

**FIRST QUARTER REPORT  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 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

#### **CHIEF EXECUTIVE OFFICER**

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](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, 2023. The comparative figures for the corresponding quarter ended on September 30, 2022 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2023.

#### **Company Performance**

Alhamdulillah, despite challenging environment, your Company has managed to remain profitable and earned after tax profit of Rs. 25,478,676 compared to Rs. 340,682,125 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 1.36 compared to Rs. 18.22 for the SPLY.

Sales revenue for the quarter under review increased by 59.35% over the SPLY and stood at Rs. 5,123,541,004 compared to Rs. 3,215,301,560. The increase in revenue is mainly due to increase in volume as well as selling rate of yarn. Cost of sales increased from 83.01% of sales during SPLY to 92.01% of sales during the period under review. Increase in cost of sales is mainly due to increase in raw material, packing material and store & spares costs. Increase in cost of sales resulted in lower Gross Profit (GP) from 16.99% of sales during SPLY to 7.99% of sales during the period under review.

Overall operating expenses decreased from 5.08% of sales during SPLY to 2.63% of sales during the period under review. Finance cost significantly increased from 2.04% of sales during SPLY to 4.26% 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. The company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2023-24, Kapas, (seed cotton) arrivals up to September 30, 2023, at the Ginneries totalled 5.025 million bales compared to 2.936 million bales for SPLY showing increase in arrival of 71.15%.

#### **Future Outlook**

The company has been grappling with a turbulent economic environment characterised by very high inflation, low demand and poor margins. Our product lines have been facing sustained pressure on profitability. The yarn market is experiencing a discernible decline in demand. Reports from our customers in the finished goods export sector indicate that international textile retailers are struggling with an overflow of inventory severely affecting their capacity to initiate fresh orders. This adverse scenario has resulted in a clear slowdown in global textile demand. The recent appreciation of the rupee against the USD is making export sales more difficult.

The Government has recently increased the minimum wage rate which will increase the cost of production. The government is likely to persist in raising costs associated with gas, electricity and interest rates. This, in turn, is anticipated to escalate expenses across various areas including spare parts, administration, transportation, and overall conversion costs. Considering all above factors the outlook for the 2nd quarter is not good. The financial outlook can improve if the benefits of a strengthening rupee are passed on to us in the form of lower fuel, electricity, gas and interest costs. The expectation of a 10 million plus bales crop of cotton is another positive element.



## **NAGINA COTTON MILLS LTD.**

The challenge facing the company is to remain profitable despite inflation and reduced demand. Your management is aware of the current situation and is consistently evaluating its approach to meet customer demands, enhance productivity through innovation, efficiency and effective cost management initiatives.

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 and release of LTF facility against the machinery against which LCs has already been retired. 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, 2023



## ممبران کے لئے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 ستمبر 2023ء کو اختتام پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ منجمد عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 30 ستمبر 2022ء کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے سٹیٹس آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2023ء کو اختتام سال کے لئے ہیں۔

### کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی مشکل ماحول کے باوجود، منافع بخش رہنے میں کامیاب رہی اور گزشتہ سال کی اسی مدت کے دوران 340,682,125 روپے کے مقابلے میں زیر جائزہ سہ ماہی کے دوران 25,478,676 روپے بعد از ٹیکس منافع کمایا۔ سہ ماہی کی فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 18.22 روپے کے مقابلے میں 1.36 روپے ہے۔

