducting transactions with the related parties during the year ending June 30, 2023 in the ordinary course of business and at arm's length basis under the policy of the Company for related party transactions. All transactions entered into or to be entered into with related parties require the approval of the Audit Committee of the Board. Upon recommendation of the Audit Committee, such transactions shall be placed before the Board of Directors for approval. In order to promote transparent business practices, the shareholders are recommended to authorize the Board of Directors of the Company to approve transactions with the related parties for the year ending June 30, 2023, which transactions shall be deemed to be approved by the shareholders. These transactions shall be placed before the shareholders in the next AGM for their formal ratification/approval. The Directors are interested in the resolutions only to the extent of their common directorship in such related parties

STATEMENT UNDER RULE 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

a) Total investment approved;	Rs.100,000,000/= (Rupees one hundred 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) Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time; and	Due to better cash flows, the associated companies did not need funds envisaged u/s 199 of the Companies Act, 2017. Therefore, no investment transaction took place during the year 2021-22.																																		
d) Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="text-align: center;">Present Financial Position as on June 30, 2022</th> <th colspan="2" style="text-align: center;">Financial Position at the time of Approval as on June 30, 2020</th> </tr> <tr> <th style="text-align: center;">PWML</th> <th style="text-align: center;">ESML</th> <th style="text-align: center;">PWML</th> <th style="text-align: center;">ESML</th> </tr> <tr> <th colspan="5" style="text-align: center;">Rupees in Millions</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td style="text-align: right;">12,860.619</td> <td style="text-align: right;">10,873.425</td> <td style="text-align: right;">6,018.541</td> <td style="text-align: right;">6,152.929</td> </tr> <tr> <td>Gross profit</td> <td style="text-align: right;">1,095.646</td> <td style="text-align: right;">2,148.878</td> <td style="text-align: right;">529.557</td> <td style="text-align: right;">757.673</td> </tr> <tr> <td>Profit before tax</td> <td style="text-align: right;">624.550</td> <td style="text-align: right;">1,629.169</td> <td style="text-align: right;">247.968</td> <td style="text-align: right;">361.369</td> </tr> <tr> <td>Profit after tax</td> <td style="text-align: right;">349.904</td> <td style="text-align: right;">1,231.300</td> <td style="text-align: right;">154.755</td> <td style="text-align: right;">225.879</td> </tr> </tbody> </table>		Present Financial Position as on June 30, 2022		Financial Position at the time of Approval as on June 30, 2020		PWML	ESML	PWML	ESML	Rupees in Millions					Net sales	12,860.619	10,873.425	6,018.541	6,152.929	Gross profit	1,095.646	2,148.878	529.557	757.673	Profit before tax	624.550	1,629.169	247.968	361.369	Profit after tax	349.904	1,231.300	154.755	225.879
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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.

REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF BOARD AND EFFECTIVENESS OF THE ROLE PLAYED BY THE BOARD IN ACHIEVING THE COMPANY'S OBJECTIVES

The Board of Directors (the Board) of Nagina Cotton Mills Limited (NCML) has performed their duties diligently in upholding the best interest of shareholders of the Company and has managed the affairs of the Company effectively and efficiently. The Board has exercised its powers and has performed its duties in compliance with Companies Act 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code). During the financial year 2021-22 the Board achieved its objectives by performing the following functions:

- Actively participated in the strategic planning process, enterprise risk management system, policy development, and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee. In case the majority of the Directors either directly, or indirectly becomes interested in related party transactions due to Group's structure; accordingly, additional approval from shareholders in respect of transactions with a related party shall be obtained in the Annual General Meeting so that the Company can carry its business smoothly;
- Reviewed the effectiveness of internal control system through self-assessment mechanism and / or internal audit activities;
- Approved the director's report, quarterly and annual financial statements and ensured that the content of the directors' report are in accordance with the requirement of applicable laws and regulations;
- Ensured the hiring, evaluation and compensation of quality professionals with focus on creating a work environment with equal opportunity for all.
- Ensured the timely dissemination of information among its members and that the Board members are kept abreast of developments between meetings;
- Exercised its powers in light of the power assigned to the Board as per the relevant laws and regulations applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulations in terms of their conduct as directors and exercising their powers and decision making; and
- Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time before the Board and its Committee Meetings. The non-executive and independent directors are equally involved in important decisions of the board.

The annual evaluation of the Board's performance is assessed based on the key areas where the Board requires clarity to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates; the risks faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of NCML has played a key role in ensuring that the Company objectives are not only achieved but also exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.

A handwritten signature in black ink, appearing to read "Shahzada Ellahi Shaikh".

Shahzada Ellahi Shaikh
Chairman

September 28, 2022

بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے مؤثر کردار پر چیئرمین کی جائزہ رپورٹ

گلوبل کونسلز لمیٹڈ (NCML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصہ داروں کے بہترین مفاد کو برقرار رکھنے میں اپنی ذمہ داریاں تندرہی سے انجام دینے میں اور کمپنی کے امور کو مؤثر اور بروقت انداز سے منظم کیا ہے۔ بورڈ نے کمپنی ایکٹ 2017 اور سیکورٹیز ایکٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (کوڈ) کی تعمیل میں اپنے فرائض سرانجام دیئے ہیں۔ مالی سال 2021-22 کے دوران بورڈ نے درج ذیل کام سرانجام دے کر اپنے مقاصد حاصل کئے:

- اسٹریٹجک منصوبہ بندی کے عمل، ادارے کو لاحق خطرات کا انتظامی نظام، پالیسی ڈویلپمنٹ، اور مالیاتی ساخت کی نگرانی اور منظوری میں فعال طور پر حصہ لیا ہے۔
- سال بھر میں تمام اہم مسائل بورڈ یا اس کی کمیٹیوں کے روبرو کاروباری فیصلہ سازی کے عمل کو مضبوط بنانے کے لئے پیش کئے گئے اور خاص طور پر کمپنی کی طرف سے کئے گئے تمام متعلقہ پارٹی کے ساتھ لین دین کو آڈٹ کمیٹی کی سفارشات پر بورڈ نے منظوری دی۔ اگر ڈائریکٹرز کی اکثریت براہ راست یا بالواسطہ طور پر گروپ کے سٹرکچر کی وجہ سے متعلقہ فریق کے لین دین میں دلچسپی رکھتی ہے، اس کے مطابق، متعلقہ فریق کے ساتھ لین دین کے سلسلے میں حصص یافتگان سے اضافی منظوری سالانہ اجلاس عام میں حاصل کی جائے گی تاکہ کمپنی اپنے کاروبار کو آسانی سے چلا سکے۔
- اس بات کو یقینی بنایا ہے کہ اندرونی کنٹرول کا مناسب نظام موجود ہے اور خود تشخیصی طریقہ کار اور بائنٹل آڈٹ سرگرمیوں کے ذریعے اس کی باقاعدگی سے جانچ پڑتال کی جاتی ہے۔
- ڈائریکٹرز کی رپورٹ، سہ ماہی اور سالانہ مالیاتی گوشواروں کی منظوری دی اور اس بات کو یقینی بنایا کہ ڈائریکٹرز کی رپورٹ کا مواد قابل اطلاق قوانین اور ضوابط کے تقاضوں کے مطابق ہے۔
- سب کے لیے یکساں مواقع کے ساتھ کام کا ماحول بنانے پر توجہ کے ساتھ پیشہ ورانہ افراد کی معیاری خدمات حاصل کرنے، تشخیص اور معاوضے کو یقینی بنایا۔
- اپنے اراکین کے درمیان بروقت طریقے سے تسلی بخش معلومات کے تبادلے کو یقینی بنایا اور بورڈ کے ممبران کو اجلاس کے درمیان ڈویلپمنٹ بارے میں لمحہ بہ لمحہ باخبر رکھا گیا ہے۔
- کمپنی پر قابل اطلاق متعلقہ قوانین اور قواعد و ضوابط کی روشنی میں دئے گئے اختیارات کے مطابق اپنے اختیارات کا استعمال کیا ہے اور بورڈ نے ہمیشہ بحیثیت ڈائریکٹرز اپنے اختیارات کے استعمال اور فیصلہ سازی کرنے کے برتاؤ میں تمام قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل کو ترجیح دی ہے اور
- بورڈ اور اس کی ذیلی کمیٹی کی میٹنگ سے مناسب قبل از وقت، ضروری ایجنڈا اور اس سے متعلق دستاویزات مہیا کیے گئے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بورڈ کے اہم فیصلوں میں برابر کے شریک ہیں۔

بورڈ کی سالانہ کارکردگی اہم شعبوں پر مبنی ہے جہاں بورڈ کو اعلیٰ درجے کی نگرانی مہیا کرنے بشمول اسٹریٹجک عمل، کلیدی کاروباری امور، سنگ میل کی تکمیل، عالمی معاشی ماحول اور مسابقتی سیاق و سباق جس میں کمپنی کام کرتی ہے، کمپنی کے کاروبار کو درپیش خطرات، بورڈ کے محرکات، صلاحیت اور معلومات مہیا کرنے کے لئے وضاحت دینے کی ضرورت ہوتی ہے۔ مذکورہ بالا کی بنیاد پر، یہ مناسب طور پر کہا جاسکتا ہے کہ NCML کے بورڈ نے اس بات کو یقینی بنانے میں اہم کردار ادا کیا ہے کہ کمپنی کے مقاصد کو نہ صرف حاصل کیا جاسکتا ہے، بلکہ بورڈ اور اس کے اراکان کی راہنمائی اور نگرانی کے ذریعہ انتظامیہ ٹیم کی مشترکہ کوششوں کے ساتھ توقعات سے بھی آگے بڑھایا جاسکتا ہے۔



شہزادہ الہی شیخ

چیئرمین

28 ستمبر 2022

DIRECTORS' REPORT TO THE MEMBERS

The Directors have the honor to present 55th Annual Report of your Company together with Audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2022. Figures for the previous year ended June 30, 2021 are included for comparison.

Company Performance

Alhamdulillah, despite many economic challenges your company has earned good profits. The excellent financial performance was largely due to healthy increase in selling prices of yarn coupled with timely purchase of raw cotton at reasonable prices. Installation of most modern spinning machinery also helped in better quality yarn which translated into better selling rates. Your Company earned after tax profit of Rs. 1,812,561,926 or 16.13% of sales compared to Rs. 743,498,254 or 10.35% of sales during same period last year (SPLY). Earning per share (EPS) for the year is Rs. 96.93 compared to Rs. 39.76 during SPLY.

Robust demand for yarn with high per unit selling price resulted in rise in sales revenue by 56.38% over the SPLY and stood at Rs. 11,235,578,700 compared to Rs. 7,184,634,596 during the SPLY. Raw material costs also rose to historic highs but this increase was absorbed in yarn selling prices. Resultantly, cost of sales decreased from 80.24% of sales during SPLY to 77.68% of sales during year under review. Overall Gross Profit (GP) increased and stood at 22.32% of sales compare to 19.76% of sales during SPLY.

Sea freights were abnormally high because of global port disruptions and resulted in increase in distribution costs from 1.34% of sales during SPLY to 1.85% of sales this year. Administrative expenses increased by 12.62% over SPLY due to inflationary impact. However, as percentage to sales, administration costs decreased from 2.15% of sales during SPLY to 1.55% of sales during the year under review. Other expenses increased by 30.87% over SPLY mainly due to higher provisions of WPPF and WWF because of higher profitability. However, as percentage to sales, these expenses decreased from 1.50% of sales during SPLY to 1.25% of sales during the year under review.

The Company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Due to high cotton costs, rising interest rates and increase in long term borrowings finance cost increase by 54.75% over SPLY. However, in terms of percentage of sales finance cost reduced by 0.02% over SPLY.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2022-23, Kapas, (seed cotton) arrivals up to September 01, 2022, at the Ginneries totaled 1.540 million bales compared to 1.791 million bales for the year 2021-22 showing decrease in arrival of 14.04%.

Capital Assets Investment

In line with strategic plans for enhancing spinning productivity, quality and efficiency, your Company has installed 10,800 spindles and has started production during the year under review i.e 2021-22. In the second phase another 10,800 spindles will be installed by the 3rd quarter of the financial year 2022-23. After completion of the 2nd phase, the total installed spindles of the company would rise to 62,508 spindles from the existing level of 51,708 spindles. During the year under review, your company has invested Rs. 1,942,633,329 (2021: Rs. 116,069,506) in BMR/Expansion.

Future Outlook

Your company has performed well during the year under review despite the substantial rise in raw cotton and inflation in costs especially wages, energy, interest, stores and spares and logistics. The excellent financial performance was largely due to healthy increase in selling prices of yarn coupled with timely purchase of raw cotton at reasonable prices. The favorable market conditions, value added yarns and cost controls has resulted in another excellent financial year in terms of profitability.

On the other hand, value added exporters of Pakistan are complaining of exorbitant rise in container freight and shortage of shipping space for export of textiles. There are reports of finished goods stocks building up. Value added textile sectors like home furnishings and denim are also reporting difficulty in getting new orders as well as passing on price increases.

Rupee depreciation against the USD has assumed alarming proportions. Raw cotton shortage in Pakistan has triggered imports at very high costs. The State Bank of Pakistan (SBP) policy rate of 15% will significantly raise the financial costs. Long-term borrowing costs have also been raised by the SBP on the long-term financing facility (LTFF). Disbursements of LTFF loans are delayed causing further rise in financial costs. Company is also facing difficulty in establishing letter of credit for import of essential spare parts. Shortages of spare parts may cause disruption in production. Minimum wages have been increased which will raise the labor costs significantly. Devaluation of the rupee is exerting huge inflationary pressures and continues unabated having adverse impact on the price of gas, electricity, spare parts and other inputs.

Heavy rainfall has caused colossal damage to the country. The cotton crop is severely damaged and will be substantially short of Pakistan's needs. Quality is also likely to suffer for the available local cotton. Expensive imported cotton will surely raise the raw material costs and damage margins for the spinning industry. Demand for textiles in the local market is likely to fall.

The outlook for the 1st quarter of financial year 2022-23 looks reasonably good due to timely purchase of raw cotton and advance selling of yarn. Beyond the first quarter, we may see a drop in profitability because of rising cotton costs, flattening yarn prices, high labour, energy, stores and spares, packing material and freight costs. The prospect of recession in the major economies of the world is likely to create demand destruction in textile products. Finished goods textile industry in Pakistan is likely to suffer lower demand and lower prices.

Energy policy of the Government lacks clarity. Frequent shutdown of gas supply is disrupting production and negatively affecting profitability. Electricity supply from HESCO is insufficient to meet the total needs of the mills. It is feared that government may be forced to increase the price of fuels, electricity and gas. In addition, the impact of the IMF program is likely to increase other costs further and may also result in higher taxation. Therefore, Profit margins in the textile value chain are likely to be negatively impacted by the increasing raw material, energy, interest rates and shipping costs. Political uncertainty may also become a factor in Textile sector profits.

The management is deeply aware of the challenges and making policies to defend profitability. Management focus on improving productivity, continuous investment in energy efficiency, proactive raw material management, focusing on value added yarns, reducing financial costs and implementing strict cost control measures should yield positive results.

It is hoped that the Government would bring in business friendly policies such as uninterrupted energy supplies in cost effective manner, refund of outstanding sales tax and income tax, controlling the inflation rate and reducing the financial costs. The government is also requested to allow imports urgently required by the exporting textile industry. Government policies should encourage the completion of the value chain in the textile sector so that the country can export finished products.

Dividend

The Board of Directors has recommended final cash dividend @100% i.e. Rs.10/- per ordinary share for the year ended June 30, 2022. The dividend will amount to Rs. 187,000,000.

Principal Activity

The principal activity of the Company is the manufacturing and sale of yarn.

Principal Risks and Uncertainties

The Board of Directors is responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential adverse impact of risks.

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 receivables, advances, short-term deposits, other receivables and cash and bank balances that arise directly from its operations.

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 program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Material Changes and Commitments

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.

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.

Internal Financial Controls

A system of sound internal control is established and implemented at all levels of the Company by the Board of Directors. The system of internal control is sound in design for ensuring achievement of Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

Related Parties

All related party transactions were on an arm's length basis which were in line with transfer pricing methods and the policy for related parties approved by the Board. All related party transactions were duly approved by the internal audit followed by the approval of the audit committee and placed before the Board for their consideration and approval. However, the Board of Directors in their meeting decided that the related party transactions approved by the Board shall also be placed before the general meeting of the company for member's approval.

