

**THIRD QUARTER REPORT
FOR THE PERIOD ENDED
MARCH 31, 2023
(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. Naweed Akhter Sharif	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. Shafiq ur Rehman	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



DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the third quarter ended on March 31, 2023. The comparative figures for the corresponding quarter ended on March 31, 2022 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2022.

Company Performance

Alhamdulillah, despite the obstacles encountered, your company remained profitable and posted a net after tax profit of Rs. 100,657,029 for the 3rd quarter of the financial year 2022-23 ended on March 31, 2023 compared to Rs. 468,843,461 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 5.38 compared to Rs. 25.07 for the SPLY.

This has been a turbulent quarter under review. Lower demand from local and international buyers caused a 2.45% decline in sales revenue to Rs. 3,032,147,808 during the period, compared to Rs. 3,108,374,001 during SPLY. On the other hand, costs kept on escalating because of immense inflationary pressures. All major input costs such as raw material, labour and energy costs led to a rise in the cost of sales to 91% of sales during the period, up from 77.46% of sales during SPLY. A rise in input costs caused a decline in gross profit (GP) to 9% of sales during the period as compared to 22.54% of sales during SPLY.

Operating expenses decreased from 4.36% of sales during SPLY to 2.16% of sales during the period under review. This is mainly because of lower selling expenses and lower provision for WPPF and WWF. The company has been able to generate stable cash flows and made timely discharge of its operating liabilities. During the quarter interest rates rose to historical high levels. High interest rates have raised bank financing costs to unbearable levels. State Bank Of Pakistan (SBP) is not allowing LTFF financing for purchase of machinery. Consequently, all the imported machinery retired in last one year or so is exposed to market based interest rates. All these factors in combination have resulted in rise in finance cost to 3.04% of sales during the period as compared to 2.53% of sales during SPLY.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2022-23 (final data of the year), Kapas, (seed cotton) arrivals upto April 01, 2023, at the Ginneries totalled 4.912 million bales compared to 7.442 million bales for the financial year 2021-22 showing decrease in arrival of 33.10%.

Future Outlook

The company is currently facing very challenging economic conditions. The profit margins for products are under strain in both domestic and international markets. Customers are complaining of depressed demand for finished goods putting downward pressure on yarn prices. International textile retailers are still complaining of high inventory levels which are preventing them from placing orders. The monetary tightening being pursued by the central banks of major economies is likely to cause and international recession. Even the major international banks are going through tough times and few of the banks are under bankruptcy. This negative environment has also led to slow down in demand for textiles in the global markets.



NAGINA COTTON MILLS LTD.

Local cotton crop failure has led to the costly importation of cotton. The weakening of the rupee against the USD is causing immense upward pressure on cotton costs. The government is striving to finalize an IMF agreement. However, the delay in the IMF programme is leading to further negative speculation on USD / PKR parity. In the aftermath of the agreement, we foresee a further rise in energy costs, interest rates, taxes and other expenditures to meet the IMF's targets. The last quarter of the current financial year appears to be even more challenging, with the possibility of financial losses.

The State Bank of Pakistan (SBP) policy rate of 21% is significantly affecting demand for textiles and also raising the financial costs of the company. We hope that this is the end of interest rate rise spree. Company is going through expansion/ BMR programme. For this purpose, the company obtained financing arrangements from banks on LTFF financing basis. However, SBP is not allowing LTFF financing to the borrowers. This has exposed the company to very high market based interest costs.

Your Company is aware of the current business challenges and is consistently evaluating its approach to meet customer demands, enhance productivity through innovation, efficiency and effective cost management initiatives. The expansion project is progressing as planned and it is anticipated that 10,800 spindles will be operational by the end of June 2023. This additional capacity will help to lower overhead costs. The management has been efficiently acquiring raw materials at competitive prices, which has significantly contributed to the company's profitability.

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 gratitude to the bankers for their continued support to the Company.

April 17, 2023


Raza Ellahi Shaikh
Director

On behalf of the Board.


Amin Ellahi Shaikh
Chief Executive Officer



NAGINA COTTON MILLS LTD.

