

**FIRST QUARTER REPORT  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 2022  
(Un-Audited)**



**NAGINA COTTON MILLS LTD.**



**NAGINA COTTON MILLS LTD.**

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# NAGINA COTTON MILLS LTD.

## 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. Tosheeba 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](http://www.nagina.com)

### SHARE REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.  
5<sup>th</sup> 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



## NAGINA COTTON MILLS LTD.

### DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial statements of the Company for the 1<sup>st</sup> quarter ended on September 30, 2022. The comparative figures for the corresponding quarter ended on September 30, 2021 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2022.

#### **Company Performance**

Alhamdulillah, your Company has earned after tax profit of Rs. 340,682,125 compared to Rs. 301,949,220 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 18.22 compared to Rs. 16.15 for the SPLY. Market conditions in the first quarter were affected by sharp rise in raw material and energy costs.

Sales revenue for the quarter under review increased by 42.16% over the SPLY and stood at Rs. 3,215,301,560 compared to Rs. 2,261,814,266. The increase in revenue is mainly due to increase in per unit selling rate of yarn. Cost of sales increased from 78.01% of sales during SPLY to 83.01% of sales during the period under review. Increase in cost of sales is mainly due to increase in raw material cost. Supply chain constraints and depreciating rupee value caused the raw material prices to rise. Raw material costs increased from 67.62% of sales during SPLY to 74.03% of sales during the period under review. Increase in cost of sales resulted in lower Gross Profit (GP) from 21.99% of sales during SPLY to 16.99% of sales during the period under review.

Overall operating expenses increased from 5% of sales during SPLY to 5.08% of sales during the period under review. The company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Finance cost increased from 1.59% of sales during SPLY to 2.04% of sales during the period under review. Increase in finance costs is mainly due to increase in interest rates as well as increase in long term borrowings of the Company during the period under review.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2022-23, Kapas, (seed cotton) arrivals up to October 1, 2022, at the Ginneries totalled 2.936 million bales compared to 3.846 million bales for SPLY showing decrease in arrival of 23.67%.

#### **Future Outlook**

Your company has performed reasonably well during the quarter under review. The good performance is despite the substantial rise in raw material cost and general inflation in costs especially wages, energy, interest, stores and spares and logistics. The good financial performance was largely due to healthy yarn selling prices coupled with timely purchase of raw cotton at reasonable prices. Value added yarns, timely purchase of raw materials and cost controls has resulted in a profitable 1<sup>st</sup> quarter.

Uncertainty in textile markets, high volatility in exchange rates and product prices are clouding the financial environment. Demand for yarn is suffering due to high inventory with our customers and the predictions of a worldwide recession. Floods in Pakistan have damaged the local raw cotton crop. Raw cotton shortage will trigger expensive imports and damage the competitiveness of the Pakistan textile industry. Energy shortages particularly in gas combined with electricity load shedding is affecting production. Rising prices of both gas and electricity will add to the difficulties. Customers are complaining of sudden drop in demand for finished goods putting downward pressure on yarn prices. The Russia/Ukraine conflict is also casting its shadow. The IMF program is forcing restrictive economic policies which is reducing demand as well as increasing cost of production. Unfortunately, all these factors have further intensified and depressed the outlook for the foreseeable future.

The State Bank of Pakistan (SBP) policy rate of 15% is significantly affecting demand for textiles and also raising the financial costs of the company. Long-term borrowing costs have also been raised by the SBP on the long-term financing facility (LTFF). Disbursements of LTFF loans are delayed without any clarity causing further rise in financial costs. The delay in LTFF loans disbursements may continue for sometime as the SBP is not providing any guidance in the matter. This delay is increasing the financial costs of the company. The government has raised Minimum wages for workers and this will raise the labour cost of the company. The combination of high labour costs, gas shortages, higher electricity costs, significantly higher financial costs and the looming international recession is likely to reduce company profitability.

After vigorous negotiations by the business associations the Pakistan Government has agreed to give a concessional electricity rate of Rs. 19.99 per KW to the export oriented industrial sectors. This facility will be up to June 2023. This is a welcome step and will help the textile industry. However, gas supply disruptions are expected during the winter months which will affect production and reduce profitability.