Furthermore, the Board of Directors also decided to avail the approval of members in the general meeting of the company for the transactions to be carried out during the fiscal year ending June 30, 2023 and same shall be placed before the shareholders in the next general meeting for their formal ratification/approval.

Shareholding Pattern

The shareholding pattern as at June 30, 2022 for ordinary shares is annexed.

Appointment of Auditors

The present External Auditors M/s. Yousuf Adil, Chartered Accountants, Karachi are due to retire and being eligible, have offered themselves for re-appointment as Auditors for the financial year 2022-23. As proposed by the Audit Committee, the Board recommends their appointment as auditors of the Company for the year ending June 30, 2023.

Financial Statements Audit

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

Corporate Governance & Financial Reporting Framework

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

- a) The financial statements prepared by the management of the Company present fair state of the Company's operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements any departures therefrom have been adequately disclosed and explained.

- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no doubts upon the Company's ability to continue as a going concern.
- g) Key operating and financial data for the last six years is annexed.
- h) There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2022 except for those disclosed in the financial statements.

Composition of Board

The Board of Directors as at June 30, 2022 consist of:

Total number of Directors:

- a) Male: 9 (Nine)
- b) Female: 1 (One)

Composition:

- (i) Independent Directors: 3 (Three)
- (ii) Other Non-Executive Directors: 5 (Five)
- (iii) Executive Director: 2 (Two)

Name of Directors

Mr. Shahzada Ellahi Shaikh	Chairman
Mr. Tajammal Husain Bokharee	
Mr. Shafiq ur Rehman	
Ms. Tosheeba Sarwar	
Mr. Hasan Ahmad	
Mr. Shafqat Ellahi Shaikh	
Mr. Raza Ellahi Shaikh	
Mr. Haroon Shahzada Ellahi Shaikh	
Mr. Shaukat Ellahi Shaikh	
Mr. Amin Ellahi Shaikh	Director / Chief Executive Officer

Committees of the Board:

The Board has made following sub-committees:

Audit Committee

Mr. Tajammal Husain Bokharee	Chairman
Mr. Raza Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member

Human Resource and Remuneration (HR&R) Committee

Mr. Shafiq ur Rehman	Chairman
Mr. Amin Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member

Executive Committee

Mr. Amin Ellahi Shaikh	Chairman
Mr. Shaukat Ellahi Shaikh	Member
Mr. Raza Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member

Significant Features of Directors' Remuneration

The Board of Directors has approved a formal policy for remuneration of executive and non-executive directors depending upon their responsibility in affairs of the Company. The remuneration is commensurate with their level of responsibility and expertise needed to govern the Company successfully and to encourage value addition from them.

Non-executive directors including the independent director are entitled only for fee for attending the Board and its committees' meetings. Remuneration of executive and non-executive directors shall be approved by the Board, as recommended by the Human Resource and Remuneration Committee. For information on remuneration of Directors and CEO in 2021-22, please refer notes to the Financial Statements.

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 stakeholders for their continued support to the Company.

On behalf of the Board



Amin Ellahi Shaikh
Chief Executive Officer



Raza Ellahi Shaikh
Director

September 28, 2022

ممبران کے لئے ڈائریکٹرز کی رپورٹ

مجلسِ نہماہ 30 جون 2022ء کو اختتام سال کے لئے کمپنی کی 55 ویں سالانہ رپورٹ منظرِ ثانی شدہ مالیاتی حسابات اور اس پر محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہی ہے۔ 30 جون 2021ء کو ختم ہونے والے گزشتہ سال کے اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، کمپنی نے بہت سی اقتصادی مشکلات کے باوجود اچھا منافع کمایا ہے۔ بہترین مالی کارکردگی کی بڑی وجہ دھماگے کی فروخت کی قیمتوں میں منافع بخش اضافہ اور مناسب قیمتوں پر خام روٹی کی بروقت خریداری تھی۔ جدید اسپلنگ مشینری کی تحصیب نے بھی دھماگے کی کوالٹی بہتر بنانے میں مدد کی جس کے نتیجے میں فروخت کی قیمتیں بہتر ہوئیں۔ آپ کی کمپنی نے گزشتہ سال کی اسی مدت کے دوران 743,498,254 روپے یا فروخت 10.35% فیصد کے مقابلے میں 1,812,561,926 روپے یا فروخت 16.13% فیصد کا بعد از ٹیکس منافع کمایا ہے۔ فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 39.76 روپے کے مقابلے میں اس سال 96.93 روپے رہی ہے۔

فی یونٹ زیادہ قیمت فروخت کے ساتھ دھماگے کی بہتر مانگ کے نتیجے میں فروخت آمدنی میں گزشتہ سال کی اسی مدت کے دوران 56.38% فیصد کا اضافہ ہوا اور گزشتہ سال کے دوران 7,184,634,596 روپے کے مقابلے میں 11,235,578,700 روپے رہی ہے۔ خام مال کی قیمتیں بھی تاریخ کی بلند ترین سطح پر پہنچ گئیں لیکن یہ اضافہ دھماگے کی فروخت قیمتوں میں جذب ہو گیا۔ جس کے نتیجے میں گزشتہ سال کی اسی مدت کے دوران فروخت کی لاگت 80.24% فیصد سے کم ہو کر زیر جائزہ سال کے دوران فروخت کی 77.68% فیصد تک ہوئی۔ گزشتہ سال کی اسی مدت کے دوران مجموعی منافع (GP) فروخت کے 19.76% فیصد کے مقابلے میں بڑھ کر فروخت کا 22.32% فیصد رہا۔

عالمی بندرگاہوں میں رکاوٹوں کی وجہ سے سمندری کرایوں میں غیر معمولی اضافہ ہوا اور اس کے نتیجے میں تقسیم کی لاگت گزشتہ سال کے دوران فروخت کے 1.34% سے بڑھ کر اس سال فروخت کے 1.85% فیصد تک پہنچ گئی۔ جبکہ گائی کے اثرات کی وجہ سے انتظامی اخراجات میں گزشتہ سال کے مقابلے میں 12.62% فیصد اضافہ ہوا۔ تاہم فروخت کے فیصد کے طور پر، انتظامی اخراجات کے دوران فروخت کے 2.15% فیصد سے کم ہو کر زیر جائزہ سال کے دوران فروخت کے 1.55% فیصد ہو گئے ہیں۔ دیگر اخراجات میں گزشتہ سال کے مقابلے میں 30.87% فیصد اضافہ ہوا ہے جس کی بنیادی وجہ زیادہ منافع کی بنیاد پر WWF اور اضافی خرچے کے نتیجے کی وجہ سے ہوا۔ تاہم، فروخت کی فیصد کے بنیاد پر، یہ اخراجات گزشتہ سال کے دوران فروخت کے 1.50% فیصد سے کم ہو کر زیر جائزہ سال کے دوران فروخت کے 1.25% فیصد ہو گئے۔

کمپنی مستحکم نقد بہاؤ پیدا کرنے میں کامیاب رہی ہے اور اس نے اپنی کاروباری اور مالی ذمہ داریوں کو بروقت ادا کیا ہے۔ کپاس کی اضافی قیمتوں، بڑھتی ہوئی شرح سود اور طویل مدتی قرضوں میں اضافہ کی وجہ سے مالی لاگت گزشتہ سال کے مقابلے میں 54.75% فیصد زیادہ ہوئی۔ تاہم، فروخت کے فیصد کے لحاظ سے مالی لاگت گزشتہ سال کے دوران 0.02% فیصد تک کم ہوئی۔

پاکستان کابن جزا ایسوسی ایشن کی طرف سے فصل سال 2022-23ء کے لئے جاری کردہ اعداد و شمار کے مطابق یکم ستمبر 2022ء تک جزیر میں کپاس، (سچ کپاس) کی پینچ سال 2021-22ء کی کل 1,791 ملین کانٹوں کے مقابلے میں 1,540 ملین کانٹیں ہوئی جو کہ 14.04% فیصد کمی ظاہر کر رہی ہے۔

طویل مدتی اثاثوں کی سرمایہ کاری

اسپلنگ پروڈکٹیوٹی، کوالٹی اور کارکردگی کو بڑھانے کے سڑجنگ منصوبوں کے مطابق، آپ کی کمپنی نے 10,800 سپنڈلز نصب کئے ہیں اور زیر جائزہ سال یعنی 2021-22ء کے دوران پیداوار شروع ہو گئی ہے۔ دوسرے مرحلے میں مالی سال 2022-23ء کی تیسری سرمایہ تک مزید 10,800 سپنڈلز نصب کئے جائیں گے۔ دوسرے مرحلے کی تکمیل کے بعد، کمپنی کے کل نصب شدہ سپنڈلز 51,708 سپنڈلز کی موجودہ سطح سے بڑھ کر 62,508 سپنڈلز تک پہنچ جائیں گے۔ زیر جائزہ سال کے دوران، آپ کی کمپنی نے BMR / توسیع میں 1,942,633,329 روپے (2021-2022 116,069,506 روپے) کی سرمایہ کاری کی ہے۔

مستقبل کے امکانات

آپ کی کمپنی نے زیر جائزہ سال کے دوران خام کپاس میں خاطر خواہ اضافے اور قیمتوں بالخصوص اجرت، توانائی، سود، اسٹورز اور اسپتیرز اور لائسنس میں ہنگامی کے باوجود اچھی کارکردگی کا مظاہرہ کیا ہے۔ بہترین مالی کارکردگی کی بڑی وجہ سوئٹ کی فروخت کی قیمتوں میں صحت مند اضافہ اور مناسب قیمتوں پر خام روئی کی بروقت خریداری تھی۔ سازگار مارکیٹ کے حالات، ویلیو ایڈڈ یارن اور لاگت پر کنٹرول کے نتیجے میں منافع کے لحاظ سے ایک اور بہترین مالی سال آیا ہے۔

دوسری جانب، پاکستان کے ویلیو ایڈڈ ایکسپورٹرز کنٹینرز کے کرایہ میں بے تحاشہ اضافے اور ٹیکسٹائل کی برآمد کے لیے جگہ کی کمی کی شکایت کر رہے ہیں۔ تیار سامان کے ذخیرے بڑھ رہے ہیں۔ ویلیو ایڈڈ ٹیکسٹائل سیکٹر جیسے کہ ہوم فرائشنگ اور ڈیٹیم بھی نئے آرڈرز حاصل کرنے اور قیمتوں میں اضافے کی منتہلی میں دشواری کی اطلاع دے رہے ہیں۔

امریکی ڈالر کے مقابلے روپے کی قدر میں کمی خطرناک حد تک پہنچ چکی ہے۔ پاکستان میں خام کپاس کی قیمت نے بہت زیادہ قیمتوں پر درآمدات کو ختم دیا ہے۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) کی 15 فیصد پالیسی شرح مالیاتی اخراجات میں نمایاں اضافہ کرے گی۔ طویل المدتی مالیاتی سہولت (LTFF) پر SBP کی طرف سے طویل مدتی قرض لینے کے اخراجات بھی بڑھا دیے گئے ہیں۔ LTFF قرضوں کی تقسیم میں تاخیر ہو رہی ہے جس سے مالی اخراجات میں مزید اضافہ ہو رہا ہے۔ کمپنی کو ضروری اسپتیر پارٹس کی درآمد کے لیے لیٹ آف کریڈٹ قائم کرنے میں بھی دشواری کا سامنا ہے۔ اسپتیر پارٹس کی کمی پیداوار میں رکاوٹ کا باعث بن سکتی ہے۔ کم از کم اجرت میں اضافہ کروایا گیا جس سے لیبر کے اخراجات میں نمایاں اضافہ ہوگا۔ روپے کی قدر میں کمی سے بہت زیادہ ہنگامی اور گیس، بجلی، اسپتیر پارٹس اور دیگر اشیاء کی قیمتوں پر منفی اثرات مرتب ہو رہے ہیں۔

موسلا دھار پارٹس نے ملک کو بروست نقصان پہنچایا ہے۔ کپاس کی فصل کو شدید نقصان ہوا اور پاکستان کی ضروریات سے کافی حد تک کم ہوگی۔ منجلی درآمد شدہ کپاس قیمتی طور پر دھانے کی قیمتوں میں اضافہ اور کپڑے کی صنعت کے مارجن کو نقصان پہنچائے گی۔ مقامی مارکیٹ میں ٹیکسٹائل کی طلب میں کمی کا امکان ہے۔

خام روئی کی بروقت خریداری کی وجہ سے مالی سال 2022-23 کی پہلی سہ ماہی کا آؤٹ لک معتدل حد تک اچھا ہے۔ پہلی سہ ماہی کے بعد، ہم روئی کی بروقت ہونے والی قیمتوں، دھانے کی چھٹی قیمتوں، زیادہ مزدوری، توانائی، اسٹورز اور اسپتیرز، بیکنگ میٹریل اور مال برداری کے اخراجات کی وجہ سے منافع میں کمی دیکھ سکتے ہیں۔ دنیا کی بروقت معیشتوں میں کساد پیماری کے امکانات ٹیکسٹائل مصنوعات کی طلب میں تباہی پیدا کرنے کا امکان پیدا کرنے کا امکان ہے۔ پاکستان میں تیار سامان کی ٹیکسٹائل انڈسٹری کو کم طلب اور کم قیمتوں کا سامنا کرنا پڑ سکتا ہے۔

حکومت کی توانائی کی پالیسی واضح نہیں ہے۔ گیس کی سپلائی بار بار بند ہونے سے پیداوار میں قفل اور منافع پر منفی اثر پڑ رہا ہے۔ جیٹس کی فراہمی ملوں کی کل ضروریات پوری کرنے کے لیے کافی ہے۔ خدشہ ہے کہ حکومت ایندھن، بجلی اور گیس کی قیمتوں میں اضافے پر مجبور ہو سکتی ہے۔ اس کے علاوہ آئی ایم ایف پروگرام کے اثرات سے دیگر اخراجات میں مزید اضافہ ہونے کا امکان ہے اس کے نتیجے میں ٹیکسوں میں بھی اضافہ ہو سکتا ہے۔ لہذا، ٹیکسٹائل ویلیو چین میں منافع کے مارجن پر خام مال، توانائی، شرح سود اور شپنگ کے بڑھتے ہوئے اخراجات سے منفی اثر پڑنے کا امکان ہے۔ ٹیکسٹائل سیکٹر کے منافع میں سیاسی غیر یقینی صورتحال بھی ایک مضر بن سکتی ہے۔

انتظامیہ مشکلات سے بخوبی آگاہ اور منافع کے دفاع کی پالیسیاں مرتب کر رہی ہے۔ پیداواری صلاحیت کو بہتر بنانے، توانائی کی کارکردگی میں مسلسل سرمایہ کاری، خام مال کے فعال انتظام، ویلیو ایڈڈ یارن پر توجہ مرکوز، مالیاتی لاگت کو کم کرنے اور لاگت پر قابو پالنے کے سخت اقدامات پر عمل درآمد پر توجہ مرکوز کیا جائے گا۔

یہ امید کی جاتی ہے کہ حکومت کاروبار میں موثر لاگتی، بلا تھقل توانائی کی فراہمی، ہٹا یا بیلنگ ٹیکس اور ایک ٹیکس کی واپسی جیسی دوستانہ پالیسیاں لائے گی تاکہ افراط زر کی شرح کو کنٹرول اور مالی اخراجات کو کم کیا جاسکے۔ حکومت سے یہ بھی درخواست کی گئی ہے کہ برآمدی ٹیکسٹائل صنعت کو فی الفور درکار درآمد کی اجازت دی جائے۔ حکومتی پالیسیاں ٹیکسٹائل شعبہ میں ویلیو چین کی مکمل حوصلہ افزاء ہونی چاہئیں تاکہ ملک تیار مصنوعات برآمد کر سکے۔

منافع مقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے لئے حتمی نقد منافع مقسمہ شرح 100 فیصد یعنی 10 روپے فی عام شیئر کی منظوری دی ہے۔ منافع مقسمہ کی رقم 187,000,000 روپے ہے۔

نمایاں سرگرمی

کمپنی کی نمایاں سرگرمی سوئیڈن کی تیار سازی اور فروخت کرنا ہے۔

نمایاں خطرات اور غیر معمولی حالات

بورڈ آف ڈائریکٹرز کمپنی کے آپریشنز کی نگرانی اور خطرات کے کسی ممکنہ منفی اثر کے سدباب کے لئے مؤثر حکمت عملی وضع کرنے کے ذمہ دار ہیں۔