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 مارچ 2023ء کو مختصر نو ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مجمد عبوری مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ 31 مارچ 2022ء کو ختم ہونے والی نو ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے سٹیٹمنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2022ء کو مختصر سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، بیٹھار کا ڈلوں کے باوجود آپ کی کمپنی منافع بخش رہی اور 31 مارچ 2023ء کو ختم ہونے والی مالی سال 2022-23 کی تیسری سہ ماہی کے دوران ٹیکس کے بعد منافع 100,657,029 روپے جبکہ گزشتہ سال کی اسی سہ ماہی کے دوران 468,843,461 روپے بعد از ٹیکس منافع کمایا۔ زبر جائزہ سہ ماہی کے لئے نی ٹیسٹیر آمدنی (EPS) گزشتہ سال کی اسی مدت کے لئے 25.07 روپے کے مقابلے میں 5.38 روپے ہے۔

یہ زبر جائزہ سہ ماہی ہنگامہ خیز رہی ہے۔ مقامی اور بین الاقوامی خریداروں کی طرف سے کم طلب کی وجہ سے فروخت آمدنی میں 2.45 فیصد کمی سے گزشتہ سال کی اسی مدت کے دوران 3,108,374,001 روپے کے مقابلے میں 3,032,147,808 روپے رہی ہے۔ دوسری طرف، افراتفر کے بہت زیادہ دباؤ کی وجہ سے لاگتیں بڑھتی رہیں۔ تمام اہم پیداواری اخراجات جیسا کہ خام مال، مزدوری، اور توانائی کی قیمتوں کی بدولت گزشتہ سال کی اسی مدت کے دوران فروخت کی لاگت فروخت کی 77.46 فیصد سے بڑھ کر زبر جائزہ مدت کے دوران فروخت کی 91 فیصد ہو گئی۔ پیداواری لاگت میں اضافہ ہونے کی وجہ سے مجموعی منافع (GP) گزشتہ سال کے اسی مدت کے دوران فروخت کے 22.54 فیصد سے کم ہو کر زبر جائزہ مدت کے دوران فروخت کے 9 فیصد تک ہو گیا۔

کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 4.36 فیصد سے کم ہو کر زبر جائزہ مدت کے دوران فروخت کے 2.16 فیصد ہوئے۔ یہ بنیادی طور پر کم فروخت کے اخراجات اور WPPF اور WWF کے لیے کم فراہمی کی وجہ سے ہے۔ کمپنی مستحکم نقدی بہاؤ پیدا کرنے اور اپنے کاروباری واجبات کی بروقت ادائیگی کرنے میں کامیاب رہی۔ سہ ماہی کے دوران سود کی شرحیں تاریخی بلند سطحوں تک برہ گئیں۔ زیادہ بلند شرح سود نے بینک کے قرضوں کی قیمتوں کو ناقابل برداشت سطحوں تک بڑھا دیا۔ بینک دولت پاکستان (SBP) مشینری کی خریداری کے لئے LTFF فنانشنگ کی اجازت نہیں دے رہا ہے۔ اس کے نتیجے میں، گزشتہ ایک سال یا زائد عرصہ سے ریٹائرڈ تمام درآمدی مشینری کو مارکیٹ میں بیڈ شرح سود کا سامنا ہے۔ ان تمام عناصر کے امتزاج کے نتیجے میں مالی اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 2.53 فیصد سے بڑھ کر زبر جائزہ مدت کے دوران 3.04 فیصد تک ہو گئے۔

فصل سال 2022-23 کیلئے پاکستان کاٹن جزا بیسوی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (بیج کپاس) کی یکم اپریل 2023ء تک جزا بڑ میں کل آمد 4.912 ملین گانٹھیں ہیں جو کہ گزشتہ مالی سال 2021-22 کی اسی مدت میں 7.442 ملین گانٹھیں جو آمد میں 33.10 فیصد کمی ظاہر کرتی ہیں۔

مستقبل کا نقطہ نظر

کمپنی کو اس وقت انتہائی مشکل معاشی حالات کا سامنا ہے۔ مصنوعات کے منافع مارجن دونوں ملکی اور بین الاقوامی منڈیوں میں دباؤ میں ہیں۔ گاہک تیار سامان کی طلب میں کمی کی شکایت کر رہے ہیں جس سے یاران کی قیمتوں پر دباؤ پڑا ہے۔ بین الاقوامی ٹیکسٹائل خوردہ فروش اب بھی انویسٹری کی اعلیٰ سطح کی شکایت کر رہے ہیں جو انہیں آرڈر دینے سے روک رہی ہے۔ بڑی معیشتوں کے مرکزی بینکوں کی طرف سے مالیاتی سختی کی وجہ سے بین الاقوامی کساد بازاری کا امکان ہے۔ یہاں تک کہ بڑے بین الاقوامی بینک بھی مشکل وقت سے گزر رہے ہیں اور چند بینک دیوالیہ ہونے کی زد میں ہیں۔ اس منفی ماحول کی وجہ سے عالمی منڈیوں میں ٹیکسٹائل کی طلب میں بھی کمی آئی ہے۔