However, your company management is striving to retain profitability. Our strengths lie in good liquidity position, the efficiency of our spinning mills, use of latest spinning technology, strict cost controls, lowering of overheads due to expansion and BMR, aggressive marketing strategies and value-added yarns. These are the pillars on which our company will build the defensive structure to remain profitable. It is also hoped that demand for finished goods produced by our customers will revive and restore margins for spinning industry.

It is hoped that the Government will 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. Government policies should encourage the completion of the value chain in the textile sector so that the country can export finished products.

#### **Acknowledgement**

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.

  
Raza Ellahi Shaikh  
Director

  
Amin Ellahi Shaikh  
Chief Executive Officer

October 26, 2022



## NAGINA COTTON MILLS LTD.

### ڈائریکٹرز کا جائزہ

ڈائریکٹرز 30 ستمبر 2022 کو ہفت روزہ پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ 30 ستمبر 2021 کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کیے گئے ہیں، ما سوائے سٹیٹمنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2022 کو ہفت روزہ سال کے لئے ہیں۔

#### کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی نے گزشتہ سال کی اسی سہ ماہی کے دوران 301,949,220 روپے کے مقابلے میں زبردست جائزہ سہ ماہی کے دوران 340,682,125 روپے بعد از ٹیکس منافع کمایا ہے۔ زبردست جائزہ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 16.15 روپے کے مقابلے میں 18.22 روپے ہے۔ پہلی سہ ماہی میں مارکیٹ کے حالات کو خام مال اور توانائی کی لاگت میں تیز ترین اضافے نے متاثر کیا۔

زبردست جائزہ سہ ماہی میں فروخت آمدنی گزشتہ سال کی اسی مدت سے 42.16 فیصد تک زیادہ ہوئی اور گزشتہ سال میں اسی مدت کے دوران 2,614,814,261 روپے کے مقابلے میں 3,215,301,560 روپے رہی ہے۔ آمدنی میں اضافہ بنیادی طور پر سوت کی فی یونٹ فروخت شرح میں اضافہ کی وجہ سے ہوا ہے۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کے 78.01 فیصد سے بڑھ کر زبردست جائزہ سہ ماہی کے دوران فروخت کے 83.01 فیصد تک زیادہ ہوئی ہے۔ فروخت کی لاگت میں اضافہ بنیادی طور پر خام مال کی لاگت میں اضافہ کی وجہ سے ہوا ہے۔ سپلائی چین کی رکاوٹوں اور روپے کی قدر میں کمی کی وجہ سے خام مال کی قیمتیں زیادہ ہوئی ہیں۔ خام مال کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کے 67.62 فیصد سے بڑھ کر زبردست جائزہ سہ ماہی کے دوران فروخت کی لاگت 74.03 فیصد تک ہوئی۔ فروخت کی لاگت میں اضافہ کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 21.99 فیصد سے کم ہو کر زبردست جائزہ سہ ماہی کے دوران فروخت کا 16.99 فیصد تک ہوا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 5 فیصد سے بڑھ کر زبردست جائزہ سہ ماہی کے دوران فروخت کے 5.08 فیصد تک ہوئے ہیں۔ کمپنی منظم نقد بہاؤ کا نمانے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ مالی لاگت گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کی 1.59 فیصد سے بڑھ کر زبردست جائزہ سہ ماہی کے دوران فروخت کے 2.04 فیصد ہو گئے ہیں۔ مالیاتی اخراجات میں اضافہ بنیادی طور پر شرح سود میں اضافے کے ساتھ زبردست جائزہ سہ ماہی کے دوران کمپنی کے طویل مدتی قرضوں میں اضافے کی وجہ سے ہوا ہے۔

پاکستان کاٹن جزا ایسوسی ایشن کی طرف سے فصل سال 2022-23 کے لئے جاری کردہ اعداد و شمار کے مطابق یکم اکتوبر 2022ء تک جزیرہ میں کپاس (بیج کپاس) کی پختگی گزشتہ سال کی اسی مدت کے دوران 3,846 ملین گانٹھوں کے مقابلے میں 2,936 ملین گانٹھیں ہوئی جو کہ 23.67 فیصد کی کمی ظاہر کر رہی ہے۔