کمپنی کی اصل مالی ادائیگیوں میں طویل مدتی قرضے، تجارتی اور دیگر قابل ادائیگیاں اور مختصر مدتی قرضے شامل ہیں۔ ان مالی ادائیگیوں کا اہم مقصد کمپنی کے آپریشنز کے لئے فنڈز کا بندوبست کرنا ہے۔ کمپنی کے اصل مالیاتی اثاثوں میں تجارتی وصولیاں، بینکنگ ادائیگیاں، مختصر مدتی ڈیپازٹس، دیگر وصولیاں اور نقدی اور بینک بینکنگ شامل ہیں جو اس کے آپریشنز سے براہ راست حاصل ہوتے ہیں۔ کمپنی کی سرگرمیوں کو کسی قسم کے مالیاتی خطرات کا سامنا ہے۔ جس میں مارکیٹ خطرہ (بشمول کرنسی خطرہ، شرح سود کا خطرہ اور قیمت کا خطرہ)، ادھار کا خطرہ اور نقدی بہاؤ کا خطرہ شامل ہے۔ کمپنی کا مجموعی رسک منجمنٹ پروگرام مالیاتی مارکیٹوں کی غیر متوقعات پر توجہ مرکوز اور مالی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔

اہم تبدیلیاں اور معاہدات

اس بینکنگ سٹیٹ سے متعلقہ مالی سال کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان، کمپنی کی مالی حیثیت پر اثر انداز ہونے والی کوئی اہم منفی تبدیلیاں اور معاہدات رونما نہیں ہوئے۔

کاروباری سماجی ذمہ داری

کمپنی اپنے کاروبار میں کاروباری سماجی ذمہ داری کے انتظام پر پختہ یقین رکھتی ہے، اور وہ کیونٹری جو ہمارے کاروبار سے براہ راست یا بالواسطہ طور پر متاثر کر رہی ہیں ان کی ترقی کے لئے مسلسل کوشاں ہیں۔

ماحول، صحت اور تحفظ

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

مشینری اور سامان میں پائنت پر کام کرنے والے ملازمین کا تحفظ ایک تشویش کی بات ہے۔ آگ بجھانے والے آلات اور آگ سے بچاؤ کے دیگر آلات کمپنی کی سائٹس کے ساتھ ساتھ اس کے رجسٹرڈ اور مرکزی دفتر میں نصب کئے گئے ہیں۔ آگ سے بچاؤ کے آلات کی کارکردگی کو یقینی بنانے کے لئے باقاعدہ مشقیں کی جاتی ہیں۔

اندرونی مالیاتی کنٹرول

بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے تمام سطحوں پر مضبوط اندرونی کنٹرول کا ایک نظام قائم اور نافذ کیا گیا ہے۔ اندرونی کنٹرول کا نظام کمپنی کے مقاصد اور آپریشنز کو برقرار رکھنے اور کارکردگی کے حصول، قابل اعتماد مالیاتی رپورٹنگ اور قواعد و ضوابط اور پالیسیوں کی تعمیل کو یقینی بنانے کے لئے ذہن میں مستحکم ہے۔

متعلقہ پارٹیاں

تمام متعلقہ پارٹیوں کے ساتھ لین دین بورڈ سے منظور شدہ منتظمی قیاموں کے طریقوں کے مطابق تھے۔ تمام متعلقہ پارٹی ٹرانزیکشنز کو اندرونی آڈٹ کے ذریعے باضابطہ طور پر منظور کیا گیا جس کے بعد آڈٹ کمپنی کی منظوری دی گئی اور ان کے غور و خوض اور منظوری کے لیے بورڈ کے سامنے رکھا گیا۔ تاہم، بورڈ آف ڈائریکٹرز نے اپنے اجلاس میں فیصلہ کیا کہ بورڈ کی طرف سے منظور شدہ متعلقہ پارٹی ٹرانزیکشنز کو بھی ممبران کی منظوری کے لیے کمپنی کے اجلاس عام میں ان کے سامنے رکھا جائے گا۔

مزید برآں، بورڈ آف ڈائریکٹرز نے یہ بھی فیصلہ کیا کہ 30 جون 2023 کو ختم ہونے والے مالی سال کے دوران کیے جانے والے لین دین کے لیے کمپنی کے اجلاس عام میں ممبران کی منظوری حاصل کی جائے گی اور اسے اگلے اجلاس عام میں ان کی رہی توثیق/منظوری کے لیے شیئر ہولڈرز کے سامنے رکھا جائے گا۔

عمومہ حصص داری

30 جون 2022 کے مطابق عام شیئرز کے لئے عمومہ حصص داری منسلک کیا گیا ہے۔

آڈیٹرز کی تقرری

ریٹائر ہونے والے مسز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، کراچی نے اہل ہونے کی بناء پر مالی سال 2022-23 کے لئے بحیثیت آڈیٹرز دوبارہ تقرری کے لئے اپنے آپ کو پیش کیا ہے۔ آڈٹ کمپنی کی تجویز کے مطابق، بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لیے ایگورا ڈیٹریڈ تقرری کی منظوری دی ہے۔

مالیاتی حسابات کا آڈٹ

کئینی کے مالی حسابات، کئینی کے قانونی ایکسٹرنل آڈیٹرز، میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس کی طرف سے کسی کو ایسیٹیشن کے بغیر نظر ثانی شدہ ہیں۔ کاروباری نظام اور مالیاتی رپورٹنگ کا طریقہ کار

کوڈ آف کارپوریشن گورننس کے تحت ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:

a- کئینی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات میں کئینی کے امور، نقدی ہباؤ اور سرمائے میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

b- کئینی 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 مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

e- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f- کئینی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

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

h- ٹیکس، ڈیویڈنڈ، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو 30 جون 2022 کو بظاہر ہوں، سوائے ان کے جو مالی حسابات میں ظاہر کر دیے گئے ہیں۔

بورڈ کی ترتیب

30 جون 2022 تک بورڈ آف ڈائریکٹرز پر مشتمل ہے:

ڈائریکٹرز کی کل تعداد:

(a) مرد 9 (نو)

(b) خاتون 1 (ایک)

ترتیب:

i- آزاد ڈائریکٹرز (تین) 3

ii- دیگر تین ایگزیکٹو ڈائریکٹرز (پانچ) 5

iii- ایگزیکٹو ڈائریکٹرز (دو) 2

ڈائریکٹرز کے نام

جناب شہزادہ الہی شیخ

جناب جمیل حسین بخاری

جناب شفیق الرحمان

محترمہ تو شیبہ سرور

جناب حسن احمد

جناب شفقت الہی شیخ

جناب رضا الہی شیخ

جناب بارون شہزادہ الہی شیخ

جناب شوکت الہی شیخ

جناب امین الہی شیخ

ڈائریکٹر ایگزیکٹو آفیسر

بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں:

• آڈٹ کمیٹی

جناب شمس حسین بخاری چیئر مین

جناب رضا الہی شیخ رکن

جناب ہارون شہزادہ الہی شیخ رکن

• ہیومن ریسورس اینڈ ریمنٹیشن (HR&R) کمیٹی

محترم شمس الرحمان چیئر مین

جناب امین الہی شیخ رکن

جناب ہارون شہزادہ الہی شیخ رکن

• ایگزیکٹو کمیٹی

جناب امین الہی شیخ چیئر مین

جناب شوکت الہی شیخ رکن

جناب رضا الہی شیخ رکن

جناب ہارون شہزادہ الہی شیخ رکن

ڈائریکٹرز کے معاوضہ کی نمایاں خصوصیات

بورڈ آف ڈائریکٹرز نے کمیٹی کے امور میں ان کی ذمہ داری پر منحصر ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کے لئے رسمی پالیسی کی منظوری دی ہے۔ معاوضہ کامیابی سے کمیٹی کو منظم طریقہ سے چلانے کے لئے ان کی ذمہ داری اور ضروری مہارت اور ان سے ویلیو ایڈیشن جو صلا فرمائی کی سطح کے مطابق ہے۔

آزاد ڈائریکٹرس میت نان ایگزیکٹو ڈائریکٹرز فقط بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے اہل ہیں۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کا معاوضہ ہیومن ریسورس اینڈ ریمنٹیشن کمیٹی کی سفارشات پر، بورڈ کی طرف سے منظور کیا گیا ہے۔ 2021-22ء میں ڈائریکٹرز اور سی ای او کے معاوضے کی معلومات کے لئے، براہ مہربانی مالی گوشواروں کے نوٹ ملاحظہ فرمائیں۔

اظہار تشکر

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

منجانب بورڈ



رضا الہی شیخ

ڈائریکٹر



امین الہی شیخ

چیف ایگزیکٹو آفیسر (سی ای او)

28 ستمبر 2022ء

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: Nagina Cotton Mills Limited
Year ended: June 30, 2022

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are ten as per the following:
 - a) Male: Nine
 - b) Female: One
2. The composition of the Board of Directors is as follows:

Category	Names
i. Independent Directors	Mr. Tajammal Husain Bokharee Mr. Shafiq ur Rehman Ms. Tosheeba Sarwar
ii. Non-Executive Directors	Mr. Shahzada Ellahi Shaikh Mr. Hasan Ahmad Mr. Shafqat Ellahi Shaikh Mr. Raza Ellahi Shaikh Mr. Haroon Shahzada Ellahi Shaikh
iii. Executive Directors	Mr. Shaukat Ellahi Shaikh Mr. Amin Ellahi Shaikh
iv. Female Director	Ms. Tosheeba Sarwar

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. 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.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations").
7. 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. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board remained fully compliant with the provision with regards to their Directors' Training Program (DTP). Out of total ten directors, nine directors have obtained certification under DTP.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:-

a. Audit Committee

Mr. Tajammal Husain Bokharee, Chairman
Mr. Raza Ellahi Shaikh, Member
Mr. Haroon Shahzada Ellahi Shaikh, Member

b. Human Resource and Remuneration (HR & R) Committee

Mr. Shafiq ur Rehman, Chairman
Mr. Amin Ellahi Shaikh, Member
Mr. Haroon Shahzada Ellahi Shaikh, Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the aforesaid committees were as per following:

- a) Audit Committee: Four quarterly meetings were held during the financial year ended June 30, 2022.
b) HR and Remuneration Committee: One meeting was held during the financial year ended June 30, 2022.

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Explanation as required under the Regulations is mentioned below:

The Company has three independent directors out of ten directors. Fractional requirement for Independent directors have not been rounded up as all independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which hereby fulfill the necessary requirements; therefore, not warrant the appointment of a fourth independent director.

On behalf of the Board



Amin Ellahi Shaikh
Chief Executive Officer



Shahzada Ellahi Shaikh
Chairman

September 28, 2022

SHAREHOLDERS' INFORMATION

Annual General Meeting

The 55th 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 **Thursday, October 27, 2022** at 12:00 noon.

Shareholders interested in attending the AGM either physically or through Zoom application are hereby requested to get themselves registered with the Company Secretary office by providing the following details at the earliest but not later than 48 hours before the time of AGM through following means:

- a) Mobile/WhatsApp: 0333-4524559
- b) E-mail: nagina-agm22@nagina.com

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification. Member wishing to attend in person must also provide a copy of their vaccination certificates at the above e-mail address. Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone/computer devices. In view of the above, the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means.

The Company reserves the right to refuse entry to any member who has not pre-registered for physical attendance or is not carrying their vaccination card with them. These measures are necessary to ensure the safety and the health of all present.

Eligible shareholders are encouraged to participate and vote.

Ownership

On June 30, 2022, the Company has 887 Shareholders.

Web Reference

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

Dividend

The Board of Directors in its meeting held on September 28, 2022 has recommended, payment of the final cash dividend at the rate of Rs.10/- per share i.e. 100% for the year ended June 30, 2022.

Closure of Share Transfer Books

The share transfer books for ordinary shares of the Company will remain closed from Friday, October 21, 2022 to Thursday, October 27, 2022 (both days inclusive). Valid transfer(s) received in order by Company's Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi by the close of business on Thursday, October 20, 2022 will be considered in time to entitle the transferees to attend the AGM and for payment of dividend to the transferee(s).

PAYMENT OF CASH DIVIDEND ELECTRONICALLY (E DIVIDEND MECHANISM)

As per the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulation 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants. Therefore, shareholders are requested to 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):

Detail of Bank Mandate	
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 the above information, the dividend shall be withheld.

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

Individual Members who have not yet submitted a copy of their valid Computerized Identity Card (CNIC) to the Company are once again requested to send a copy of their valid CNIC at the earliest directly to the office of Share Registrar of the Company, M/s. Hameed Majeed Associates (Pvt) Ltd., 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi. Corporate Members are requested to provide their National Tax Number (NTN) and folio number thereon while sending the copies to the Share Registrar of the Company. In case of non-receipt of the copy of a valid CNIC or NTN (as the case may be), the Company would be unable to comply with the requirements of the Companies Act, 2017 and SROs issued there under.

Deposit of Physical Shares into CDC Accounts

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e. May 30, 2017.

The shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Ltd.

Deduction of Withholding Tax on Dividend

1. The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:
 - i) Rate of Withholding Income Tax deduction for the persons whose names are appearing on ATL. 15%
 - ii) Rate of Withholding Income Tax deduction for the persons whose names are not appearing on ATL. 30%

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not appearing on Active Taxpayers' List (ATL) available on the website of FBR are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

2. Withholding tax will be determined separately on 'persons names appearing on ATL/persons names not appearing on ATL' 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).
3. 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 the company name and their respective Folio Nos and /or CDCA/c Nos.

Transmission of Audited Financial Statements/Notices Through E-Mail (Optional)

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I) / 2014 dated September 8, 2014, members who wish to receive the Company's Annual Report and notices by email are requested to provide the standard request form available on Company's website www.nagina.com to the Company's Share Registrar.

Delivery of the Unclaimed / Undelivered Shares & Dividend

Shareholders, whose dividends still remain unclaimed and / or undelivered share certificates, are hereby once again requested to approach the Company's Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi to claim their outstanding dividend amounts and/ or undelivered share certificates.