مقامی کپاس کی فصل کی ناکامی کے باعث ہنگامی کپاس کی درآمد کمزور ہوئی ہے۔ امریکی ڈالر کے مقابلے میں روپے کا کمزور ہونا کپاس کی قیمتوں پر شدید زیادہ دباؤ کا باعث بن رہا ہے۔ حکومت آئی ایم ایف سے معاہدے کو ترمیمی شکل دینے کے لیے کوشاں ہے۔ تاہم، IMF پروگرام میں تاخیر USD / PKR / برابری پر مزید منفی قیاس آرائیوں کا باعث بن رہی ہے۔ معاہدے کے بعد، ہم آئی ایم ایف کے اہداف کو پورا کرنے کے لیے توانائی کی قیمتوں، شرح سود، ٹیکسوں اور دیگر اخراجات میں مزید اضافے کی پیش گوئی کرتے ہیں۔ رواں مالی سال کی آخری سہ ماہی مالی نقصانات کے امکان کے ساتھ اور بھی زیادہ چیلنجنگ دکھائی دیتی ہے۔

اسٹیٹ بینک آف پاکستان (SBP) کی 21 فیصد پالیسی شرح ٹیکسٹائل کی طلب کو نمایاں طور پر متاثر اور کمپنی کے مالی اخراجات میں بھی اضافہ کر رہی ہے۔ ہم امید کرتے ہیں کہ یہ شرح سود میں آخری اضافہ ہے۔ کمپنی توسیع / پی ایم آر پروگرام سے گزر رہی ہے۔ اس مقصد کے لیے، کمپنی نے LTFF فنانشنگ کی بنیاد پر بینکوں سے فنانشنگ کے اختتام حاصل کیے ہیں۔ تاہم، SBP قرض خواہان کو LTFF فنانشنگ کی اجازت نہیں دے رہا ہے۔ اس لئے کمپنی کو مارکیٹ پر مبنی بہت زیادہ سود کی لاگت پر مجبور کیا ہے۔



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آپ کی کمپنی موجودہ کاروباری چیلنجوں سے آگاہ ہے اور صارفین کے مطالبات کو پورا کرنے، اختراع، کارکردگی، اور موثر لاگت کے انتظام کے اقدامات کے ذریعے پیداواری صلاحیت کو بڑھانے کے لیے اپنے نقطہ نظر کا مسلسل جائزہ لے رہی ہے۔ توسیعی منصوبہ اپنی منصوبہ بندی کے مطابق آگے بڑھ رہا ہے اور توقع ہے کہ جون 2023 کے آخر تک 10,800 سپنڈلز کام کرنا شروع کر دیں گے۔ اس اضافی صلاحیت سے اور ہیڈ لاگت کو کم کرنے میں مدد ملے گی۔ انتظامیہ موثر طریقے سے مسابقتی قیمتوں پر خام مال حاصل کر رہی ہے، جس نے کمپنی کے منافع میں نمایاں کردار ادا کیا ہے۔


امید ہے کہ حکومت لاگت بچانے والے موثر انداز میں توانائی کی بلا تعطل فراہمی، بقایا سیکرٹیکس اور اکم ٹیکس کی واپسی، افراط زر کی شرح پر کنٹرول اور مالی اخراجات کی کمی جیسی کاروبار دوست پالیسیاں لائے گی۔ حکومتی پالیسیاں ٹیکسٹائل سیکٹر میں ویلو چین کی تکمیل کی حوصلہ افزاء ہونی چاہئیں تاکہ ملک تیار مصنوعات کو برآمد کر سکے۔