#### مستقبل کا نقطہ نظر

زبردست جائزہ سہ ماہی کے دوران آپ کی کمپنی کی کارکردگی کافی اچھی رہی ہے۔ یہ اچھی کارکردگی خام مال کی لاگت میں عمومی طور پر افراط زر اور خاص طور پر اجرتوں، توانائی، سود، سٹورز اور بیٹری زور اور لاجسٹکس کے اخراجات میں کافی اضافہ کے باوجود رہی ہے۔ اچھی مالی کارکردگی کی اہم وجوہات موزوں قیمتوں پر خام کپاس کی بروقت خریداری اور سوت کی اچھی فروخت قیمتیں تھیں۔ ویلیو ایڈڈ سوت، خام مال کی بروقت خریداری اور لاگت پر کنٹرول کے نتیجے میں پہلی سہ ماہی منافع بخش رہی ہے۔

ٹیکسٹائل مارکیٹ میں غیر یقینی، شرح مبادلہ اور مصنوعات کی قیمتوں میں بہت زیادہ اتار چڑھاؤ مالی ماحول پر سائے ڈال رہے ہیں۔ ہمارے صارفین کے ساتھ زیادہ تیار سامان اور عالمی کساد بازاری کی پیشین گوئیوں کی وجہ سے سوت کی طلب میں کمی آ رہی ہے۔ پاکستان میں سیلاب نے مقامی کپاس کی بجلی فصل کو نقصان پہنچایا ہے۔ خام کپاس کی کمی، ہنگامی درآمدات کو متحرک کرے گی اور پاکستان کی ٹیکسٹائل انڈسٹری کی مسابقت کو نقصان پہنچانے کی بجلی کی اوڈیٹیڈ ٹیکنالوجی کے ساتھ بالخصوص کپاس میں توانائی کی قلت پیداوار کو متاثر کر رہی ہے۔ گیس اور بجلی دونوں کی قیمتوں میں اضافہ مشکلات میں اضافہ کرے گا۔ صارفین تیار سامان کی طلب میں اچانک کمی کی شکایت کر رہے ہیں جس سے سوت کی قیمتوں پر دباؤ پڑتا ہے۔ روس/یوکرین تنازعہ کی اسے سائے ڈال رہا ہے۔ آئی ایم ایف پروگرام یا بند یوں والی معاشی پالیسیوں پر مجبور کر رہا ہے جس سے طلب میں کمی کے ساتھ ساتھ پیداواری لاگت میں اضافہ ہو رہا ہے۔ بدقسمتی سے، ان تمام عوامل نے مستقبل قریب کے نقطہ نظر کو مزید پیچھا اور آفسرہ کر رہا ہے۔

اسٹیٹ بینک آف پاکستان (ایس بی پی) کی 15 فیصد پالیسی ریٹ ٹیکسٹائل کی طلب کو نمایاں متاثر کر رہی ہے اور کمپنی کے مالیاتی اخراجات بھی بڑھ رہے ہیں۔ طویل المدتی مالیاتی سہولت (LTFF) پر SBP کی طرف سے طویل مدتی قرض لینے کے لیے اخراجات بھی بڑھانے گئے ہیں۔ LTFF قرضوں کی تنظیم میں تاخیر کی وجہ سے مالی اخراجات میں مزید اضافہ ہو رہا ہے۔ LTFF قرضوں کی تنظیم میں تاخیر کچھ عرصہ تک جاری رہے گی کیونکہ SBP اس معاملہ میں کوئی رہنمائی فراہم نہیں کر رہا ہے۔ اس تاخیر سے کمپنی کے مالی اخراجات بڑھ رہے ہیں۔ حکومت نے مزدوروں کے لیے کم اجرت میں اضافہ کر دیا اور اس سے مزدوری کی لاگت میں نمایاں اضافہ ہوگا۔ مزدوری کے زیادہ اخراجات، گیس کی قلت، بجلی کے زیادہ اخراجات، نمایاں طور پر زیادہ مالی اخراجات اور عالمی کساد بازاری کے مجموعے سے کمپنی کے منافع میں کمی کا امکان ہے۔

کاروباری تنظیموں کے بھرپور مذاکرات کے بعد حکومت پاکستان نے برآمدات پر پٹی سیکٹر کے لیے بجلی کی رعایتی شرح 19.99 روپے فی کلواٹ دینے پر رضامندی ظاہر کر دی ہے۔ یہ سہولت جون 2023ء تک ہے۔ یہ ایک خوش آئند قدم ہے اور اس سے ٹیکسٹائل انڈسٹری کو مدد ملے گی۔ تاہم، سر دیوں کے مہینوں میں گیس کی فراہمی میں خلل متوقع ہے جس سے پیداوار متاثر اور منافع کم ہوگا۔