Consent For Video Conference Facility

Pursuant to Section 134(1)(b) of the Act, shareholders residing in a city holding aggregate 10% or more shareholding may demand to participate in the meeting through video conference. The request for video-link facility shall be received by the Share Registrar at their address at least seven days prior to the date of the meeting on the Standard Form available on the website of the Company

Investor Relations Contact

For any query / problem / information, the investors may contact Mr. Syed Mohsin Gilani, Corporate Secretary, email address: mohsin.gilani@nagina.com, Ph # (+92-42) 35756270, Fax: (+92-42) 35711856

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2022
CUIN (INCORPORATION NUMBER) 0002500**

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
412	1	100	13,040
247	101	500	69,497
54	501	1,000	42,348
107	1,001	5,000	251,796
35	5,001	10,000	249,201
9	10,001	15,000	110,315
4	15,001	20,000	69,411
1	20,001	25,000	21,500
1	25,001	30,000	25,200
2	30,001	35,000	64,868
-	35,001	45,000	-
1	45,001	50,000	50,000
-	50,001	115,000	-
1	115,001	120,000	118,736
-	120,001	140,000	-
1	140,001	145,000	142,500
-	145,001	175,000	-
1	175,001	180,000	179,400
-	180,001	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
887	Total:-		18,700,000

CATAGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2022

Sr #	Categories of Shareholders	Shares Held	Percentage
1)	Directors, Chief Executive Officer, and their Spouse and Minor Children		
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)	MR. RAZA ELLAHI SHAIKH	1,400,500	7.49
v)	MR. AMIN ELLAHI SHAIKH	1,400,000	7.49
vi)	MR. HAROON SHAHZADA ELLAHI SHAIKH	700,000	3.74
vii)	MR. TAJAMMAL HUSAIN BOKHAREE	502	0.00
viii)	MR. SHAFIQ UR REHMAN	500	0.00
ix)	MR. HASAN AHMED	500	0.00
x)	MS. TOSHEEBA SARWAR	500	0.00
xi)	MRS. HUMERA SHAHZADA ELLAHI SHAIKH	4,248	0.02
xii)	MRS. MONA SHAUKAT SHAIKH	4,248	0.02
xiii)	MRS. SHAISTA SHAFQAT	4,248	0.02
		13,236,734	70.78
2)	Associated Companies, Undertakings and Related Parties		
i)	HAROON OMER (PVT) LIMITED	1,017,147	5.44
ii)	MONELL (PVT) LIMITED	1,017,147	5.44
iii)	ICARO (PVT) LIMITED	1,017,248	5.44
iv)	ELLAHI INTERNATIONAL (PVT) LIMITED	9,000	0.05
		3,060,542	16.37
3)	NIT and ICP	1,430	0.01
4)	Banks, Development Finance Institutions, Non Banking Finance Institutions		
i)	NATIONAL DEVE. FINANCE CORP.	5,560	0.03
ii)	ESCORTS INVESTMENT BANK LIMITED	30	0.00
		5,590	0.03
5)	Insurance Companies	318,658	1.70
6)	Modarabas and Mutual Funds	Nil	Nil
7)	Shareholders Holding 10% or more		
i)	MR. SHAUKAT ELLAHI SHAIKH	3,267,069	17.47
ii)	MR. SHAHZADA ELLAHI SHAIKH	3,227,350	17.26
iii)	MR. SHAFQAT ELLAHI SHAIKH	3,227,069	17.26
		9,721,488	51.99
8)	General Public		
i)	a. Local	1,925,408	10.30
ii)	b. Foreign	-	-
9)	Others (Joint Stock Companies)	151,638	0.81

KEY FINANCIAL INFORMATION

		YEAR ENDED 30TH JUNE					
		2022	2021	2020	2019	2018	2017
Sales	Rs.'000	11,235,579	7,184,635	7,070,172	6,932,310	5,878,554	5,242,033
Gross profit	Rs.'000	2,507,668	1,419,328	593,821	832,426	514,147	353,294
Operating profit	Rs.'000	2,067,457	1,144,400	378,087	574,525	340,819	175,288
Profit before tax	Rs.'000	1,826,779	988,876	100,273	361,126	223,557	110,886
Profit after tax	Rs.'000	1,812,562	743,498	7,629	308,620	158,202	78,428
Share capital - paid up	Rs.'000	187,000	187,000	187,000	187,000	187,000	187,000
Shareholders' equity	Rs.'000	4,307,501	2,568,397	1,880,495	2,023,913	1,866,874	1,756,209
Total assets	Rs.'000	10,172,038	6,389,585	6,924,313	5,816,796	4,931,736	3,657,194
Earnings Per share - pre tax	Rs.	97.69	52.88	5.36	19.31	11.95	5.93
Earnings Per Share - after tax	Rs.	96.93	39.76	0.41	16.50	8.46	4.19
Cash Dividend per share	Rs.	10.00	10.00	-	5.00	4.00	3.00
Market value per share	Rs.	78.80	74.65	38.93	41.85	39.90	42.65
Gross profit to Sales	%	22.32	19.76	8.40	12.01	8.75	6.74
Operating profit to sales	%	18.40	15.93	5.35	8.29	5.80	3.34
Profit before tax to Sales	%	16.26	13.76	1.42	5.21	3.80	2.12
Profit after tax to Sales	%	16.13	10.35	0.11	4.45	2.69	1.50
Current ratio		2.40 : 1	2.33 : 1	1.45 : 1	1.42 : 1	1.51 : 1	2.04 : 1
Total debt to total assets ratio	%	57.65	59.80	72.84	65.21	62.15	51.98
Debt Equity Ratio	%	45.54	47.08	54.49	36.80	30.19	34.02

INDEPENDENT AUDITOR'S REVIEW REPORT To The Members of Nagina Cotton Mills Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

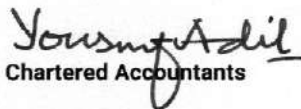
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Nagina Cotton Mills Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a part of our audit of 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 of Directors' 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 Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.


Chartered Accountants

Place: Karachi

Date: September 30, 2022

UDIN: CR202210186sieFzLXT2

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NAGINA COTTON MILLS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Nagina Cotton Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2022 and of the profit and other comprehensive income the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	Revenue recognition from Contracts with Customers	
	<p>The Company is engaged in manufacturing and sale of yarn. Revenue recognition policy has been explained in note 3.13 to the financial statements, and the related amounts of revenue recognized during the year are disclosed in note 26 to the financial statements.</p> <p>The Company generates revenue from sale of goods to domestic and export customers.</p>	<p>Our audit procedures to address the revenue recognition, includes the following:</p> <ul style="list-style-type: none"> • Considered the appropriateness of revenue recognition policy and compared it with the applicable accounting and reporting standards; • Obtained an understanding of revenue from customers and assessed the design, implementation and operating effectiveness of controls around recognition of revenue;

S. No.	Key audit matter	How the matter was addressed in our audit
	<p>Revenue from the local and export sales (including indirect exports) is recognized when performance obligation is satisfied as per the requirements of the International Financial Reporting Standard (IFRS) 15 – ‘Revenue from Contracts with Customers’.</p> <p>We identified revenue recognition as key audit matter since it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized on point in time basis i.e. when control of goods is transferred to the customer, in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p>	<ul style="list-style-type: none"> • Checked on sample basis relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria as introduced by IFRS 15; • Tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents and by checking significant credit notes issued after year-end; and • Evaluated the adequacy and appropriateness of disclosures made in the financial statements.
2.	<p>Valuation of stock in trade</p>	
	<p>Stock-in-trade has been valued following an accounting policy as stated in note 3.6 to the financial statements and the value of stock-in-trade is disclosed in note 19 to the financial statements. Stock-in-trade forms material part of the Company’s assets comprising around 29.32% of total assets.</p> <p>The valuation of stock in trade is carried at amount i.e. at lower of cost or net realizable value. Cost has different components, which includes judgment in relation to the allocation of overheads costs, which are incurred in bringing the finished goods to its present location and condition. Judgments are also involved in determining the net realizable value (estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale) of stock-in-trade items in line with accounting policy.</p> <p>Due to the above factors, we have considered the valuation of stock in trade as key audit matter.</p>	<p>Our audit procedures to address the valuation of stock-in-trade, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of mechanism of recording purchases and valuation of stock-in-trade; • Tested on a sample basis purchases with underlying supporting documents; • Verified on test basis, the moving average calculations of raw material stock as per accounting policy; • Verified the calculations of the actual overhead costs and checked allocation of labor and overhead costs to the finished goods and work in process; • Obtained an understanding of management’s process for determining the net realizable value and checked: <ol style="list-style-type: none"> i) Future selling prices by performing a review of sales close to and subsequent to the year-end; ii) Determined cost necessary to make the sales; and iii) Checked the calculations of net realizable value of itemized list of stock-in-trade, on selected sample and compared the net realizable value with the cost to ensure that valuation of stock-in-trade is in line with the accounting policy. iv) Checked whether the provisions of IAS 2 have been complied with in respect of disclosures and valuation.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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.

The engagement partner on the audit resulting in this independent auditor's report is Shafqat Ali.


Chartered Accountants

Place: Karachi

Date: September 30, 2022

UDIN: AR2022101862odsFPfHR

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 50,000,000 (2021: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	5	187,000,000	187,000,000
Capital reserves	6	183,610,023	225,471,697
Revenue reserve - Unappropriated profit		3,936,891,002	2,155,925,123
TOTAL EQUITY		4,307,501,025	2,568,396,820
LIABILITIES			
NON CURRENT LIABILITIES			
Long term finances	7	3,249,245,045	1,993,645,477
Deferred government grant	8	-	307,915
Deferred taxation	9	-	148,032,195
Deferred liabilities	10	142,842,944	125,745,763
		3,392,087,989	2,267,731,350
CURRENT LIABILITIES			
Current portion of long-term finances	7	351,968,150	287,225,596
Current portion of deferred government grant	8	307,915	4,188,283
Trade and other payables	11	1,398,165,143	1,085,583,988
Unclaimed dividend		9,436,616	9,077,894
Accrued interest / mark-up	12	40,338,482	17,565,234
Short-term borrowings	13	672,233,101	149,816,295
		2,472,449,407	1,553,457,290
TOTAL LIABILITIES		5,864,537,396	3,821,188,640
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		10,172,038,421	6,389,585,460

The annexed notes from 1 to 46 form an integral part of these financial statements.



Raza Ellahi Shaikh
Director



Tariq Zafar Bajwa
Chief Financial Officer

September 28, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	15	4,229,339,533	2,752,013,236
Investment properties	16	13,278,175	13,500,607
Intangible assets	17	-	-
Long-term deposits		1,021,858	1,021,858
		4,243,639,566	2,766,535,701
CURRENT ASSETS			
Stores and spares	18	63,813,650	30,058,138
Stock-in-trade	19	2,984,868,230	1,304,889,314
Trade receivables	20	973,508,462	732,936,931
Loans and advances	21	212,340,489	294,099,159
Prepayments	22	4,376,643	4,834,712
Other receivables	23	39,437,876	12,668,079
Sales tax refundable		194,894,402	6,710,622
Other financial assets	24	1,379,084,228	1,039,966,494
Cash and bank balances	25	76,074,875	196,886,310
		5,928,398,855	3,623,049,759
TOTAL ASSETS		10,172,038,421	6,389,585,460

The annexed notes from 1 to 46 form an integral part of these financial statements.



Amin Ellahi Shaikh
Mg. Director (Chief Executive)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Revenue from contracts with customers	26	11,235,578,700	7,184,634,596
Cost of goods sold	27	(8,727,910,541)	(5,765,306,696)
Gross profit		2,507,668,159	1,419,327,900
Distribution cost	28	(207,352,642)	(96,468,355)
Administrative expenses	29	(174,269,087)	(154,743,450)
Other expenses	30	(140,782,184)	(107,572,394)
		(522,403,913)	(358,784,199)
Other income	31	82,192,433	83,856,085
Operating profit		2,067,456,679	1,144,399,786
Finance cost	32	(240,677,310)	(155,523,688)
Profit before taxation		1,826,779,369	988,876,098
Provision for taxation	33	(14,217,443)	(245,377,844)
Profit after taxation		1,812,561,926	743,498,254
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gain / (loss) on defined benefit liability	10.3	350,992	(1,330,763)
Deferred tax (reversed) / recognized	9	(231,550)	231,550
Fair value (loss) / gain on investment in equity instruments designated at FVTOCI	24.4	(21,799,036)	80,724,626
Deferred tax (reversed) / recognized	9	(5,028,127)	5,028,127
		(26,707,721)	84,653,540
Total comprehensive income for the year		1,785,854,205	828,151,794
Earnings per share - basic and diluted	34	96.93	39.76

The annexed notes from 1 to 46 form an integral part of these financial statements.



Raza Ellahi Shaikh
Director



Tariq Zafar Bajwa
Chief Financial Officer



Amin Ellahi Shaikh
Mg. Director (Chief Executive)

September 28, 2022

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	565,199,306	2,445,932,936
Payments made:			
Employees retirement benefits		(15,143,350)	(23,974,372)
Finance cost		(217,904,062)	(199,676,076)
Income tax refunded		5,336,352	69,152,356
Income tax		(169,973,709)	(52,095,825)
Net cash generated from operating activities		167,514,537	2,239,339,019
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,840,075,092)	(128,727,482)
Proceeds from disposal of property, plant and equipment		49,219,680	47,592,125
Purchase of other financial assets		(1,754,903,510)	(1,539,884,356)
Proceeds from sale of other financial assets		1,393,986,741	970,242,328
Rental income received		28,197,529	25,846,506
Dividend received		39,080,384	34,870,059
Long-term deposits		-	47,400
Net cash used in investing activities		(2,084,494,268)	(590,013,420)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finances obtained		1,615,929,478	120,934,674
Repayment of long-term finances		(299,775,640)	(87,450,208)
Net increase / (decrease) in short-term borrowings excluding running finance		598,706,793	(833,575,734)
Dividend paid		(46,391,533)	(139,191,428)
Net cash generated from / (used in) financing activities		1,868,469,098	(939,282,696)
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(48,510,633)	710,042,903
Cash and cash equivalents at beginning of the year		47,070,015	(662,972,888)
Cash and cash equivalents at end of the year		(1,440,618)	47,070,015
Cash and cash equivalents			
Cash and bank balances	25	76,074,875	196,886,310
Short-term running finances	13	(77,515,493)	(149,816,295)
		(1,440,618)	47,070,015

The annexed notes from 1 to 46 form an integral part of these financial statements.


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer


Amin Ellahi Shaikh
Mg. Director (Chief Executive)

September 28, 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

Issued, subscribed and paid up capital	Capital reserves				Revenue reserve	Total	
	Amalgamation reserve Note 6.2	Capital redemption reserve Note 6.1	Fair value reserve	Total capital reserves	Unappropriated profit		
----- (Rupees) -----							
Balance as at June 30, 2020	187,000,000	12,104,417	241,860,000	(114,329,184)	139,635,233	1,553,859,793	1,880,495,026
Comprehensive income							
Profit after taxation	-	-	-	-	-	743,498,254	743,498,254
Other comprehensive income							
Remeasurement of defined benefit liability	-	-	-	-	-	(1,330,763)	(1,330,763)
Deferred tax recognized	-	-	-	-	-	231,550	231,550
Fair value gain on investment in equity instrument designated at FVTOCI	-	-	-	80,724,626	80,724,626	-	80,724,626
Transfer of realized loss on sale of investment	-	-	-	83,711	83,711	(83,711)	-
Deferred tax recognized	-	-	-	5,028,127	5,028,127	-	5,028,127
Total comprehensive income for the year	-	-	-	85,836,464	85,836,464	742,315,330	828,151,794
Transactions with owners:							
Interim dividend for the year ended June 30, 2021 @75% i.e. Rs. 7.5 per ordinary share	-	-	-	-	-	(140,250,000)	(140,250,000)
Balance as at June 30, 2021	187,000,000	12,104,417	241,860,000	(28,492,720)	225,471,697	2,155,925,123	2,568,396,820
Comprehensive income							
Profit after taxation	-	-	-	-	-	1,812,561,926	1,812,561,926
Other comprehensive income							
Remeasurement of defined benefit liability	-	-	-	-	-	350,992	350,992
Deferred tax reversed	-	-	-	-	-	(231,550)	(231,550)
Fair value loss on investment in equity instrument designated at FVTOCI	-	-	-	(21,799,036)	(21,799,036)	-	(21,799,036)
Transfer of realized gain on sale of investment	-	-	-	(15,034,511)	(15,034,511)	15,034,511	-
Deferred tax reversed	-	-	-	(5,028,127)	(5,028,127)	-	(5,028,127)
Total comprehensive income for the year	-	-	-	(41,861,674)	(41,861,674)	1,827,715,879	1,785,854,504
Final dividend for the year ended June 30, 2021 @ 25% i.e. Rs. 2.5 per ordinary share	-	-	-	-	-	(46,750,000)	(46,750,000)
Balance as at June 30, 2022	187,000,000	12,104,417	241,860,000	(70,354,394)	183,610,023	3,936,891,002	4,307,501,025

The annexed notes from 1 to 46 form an integral part of these financial statements.



Raza Ellahi Shaikh
Director



Tariq Zafar Bajwa
Chief Financial Officer



Amin Ellahi Shaikh
Mg. Director (Chief Executive)

September 28, 2022

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND OPERATIONS

Nagina Cotton Mills Limited (the Company) was incorporated in Pakistan on May 16, 1967 as a public limited company under the Companies Act, 1913 (repealed) now the Companies Act, 2017 and is listed on Pakistan Stock Exchange Limited. The principal business of the Company is to manufacture and sale of yarn.

Following is the geographical location and address of all business units of the Company:

Head Office:

2nd Floor, Shaikh Sultan Trust Building No.2, 26-Civil Lines, Beaumont Road, Karachi, Sindh.

Manufacturing facility:

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

Regional Office:

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under Companies Act, 2017 have been followed.

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 assets measured at fair value through other comprehensive income (FVTOCI).

2.3 Functional and presentation currency

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

2.4 Changes in accounting standards

2.4.1 Amendments to accounting standards that are effective for the year ended June 30, 2022

The following amendments to accounting standards are effective for the year ended June 30, 2022. These 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.

	Effective from accounting period beginning on or after:
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021

2.4.2 Amendments to accounting standards that are not yet effective

The following amendments to accounting standards are only effective for accounting periods, beginning on or after the date mentioned against each of them. These 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.

	Effective from accounting period beginning on or after
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid amendments in standards, 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 17 – Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2021.

3.1 Property, plant and equipment

Owned

Property, plant and equipment except freehold land, leasehold 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 reporting date, if significant.