اتلہا تشکر

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

مخائب بورڈ


امین علی شیخ
چیف ایگزیکٹو آفیسر


رضالی شیخ
ڈائریکٹر
17 اپریل، 2023ء



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

	(Un-Audited) March 31, 2023	(Audited) June 30, 2022
Note	-----Rupees-----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 50,000,000 (June 30, 2022: 50,000,000) ordinary shares of Rs. 10/- each	500,000,000	500,000,000
Issued, subscribed and paid up capital	187,000,000	187,000,000
Capital reserves	154,989,515	183,610,023
Revenue reserve - Unappropriated profit	4,313,177,969	3,936,891,002
TOTAL EQUITY	4,655,167,484	4,307,501,025
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	4,374,948,840	3,249,245,045
Deferred liabilities	161,357,581	142,842,944
	4,536,306,421	3,392,087,989
CURRENT LIABILITIES		
Current portion of long term finances	342,012,109	351,968,150
Current portion of deferred government grant	6	-
Trade and other payables	2,085,173,769	1,398,165,143
Unclaimed dividend	10,989,419	9,436,616
Accrued interest / mark-up	72,799,305	40,338,482
Short term borrowings	7	613,177,306
	3,124,151,908	2,472,449,407
TOTAL LIABILITIES	7,660,458,329	5,864,537,396
CONTINGENCIES AND COMMITMENTS		
8		
TOTAL EQUITY AND LIABILITIES	12,315,625,813	10,172,038,421

The annexed explanatory notes from 1 to 17 form an integral part of these condensed interim financial statements.

April 17, 2023


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer



NAGINA COTTON MILLS LTD.

		(Un-Audited) March 31, 2023	(Audited) June 30, 2022
	Note	-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	5,976,561,356	4,229,339,533
Investment properties		13,119,692	13,278,175
Long term deposits		1,021,858	1,021,858
		5,990,702,906	4,243,639,566
CURRENT ASSETS			
Stores and spares		146,209,859	63,813,650
Stock-in-trade		2,508,290,014	2,984,868,230
Trade receivables		1,778,262,855	973,508,462
Loans and advances		506,640,657	212,340,489
Prepayments		14,305,469	4,376,643
Other receivables		387,601,855	39,437,876
Sales tax refundable		35,795,374	194,894,402
Other financial assets	10	824,500,529	1,379,084,228
Cash and bank balances		123,316,295	76,074,875
		6,324,922,907	5,928,398,855
TOTAL ASSETS		12,315,625,813	10,172,038,421

The annexed explanatory notes from 1 to 17 form an integral part of these condensed interim financial statements.


Amin Ellahi Shaikh
 Chief Executive Officer



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees.....	Rupees.....	
Revenue from contracts with customers	11	9,146,617,177	8,114,644,005	3,032,147,808	3,108,374,001
Cost of goods sold	12	(8,039,472,133)	(6,308,095,611)	(2,759,291,233)	(2,407,793,045)
Gross profit		1,107,145,044	1,806,548,394	272,856,575	700,580,956
Distribution cost		(173,699,695)	(147,630,621)	(42,322,877)	(54,125,120)
Administrative expenses		(144,770,650)	(127,938,263)	(47,873,568)	(44,131,883)
Other expenses		(50,957,945)	(102,060,204)	24,609,486	(37,211,217)
		(369,428,290)	(377,629,088)	(65,586,959)	(135,468,220)
		737,716,754	1,428,919,306	207,269,616	565,112,736
Other Income		173,296,635	57,128,070	26,115,505	15,548,365
Operating profit		911,013,389	1,486,047,376	233,385,121	580,661,101
Finance cost		(223,450,395)	(181,733,864)	(92,233,138)	(78,579,312)
Profit before taxation		687,562,994	1,304,313,512	141,151,983	502,081,789
Provision for taxation	13	(130,773,131)	(146,176,489)	(40,494,954)	(33,238,328)
Profit after taxation		556,789,863	1,158,137,023	100,657,029	468,843,461
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Fair value (loss) / gain on investment in equity instruments designated at fair value through other comprehensive income (FVTOCI)-net	10.3	(22,123,404)	12,053,549	(3,822,161)	(1,958,108)
Other comprehensive (loss) / income for the period		(22,123,404)	12,053,549	(3,822,161)	(1,958,108)
Total comprehensive income for the period		534,666,459	1,170,190,572	96,834,868	466,885,353
Earnings per share - basic and diluted		29.77	61.93	5.38	25.07

The annexed explanatory notes from 1 to 17 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