زیر جائزہ سہ ماہی میں فروخت آمدنی گزشتہ سال کی اسی سہ ماہی کے دوران 59.35 فیصد تک زیادہ ہوئی اور گزشتہ سال کی اسی سہ ماہی کے دوران 3,215,310,560 روپے کے مقابلے میں 5,123,541,004 روپے رہی۔ آمدنی میں اضافہ بنیادی طور پر حجم اور ایران کی فروخت شرح شرح میں اضافہ کی وجہ سے ہوا ہے۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کے 83.01 فیصد سے بڑھ کر زیر جائزہ سہ ماہی کے دوران فروخت کے 92.01 فیصد تک زیادہ ہوئی ہے۔ فروخت کی لاگت میں اضافہ بنیادی طور پر خام مال، پیکنگ میٹریل اور سٹور اینڈ سپلیر کی لاگت میں اضافہ کی وجہ سے ہوا ہے۔ فروخت کی لاگت میں اضافہ کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 16.99 فیصد سے کم ہو کر زیر جائزہ سہ ماہی کے دوران فروخت کا 7.99 فیصد تک کم ہوا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 5.08 فیصد سے کم ہو کر زیر جائزہ سہ ماہی کے دوران فروخت کے 2.63 فیصد تک ہوئے۔ مالی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کی 2.04 فیصد سے نمایاں طور پر بڑھ کر زیر جائزہ سہ ماہی کے دوران فروخت کی 4.26 فیصد ہوئی۔ مالی لاگت میں اضافہ بنیادی طور پر شرح سود میں اضافہ اور کمپنی کے طویل مدتی قرضوں میں اضافہ کی وجہ سے ہوا ہے۔ کمپنی مستحکم نقد بہاؤ کمانے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔

پاکستان کاٹن جزز ایسوسی ایشن کی طرف سے فصل سال 2023-24 کے لئے جاری کردہ اعداد و شمار کے مطابق 30 ستمبر 2023ء تک جزز میں کپاس، (بیج کپاس) کی بیخ گزشتہ سال کی اسی مدت کے دوران 2.936 ملین گانٹھوں کے مقابلے میں 5.025 ملین گانٹھیں ہوئی جو کہ 71.15 فیصد کا اضافہ ظاہر کر رہی ہے۔

### مستقبل کا نقطہ نظر

کمپنی بہت زیادہ افراط زر، کم طلب اور ناقص مارجن کے کشیدہ معاشی ماحول میں جکڑی ہوئی ہے۔ ہماری مصنوعات کی لائسنس کو منافع پر مسلسل دباؤ کا سامنا ہے۔ ایران کی مارکیٹ طلب میں واضح کمی کا سامنا کر رہی ہے۔ تیار سامان کی برآمد کے شعبے میں ہمارے صارفین بیان کرتے ہیں کہ بین الاقوامی ٹیکسٹائل خوردہ فروش ضرورت سے زیادہ انویسٹری کی سطح سے دوچار ہیں جو کہ نئے آرڈر دینے کی ان کی صلاحیت کو بری طرح متاثر کر رہی ہیں۔ اس منفی منظر نامے کے نتیجے میں ٹیکسٹائل کی عالمی طلب میں واضح کمی آئی ہے۔ امریکی ڈالر کے مقابلے میں روپیہ کی حالیہ قدر میں اضافہ برآمدی فروخت کو مزید مشکل بنا رہا ہے۔

حکومت نے حال ہی میں کم از کم اجرت کی شرح میں اضافہ کر دیا ہے جس سے پیداواری لاگت میں اضافہ ہوگا۔ امکان ہے کہ حکومت گیس، بجلی اور شرح سود سے منسلک اخراجات میں اضافے پر برقرار رہے گی۔ نتیجتاً، اسپلیر پارٹس، ایڈمنسٹریشن، نقل و حمل، اور مجموعی طور پر تبادلوں کے اخراجات سمیت تمام مختلف شعبوں کے اخراجات میں اضافہ کی توقع ہے۔ مندرجہ بالا تمام عوامل پر غور کرتے ہوئے دوسری سہ ماہی کے لیے نقطہ نظر اچھا نہیں ہے۔ مالیاتی نقطہ نظر بہتر ہو سکتا ہے اگر روپیہ کے استحکام کے فوائد ہمیں ایندھن، بجلی، گیس اور سود کی کم لاگت کی صورت میں پہنچائے جائیں۔ کپاس کی 10 ملین سے زائد گانٹھوں کی فصل کی توقع ایک اور مثبت عنصر ہے۔