Depreciation is charged to income applying the reducing balance method at the rates specified in the note 15.1. Depreciation on all additions is charged from the month on which the asset is available for use and no depreciation is charged in 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 the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of assets, if any, are recognized in the statement of profit or loss and other comprehensive income, as and when incurred.

Capital work in progress

These are stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred and advances made during installation and construction period are carried under this head. These are transferred to specific asset as and when the asset is available for its intended use.

3.2 Right of use assets and lease liabilities

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain re-measurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for operating fixed asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Company has elected to apply the practical expedient not to recognize right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

3.3 Investment properties

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

Depreciation on buildings is charged to the statement of profit or loss and other comprehensive income applying the reducing balance method at the rates specified in the note 16.

3.4 Intangible assets

An intangible asset is recognized 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 recognized as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognized 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 amortized 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 up to the month of disposal. Amortization charge is recognized in the statement of profit or loss and other comprehensive income. The rate of amortization is disclosed in note 17.

3.5 Stores and spares

These are valued at lower of moving average cost and net realizable value less impairment, if any, for obsolete items. Items in transit are valued at cost incurred up to the reporting date.

3.6 Stock in trade

These are valued at lower of cost and net realizable value. Costs are determined using the following basis:

Raw material	Moving weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realizable 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.

3.7 Cash and cash equivalents

For the purpose of statement of cash flows, 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.

3.8 Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.8.1 Financial assets

Classification

The Company classifies its financial assets into following three categories:

IFRS 9 contains three principle classification categories for financial assets at:

- i) Amortized cost ("AC"),
- ii) Fair value through other comprehensive income ("FVTOCI") and
- iii) Fair value through profit or loss ("FVTPL").

i) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in Other Comprehensive Income (OCI).

iii) **Financial assets at fair value through profit or loss (FVTPL)**

All other financial assets are classified as FVTPL (for example: equity held for trading and debt securities not classified either as amortized cost or FVTOCI).

In addition, on initial recognition, the Company may designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in statement of profit or loss and other comprehensive income.

3.8.2 Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured at amortized cost. Amortized cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Financial assets at FVTOCI

All financial assets at FVTOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in Other Comprehensive Income (OCI).

For debt instruments classified as financial assets at FVTOCI, the amounts in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVTOCI, where there is no reclassification on derecognition.

Financial assets at FVTPL

All financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the statement of profit or loss and other comprehensive income.

3.8.3 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of equity securities

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

Basis of valuation of investment in mutual funds

The fair value of units of Funds is based on the net assets value per unit announced by Mutual Funds Association of Pakistan (MUFAP), which is determined on the basis of net assets value communicated by the Asset Management Company on daily basis.

3.8.4 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

3.8.5 Impairment

Financial assets

The Company recognizes a loss allowance for expected credit loss "ECL" on trade receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognizes lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.8.6 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.9 Deferred grant

The benefit of interest rate lower than market rate on borrowings obtained under State Bank of Pakistan (SBP) under Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of the Company, is accounted for as a government grant which is the difference between loan received and the fair value of the loan. The differential amount is recognized and presented in statement of financial position as deferred government grant.

In subsequent periods, the grant shall be amortized over the period of loan and amortization shall be recognized and presented as reduction of related interest expense.

3.10 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 reporting date under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2022.

Remeasurements which comprise actuarial gains and losses on defined benefit obligations are recognized immediately in other comprehensive income.

3.11 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation, as a result of past events, when 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 reporting date and adjusted to reflect the current best estimate.

3.12 Foreign currency transactions and 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 reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the reporting date. Exchange differences are included in the statement of profit or loss and other comprehensive income.

All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

3.13 Revenue recognition

Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e. when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange of those goods.

Dividend income is recognized on the date on which the Company's right to receive the dividend 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 on accrual basis.

All other borrowing costs are recognized in statement of profit or loss and other comprehensive income in the period in which they are incurred.

3.14 Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credits and rebates available, if any or on turnover at the specified rates or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise due to assessment framed / finalized during the year.

Deferred

Deferred tax is provided using the statement of financial position method for all temporary differences at the reporting 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 requirements of Technical Release – 27 issued by 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 reporting date.

3.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added in the carrying amount of the borrowing.

3.15.1 Borrowing cost

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 till 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 statement of profit or loss and other comprehensive income in the period in which they are incurred.

3.16 Dividend and other appropriations

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

3.17 Earnings per share

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.

3.18 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 accounting and reporting standards, is presented in note 42 to these financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with accounting and reporting 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 determining the residual values and useful lives of property, plant and equipment, investment properties and intangible assets (note 3.1, 3.3, 3.4, 15, 16 and 17)
- ii. Assumptions and estimates used in writing down items of stock in trade to their net realizable value (note 3.6 and 19)
- iii. Assumptions and estimates used in calculating the provision for impairment of trade receivables (note 3.8 and 20)
- iv. Assumptions and estimates used in accounting for defined benefit plan (note 3.10 and 10)
- v. Assumptions and estimates used in the recognition of current and deferred taxation (note 3.14, 9 and 33)

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022		2021	2022		2021
Number of ordinary shares of Rs.10 each			Rupees	Rupees	
3,133,000	3,133,000	Fully paid 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 The Company has one class of ordinary shares which carries 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.

5.2 Shares held by associated undertakings of the Company as at the reporting date are as follows :

	2022	2021
Associated undertakings - due to common directorship and shareholding in the Company	Number of shares	
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

	Note	2022 Rupees	2021 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
Remeasurement for the investments designated as at fair value through other comprehensive		(70,354,394)	(28,492,720)
		183,610,023	225,471,697

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.

	Note	2022 Rupees	2021 Rupees
7. LONG-TERM FINANCES			
From banking companies and other financial institutions - secured			
Term finances	7.2	219,137,223	25,777,950
Long-term financing facilities (LTFF)	7.3	3,316,152,798	2,112,570,649
Long-term financing facility (NIDF)	7.4	28,621,656	57,243,309
SBP Payroll Financing	7.5	34,469,363	82,447,010
Custom debentures	7.6	2,832,155	2,832,155
		3,601,213,195	2,280,871,073
Less: Current portion shown in current liabilities			
Long-term financing facilities (LTFF)		(286,044,976)	(206,135,851)
Long-term financing facility (NIDF)		(28,621,656)	(28,621,656)
SBP Payroll Financing		(34,469,363)	(49,635,934)
Custom debentures		(2,832,155)	(2,832,155)
		(351,968,150)	(287,225,596)
		3,249,245,045	1,993,645,477

7.1 Reconciliation of liabilities arising from long term financing activities

The table below details changes in the Company's liabilities arising from the financing activities, including both cash and non-cash changes, if any. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	Cash flows			Non-Cash flows	
	July 1, 2021	Obtained	Repaid (Rupees)	Transferred	June 30, 2022
Term finances	25,777,950	1,615,929,478	(12,852,205)	(1,409,718,000)	219,137,223
Long-term financing facility (LTFF)	2,112,570,649	-	(206,135,851)	1,409,718,000	3,316,152,798
Long-term financing facility (NIDF)	57,243,309	-	(28,621,653)	-	28,621,656
SBP Payroll Financing	82,447,010	-	(52,165,931)	4,188,283*	34,469,362
Custom debentures	2,832,155	-	-	-	2,832,155
2022	2,280,871,073	1,615,929,478	(299,775,640)	4,188,283	3,601,213,194
2021	2,246,879,729	120,934,674	(87,450,208)	506,879	2,280,871,074

* Rs. 4,188,283 has been transferred from deferred government grant as per IAS-20 (note 8.1).

7.2 Term Finances

Name of financial institution / bank	Limit		Outstanding amount		Details of financing, security and repayment terms
	2022	2021	2022	2021	
	----- (Rupees) -----				
Habib Bank Limited	1,600,000,000	800,000,000	149,674,763	-	Facility is secured against first joint pari passu charge on all present and future fixed assets of the Company with 25% margin. The loan is subject to mark-up at the rate of average of 3 month offer rate of KIBOR plus 125 bps (2021: Nil) repayable in 32 equal quarterly installments commencing from August 2023.
Habib Bank Limited	800,000,000	800,000,000	-	25,777,950	Facility is secured against first joint pari passu charge on all present and future fixed assets of the Company with 25% margin. The loan is subject to mark-up at the rate of average of 3 month offer rate of KIBOR plus 125 bps (2021: average of 3 month offer rate of KIBOR plus 125 bps) repayable in 32 equal quarterly installments commencing from August 2023. Loan amounting to Rs. 25.777 million has been transferred to LTFF in July 2021.
Pak Kuwait Investment Company (Private) Limited	650,000,000	-	10,179,980	-	Facility is secured against first joint pari passu charge on all present and future fixed assets of the Company with 25% margin. The loan is subject to mark-up at the rate of 3 month offer rate of KIBOR plus 150 bps (2021: Nil) repayable in 32 equal quarterly installments commencing from September 2024.
Allied Bank Limited	100,000,000	-	59,282,480	-	Facility is secured against first joint pari passu charge over fixed assets (land, building, plant & machinery) of the company with 25% margin. The loan is subject to mark-up at the rate of 3 months KIBOR plus 125 bps (2021: Nil) repayable in 39 equal quarterly installments commenced from June 2022.
			219,137,223	25,777,950	

7.3 Long Term Finance Facilities (LTFF)

Details of financing, security and repayment terms

Name of financial institution / bank	Limit		Outstanding amount		
	2022	2021	2022	2021	
(Rupees)					
United Bank Limited	149,693,155	149,693,155	79,524,490	98,236,134	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building and machinery) of the Company. The loan is subject to mark-up at the rate of 3.5 % (2021: 3.5%) per annum. In 2015, 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 commenced from November 2017 initially (after deferment commenced from May 2021).
United Bank Limited	142,813,663	142,813,663	89,258,539	107,110,247	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building and machinery) of the Company. The loan is subject to mark-up at the rate of 2.5 % (2021: 2.5%) per annum. In 2016, 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 commenced from July 2018 initially (after deferment commenced from April 2021).
United Bank Limited	149,628,405	149,628,405	102,869,525	121,573,077	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building and machinery) of the Company. The loan is subject to mark-up at the rate of 2.5 % (2021: 2.5%) per annum. In 2016, 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 commenced from March 2019 initially (after deferment commenced from June 2021).
United Bank Limited	122,869,575	122,869,575	92,152,183	107,510,879	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building and machinery) of the Company. The loan is subject to mark-up at the rate of 2.5 % (2021: 2.5%) per annum. In 2017, 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 commenced from September 2019 initially (after deferment commenced from June 2021).

**Details of financing, security and
repayment terms**

Name of financial institution / bank	Limit		Outstanding amount		
	2022	2021	2022	2021	
	----- (Rupees) -----				
United Bank Limited	27,502,020	27,502,020	12,267,936	14,155,312	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building and machinery) of the Company. The loan is subject to mark-up at the rate of 2.5 % (2021: 2.5%) per annum. In 2017, 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 initially commenced from March 2020 after deferment repayments commenced from June 2021.
Habib Bank Limited	850,000,000	850,000,000	576,016,000	658,300,000	Facility is secured against first joint pari passu charge on all present and future fixed assets of the Company with 25% margin. The loan is subject to mark-up at the rate of 3% (2021: 3%) per annum. In 2020, the loan was transferred from Term Finance Facility to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 repayable in 32 equal quarterly installments commenced from July 2021 and August 2021.
Habib Bank Limited	1,600,000,000	-	1,023,504,000	-	Facility is secured against first joint pari passu charge on all present and future fixed assets of the Company with 25% margin. The loan is subject to mark-up at the rate of 3.25% (2021: Nil) repayable in 32 equal quarterly installments commencing from October 2023 to July 2024.
			1,975,592,673	1,106,887,670	

Name of financial institution / bank	Limit		Outstanding amount		Details of financing, security and repayment terms
	2022	2021	2022	2021	
	----- (Rupees) -----				
Pak Kuwait Investment Company (Private) Limited	650,000,000	-	386,214,000	-	Facility is secured against first joint pari passu charge on all present and future fixed assets of the Company with 25% margin. The loan is subject to mark-up at the rate of 3.50% (2021: Nil) repayable in 32 equal quarterly installments commencing from February 2024 to August 2024.
Allied Bank Limited	350,000,000	350,000,000	308,915,125	339,435,000	Facility is secured against first joint pari passu charge over fixed assets (land, building, plant and machinery) of the Company with 25% margin. The loan is subject to mark-up at the rate of 2.5% (2021: 2.5%) per annum. In 2020, the loan was transferred from Term Finance Facility to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 repayable in 32 equal quarterly installments commenced from October 2021 and January 2022, including two years grace period.
Bank Alfalah Limited	750,000,000	750,000,000	645,431,000	666,250,000	Facility is secured against first joint pari passu charge over fixed assets (land, building, plant and machinery) of the Company with 25% margin. The loan is subject to mark-up at the rate of 3% (2021: 3%) per annum repayable in 32 equal quarterly installments commenced from April 2022, including two years grace period.
			3,316,152,798	2,112,572,670	

Name of financial institution / bank	Limit		Outstanding amount		Details of financing, security and repayment terms
	2022	2021	2022	2021	
	----- (Rupees) -----				
7.4 Long Term Finance Facilities (NIDF)					
United Bank Limited	157,493,182	157,493,182	28,621,656	57,243,309	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 (2021: 3 Months KIBOR plus 100 bps) repayable in 22 equal quarterly installments initially commenced from March 2017 (after deferment commenced from June 2021).
			28,621,656	57,243,309	
7.5 SBP Payroll Financing					
Bank Alfalah Limited	139,109,130	139,109,130	34,469,363	82,447,010	Facility was obtained under SBP payroll finance scheme via IH & SMEFD Circular No. 06 of 2020. The loan is subject to markup at the rate of 1% (2021: 1%) per annum repayable in 8 equal quarterly installments commenced from January 2021.
			34,469,363	82,447,010	

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

7.7 The exposure of the Company's borrowings to interest rate changes on the contractual repricing dates at the reporting date are as follows:

	Note	2022 ----- (Rupees) -----	2021 -----
- Short-term borrowings	13	672,233,101	149,816,295
- Long-term finances	7.2 & 7.4	247,758,879	83,021,259
		<u>919,991,980</u>	<u>232,837,554</u>

7.8 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.

	Note	2022 Rupees	2021 Rupees
8. DEFERRED GOVERNMENT GRANT			
Deferred grant against SBP payroll financing facility	8.1	307,915	4,496,198
Less: Current portion of deferred grant		<u>(307,915)</u>	<u>(4,188,283)</u>
		<u>-</u>	<u>307,915</u>

8.1 Movement of deferred government grant

Opening balance	4,496,198	5,003,077
Recognised during the year	-	7,130,948
Amortization during the year	<u>(4,188,283)</u>	<u>(7,637,827)</u>
As at June 30	<u>307,915</u>	<u>4,496,198</u>

8.2 Deferred grant relates to the difference between the fair value and actual proceeds of payroll finance obtained under SBP's refinance scheme for payment of wages and salaries during the current and last year. It is amortised over the period of loan with an amount equal to the difference between the finance cost charged to statement of profit or loss and other comprehensive income and the interest paid at SBP's defined rate as per the scheme. The grant is amortised over the period of loan and amortization is recognised and presented as reduction of related interest expense.