April 17, 2023



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

	Nine Months Ended	
	March 31, 2023	March 31, 2022
.....Rupees.....		
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	687,562,994	1,304,313,512
Adjustments for:		
Depreciation on property, plant and equipment	276,534,285	227,344,567
Depreciation on investment properties	158,483	166,824
Provision for gratuity	29,440,736	21,723,582
Gain on disposal of property, plant and equipment	(1,873,839)	(4,708,029)
Realised gain on other financial assets at FVTPL	(28,173,355)	-
Unrealized gain on other financial assets at FVTPL	(1,206,359)	-
Unrealized gain on revaluation of Foreign currency short term finance	(664,668)	(160,470)
Finance cost	223,450,395	181,733,864
Rental Income	(22,837,009)	(20,946,813)
Dividend Income	(114,242,253)	(28,790,957)
Write off of trade receivables	-	5,392,500
	1,048,149,410	1,686,068,580
Changes in working capital		
(Increase) / Decrease in current assets:		
Stores and spares	(82,396,209)	(38,823,517)
Stock-in-trade	476,578,216	(1,730,701,729)
Trade receivables	(804,754,393)	(674,068,849)
Loans and advances	(273,868,495)	(404,839,004)
Prepayments	(9,928,826)	(6,352,483)
Other receivables	(348,163,979)	(18,801,756)
Sales tax refundable	159,099,028	(262,358,313)
	(883,434,658)	(3,135,945,651)
Increase in current liabilities :		
Trade and other payables	687,008,626	228,058,639
	(196,426,032)	(2,907,887,012)
Cash generated from / (used in) operations	851,723,378	(1,221,818,432)
Payments made:		
Employees retirement benefits	(10,926,099)	(9,015,544)
Finance cost	(190,989,572)	(131,667,855)
Income taxes	(151,204,804)	(100,782,518)
Net cash generated from / (used in) operating activities	498,602,903	(1,463,284,349)



NAGINA COTTON MILLS LTD.

Nine Months Ended	
March 31, 2023	March 31, 2022

.....Rupees.....

B. CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(2,026,177,269)	(1,555,201,954)
Proceeds from disposal of property, plant and equipment	4,295,000	14,969,680
Purchase of other financial assets	(5,193,678,133)	(559,159,630)
Proceeds from sale of other financial assets	5,755,518,142	1,387,504,263
Rental Income received	22,837,009	20,946,813
Dividend received	114,242,253	28,790,957
Net cash used in investing activities	B (1,322,962,998)	(662,149,871)

C. CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances obtained	1,378,937,902	1,331,234,956
Repayment of long term finances	(263,498,063)	(192,356,850)
Net (decrease) / increase in short term borrowings excluding running finances	(535,174,052)	539,188,679
Dividend paid	(185,447,197)	(46,391,278)
Net cash generated from financing activities	C 394,818,590	1,631,675,507
Net decrease in cash and cash equivalents	(A+B+C) (429,541,505)	(493,758,713)
Cash and cash equivalents at beginning of the period	(1,440,618)	47,070,015
Cash and cash equivalents at end of the period	(430,982,123)	(446,688,698)
Cash and cash equivalents		
Cash and bank balances	123,316,295	164,399,666
Short term running finances	(554,298,418)	(611,088,364)
	(430,982,123)	(446,688,698)

The annexed explanatory notes from 1 to 17 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