تاہم، آپ کی کمپنی کی انتظامیہ منافع کو برقرار رکھنے کی کوشش کر رہی ہے۔ ہماری طاقت اچھی لیکویڈیٹی پوزیشن، ہماری اسپینگ ملز کی کارکردگی، جدید ترین اسپیننگ ٹیکنالوجی کے استعمال، لاگت برخت کنٹرول، توسیع BMR کی وجہ سے اور ہبڈز میں کمی، مارکیٹنگ کی جارحانہ حکمت عملی اور ویلیو ایڈڈ یارن پر منحصر ہے۔ یہ وہ ستون ہیں جن پر ہماری کمپنی منافع بخش رہنے کے لیے دفاعی ڈھانچے بنائے گی۔ یہ بھی امید کی جاتی ہے کہ ہمارے صارفین کی طرف سے تیار سامان کی طلب میں اضافہ اور اسپینگ انڈسٹری کے مارچن کو بحال کیا جائے گا۔

امید ہے کہ حکومت کاروبار و سوت پالیسیاں لائے گی جیسے کہ موزوں انداز سے کم لاگت توانائی کی باقاعدگی فراہمی، بقایا سیکلنگ اور ٹیکس کی واپسی تاکہ مزید کٹائی کی شرح کو کنٹرول اور مالیاتی اخراجات کو کم کیا جاسکے۔ حکومتی پالیسیوں کو ٹیکسٹائل سیکٹر میں ویلیو چین کی تکمیل کی حوصلہ افزائی کرنی چاہیے تاکہ ملک تیار مصنوعات برآمد کر سکے۔

#### اظہار تشکر

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

امین الہی شیخ  
چیف ایگزیکٹو آفیسر

منجانب بورڈ

رضالہی شیخ  
ڈائریکٹر

16 اکتوبر 2022ء



# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2022

	(Un-Audited) September 30, 2022	(Audited) June 30, 2022
Note	-----Rupees-----	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital 50,000,000 (June 30, 2022: 50,000,000) ordinary shares of Rs. 10/- each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital	<u>187,000,000</u>	187,000,000
Capital reserves	<u>181,298,152</u>	183,610,023
Revenue reserve - Unappropriated profit	<u>4,283,968,836</u>	3,936,891,002
<b>TOTAL EQUITY</b>	<b>4,652,266,988</b>	4,307,501,025
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term finances	<u>3,340,637,382</u>	3,249,245,045
Deferred government grant	-	-
Deferred Liabilities	<u>148,429,285</u>	142,842,944
	<b>3,489,066,667</b>	3,392,087,989
<b>CURRENT LIABILITIES</b>		
Current portion of long-term finances	<u>300,686,714</u>	351,968,150
Current portion of deferred government grant	-	307,915
Trade and other payables	<u>1,315,542,985</u>	1,398,165,143
Unclaimed dividend	<u>9,370,194</u>	9,436,616
Accrued interest/mark-up	<u>38,138,463</u>	40,338,482
Short-term borrowings	<u>1,003,387,253</u>	672,233,101
	<b>2,667,125,609</b>	2,472,449,407
<b>TOTAL LIABILITIES</b>	<b>6,156,192,276</b>	5,864,537,396
<b>CONTINGENCIES AND COMMITMENTS</b>	8	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>10,808,459,264</b></u>	<u>10,172,038,421</u>

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

October 26, 2022

  
Raza Ellahi Shaikh  
Director

  
Tariq Zafar Bajwa  
Chief Financial Officer



# NAGINA COTTON MILLS LTD.

		(Un-Audited) September 30, 2022	(Audited) June 30, 2022
	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	4,462,331,601	4,229,339,533
Investment properties		13,225,347	13,278,175
Long-term deposits		1,021,858	1,021,858
		<b>4,476,578,806</b>	<b>4,243,639,566</b>
<b>CURRENT ASSETS</b>			
Stores and spares		85,213,196	63,813,650
Stock-in-trade		1,789,642,689	2,984,868,230
Trade receivables		962,861,783	973,508,462
Loans and advances		407,959,678	212,340,489
Prepayments		20,216,150	4,376,643
Other receivables		70,625,744	39,437,876
Sales tax refundable		142,102,317	194,894,402
Other financial assets	10	2,739,194,115	1,379,084,228
Cash and bank balances		114,064,786	76,074,875
		<b>6,331,880,458</b>	<b>5,928,398,855</b>
<b>TOTAL ASSETS</b>		<b><u>10,808,459,264</u></b>	<b><u>10,172,038,421</u></b>