9. DEFERRED TAX

	Deferred tax recognised in			
	Balance at July 01, 2021	Statement of profit or loss	Other comprehensive income	Balance at June 30, 2022
	----- (Rupees) -----			

Movement for the year ended June 30, 2022

Deferred tax liabilities on taxable temporary differences arising in respect of :

- Property, plant and equipment	180,952,642	(180,952,642)	-	-
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Deferred tax assets on deductible temporary differences arising in respect of :

- Staff gratuity	(21,879,456)	21,647,906	231,550	-
- Provision for doubtful trade receivables	(337,696)	337,696	-	-
- Minimum tax	(5,675,168)	5,675,168	-	-
- Other financial assets	(5,028,127)	-	5,028,127	-
	<u>148,032,195</u>	<u>(153,291,872)</u>	<u>5,259,677</u>	<u>-</u>

	2022 Rupees	2021 Rupees
10. DEFERRED LIABILITY		
Defined benefit liability - staff gratuity	<u>142,842,944</u>	<u>125,745,763</u>

The Company operates an 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:

	2022	2021
10.1 Actuarial assumptions		
Discount rate	13.25%	9.23%
Expected rate of salary increase	12.75%	8.75%
Mortality rate	SLIC 2001 - 2005 Setback 1 Year Age based	SLIC 2001 - 2005 Setback 1 Year Age based
Expected withdrawal rate for actuarial assumptions		

	2022 Rupees	2021 Rupees
10.2 Movement in the net defined benefit liability		
Balance at the beginning of the year	125,745,763	122,856,230
Recognised in the statement of profit or loss		
Current service cost	22,415,317	17,516,132
Interest cost	10,176,206	8,017,010
	10.4	25,533,142
Recognised in other comprehensive income		
Remeasurement loss on defined benefit liability	10.3 (350,992)	1,330,763
Benefits paid during the year	(15,143,350)	(23,974,372)
Balance at end of the year	<u>142,842,944</u>	<u>125,745,763</u>

10.3 Remeasurement recognised in Other Comprehensive Income		
Actuarial (gain) / loss from changes in financial assumptions	(38,324)	7,626,630
Experience adjustments	(312,668)	(6,295,867)
	<u>(350,992)</u>	<u>1,330,763</u>

10.4 Expense recognised in the statement of profit or loss		
Current service cost	22,415,317	17,516,132
Interest cost	10,176,206	8,017,010
	<u>32,591,523</u>	<u>25,533,142</u>

10.5 Sensitivity analysis

The sensitivity analysis presented has 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.

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

Salary risk

The risk 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 risk

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

Longevity risk

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.

	Change in assumption	Increase / (decrease) in defined benefit obligation	
		Increase in assumption	Decrease in assumption
2022			
----- (Rupees) -----			
Discount rate	0.5%	(135,069,687)	151,443,496
Salary increment rate	0.5%	151,443,496	(135,003,860)
2021			
----- (Rupees) -----			
Discount rate	0.5%	(118,550,008)	133,730,362
Salary increment rate	0.5%	133,728,822	(118,488,172)

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 recognised in the reporting date.

10.6 The expected maturity analysis of undiscounted benefit obligation is:

	2022	2021
	Rupees	Rupees
	Undiscounted payments	
Less than a year	26,411,660	23,262,966
Between 1 to 2 years	19,612,336	17,290,042
Between 2 to 3 years	19,740,895	17,415,788
Between 3 to 4 years	19,469,493	17,164,297
Between 4 to 5 years	19,640,905	17,315,192
6 years and above	599,226,152	526,874,747

10.7 Expected provision to be recognised in statement of profit or loss and other comprehensive income for the year ending June 30, 2023 is Rs. 39.172 million.

10.8 The average duration of the defined benefit obligation is 7 years.

	Note	2022 Rupees	2021 Rupees
11 TRADE AND OTHER PAYABLES			
Creditors		165,232,167	72,562,171
Accrued liabilities	11.1 & 11.2	862,641,563	774,604,871
Advance from customers		10,360,049	3,545,440
Advance rent		7,312,610	6,752,195
Sindh Workers' Profit Participation Fund	11.3	98,108,469	53,114,850
Sindh Workers' Welfare Fund		79,085,255	41,804,038
Preference shares redemption liability and dividend		733,365	733,365
Other government expenses - Infrastructure fee	11.4	138,732,581	75,635,545
Sales tax payable		31,398,458	55,457,448
Others		4,560,626	1,374,065
		<u>1,398,165,143</u>	<u>1,085,583,988</u>

- 11.1** This includes an amount of Rs. 582.795 million (2021: Rs. 582.795 million) in respect of Gas Infrastructure Development Cess.

Gas Infrastructure Development (GID) Cess was levied through GIDC Act, 2011 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 dated September 25, 2014.

On May 22, 2015, the GID Cess Act, 2015 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 the 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. On August 13, 2020, GIDC matter is decided by the Supreme Court of Pakistan and the Court has ordered gas consumers to pay outstanding amount of GIDC upto July 31, 2020 in twenty four equal monthly installments, starting from August 2020. The Supreme Court further gave the Federal Government six months to commence to work on the North-South Gas Pipeline the GIDC Act 2015 was to become permanently in-operations and considered dead for all intents and purposes. This period of six months expired on 13 February 2021 and no work on the North-South Gas Pipeline has commenced till date.

During last year, on review petitions filed by companies including those which had obtained the judgment from the Honorable Sindh High Court, the Supreme Court through its judgment dated November 03, 2020 dismissed the review petitions and allowed the recovery of the amount in forty eight equal installments with one year grace period as oppose to twenty four equal installments and six months grace period mentioned in the original decision dated August 30, 2020.

On September 29, 2020, we have challenged the imposition of GIDC upon us by SSGC and its quantum on various grounds including that the Company had a judgment from the Honorable Sindh High Court which was not appealed in time, that the Company had not passed on the burden of the Cess and in any event the 2015 Act could not apply with retrospective effect. Sindh High Court has passed restraining order dated September 29, 2020.

- 11.2** Oil and gas regulatory authority (OGRA) through its notification dated October 23, 2020 notified a rate of Rs.852 per MMBTU for Export Oriented (captive) with effect from September 01, 2020. As per Government directives Export Oriented Sector was provided uninterrupted gas supplies during winter period from October 2020 to February 2021 at fixed weighted average rate of Rs.930 per MMBTU which the Company availed for the interim period. However from March, 01 2021 SSGC started billing @ Rs.852 per MMBTU. The Company has challenged the definition of Captive Power in OGRA notification dated October 23, 2020 and the notification itself. The Honourable Sindh High Court has granted the Company an interim relief through its orders dated November 30, 2020 and December 03, 2020 by which the SSGC bills are being revised @ Rs. 786 applicable prior to the impugned notification. The company is regularly depositing the differential amount by way of cheques before the Nazir of Sindh High Court as per interim orders.

Prudently the Company have recorded the provision of Rs. 35.46 Million (2021: Rs. 8.614 Million) at the rate of Rs.66 per MMBTU from March 01, 2021.

	Note	2022 Rupees	2021 Rupees
11.3 Sindh Workers' Profit Participation Fund			
Opening balance		53,114,850	5,385,282
Interest on funds utilised in the Company's business	11.3.1	10,368,310	183,618
		63,483,160	5,568,900
Allocation for the year	30	98,108,469	53,114,850
		161,591,629	58,683,750
Amount paid to the fund		(63,483,160)	(5,568,900)
		98,108,469	53,114,850

- 11.3.1** Interest on funds utilised is charged at the rate of 75% of dividend declared as on June 30, 2022 (2021: 9.5%) per annum.

- 11.4** This represents Government of Sindh, provision for Sindh Development and Infrastructure Fee and Duty which was levied by the Excise and Taxation Department, on goods entering or leaving the province of Sindh, through air or sea at prescribed rate, under the Sindh Finance Ordinance, 2001. The imposition of the levy was initially challenged by the Company along with other affectees, in the Honorable High Court of Sindh, and the Honorable Court was pleased to grant an interim injunction, vide Order dated May 31, 2011, to the effect 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 deposited with the Honorable Court until the final order is passed. However, as a matter of prudence, till last year the Company has paid 50% of the value of infrastructure fee to the concerned department and recorded liability for the remaining amount which is supported by a bank guarantee. Starting from September 2021, the Company is providing 100% bank guarantee in accordance with the order of Supreme Court of Pakistan order dated September 01, 2021.

	Note	2022 Rupees	2021 Rupees
12. ACCRUED INTEREST / MARK-UP			
From banking companies			
- Long-term finances		27,297,039	16,032,809
- Short-term borrowings		13,041,443	1,532,425
		<u>40,338,482</u>	<u>17,565,234</u>
13. SHORT-TERM BORROWINGS			
Banking companies - secured			
Foreign currency finance	13.3	594,717,608	-
Running finance	13.4	77,515,493	149,816,295
		<u>672,233,101</u>	<u>149,816,295</u>

13.1 Reconciliation of liabilities arising from short term financing activities

The table below details changes in the Company's liabilities arising from the financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	July 01, 2021	Cash flows		Non-cash flows	June 30, 2022	
		Obtained	Repaid	Foreign exchange (gain) / loss		
		----- (Rupees) -----				
Term finance (note 13.2)	-	300,000,000	(300,000,000)	-	-	
Foreign currency finance	-	1,069,092,800	(471,374,440)	(3,000,752)	594,717,608	
	-	<u>1,369,092,800</u>	<u>(771,374,440)</u>	<u>(3,000,752)</u>	<u>594,717,608</u>	
2021	843,646,971	500,000,000	(1,333,434,405)	(10,212,566)	-	

- 13.2** The Company has availed term finance facility during the year from one of its bank, which carried mark-up @ 8.95% (2021: 7.50% to 9.34% from various banks) per annum.
- 13.3** The Company has availed foreign currency finance facility from various banks which carries mark-up ranging from 1.250% to 2.60% (2021: Nil) per annum.
- 13.4** Cash and running finance facilities are subject to variable markup ranging from 1 to 3 month KIBOR plus 0.12% to 1.00% (2021: from 1 to 3 month KIBOR plus 0.25% to 1.00%) per annum payable on quarterly basis.
- 13.5** The Company can avail foreign currency, cash and running finance facilities from various banks aggregating to Rs. 5,390 million (2021: Rs. 3,745 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.
- 13.6** The aggregate unavailed short-term borrowing facilities available amounted to Rs. 4,718 million (2021 : Rs. 3,595 million).

	Note	2022 Rupees	2021 Rupees
14. CONTINGENCIES AND COMMITMENTS			
14.1 Contingencies			
Bank guarantees issued on behalf of the Company	14.1.1	18,602,000	18,602,000
Bank guarantee in favor of Excise and Taxation department		152,442,448	81,545,147
Revolving Letter of credit favouring SSGC		82,051,880	82,051,880

14.1.1 It includes guarantee issued in favor of Hyderabad Electric Supply Corporation (HESCO) amounting Rs. 14.602 million.

14.1.2 The Company has filed the petition in the High Courts challenging the recent amendments made by Finance Act 2020 in section 65B of the Income Tax Ordinance, 2001, whereby credit has been reduced at 5%, instead of 10%, of the investments made in plant and machinery and also reducing the period of claim ability of credit to tax year 2019 in comparison to earlier committed period of tax year 2021. The Court has admitted the petition and allowed the Company to claim the credit as if no amendment in law has been made. The Company has accordingly claimed the credit in filing the tax return, however effect of claim of Rs. 98,252,298 is presently not recorded in Financial statements on the ground of prudence and will be recognized upon final decision by the Court on the petition.

	Note	2022 Rupees	2021 Rupees
14.2 Commitments			
Capital work			
Machinery		1,452,441,802	1,772,122,543
Civil work		439,383	10,042,734
Raw material		144,789,689	290,565,214
Stores and spares		20,812,623	17,498,375
Bills discounted		1,309,124,705	441,852,192
Commitments for rentals of assets under short term lease agreements as at June 30:			
Not later than one year		3,257,033	1,153,905

15. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	15.1	3,538,963,694	2,636,266,401
Capital work in progress	15.2	690,375,839	115,746,835
		4,229,339,533	2,752,013,236

15.1 Operating fixed assets

Particulars	2022							Rate of depreciation %
	Cost at July 01, 2021	Additions / (Deletions)	Cost at June 30, 2022	Accumulated depreciation at July 01, 2021	Depreciation for the year / (Disposal)	Accumulated depreciation at June 30, 2022	Written down value at June 30, 2022	
----- (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	11,459,856	261,988	11,721,844	4,977,766	5
Mills buildings on leasehold land	333,946,099	2,706,598	336,652,697	160,399,293	17,378,458	177,777,751	158,874,946	10
Other buildings on leasehold land	47,888,572	-	47,888,572	20,266,757	1,436,986	21,703,743	26,184,829	5
Machinery and equipment	3,697,462,884	1,206,389,291	4,779,435,916	1,407,744,936	282,688,115	1,607,183,354	3,172,252,562	10
Electric installations and equipment	136,124,751	47,767,891 (124,416,259)	183,067,642	82,391,750	7,145,397 (83,249,697)	88,804,883	94,262,759	10
Gas installations	4,961,490	-	4,961,490	3,378,846	158,265	3,537,111	1,424,379	10
Office equipment	23,445,760	625,050	24,070,810	14,986,332	883,875	15,870,207	8,200,603	10
Furniture and fixtures	52,448,130	554,750 (68,300)	52,934,580	21,545,596	3,122,643 (36,721)	24,631,518	28,303,062	10
Vehicles	60,195,377	7,402,508 (1,608,520)	65,989,365	24,607,906	7,860,197 (1,086,526)	31,381,577	34,607,788	20
	4,383,047,673	1,265,446,088 (126,918,079)	5,521,575,682	1,746,781,272	320,935,924 (85,105,208)	1,982,611,988	3,538,963,694	
----- (Rupees) -----								
Particulars	2021							Rate of depreciation %
	Cost at July 01, 2020	Additions / *Adjustments / (Deletions)	Cost at June 30, 2021	Accumulated depreciation at July 01, 2020	Depreciation for the year / (Disposal)	Accumulated depreciation at June 30, 2021	Written down value at June 30, 2021	
----- (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	11,184,079	275,777	11,459,856	5,239,754	5
Mills buildings on leasehold land	334,344,652	-	333,946,099	141,197,697	19,201,596	160,399,293	173,546,806	10
Other buildings on leasehold land	47,888,572	-	47,888,572	18,753,398	1,513,359	20,266,757	27,621,815	5
Machinery and equipment	3,866,849,568	1,952,739	3,697,462,884	1,286,798,451	255,348,171	1,407,744,936	2,289,717,948	10
Electric installations and equipment	136,124,751	-	136,124,751	76,423,474	5,968,276	82,391,750	53,733,001	10
Gas installations	5,060,911	-	4,961,490	3,202,996	175,850	3,378,846	1,582,644	10
Office equipment	22,775,760	755,600 (85,600)	23,445,760	14,091,312	908,076 (13,056)	14,986,332	8,459,428	10
Furniture and fixtures	51,929,730	518,400	52,448,130	18,144,917	3,400,679	21,545,596	30,902,534	10
Vehicles	59,005,610	12,063,057 (10,873,290)	60,195,377	24,781,025	7,113,181 (7,286,300)	24,607,906	35,587,471	20
	4,550,554,164	15,289,796 (497,974) (182,298,313)	4,383,047,673	1,594,577,349	293,904,965 (141,701,042)	1,746,781,272	2,636,266,401	

** Freehold lands are located at 91-B1, M.M. Alam Road, Gulberg-III, Lahore and 13.5 Km, Sheikhpura, Sharqpur Road, Mouza Ghazi Androon, Dist. Sheikhpura with an area of 0.221 acres and 9.62 acres respectively. Leasehold land is located at Kotri Industrial Trading Estate, Sindh with an area of 20.75 acres.