April 17, 2023



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

Issued, subscribed and paid up capital	Capital reserves				Revenue reserve	Total	
	Amalgamation reserve	Capital Redemption reserve	Fair Value reserve	Total Capital reserve	Unappropriated profit		
Rupees							
Balance as at June 30, 2021 (Audited)	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 for the period ended March 31st, 2022							
Profit after taxation	-	-	-	-	-	1,158,137,023	1,158,137,023
Other comprehensive Income							
Deferred tax reversed	-	-	-	-	-	(231,550)	(231,550)
Fair value gain on investments in equity instrument designated at FVTOCI	-	-	-	10,970,341	10,970,341	-	10,970,341
Transfer of realized gain on sale of investments	-	-	-	(21,793,734)	(21,793,734)	21,793,734	-
Deferred tax recognised on investments	-	-	-	1,314,758	1,314,758	-	1,314,758
Total comprehensive (Loss) / income for the period	-	-	-	(9,508,635)	(9,508,635)	1,179,699,207	1,170,190,572
Transactions with owners:							
Final cash 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 March 31, 2022 (Un-Audited)	187,000,000	12,104,417	241,860,000	(38,001,355)	215,963,062	3,288,874,330	3,691,837,392
Comprehensive income							
Profit after taxation	-	-	-	-	-	654,424,903	654,424,903
Other comprehensive income							
Remeasurement of defined benefit liability	-	-	-	-	-	350,992	350,992
Fair value loss on investment in equity instrument designated at FVTOCI	-	-	-	(32,769,377)	(32,769,377)	-	(32,769,377)
Transfer of realized loss on sale of investments	-	-	-	6,759,223	6,759,223	(6,759,223)	-
Deferred tax recognised on investment	-	-	-	(6,342,885)	(6,342,885)	-	(6,342,885)
Total comprehensive (Loss) / income for the period	-	-	-	(32,353,039)	(32,353,039)	648,016,672	615,663,633
Balance as at June 30, 2022 (Audited)	187,000,000	12,104,417	241,860,000	(70,354,394)	183,610,023	3,936,891,002	4,307,501,025
Comprehensive income for the period ended March 31st, 2023							
Profit after taxation	-	-	-	-	-	556,789,863	556,789,863
Other comprehensive income							
Fair value loss on investment in equity instrument designated at FVTOCI	-	-	-	(22,123,404)	(22,123,404)	-	(22,123,404)
Transfer of realized gain on sale of investments	-	-	-	(6,497,104)	(6,497,104)	6,497,104	-
Total comprehensive (Loss) / Income for the period	-	-	-	(28,620,508)	(28,620,508)	563,286,967	534,666,459
Transactions with owners:							
Final cash dividend for the year ending June 30, 2022 @ 100% i.e. Rs. 10 per ordinary share	-	-	-	-	-	(187,000,000)	(187,000,000)
Balance as at March 31, 2023 (Un-audited)	187,000,000	12,104,417	241,860,000	(98,974,902)	154,989,515	4,313,177,969	4,655,167,484

The annexed explanatory notes from 1 to 17 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

April 17, 2023



NAGINA COTTON MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

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. The Company's manufacturing facilities are located in Kotri Industrial Trading Estate in the province of Sindh, measuring area of 20.75 acres.

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 nine months ended March 31, 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 nine months ended March 31, 2022.

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.



NAGINA COTTON MILLS LTD.

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 annual audited 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.

	(Un-Audited) March 31, 2023	(Audited) June 30, 2022
	-----Rupees-----	
6. DEFERRED GOVERNMENT GRANT		
Opening balance	307,915	4,496,198
Recognized during the period / year	-	-
Amortization during the period / year	(307,915)	(4,188,283)
	-	307,915
Less: Current portion of deferred grant	-	(307,915)
	-	-

- 6.1 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.

		(Un-Audited) March 31, 2023	(Audited) June 30, 2022
	Note	-----Rupees-----	
7. SHORT-TERM BORROWINGS			
- Banking companies - secured			
Foreign currency finance	7.1	58,878,888	594,717,608
Running finance	7.2	554,298,418	77,515,493
		<u>613,177,306</u>	<u>672,233,101</u>

- 7.1 The Company has availed foreign currency finance facility in USD from various banks amounting to Rs.58.878 million during the period (June 30, 2022: 594.7 million) which carries mark-up at the rate of ranging from 4.10% (June 30,2022: 1.250% to 2.60%). This borrowing is secured against first pari passu charge on present and future current assets with 25% margin.

- 7.2 The Company can avail foreign currency, term finance and running finance facilities from various banks aggregating to Rs. 5,770 million (June-2022 : Rs. 5,390 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. Running finance facilities are subject to variable markup ranging from 1 to 3 month KIBOR plus 0.12% to 1.00% (June 30, 2022 : from 1 to 3 month KIBOR plus 0.12% to 1.00%) per annum payable on quarterly basis.

The aggregate unavailed short-term borrowing facilities available amounted to Rs. 5,156 million (June 30, 2022 : Rs. 4,718 million).



NAGINA COTTON MILLS LTD.