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

  
**Amin Elahi Shaikh**  
 Chief Executive Officer



# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME(UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Note	Quarter Ended	
		September 30, 2022	September 30, 2021
		.....Rupees.....	
Revenue from contracts with customers		3,215,301,560	2,261,814,266
Cost of goods sold	11	(2,669,077,222)	(1,764,398,355)
<b>Gross profit</b>		<b>546,224,338</b>	<b>497,415,911</b>
Distribution cost		(84,363,271)	(40,010,042)
Administrative expenses		(50,671,580)	(39,752,229)
Other expenses		(28,330,120)	(33,285,406)
		(163,364,971)	(113,047,677)
		<b>382,859,367</b>	<b>384,368,234</b>
Other income		64,936,884	27,927,182
<b>Operating profit</b>		<b>447,796,251</b>	<b>412,295,416</b>
Finance cost		(65,544,908)	(35,943,312)
<b>Profit before taxation</b>		<b>382,251,343</b>	<b>376,352,104</b>
Provision for taxation		(41,569,218)	(74,402,884)
<b>Profit after taxation</b>		<b>340,682,125</b>	<b>301,949,220</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Fair value gain / (loss) on investment in equity instruments designated at FVTOCI	10.2	4,083,838	(146,354)
Other comprehensive income / (loss) for the period		4,083,838	(146,354)
<b>Total comprehensive income for the period</b>		<b>344,765,963</b>	<b>301,802,866</b>
<b>Earnings per share - basic and diluted</b>		<b>18.22</b>	<b>16.15</b>

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

  
**Raza Ellahi Shaikh**  
Director

  
**Tariq Zafar Bajwa**  
Chief Financial Officer

  
**Amin Ellahi Shaikh**  
Chief Executive Officer

October 26, 2022





# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Quarter Ended	
	September 30, 2022	September 30, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	.....Rupees.....	
Profit before taxation	382,251,343	376,352,104
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	88,687,735	66,135,555
Depreciation on investment properties	52,828	55,610
Provision for gratuity	9,854,578	7,168,339
Gain on disposal of property, plant and equipment	(1,866,280)	(1,229,526)
Finance cost	65,544,908	35,943,312
Rental Income	(7,372,356)	(6,764,250)
Dividend Income	(55,106,079)	(19,516,176)
Write off of trade receivables	-	5,392,500
	<b>482,046,677</b>	<b>463,537,468</b>
<b>Changes in working capital</b>		
<b>Decrease / (Increase) in current assets:</b>		
Stores and spares	(21,399,546)	(19,290,033)
Stock-in-trade	1,195,225,541	(905,645,111)
Trade receivables	10,646,679	(309,402,638)
Loans and advances	(191,686,302)	(381,796,012)
Prepayments	(15,839,507)	(11,081,839)
Other receivables	(31,187,868)	(3,286,510)
Sales tax refundable	52,792,085	(173,189,771)
	<b>998,551,082</b>	<b>(1,803,691,914)</b>
<b>(Decrease) / Increase in current liabilities:</b>		
Trade and other payables	(82,622,158)	240,389,471
	<b>915,928,924</b>	<b>(1,563,302,443)</b>
<b>Cash generated from / (used in) operations</b>	<b>1,397,975,601</b>	<b>(1,099,764,975)</b>
<b>Payments made:</b>		
Employees retirement benefits	(4,268,237)	(4,849,999)
Finance cost	(67,744,927)	(36,183,324)
Income taxes	(45,502,105)	(30,721,562)
<b>Net cash generated from / (used in) operating activities</b>	<b>A</b>	<b>(1,171,519,860)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(324,058,523)	(299,028,170)
Proceeds from disposal of property, plant and equipment	4,245,000	1,727,900
Purchase of other financial assets	(2,322,106,060)	(504,130,444)
Proceeds from sale of other financial assets	966,080,011	1,332,404,030
Rental Income received	7,372,356	6,764,250
Dividend received	55,106,079	19,516,176
<b>Net cash (used in) / generated from investing activities</b>	<b>B</b>	<b>557,253,742</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	152,836,295	251,605,585
Repayment of long term finances	(113,033,309)	(78,287,825)
Dividend paid	(66,422)	-
Net increase in short term borrowings excluding running finances	177,340,501	-
<b>Net cash generated from financing activities</b>	<b>C</b>	<b>173,317,760</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>(440,948,358)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>(1,440,618)</b>	<b>47,070,015</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(117,264,358)</b>	<b>(393,878,343)</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	114,064,786	19,940,352
Short-term running finances	(231,329,144)	(413,818,695)
	<b>(117,264,358)</b>	<b>(393,878,343)</b>