15.1.1 Depreciation for the year has been allocated as under:

	Note	2022 -----Rupees-----	2021
Cost of goods manufactured	27.1	309,207,837	282,705,261
Administrative expenses	29	11,728,087	11,199,704
		320,935,924	293,904,965

15.1.2 Detail of disposal of assets

Description of assets	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain / (loss) on disposal	Mode of disposal	Relationship of purchaser with the Company	Particulars of buyers
----- (Rupees) -----								
Vehicle	1,310,020	970,840	339,180	1,200,000	860,820	Negotiation	None	Muhammad Nazeer House No H-29, Sector G, Korangi Crossing, Bhattai Colony Karachi
Vehicle	82,500	16,042	66,458	77,900	11,442	Negotiation	None	IGI General Insurance Co Finally House I.I. Chundrigar Road Karachi
Vehicle	63,500	39,203	24,297	30,780	6,483	Negotiation	None	Khan Mohammad Abu-Bakar Siddique Colony, Band Road, Sanda, Lahore
Vehicle	67,500	45,520	21,980	31,000	9,020	Negotiation	None	Bilawal Khan Flat No E-12, Rose Garden, Gulistan-E-Jauhar, Block No 13, Karachi
Vehicle	85,000	14,922	70,078	70,000	(78)	Negotiation	None	Imran Khan House No D-79, NTR Colony, Old Queens Road, Karachi
Furniture and fixture	68,300	36,721	31,579	10,000	(21,579)	Negotiation	None	Minhas Mohammad Khan House No 2-583, Shah Faisal Colony, Dak Khan, Drig Colony, Karachi
Machinery and equipment	4,216,125	2,740,538	1,475,587	2,240,000	764,413	Negotiation	None	Ihsan Cotton Products (Pvt) Ltd Office 801-B, City Tower, Main Boulevard, Gulberg Town, Lahore
Machinery and equipment	3,643,881	2,647,600	996,281	2,160,000	1,163,719	Negotiation	None	Ihsan Cotton Products (Pvt) Ltd Office 801-B, City Tower, Main Boulevard, Gulberg Town, Lahore
Machinery and equipment	3,643,881	2,682,253	961,628	1,150,000	188,372	Negotiation	None	B.A. Textiles 1 K.M. Rohi Nala, Al-Aziz Road Bypass, Raiwind, Lahore
Machinery and equipment	4,007,493	2,930,128	1,077,365	1,150,000	72,635	Negotiation	None	M.K. Enterprises Jinnah Road, Galla Tariq Mill Wala, Numanpura, Gujranwala
Machinery and equipment	20,966,519	14,011,370	6,955,149	7,500,000	544,851	Negotiation	None	Ishtiaq Textile Mill Limited B-27, Road No 05, SITE Nooriabad, (Distt. Dadu) Karachi West Site Town, Karachi
Machinery and equipment	20,741,314	13,095,057	7,646,257	8,250,000	603,743	Negotiation	None	Ishtiaq Textile Mill Limited B-27, Road No 05, SITE Nooriabad, (Distt. Dadu) Karachi West Site Town, Karachi
Machinery and equipment	20,306,640	12,357,671	7,948,969	8,700,000	751,031	Negotiation	None	Nadeem Textile Mill Limited A-265, S.I.T.E. Nooriabad, Jamshoro
Machinery and equipment	18,884,788	11,922,937	6,961,851	7,500,000	538,149	Negotiation	None	Ishtiaq Textile Mill Limited B-27, Road No 05, SITE Nooriabad, (Distt. Dadu) Karachi West Site Town, Karachi
Electric installation and equipment	825,000	732,262	92,738	450,000	357,262	Negotiation	None	Transfo Tech. Engineering Smc First Floor, B-542, Sector 35-A, Zaman Town, Korangi Karachi
Machinery and equipment	5,710,379	4,612,923	1,097,456	1,500,000	402,544	Negotiation	None	Noor Textile Mills 3 K-M Feroze Town, Near Chandni Kot, Tehsil & District Nankana Sahab
Machinery and equipment	22,295,239	16,249,221	6,046,018	7,200,000	1,153,982	Negotiation	None	Fimcotex Industries Pvt Ltd. 12th Floor, Tower-B, Fortune Tower, 43-1-A, PECHS Block 6, Karachi
2022	126,918,079	85,105,208	41,812,871	49,219,680	7,406,809			
2021	182,298,313	141,701,043	40,597,270	47,592,125	6,994,855			

	Note	2022 Rupees	2021 Rupees
15.2 Capital work-in-Progress			
Civil work	15.2.1	212,339,938	78,469,752
Machinery, electrical installations, furniture and equipment	15.2.2	478,035,901	37,277,083
		690,375,839	115,746,835
15.2.1 Civil work			
Opening balance		78,469,752	311,175
Additions		134,627,734	78,373,970
		213,097,486	78,685,145
Transfer to operating fixed assets		(757,548)	(215,393)
Closing balance		212,339,938	78,469,752
15.2.2 Machinery, electrical installations, furniture and equipment			
Opening balance		37,277,083	1,500,000
Additions		1,694,862,998	37,277,083
		1,732,140,081	38,777,083
Transfer to operating fixed assets		(1,254,104,180)	(1,500,000)
Closing balance		478,035,901	37,277,083

16. INVESTMENT PROPERTIES

	Cost			Depreciation			Written down value as at June 30, 2022	Annual rate of depreciation %
	As at July 01, 2021	Additions / (disposals)	As at June 30, 2022	As at July 01, 2021	Charge for the year	As at June 30, 2022		
	----- Rupees -----							
Building on freehold land -16.1 & 16.2	17,539,312	-	17,539,312	13,090,674	222,432	13,313,106	4,226,206	5
Land in Lahore - freehold - 16.1 & 16.2	8,300,631	-	8,300,631	-	-	-	8,300,631	-
Land in Sheikhupura - freehold-16.3	751,338	-	751,338	-	-	-	751,338	-
2022	26,591,281	-	26,591,281	13,090,674	222,432	13,313,106	13,278,175	
2021	26,591,281	-	26,591,281	12,856,536	234,138	13,090,674	13,500,607	

16.1 As per the valuation done by M/s Hamid Mukhtar & Co. (Pvt) Ltd, the fair value of Land and building in Lahore - free hold is Rs. 1.056 billion and Land in Sheikhupura is Rs 148 million as at September 01, 2022.

16.2 Freehold land and building there upon is situated at 91-B1, M.M. Alam Road, Gulberg-III, Lahore, having total area of 0.5 acres (4 kanals and 12 square feet).

16.3 Land is situated at 13.5 Km, Sheikhupura, Sharqpur Road, Mouza Ghazi Androon, Dist. Sheikhupura, having total area of 18.5 acres (148 kanals).

17. INTANGIBLE ASSETS

	Cost			Amortization			Carrying value as at June 30, 2022	Rate of Amortization %
	As at July 01, 2021	Additions	As at June 30, 2022	As at July 01, 2021	Charge for the year	As at June 30, 2022		
	----- Rupees -----							
ERP software	4,151,365	-	4,151,365	4,151,365	-	4,151,365	-	20
2021	4,151,365	-	4,151,365	3,390,282	761,083	4,151,365	-	

	Note	2022 Rupees	2021 Rupees
18. STORES AND SPARES			
Stores		23,259,269	17,727,932
Spares		40,554,381	12,330,206
		63,813,650	30,058,138
19. STOCK-IN-TRADE			
Raw material		2,650,902,366	1,213,825,310
Work-in-process		112,471,329	74,953,124
Finished goods		206,752,603	12,481,408
Waste		14,741,932	3,629,472
		2,984,868,230	1,304,889,314
20. TRADE RECEIVABLES			
Considered good			
Foreign - secured		295,606,004	123,224,691
Local - unsecured		677,902,458	609,712,240
		973,508,462	732,936,931
Considered doubtful		1,940,806	1,940,806
	20.2	975,449,268	734,877,737
Less:			
- Provision for doubtful trade receivables	20.1	(1,940,806)	(1,940,806)
		973,508,462	732,936,931
20.1 Provision against doubtful trade receivables			
Opening balance		1,940,806	1,940,806
Provision made during the year		5,392,500	7,621,256
Write off of trade receivables		(5,392,500)	(7,621,256)
Closing balance		1,940,806	1,940,806
20.2 These are non-interest bearing, the normal credit period is 15 to 45 days.			
20.3 Trade receivables include debtors with a carrying amount of Rs.3.977 million (2021: Rs.8.394 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. The Company does not hold any collateral against these balances. The aging of these past due trade receivables is as follows:			
		2022 Rupees	2021 Rupees
20.3.1 Aging of past due but not impaired			
46-90 days		1,266,083	7,175
91-180 days		1,531,478	3,252
181 days and above		1,179,641	8,383,204
		3,977,202	8,393,631

	Note	2022 Rupees	2021 Rupees
21. LOANS AND ADVANCES			
Considered good			
Advances			
Employees		1,154,636	231,986
Income tax	21.1	60,854,742	63,726,445
Suppliers		144,397,122	225,653,181
Expenses		295,962	153,682
Letters of credit		5,638,027	4,333,865
		<u>212,340,489</u>	<u>294,099,159</u>
21.1 Movement of advance tax is as under:			
Opening balance		63,726,445	172,868,949
Paid during the year		169,973,964	52,095,824
Prior year tax adjustments		4,894,504	14,634,983
Refund received during the year		(5,336,352)	(69,152,356)
Provision for tax	33	<u>(172,403,819)</u>	<u>(106,720,955)</u>
		<u>60,854,742</u>	<u>63,726,445</u>
22. PREPAYMENTS			
Insurance		2,219,957	1,652,211
Rent		647,103	936,857
Others		1,509,583	2,245,644
		<u>4,376,643</u>	<u>4,834,712</u>
23. OTHER RECEIVABLES			
Considered good			
Guarantee margin on letter of credit		-	5,000,000
Others	23.1	39,437,876	7,668,079
		<u>39,437,876</u>	<u>12,668,079</u>
23.1 It represents recoverable expenses and receivable against various claims.			
24. OTHER FINANCIAL ASSETS			
Designated at fair value through other comprehensive income			
Investment in listed equity securities	24.1	187,471,369	313,045,082
Investment in mutual funds	24.2	1,191,612,859	726,921,412
		<u>1,379,084,228</u>	<u>1,039,966,494</u>

24.1 Investment in listed equity securities

2022	2021		Note	2022	2021
Number of shares		Name of investee		Rupees	Rupees
-	1,235,500	Engro Fertilizer Limited		-	86,818,585
1,140,000	1,140,000	Fauji Cement Company Limited		16,153,800	26,220,000
447,500	447,500	Habib Metropolitan Bank Limited		17,474,875	18,168,500
433,500	433,500	Bank Al Habib Limited		25,169,010	30,397,020
365,000	365,000	Fatima Fertilizer Company Limited		13,797,000	10,493,750
376,704	376,704	United Bank Limited		42,616,524	46,033,229
409,000	409,000	Habib Bank Limited		37,358,060	50,049,330
271,850	271,850	Bank Alfalah limited		8,699,200	8,748,133
150,000	150,000	Oil & Gas Development Company Limited		11,800,500	14,254,500
110,000	110,000	Loads Limited		1,068,100	2,377,100
85,000	85,000	MCB Bank Limited		10,453,300	13,585,550
21,500	21,500	Agriauto Industries Limited		2,881,000	5,899,385
				187,471,369	313,045,082

24.2 Investment in mutual funds

MCB Pakistan Cash Management Fund 3,283,927 (2021: Nil units)		165,732,568	-
HBL Money Market Fund 7,086 units (2021: Nil units)		728,380	-
NBP Money Market Fund 38,461,726 units (2021: 1,547,547 units)		381,967,251	15,318,551
HBL Cash Fund 6,348,491, units (2021: 7,031,545 units)		643,184,660	711,602,861
		1,191,612,859	726,921,412

24.3 Reconciliation between fair value and cost of investments classified as 'equity instrument'.**Through other comprehensive income**

Fair value of investments

- in listed equity securities	24.1	187,471,369	313,045,082
- in mutual funds	24.2	1,191,612,859	726,921,412
		1,379,084,228	1,039,966,494
Add: unrealized loss on remeasurement of investments as at June 30	24.4	65,326,267	33,520,847
		1,444,410,495	1,073,487,341

24.4 Unrealized loss on remeasurement of equity instruments**Through other comprehensive income**

Opening balance		(28,492,720)	(114,329,184)
Fair value (loss) / gain arises for the year		(21,799,036)	80,724,626
Transfer of realized (gain) / loss on sale of investments		(15,034,511)	83,711
Unrealized fair value (loss) / gain for the year		(36,833,547)	80,808,337
		(65,326,267)	(33,520,847)
Deferred tax (reversed) / recognized		(5,028,127)	5,028,127
Closing balance		(70,354,394)	(28,492,720)

25. CASH AND BANK BALANCES

Cash with banks - In current accounts

- Local currency	25.1	65,268,355	195,764,440
- Foreign currency	25.2	10,806,520	1,121,870
		76,074,875	196,886,310

25.1 Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the State Bank of Pakistan. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the banks, management has assessed that there is no impairment and has not recorded any loss allowances on these balances.

25.2 It is a current account of Dollar amounting to USD 52,586.47 (2021: USD 7,109.44).

	Note	2022		
		Local	Export	Total
		(Rupees)		
26. REVENUE FROM CONTRACTS WITH CUSTOMERS				
Yarn	26.1 & 26.2	1,982,352,752	9,930,703,101	11,913,055,853
Waste		449,351,734	251,091,968	700,443,702
Raw material		8,703,677	-	8,703,677
		<u>2,440,408,163</u>	<u>10,181,795,069</u>	<u>12,622,203,232</u>
Sales tax		(354,604,678)	(1,032,019,854)	(1,386,624,532)
		<u>2,085,803,485</u>	<u>9,149,775,215</u>	<u>11,235,578,700</u>
		2021		
		Local	Export	Total
		(Rupees)		
Yarn	26.1 & 26.2	6,442,690,284	1,255,797,743	7,698,488,027
Waste		381,722,955	-	381,722,955
Raw material		67,463,096	-	67,463,096
		<u>6,891,876,335</u>	<u>1,255,797,743</u>	<u>8,147,674,078</u>
Sales tax		(963,039,482)	-	(963,039,482)
		<u>5,928,836,853</u>	<u>1,255,797,743</u>	<u>7,184,634,596</u>

26.1 Export sales is net of exchange gain of Rs. 5.26 million (2021 : exchange gain of Rs. 4.308 million).

26.2 Export sales include indirect export of Rs. 1.503 billion (2021 : NIL) to a related parties (note 37).

27. COST OF GOODS SOLD	Note	2022	2021
		Rupees	Rupees
Opening stock - finished goods and waste		16,110,880	80,254,211
Cost of goods manufactured	27.1	8,797,822,672	5,615,671,410
Purchase of waste material		45,425,180	18,723,640
		<u>8,859,358,732</u>	<u>5,714,649,261</u>
Closing stock - finished goods and waste	19	(221,494,535)	(16,110,880)
Cost of sale of waste material		90,046,344	66,768,315
		<u>8,727,910,541</u>	<u>5,765,306,696</u>
27.1 Cost of goods manufactured			
Raw material consumed	27.1.1	7,503,452,901	4,521,319,444
Packing material consumed		100,263,159	74,199,036
Stores and spares consumed		118,437,921	76,056,539
Salaries, wages and other benefits	27.1.2	381,048,765	278,870,240
Fuel		380,028,049	365,121,421
Rates and taxes		532,912	465,715
Insurance		20,814,124	14,834,076
Repairs and maintenance		9,236,873	5,277,073
Depreciation on property, plant and equipment	15.1.1	309,207,837	282,705,261
Other manufacturing overheads		12,318,336	7,141,615
		<u>8,835,340,877</u>	<u>5,625,990,420</u>
Work in process			
Opening stock		74,953,124	64,634,114
Closing stock	19	(112,471,329)	(74,953,124)
		<u>(37,518,205)</u>	<u>(10,319,010)</u>
		<u>8,797,822,672</u>	<u>5,615,671,410</u>

	Note	2022 Rupees	2021 Rupees
27.1.1 Raw material consumed			
Opening stock		1,213,825,310	2,417,192,349
Purchases		8,940,529,957	3,317,952,405
		<u>10,154,355,267</u>	<u>5,735,144,754</u>
Closing stock	19	<u>(2,650,902,366)</u>	<u>(1,213,825,310)</u>
		<u>7,503,452,901</u>	<u>4,521,319,444</u>

27.1.2 It includes Rs. 26.65 million (2021: Rs. 20.04 million) in respect of staff retirement benefits.

28. DISTRIBUTION COST

Freight		154,746,187	53,858,389
Commission:			
- Local		20,396,279	17,869,690
- Export		13,826,709	10,794,970
Stamp duty		287,030	986,300
Travelling		2,000,192	1,723,228
Export development surcharge		6,283,887	3,105,770
Quality claims		2,119,757	1,892,935
Handling and other charges		5,544,320	4,702,956
Insurance		60,983	312,483
Distribution expense		307,000	228,800
Other		1,780,298	992,834
		<u>207,352,642</u>	<u>96,468,355</u>

29. ADMINISTRATIVE EXPENSES

Directors' remuneration, fees and benefits		29,680,000	22,581,667
Staff salaries and other benefits	29.1	81,089,242	78,519,005
Travelling and conveyance		2,184,955	548,087
Printing and stationery		2,376,739	1,789,990
Postage and telephone		2,946,225	2,618,972
Fees, subscription and periodicals		7,138,417	6,279,874
Legal and professional		1,248,001	1,744,716
Advertisement		94,294	82,378
Utilities - net of recoveries		9,437,007	5,661,571
Rates and taxes		1,897,959	1,579,997
Rent related to short term lease		3,862,769	3,654,132
Insurance		2,634,323	2,288,004
Auditor's remuneration	29.2	1,275,000	1,210,000
Repairs and maintenance		2,500,465	3,067,478
Vehicles running and maintenance		10,619,519	8,916,548
Entertainment		1,454,980	766,581
Depreciation on property, plant and equipment	15.1.1	11,728,087	11,199,704
Depreciation on investment properties	16	222,432	234,138
Amortization on intangible assets	17	-	761,083
Donations	29.3	50,000	-
Other		1,828,673	1,239,525
		<u>174,269,087</u>	<u>154,743,450</u>