		(Un-Audited) March 31, 2023	(Audited) June 30, 2022
	Note	------(Rupees)-----	
8. CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
Bank guarantees issued on behalf of the Company	8.1.1	28,253,615	18,602,000
Bank guarantee in favor of Excise and Taxation and others		208,442,448	152,442,448
Revolving Letter of credit Favouring SSGC		82,051,880	82,051,880
8.1.1 It includes guarantee issued in favor of Hyderabad Electric Supply Cooperation (HESCO) amounting Rs. 24.253 M			
8.2 Commitments			
Machinery		38,867,500	1,452,441,802
Civil work		6,665,579	439,383
Raw material		2,719,267,392	144,789,689
Stores and spares		133,962,067	20,812,623
Bills Discounted		193,939,236	1,309,124,705
Commitments for rentals of assets under short term lease agreements as at:			
- Not later than one year		1,272,075	3,257,033
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - owned	9.1	3,665,100,682	3,538,963,694
Capital work in progress (CWIP)	9.2	2,311,460,674	690,375,839
		5,976,561,356	4,229,339,533
9.1 Operating fixed assets - Owned			
Opening written down value		3,538,963,694	2,636,266,401
Additions / transfers from CWIP during the period / year			
Mills building on leasehold land		973,882	2,706,598
Machinery and equipment		397,403,593	1,206,389,291
Electric installations and equipment		814,000	47,767,891
Office equipment		869,700	625,050
Furniture and fixtures		499,756	554,750
Vehicles		4,531,503	7,402,508
		405,092,434	1,265,446,088
Written down value of operating fixed assets disposed off		(2,421,161)	(41,812,871)
Depreciation charged during the period / year		(276,534,285)	(320,935,924)
Written down value at end of the period / year		3,665,100,682	3,538,963,694
9.2 Capital work in progress			
Opening Balance		690,375,839	115,746,835
Additions during the period / year		2,024,396,950	1,829,490,732
Transfers during the period / year		(403,312,115)	(1,254,861,728)
Closing Balance		2,311,460,674	690,375,839



NAGINA COTTON MILLS LTD.

		(Un-Audited) March 31, 2023	(Audited) June 30, 2022
	Note	-----Rupees-----	
10. OTHER FINANCIAL ASSETS			
Designated at amortised cost			
Term deposits	10.1	41,903,615	-
Designated at fair value through other comprehensive income			
Listed equity securities		160,539,728	187,471,369
Mutual funds units	10.2	-	1,191,612,859
		160,539,728	1,379,084,228
Designated at fair value through profit or loss			
Mutual funds units		622,057,186	-
		<u>824,500,529</u>	<u>1,379,084,228</u>
10.1	It represents investment in term deposits in Bank of Punjab and Bank Alfalah maturing between April 25, 2023 to September 27, 2023 at the rate of 15.5% to 19% per annum.		
		(Un-Audited) March 31, 2023	(Audited) June 30, 2022
	Note	-----Rupees-----	
10.2 Reconciliation between fair value and cost of investments classified as equity instruments Through other comprehensive income			
Fair value of investments			
-in listed equity securities		160,539,729	187,471,369
-in mutual funds		-	1,191,612,859
		160,539,729	1,379,084,228
Add: Unrealized loss on remeasurement of investments	10.3	98,974,902	65,326,267
Cost of investments		<u>259,514,631</u>	<u>1,444,410,495</u>
10.3 Unrealised loss on remeasurement of equity instruments Through Other Comprehensive Income			
Opening balance		(70,354,394)	(28,492,720)
Fair value (loss) arises for the period / year		(22,123,404)	(21,799,036)
Transfer of realized gain on sale of investments		(6,497,104)	(15,034,511)
Unrealized fair value loss for the period / year		(28,620,508)	(36,833,547)
		(98,974,902)	(65,326,267)
Deferred tax reversed		-	(5,028,127)
Closing balance		<u>(98,974,902)</u>	<u>(70,354,394)</u>
10.4 Unrealised gain on remeasurement of equity instruments through profit or loss			
Fair value of investments in mutual funds		622,057,186	-
Less: Cost of investments		<u>(620,850,827)</u>	-
Unrealised gain on remeasurement of investments		<u>1,206,359</u>	-



NAGINA COTTON MILLS LTD.