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

**Raza Ellahi Shaikh**  
Director

**Tariq Zafar Bajwa**  
Chief Financial Officer

**Amin Ellahi Shaikh**  
Chief Executive Officer

October 26, 2022



# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Capital reserves			Revenue	Total	
	Amalgamation reserve	Capital Redemption reserve	Fair value reserve	Unappropriated profit		
	Rupees					
<b>Balance as at June 30, 2021 (Audited)</b>	187,000,000	12,104,417	241,860,000	(28,492,720)	2,155,925,123	2,568,396,820
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	301,949,220	301,949,220
<b>Other comprehensive Income</b>						
Fair value loss on investment in equity instrument designated at FVTOCI	-	-	-	(146,354)	-	(146,354)
Transfer of realized gain on sale of investments	-	-	-	(21,693,501)	21,693,501	-
<b>Total comprehensive (loss) / income for the period</b>	-	-	-	(21,839,855)	323,642,721	301,802,866
<b>Balance as at September 30, 2021 (Un-Audited)</b>	187,000,000	12,104,417	241,860,000	(50,332,575)	2,479,567,844	2,870,199,686
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	1,510,612,706	1,510,612,706
<b>Other comprehensive Income</b>						
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	-	-	-	(21,652,682)	-	(21,652,682)
Transfer of realized loss on sale of investments	-	-	-	6,658,990	(6,658,990)	-
Deferred tax reversed	-	-	-	(5,028,127)	-	(5,028,127)
<b>Total comprehensive (loss) / income for the period</b>	-	-	-	(20,021,819)	1,504,073,158	1,484,051,339
<b>Transactions with owners</b>						
Final dividend for the year ended June 30, 2021 @ 25% i.e. Rs. 2.5 per ordinary share	-	-	-	-	(46,750,000)	(46,750,000)
<b>Balance as at June 30, 2022 (Audited)</b>	187,000,000	12,104,417	241,860,000	(70,354,394)	3,936,891,002	4,307,501,025
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	340,682,125	340,682,125
<b>Other comprehensive Income</b>						
Fair value gain on investment in equity instrument designated at FVTOCI	-	-	-	4,083,838	-	4,083,838
Transfer of realized gain on sale of investments	-	-	-	(6,395,709)	6,395,709	-
<b>Total comprehensive (loss) / income for the period</b>	-	-	-	(2,311,871)	347,077,834	344,765,963
<b>Balance as at September 30, 2022 (Un-Audited)</b>	187,000,000	12,104,417	241,860,000	(72,666,265)	4,283,968,836	4,652,266,988

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

**Raza Ellahi Shaikh**  
Director

**Tariq Zafar Bajwa**  
Chief Financial Officer

**Amin Ellahi Shaikh**  
Chief Executive Officer

October 26, 2022



## NAGINA COTTON MILLS LTD.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 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-75530, 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

2.1.1 These un-audited condensed interim financial statements of the Company for the Quarter ended September 30, 2022 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017. Where the provisions of or directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of or directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all of the notes required for the full financial statements and, therefore, these should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2022.

2.1.2 These condensed interim financial statements have been prepared under 'Historical cost convention' except employees retirement benefits and financial instruments at fair value through other comprehensive income (FVTOCI).

2.1.3 These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional and presentation currency. Figures presented in these condensed interim financial statements have been rounded off to the nearest Rupee.