29.1 It includes Rs. 5.94 million (2021: Rs. 5.483 million) in respect of staff retirement benefits.

	Note	2022 Rupees	2021 Rupees
29.2 Auditor's remuneration			
Annual audit fee		725,000	660,000
Half yearly review fee		220,000	220,000
Review report on Code of Corporate Governance		55,000	55,000
Tax compliance services		165,000	165,000
Compliance certificate fees		110,000	110,000
		1,275,000	1,210,000
29.3	Donations were not made to any donee in which a director or his spouse had any interest at any time during the year.		
30. OTHER EXPENSES			
Sindh Workers' Profit Participation Fund	11.3	98,108,467	53,114,850
Sindh Workers' Welfare Fund		37,281,217	20,183,643
Provision against doubtful debts		5,392,500	7,621,256
Write off of sales tax refundable		-	25,755,966
Write off export drawback duty		-	755,350
Unrealized loss on revaluation of foreign currency account		-	141,329
		140,782,184	107,572,394
31. OTHER INCOME			
Dividend income		39,080,384	34,870,059
Gain on sale of treasury bills		-	1,899,430
Interest income on term deposit receipt		2,679	2,013
Unrealized gain on foreign currency loan		3,000,752	10,212,566
Unrealized gain on revaluation of foreign currency account		988,433	-
Scrap sales		3,515,847	1,942,725
Gain on disposal of property, plant and equipment - net	15.1.2	7,406,809	6,994,854
Liability no longer payable		-	2,087,932
Rental Income from investment property		28,197,529	25,846,506
		82,192,433	83,856,085
32. FINANCE COST			
Mark-up / interest on:			
Long term finances		106,203,434	68,407,599
Short term borrowings		115,098,132	79,412,985
Sindh Workers' Profit Participation Fund	11.3.1	10,368,310	183,618
Bank charges and commission		9,007,434	7,519,486
		240,677,310	155,523,688
33. PROVISION FOR TAXATION			
Current tax		172,403,819	106,720,955
Prior year		(4,894,504)	(14,634,983)
Deferred	9	(153,291,872)	153,291,872
		14,217,443	245,377,844

33.1 The numerical reconciliation between the tax expense and accounting profit has not been presented for the current year in these financial statements as the total income of the Company for the current falls under final tax regime.

34. EARNINGS PER SHARE - basic and diluted

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

	2022	2021
Profit after taxation (Rupees)	<u>1,812,561,926</u>	<u>743,498,254</u>
Weighted average number of ordinary shares	<u>18,700,000</u>	<u>18,700,000</u>
Earnings per share (Rupees)	<u>96.93</u>	<u>39.76</u>

35. CASH GENERATED FROM OPERATIONS

	Note	2022 Rupees	2021 Rupees
Profit before taxation		1,826,779,369	988,876,098
Adjustments for:			
Depreciation on property, plant and equipment	15.1.1	320,935,924	293,904,965
Depreciation on investment properties	16	222,432	234,138
Amortization on intangible assets		-	761,083
Provision for gratuity	10.2	32,591,523	25,533,142
Impairment of trade receivables	30	5,392,500	7,621,256
Write off of sales tax refundable		-	25,755,966
Write off export drawback duty		-	755,350
Liability no longer payable		-	(2,087,932)
Gain on disposal of property, plant and equipment - net	15.1.2	(7,406,809)	(6,994,854)
Realized gain on treasury bills		-	(1,899,430)
Finance cost	32	240,677,310	155,523,688
Unrealized gain on revaluation of FCY account and short term finance	30	(3,989,185)	(10,071,237)
Rental Income from investment property	31	(28,197,529)	(25,846,506)
Dividend income	31	(39,080,384)	(34,870,059)
		<u>2,347,925,151</u>	<u>1,417,195,668</u>
Changes in working capital (Increase) / decrease in current assets:			
Stores and spares		(33,755,512)	(575,241)
Stock-in-trade		(1,679,978,916)	1,257,191,360
Trade receivables		(245,964,031)	(185,581,293)
Loans and advances		78,886,967	(161,070,021)
Prepayments		458,069	(467,267)
Other receivables		(26,769,797)	(8,198,151)
Sales tax refundable		(188,183,780)	89,156,083
		<u>(2,095,307,000)</u>	<u>990,455,470</u>
Increase in current liabilities:			
Trade and other payables		<u>312,581,155</u>	<u>38,281,798</u>
Cash generated from operations		<u>565,199,306</u>	<u>2,445,932,936</u>

36. REMUNERATION OF DIRECTORS AND EXECUTIVES

	2022				2021			
	Directors			Executives	Directors			Executives
	Chief Executive	Executive	Non-Executive		Chief Executive	Executive	Non-Executive	
(Rupees)				(Rupees)				
Remuneration	10,800,000	10,800,000	-	23,104,640	8,160,000	8,160,000	-	16,936,240
House rent allowance	2,700,000	2,700,000	-	10,397,088	2,040,000	2,040,000	-	7,621,308
Other allowances	-	-	-	1,155,232	-	-	-	846,812
Retirement benefits	-	-	-	1,688,053	-	-	-	1,392,020
Leave encashment	1,875,000	-	-	3,621,899	1,416,667	-	-	2,737,677
Bonus	-	-	-	535,468	-	-	-	484,404
Meeting fee	-	-	805,000	-	-	-	765,000	-
	15,375,000	13,500,000	805,000	40,502,380	11,616,667	10,200,000	765,000	30,018,461
No. of persons	1	1	4	12	1	1	4	9

36.1 Chief Executive and Executive Directors are provided with free use of the Company's maintained cars and Chief Executive is entitled for reimbursement of utility bills.

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors of the Company and key management personnel including chief executive and directors, their close family members and post retirement benefit plans. The Company carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out at agreed terms. There is no balance outstanding with or from associated undertakings. Remuneration of directors and key management personnel are disclosed in note 36 and amount due in respect of staff retirement benefits is disclosed in note 10. Other significant transactions with related parties are as follows:

Nature of relationship	Nature of Transactions	2022 Rupees	2021 Rupees
Associated companies	Purchase of goods	65,892	68,115
	Sale of goods	1,756,202,993	524,866,378
	Rental income	2,726,968	2,515,648
	Dividend paid	7,651,355	22,954,065
Key management personnel	Payment of dividend to directors and their close family members	34,841,835	104,525,505

37.1 Following are the related parties with whom the Company has entered into transactions or have arrangements / agreements in place.

Name of related party	Relationship	Aggregate % holding in the Company as at June 30, 2022
Ellicot Spinning Mills Limited	Associated company	-
Prosperity Weaving Mills Limited	Associated company	-
Ellahi International (Private) Limited	Associated company	0.05%
Haroon Omer (Private) Limited	Associated company	5.44%
Monell (Private) Limited	Associated company	5.44%
ICARO (Private) Limited	Associated company	5.44%
ARH (Private) Limited	Associated company	-
Pacific Industries (Private) Limited	Associated company	-
Mr. Shaukat Ellahi Shaikh	Key management personnel	17.47%
Mr. Shafqat Ellahi Shaikh	Key management personnel	17.26%
Mr. Shahzada Ellahi Shaikh	Key management personnel	17.26%
Mr. Hasan Ahmed	Key management personnel	0.003%
Mr. Shafiq Ur Rehman	Key management personnel	0.003%
Mr. Tajammal Husain Bokharee	Key management personnel	0.003%
Mr. Raza Ellahi Shaikh	Key management personnel	7.49%
Ms. Tosheeba Sarwar	Key management personnel	0.003%
Mr. Amin Ellahi Shaikh	Key management personnel	7.49%
Mr. Haroon Shahzada Ellahi Shaikh	Key management personnel	3.74%
Mrs. Humera Shahzada Ellahi Shaikh	Close family member Key management	0.02%
Mrs. Mona Shaukat Shaikh	Close family member Key management	0.02%
Mrs. Shaista Shafqat	Close family member Key management	0.02%
Mr. Omer Ellahi Shaikh	Close family member Key management	3.74%

38. 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.

		2022	2021
Number of spindles installed	No.	51,708	40,908
Total number of spindles worked	No.	45,375	40,908
Number of shifts per day	No.	3	3
Actual number of shifts in a year	No.	1,093	1,095
Plant capacity on the basis of utilization converted in to 20s' count	Kgs	18,018,937	15,857,612
Actual production converted into 20's count	Kgs	17,160,951	16,151,980

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**39.1 Financial Instruments by Category**

	2022		
	At amortized cost	At fair value through other comprehensive income (Rupees)	Total
Financial assets as per Statement of financial position			
Long term deposits	1,021,858	-	1,021,858
Trade receivables	973,508,462	-	973,508,462
Other receivables	39,437,876	-	39,437,876
Other financial assets	-	1,379,084,228	1,379,084,228
Cash and bank balances	76,074,875	-	76,074,875
	1,090,043,071	1,379,084,228	2,469,127,299
2021			
	At amortized cost	At fair value through other comprehensive income (Rupees)	Total
Financial assets as per Statement of financial position			
Long term deposits	1,021,858	-	1,021,858
Trade receivables	732,936,931	-	732,936,931
Other receivables	12,668,079	-	12,668,079
Other financial assets	-	1,039,966,494	1,039,966,494
Cash and bank balances	196,886,310	-	196,886,310
	943,513,178	1,039,966,494	1,983,479,672
2022			
Financial liabilities as per Statement of financial position			
At amortized cost			
Long-term finances	3,601,213,195		2,280,871,073
Short-term borrowings	672,233,101		149,816,295
Trade and other payables	1,033,167,721		849,274,472
Unclaimed dividend	9,436,616		9,077,894
Accrued interest / mark-up	40,338,482		17,565,234
	5,356,389,115		3,306,604,968

39.2 Financial risk management objectives and policies

The Company finances its operations through short term borrowings, long term finances and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2022 which are summarized below.

39.3 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs.2,469.127 million (2021: Rs. 1,983.479 million), the financial assets which are subject to credit risk amounted to Rs.1,013.968 million (2021: Rs. 938.513 million). The Company manages credit risk for trade receivables 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 receivables 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 receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables, 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, 2022 the Company had approximately 21 (2021: 35) major local customers that owed more than Rs. 3 million each and accounted for approximately 98% (2021: 96%) of local trade receivables. Export debts amounting to Rs. 295.606 million (2021: Rs. 123.224 million) are secured against letters of credit.

39.4 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 customers.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of short term borrowings 39.34% (2021: 39.71%) of the Company's financial liabilities will mature in less than one year based on the carrying value reflected in the financial statements.

39.5 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk, and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long term finance and short term borrowings amounting to Rs. 919 million (financial liabilities on a net basis) (2021: Rs. 232 million). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
	2022 Rupees	2021 Rupees
Variable rate instruments		
Financial liabilities:		
Long-term finance	247,758,879	83,021,259
Short-term borrowings	672,233,101	149,816,295
Net financial liabilities at variable interest rates	919,991,980	232,837,554

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, 2022 would decrease / increase by Rs. 9.199 million (2021: Rs. 2.328 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Foreign currency 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 contracts to manage the foreign currency exchange risk associated with the anticipated sales. As at June 30, 2022 financial assets include Rs. 306.412 million (2021: Rs. 124.346 million) and financial liabilities include Rs. 594.717 million (2021: Rs. Nil) which are subject to foreign currency risk against US Dollars.

Foreign currency sensitivity analysis

At June 30, 2022, 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. 14.40 million (2021: Rs. 6.217 million), mainly as a result of foreign exchange gains / losses on translation of US Dollar-denominated trade receivables.

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. 137.9 million (2021: Rs. 103.9 million) in the shares of quoted companies and units of mutual funds as mentioned in note 24.

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. 137.908 million (2021: Rs. 103.997 million).

39.6 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; and
- operational and qualitative track record of suppliers and service providers.

40. 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 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 shareholders or issue new shares.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at June 30, 2022 and 2021 were as follows:

	2022 Rupees	2021 Rupees
Total borrowings (note 7 & 13)	4,273,446,296	2,430,687,368
Less: bank balances (note 25)	<u>(76,074,875)</u>	<u>(196,886,310)</u>
Net debt	4,197,371,421	2,233,801,058
Total equity	<u>4,307,501,025</u>	<u>2,568,396,820</u>
Total capital	<u>8,504,872,446</u>	<u>4,802,197,878</u>
Gearing ratio	<u>49%</u>	<u>47%</u>

There is no significant change in the gearing ratio of the Company as compared to the last year.

41. 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 valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on Net Asset Values (NAV's) of the units of the mutual funds and quoted market price of the equity instrument at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets				
measured at fair value through other comprehensive income				
Investment in listed equity securities	187,471,369	-	-	187,471,369
Investment in mutual funds	1,191,612,859	-	-	1,191,612,859
	1,379,084,228	-	-	1,379,084,228

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets				
measured at fair value through other comprehensive income				
Investment in listed equity securities	313,045,082	-	-	313,045,082
Investment in mutual funds	726,921,412	-	-	726,921,412
	1,039,966,494	-	-	1,039,966,494

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.

42. 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 81.26 percent (2021: 17.48 percent) . As at year end, all non-current assets of the Company are located within Pakistan.

43. NUMBER OF EMPLOYEES

	2022	2021
Number of employees		
- At June 30	965	828
- Average during the year	897	866

44. EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on September 28, 2022, proposed to distribute to the shareholders of the Company a cash dividend at the rate of 100 percent i.e. Rs. 10/- 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.

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 28, 2022 by the Board of Directors of the Company.

46. GENERAL

Figures have been rounded off to the nearest to Rupee. Corresponding figures have been re-arranged and re-classified wherever necessary for the purpose of better presentation, the effect of which is not material.

September 28, 2022


Raza Ellahi Shaikh
 Director


Tariq Zafar Bajwa
 Chief Financial Officer


Amin Ellahi Shaikh
 Mg. Director (Chief Executive)



FORM OF PROXY

The Secretary,

NAGINA COTTON MILLS LTD.

2nd Floor, Shaikh Sultan Trust Building No. 2,
26-Civil Lines, Beaumont Road, 91-B-1,
M.M. Alam 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 55th Annual General Meeting of the Company to be held on October 27, 2022 and at any adjournment thereof.

Signed at _____ this the _____ day of _____ 2022

WITNESSES:

1. Signature _____	2. Signature _____
Name _____	Name _____
Address _____	Address _____
_____	_____
CNIC _____	CNIC _____
_____	_____

affix
Rs. 50/=
Revenue
Stamp

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

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 Computerized Identity Card 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 کائن ملز لمیٹڈ

دوسری منزل، شیخ سلطان ٹرسٹ بلڈنگ نمبر 2،

26- سول لائنز، بیوانٹ روڈ،

کراچی-75530

میں اہم

ساکن

بحیثیت رکن نگینہ کائن ملز لمیٹڈ اور حامل عام حصص بمطابق شیئر رجسٹر فولیو نمبر _____

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

بذریعہ ہذا

محترم/محترمہ _____ ساکن _____

جو کہ اپنی کامیابی کے لیے ہمیں بہت شکر ہے۔ ہمیں اپنی شہرہ جہت فولیو نمبر _____

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

یا اسکی غیر موجودگی میں محترم/محترمہ _____ ساکن _____

جو کہ اپنی کامیابی کے لیے ہمیں بہت شکر ہے۔ ہمیں اپنی شہرہ جہت فولیو نمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹنیشن (شرکت) آئی ڈی نمبر _____) کو

مورخہ 27 اکتوبر 2022ء کو منعقد ہونے والے کینی کے 55 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 _____ تاریخ _____ 2022ء

گواہ:

50 روپے کارسیدی ٹکٹ
چسپاں کریں

1- دستخط: _____ 2- دستخط: _____

نام: _____ نام: _____

پتہ: _____ پتہ: _____

شناختی کارڈ نمبر: _____ شناختی کارڈ نمبر: _____

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 جمعہ اپنے پیکرز سے اسکی مصدقہ

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

4- کارپوریٹ اسٹیبلٹی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ کی مصدقہ کاپی مع نمونہ دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کینی میں جمع کرانا ہوگا۔