	Nine months ended (Un-Audited)		Quarter ended (Un-Audited)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
11. REVENUE FROM CONTRACTS WITH CUSTOMERS	----- Rupees -----			
Export				
Yarn	6,982,733,638	5,643,317,358	2,237,100,794	2,636,975,470
Waste	176,200,919	83,485,135	19,352,707	48,709,225
	<u>7,158,934,557</u>	<u>5,726,802,493</u>	<u>2,256,453,501</u>	<u>2,685,684,695</u>
Local				
Yarn	1,461,836,329	2,113,166,068	531,630,652	313,787,410
Waste	521,648,691	267,236,404	244,063,655	108,901,896
Raw Material	4,197,600	7,439,040	-	-
	<u>1,987,682,620</u>	<u>2,387,841,512</u>	<u>775,694,307</u>	<u>422,689,306</u>
Total	<u>9,146,617,177</u>	<u>8,114,644,005</u>	<u>3,032,147,808</u>	<u>3,108,374,001</u>

11.1 Exports sales include indirect exports of Rs. 4.873 billion (2022: Rs. 3.858 billion).

12. COST OF GOODS SOLD

Raw material consumed	6,841,289,442	5,362,410,804	2,365,440,055	2,021,478,479
Packing material consumed	92,286,056	73,438,860	31,806,898	26,337,535
Stores and spares consumed	198,084,326	84,296,325	115,787,978	34,827,271
Salaries, wages and benefits	317,385,625	270,509,536	109,006,180	103,949,803
Fuel	348,634,845	277,973,541	138,849,625	103,548,289
Rent, rates and taxes	441,849	399,684	251,985	133,227
Insurance	17,733,421	12,186,356	5,797,283	4,397,743
Repairs and maintenance	9,386,054	6,641,352	3,578,471	2,104,501
Depreciation on property, plant and equipment	268,177,004	218,721,788	92,627,270	86,024,239
Other manufacturing overheads	18,867,849	10,184,032	10,162,821	4,641,142
Manufacturing cost	8,112,286,471	6,316,762,278	2,873,308,566	2,387,442,229
Work-in-process:				
At beginning of period	112,471,329	74,953,124	155,625,485	103,438,764
At end of period	(202,862,844)	(86,268,758)	(202,862,844)	(86,268,758)
	<u>(90,391,515)</u>	<u>(11,315,634)</u>	<u>(47,237,359)</u>	<u>17,170,006</u>
Cost of goods manufactured	8,021,894,956	6,305,446,644	2,826,071,207	2,404,612,235
Finished goods:				
At beginning of period	221,494,535	16,110,880	177,474,398	37,680,625
Purchase of Waste	2,556,289	37,877,160	753,358	22,673,462
At end of period	(255,393,730)	(57,173,277)	(255,393,730)	(57,173,277)
	<u>(31,342,906)</u>	<u>(3,185,237)</u>	<u>(77,165,974)</u>	<u>3,180,810</u>
Cost of sales of raw material & waste	48,920,083	5,834,204	10,386,000	-
	<u>8,039,472,133</u>	<u>6,308,095,611</u>	<u>2,759,291,233</u>	<u>2,407,793,045</u>

	Nine months ended (Un-Audited)		Quarter ended (Un-Audited)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
13. PROVISION FOR TAXATION	----- (Rupees) -----			
Current tax	130,773,131	144,408,478	40,494,954	33,238,328
Deferred tax	-	1,768,011	-	-
	<u>130,773,131</u>	<u>146,176,489</u>	<u>40,494,954</u>	<u>33,238,328</u>



NAGINA COTTON MILLS LTD.

14. 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:

Nature of Relationship	Nature of Transaction	Nine months ended (Un-Audited)	
		March 31, 2023	March 31, 2022
	Rupees.....	
Associated companies	Purchase of goods and services	91,667	65,892
	Sale of goods and services	2,187,091,115	953,004,023
	Dividend paid	30,605,420	7,651,355
Key management personnel	Remuneration and other benefits	23,400,000	20,250,000
	Dividend paid to Directors and their close family members	139,367,340	34,841,835

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

15. 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.



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

March 31, 2023			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
Financial assets			
<i>- measured at fair value through other comprehensive income</i>			
Investment in listed equity securities	160,539,729	-	160,539,729
Investment in mutual funds	-	-	-
<i>- measured at fair value through profit or loss</i>			
Investment in mutual funds	622,057,186	-	622,057,186
	782,596,915	-	782,596,915

June 30, 2022			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
Financial assets			
<i>- measured at fair value through other comprehensive income</i>			
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

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.

16. 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 78.27 percent (March 31, 2022: 70.57 percent) . As at period end, all non-current assets of the Company are located within Pakistan.



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17. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on April 17, 2023.

April 17, 2023


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer


Amin Ellahi Shaikh
Chief Executive Officer



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