2.1.4 The comparative condensed interim statement of financial position presented has been extracted from annual audited financial statements for the year ended June 30, 2022; whereas comparative condensed interim statement of profit or loss and statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity of the Company have been extracted from the un-audited condensed interim financial statements for the First Quarter ended September 30, 2021.

#### 3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2022.

#### 4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies, the key source of estimation and uncertainty were the same as those that applied to the financial statements of the Company for the year ended June 30, 2022.

#### 5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2022.



# NAGINA COTTON MILLS LTD.

		(Un-Audited) September 30, 2022	(Audited) June 30, 2022
		-----Rupees-----	
<b>6</b>	<b>DEFERRED GOVERNMENT GRANT</b>		
	Opening balance	-	4,496,198
	Recognized during the period / year	-	-
	Amortization during the period / year	-	(4,188,283)
		-	307,915
	Less: Current portion of deferred grant	-	(307,915)
		-	-
<b>7</b>	<b>SHORT-TERM BORROWINGS</b>		
	- <b>Banking companies - secured</b>		
	Running finance	231,329,144	77,515,493
	Term finance	67,110,309	-
	Foreign currency finance	704,947,800	594,717,608
		<u>1,003,387,253</u>	<u>672,233,101</u>
<b>8</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>8.1</b>	<b>Contingencies</b>		
	Bank guarantees issued on behalf of the Company	26,350,000	18,602,000
	Bank guarantee in favor of Excise and Taxation and others	158,442,448	152,442,448
	Revolving Letter of credit Favouing SSGC	82,051,880	82,051,880
<b>8.1.1</b>	It includes guarantee issued in favor of Hyderabad Electric Supply Cooperation (HESCO) amounting Rs. 22.350 M.		
<b>8.2</b>	<b>Commitments</b>		
	Machinery	1,359,756,975	1,452,441,802
	Civil work	14,464,383	439,383
	Raw material	1,289,928,638	144,789,689
	Stores and spares	20,741,019	20,812,623
	Bills discounted	575,353,103	1,309,124,705
	Commitments for rentals of assets under operating lease agreements as at :		
	- Not later than one year	2,265,827	3,257,033
<b>9</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets - owned	3,452,953,239	3,538,963,694
	Capital work in progress	1,009,378,362	690,375,839
		<u>4,462,331,601</u>	<u>4,229,339,533</u>
<b>9.1</b>	<b>Operating fixed assets - owned</b>		
	Opening written down value	3,538,963,694	2,636,266,401
	<b>Additions during the period / year</b>		
	Machinery and equipment	-	1,206,389,291
	Mills building on leasehold land	-	2,706,598
	Electric installation and equipment	250,000	47,767,891
	Furniture and fixtures	88,500	554,750
	Office equipment	161,500	625,050
	Vehicles	4,556,000	7,402,508
		5,056,000	1,265,446,088
	Written down value of property, plant and equipment disposed off	(2,378,720)	(41,812,871)
	Depreciation charged during the period/year	(88,687,735)	(320,935,924)
	Written down value at end of the period/year	<u>3,452,953,239</u>	<u>3,538,963,694</u>
<b>9.2</b>	<b>Capital work in progress</b>		
	Opening Balance	690,375,839	115,746,835
	Additions during the period / year	323,608,810	1,829,490,732
	Transfers during the period / year	(4,606,287)	(1,254,861,728)
	Closing Balance	<u>1,009,378,362</u>	<u>690,375,839</u>