## NAGINA COTTON MILLS LTD.


افراط زر اور کم طلب کے باوجود کمپنی کو منافع بخش رہنا ایک چیلنج ہے۔ آپ کی انتظامیہ موجودہ مشکل صورتحال سے آگاہ ہے اور صارفین کی طلب کو پورا کرنے، اختراع، کارکردگی اور لاگت کے مؤثر انتظامی اقدامات کے ذریعے پیداواری صلاحیت کو بڑھانے کے لیے اپنے نقطہ نظر کا مسلسل جائزہ لے رہی ہے۔


امید ہے کہ حکومت کاروبار دوست پالیسیاں لائے گی جیسے کہ موسم سرما کے دوران لاگت مؤثر انداز میں توانائی کی بلا تھقل فراہمی، بقایا ٹیکس کی واپسی، تاکہ مہنگائی کی شرح کو کنٹرول اور مالیاتی اخراجات میں کمی لائی جاسکے اور جو LCs پہلے ہی رہائز ہو چکی ہیں کی مشینری کے لئے LTFE کی سہولت کا اجراء کرے گی۔ حکومتی پالیسیوں کو ٹیکسٹائل سیکٹر میں ویلیو چین کی تکمیل کی حوصلہ افزائی کرنی چاہیے تاکہ ملک تیار مصنوعات برآمد کر سکے۔

اظہار شکر

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 ٹیکسٹائل اور دیگر اسٹیک ہولڈرز کا بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ

  
امین الہی شیخ  
چیف ایگزیکٹو آفیسر

  
رضا الہی شیخ  
ڈائریکٹر

26 اکتوبر 2023ء



# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023

	(Un-Audited) September 30, 2023	(Audited) June 30, 2023
Note	-----Rupees-----	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital 50,000,000 (June 30, 2023: 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	<b>187,000,000</b>	187,000,000
Capital reserves	<b>216,860,698</b>	198,262,201
Revenue reserve - Unappropriated profit	<b>4,307,255,826</b>	4,281,777,150
<b>TOTAL EQUITY</b>	<b>4,711,116,524</b>	4,667,039,351
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term finances	<b>4,644,774,692</b>	4,721,892,278
Employee retirement benefits	<b>198,648,756</b>	191,948,868
	<b>4,843,423,448</b>	4,913,841,146
<b>CURRENT LIABILITIES</b>		
Current portion of long-term finances	<b>409,409,680</b>	380,544,257
Trade and other payables	<b>1,919,107,863</b>	1,521,203,569
Contract liability - advance from customers	<b>12,270,922</b>	9,389,454
Unclaimed dividend	<b>10,989,419</b>	10,989,419
Accrued interest/mark-up	<b>186,089,580</b>	144,041,836
Short-term borrowings	<b>3,010,908,682</b>	941,704,041
	<b>5,548,776,146</b>	3,007,872,576
<b>TOTAL LIABILITIES</b>	<b>10,392,199,594</b>	7,921,713,722
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>7</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>15,103,316,118</b></u>	<u>12,588,753,073</u>

The annexed explanatory notes from 1 to 13 form an integral part of these condensed interim financial statements.

October 26, 2023

  
Raza Ellahi Shaikh  
Director

  
Tariq Zafar Bajwa  
Chief Financial Officer





# NAGINA COTTON MILLS LTD.

		(Un-Audited) September 30, 2023	(Audited) June 30, 2023
	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	6,249,261,324	6,213,446,157
Investment properties		13,016,678	13,066,865
Long-term deposits		1,021,858	1,021,858
		<b>6,263,299,860</b>	<b>6,227,534,880</b>
<b>CURRENT ASSETS</b>			
Stores and spares		132,308,871	154,951,770
Stock-in-trade		5,570,259,647	3,506,232,808
Trade receivables		2,171,436,443	1,206,972,178
Advances		76,242,424	818,409,748
Prepayments		31,667,201	2,487,395
Other receivables		70,609,931	59,930,963
Tax refundable		293,705,107	158,079,245
Other financial assets	9	257,661,652	216,958,291
Cash and bank balances		236,124,982	237,195,795
		<b>8,840,016,258</b>	<b>6,361,218,193</b>
<b>TOTAL ASSETS</b>		<b>15,103,316,118</b>	<b>12,588,753,073</b>