# NAGINA COTTON MILLS LTD.

	(Un-Audited) September 30, 2022	(Audited) June 30, 2022
<b>10 OTHER FINANCIAL ASSETS</b>		.....Rupees .....
<b>Designated at fair value through Other Comprehensive Income</b>		
Investment in listed equity securities	175,135,127	187,471,369
Investment in mutual funds	2,564,058,988	1,191,612,859
	<u>2,739,194,115</u>	<u>1,379,084,228</u>
<b>10.1 Reconciliation between fair value and cost of investments classified as 'equity instrument'</b>		
<b>Through other comprehensive income</b>		
Fair value of investments		
- in listed equity securities	175,135,127	187,471,369
- in mutual funds	2,564,058,988	1,191,612,859
	<u>2,739,194,115</u>	<u>1,379,084,228</u>
<b>Add: unrealized loss on remeasurement of investments</b>	<u>72,666,265</u>	<u>65,326,267</u>
Cost of investments	<u>2,811,860,380</u>	<u>1,444,410,495</u>
<b>10.2 Unrealized loss on remeasurement of equity instruments</b>		
<b>Through Other Comprehensive Income</b>		
Opening balance	(70,354,394)	(28,492,720)
Fair value gain / (loss) arises for the period / year	4,083,838	(21,799,036)
Transfer of realized gain on sale of investments	(6,395,709)	(15,034,511)
Unrealized fair value loss for the period / year	(2,311,871)	(36,833,547)
	<u>(72,666,265)</u>	<u>(65,326,267)</u>
Deferred tax reversed	-	(5,028,127)
Closing balance	<u>(72,666,265)</u>	<u>(70,354,394)</u>
	(Un-Audited) September 30, 2022	(Un-Audited) September 30, 2021
	.....Rupees.....	
<b>11 COST OF GOODS SOLD</b>		
Raw material consumed	2,380,137,758	1,529,449,607
Packing material consumed	33,498,848	22,289,035
Stores and spares consumed	41,355,085	14,380,516
Salaries, wages and benefits	105,371,992	79,762,607
Fuel	105,045,252	85,629,406
Rates and taxes	94,932	133,229
Insurance	6,026,477	3,582,834
Repairs and maintenance	3,240,884	2,030,193
Depreciation	86,007,622	63,415,066
Other manufacturing overheads	2,956,051	1,831,212
<b>Manufacturing cost</b>	<u>2,763,734,901</u>	<u>1,802,503,705</u>
Work-in-process:		
At beginning of period	112,471,329	74,953,124
At end of period	(145,476,399)	(99,610,995)
	<u>(33,005,070)</u>	<u>(24,657,871)</u>
<b>Cost of goods manufactured</b>	<u>2,730,729,831</u>	<u>1,777,845,834</u>
Finished stocks:		
At beginning of period	221,494,535	16,110,880
Purchase of waste	881,731	9,501,900
At end of period	(316,169,075)	(44,894,463)
	<u>(93,792,809)</u>	<u>(19,281,683)</u>
Cost of sales of waste / raw material	<u>32,140,200</u>	<u>5,834,204</u>
	<u>2,669,077,222</u>	<u>1,764,398,355</u>



# NAGINA COTTON MILLS LTD.

## 12 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnel of the Company. Transactions with related parties are carried out as per agreed terms. The transactions with related parties during the period generally consist of sales, purchases and dividend.

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

		Quarter Ended (Un-Audited)	
		September 30, 2022	September 30, 2021
		.....Rupees.....	
<b>Nature of Relationship</b>	<b>Nature of Transaction</b>		
Associated companies	Sale of goods and services	720,129,159	302,373,279
	Purchase of goods	91,667	-
Key management personnel	Remuneration and other benefits	7,800,000	6,750,000

There is no balance outstanding with or from associated undertakings, as at reporting date.

## 13 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 liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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

### The 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 (NAVs) 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:

	September 30, 2022			Total
	Level 1	Level 2	Level 3	
..... Rupees .....				
<b>Financial assets</b>				
<b>- measured at fair value through other comprehensive income</b>				
Investment in listed equity securities	175,135,127	-	-	175,135,127
Investment in mutual funds	2,564,058,988	-	-	2,564,058,988
	<u>2,739,194,115</u>	<u>-</u>	<u>-</u>	<u>2,739,194,115</u>
..... Rupees .....				
	June 30, 2022			Total
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
<b>- measured at fair value through other comprehensive income</b>				
Investment in listed equity securities	187,471,369	-	-	187,471,369
Investment in mutual funds	1,191,612,859	-	-	1,191,612,859
	<u>1,379,084,228</u>	<u>-</u>	<u>-</u>	<u>1,379,084,228</u>



## NAGINA COTTON MILLS LTD.

### 14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements (un-audited) have been approved by the Board of Directors of the Company and authorized for issue on October 26, 2022.

October 26, 2022

Handwritten signature of Raza Ellahi Shaikh.

**Raza Ellahi Shaikh**  
Director

Handwritten signature of Tariq Zafar Bajwa.

**Tariq Zafar Bajwa**  
Chief Financial Officer

Handwritten signature of Amin Ellahi Shaikh.

**Amin Ellahi Shaikh**  
Chief Executive Officer

**NAGINA COTTON MILLS LTD.**

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