The annexed explanatory notes from 1 to 13 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, 2023

	Note	Quarter Ended	
		September 30, 2023	September 30, 2022
Revenue from contracts with customers		5,123,541,004	3,215,301,560
Cost of goods sold	10	(4,714,025,738)	(2,669,077,222)
<b>Gross profit</b>		<b>409,515,266</b>	<b>546,224,338</b>
Distribution cost		(70,937,576)	(84,363,271)
Administrative expenses		(57,734,028)	(50,671,580)
Other expenses		(5,997,230)	(28,330,120)
		(134,668,834)	(163,364,971)
		<b>274,846,432</b>	<b>382,859,367</b>
Other income		24,098,282	64,936,884
<b>Operating profit</b>		<b>298,944,714</b>	<b>447,796,251</b>
Finance cost		(218,026,831)	(65,544,908)
<b>Profit before taxation</b>		<b>80,917,883</b>	<b>382,251,343</b>
Provision for taxation		(55,439,207)	(41,569,218)
<b>Profit after taxation</b>		<b>25,478,676</b>	<b>340,682,125</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Fair value gain on investment in equity instruments designated at FVTOCI	9.2	18,598,497	4,083,838
Other comprehensive income for the period		18,598,497	4,083,838
<b>Total comprehensive income for the period</b>		<b>44,077,173</b>	<b>344,765,963</b>
<b>Earnings per share - basic and diluted</b>		<b>1.36</b>	<b>18.22</b>

The annexed explanatory notes from 1 to 13 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, 2023



# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Quarter Ended	
	September 30, 2023	September 30, 2022
	.....Rupees.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	80,917,883	382,251,343
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	133,363,626	88,687,735
Depreciation on investment properties	50,187	52,828
Provision for gratuity	16,549,407	9,854,578
Gain on disposal of property, plant and equipment	-	(1,866,280)
Unrealized gain on investment classified as fair value through profit or loss	(17,579)	-
Finance cost	218,026,831	65,544,908
Rental Income	(8,046,792)	(7,372,356)
Dividend Income	(7,599,655)	(55,106,079)
	<b>433,243,908</b>	<b>482,046,677</b>
<b>Changes in working capital</b>		
<b>Increase / (decrease) in current assets:</b>		
Stores and spares	22,642,899	(21,399,546)
Stock-in-trade	(2,064,026,839)	1,195,225,541
Trade receivables	(964,464,265)	10,646,679
Advances	743,059,988	(191,686,302)
Prepayments	(29,179,806)	(15,839,507)
Other receivables	(10,678,968)	(31,187,868)
Sales tax refundable	(147,914,912)	52,792,085
	<b>(2,450,561,903)</b>	<b>998,551,082</b>
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	397,904,294	(82,622,158)
Contract liability - advance from customers	2,881,468	-
	<b>(2,049,776,141)</b>	<b>915,928,924</b>
<b>Cash (used in) / generated from operations</b>	<b>(1,616,532,233)</b>	<b>1,397,975,601</b>
<b>Payments made:</b>		
Employees retirement benefits	(9,849,519)	(4,268,237)
Finance cost	(175,979,087)	(67,744,927)
Income taxes	(44,042,821)	(45,502,105)
<b>Net cash (used in) / generated from operating activities</b>	<b>A (1,846,403,660)</b>	<b>1,280,460,332</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(169,178,793)	(324,058,523)
Proceeds from disposal of property, plant and equipment	-	4,245,000
Purchase of other financial assets	(22,087,286)	(2,322,106,060)
Proceeds from sale of other financial assets	-	966,080,011
Rental Income received	8,046,792	7,372,356
Dividend received	7,599,655	55,106,079
<b>Net cash used in investing activities</b>	<b>B (175,619,632)</b>	<b>(1,613,361,137)</b>



# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Quarter Ended	
	September 30, 2023	September 30, 2022
	.....Rupees.....	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	32,271,321	152,836,295
Repayment of long term finances	(80,523,483)	(113,033,309)
Dividend paid	-	(66,422)
Net increase in short term borrowings excluding running finances	728,150,000	177,340,501
<b>Net cash generated from financing activities</b>	<b>679,897,838</b>	<b>217,077,065</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,342,125,454)</b>	<b>(115,823,740)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>(702,604,631)</b>	<b>(1,440,618)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(2,044,730,085)</b>	<b>(117,264,358)</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	236,124,982	114,064,786
Other financial assets - terms deposits with banks	1,903,615	-
Short-term running finances	(2,282,758,682)	(231,329,144)
	<b>(2,044,730,085)</b>	<b>(117,264,358)</b>

The annexed explanatory notes from 1 to 13 form an integral part of these condensed interim financial statements.

October 26, 2023

  
**Raza Ellahi Shaikh**  
Director

  
**Tariq Zafar Bajwa**  
Chief Financial Officer

  
**Amin Ellahi Shaikh**  
Chief Executive Officer



# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

Issued, subscribed and paid up capital	Capital reserves				Revenue	Total	
	Capital Redemption reserve	Amalgamation reserve	Fair value reserve	Total capital reserves	Unappropriated profit		
-----Rupees-----							
Balance as at June 30, 2022 (Audited)	187,000,000	241,860,000	12,104,417	(70,354,394)	183,610,023	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 instruments designated at FVTOCI	-	-	-	4,083,838	4,083,838	-	4,083,838
Transfer of realized gain on sale of investments	-	-	-	(6,395,709)	(6,395,709)	6,395,709	-
<b>Total comprehensive (loss) / income for the period</b>	-	-	-	(2,311,871)	(2,311,871)	347,077,834	344,765,963
<b>Balance as at September 30, 2022 (Un-Audited)</b>	<b>187,000,000</b>	<b>241,860,000</b>	<b>12,104,417</b>	<b>(72,666,265)</b>	<b>181,298,152</b>	<b>4,283,968,836</b>	<b>4,652,266,988</b>
<b>Comprehensive income</b>							
Profit after taxation	-	-	-	-	-	249,264,896	249,264,896
<b>Other comprehensive Income</b>							
Remeasurement of defined benefit liability	-	-	-	-	-	(20,493,603)	(20,493,603)
Fair value loss on investment in equity instruments designated at FVTOCI	-	-	-	(26,998,930)	(26,998,930)	-	(26,998,930)
Transfer of realized loss on sale of investments	-	-	-	43,962,979	43,962,979	(43,962,979)	-
<b>Total comprehensive income for the period</b>	-	-	-	16,964,049	16,964,049	184,808,314	201,772,363
<b>Transactions with owners</b>							
Final dividend for the year ended June 30, 2022 @ 100% i.e. Rs. 10 per ordinary share	-	-	-	-	-	(187,000,000)	(187,000,000)
<b>Balance as at June 30, 2023 (Audited)</b>	<b>187,000,000</b>	<b>241,860,000</b>	<b>12,104,417</b>	<b>(55,702,216)</b>	<b>198,262,201</b>	<b>4,281,777,150</b>	<b>4,667,039,351</b>
<b>Comprehensive income</b>							
Profit after taxation	-	-	-	-	-	25,478,676	25,478,676
<b>Other comprehensive Income</b>							
Fair value gain on investment in equity instruments designated at FVTOCI	-	-	-	18,598,497	18,598,497	-	18,598,497
<b>Total comprehensive income for the period</b>	-	-	-	18,598,497	18,598,497	25,478,676	44,077,173
<b>Balance as at September 30, 2023 (Un-Audited)</b>	<b>187,000,000</b>	<b>241,860,000</b>	<b>12,104,417</b>	<b>(37,103,719)</b>	<b>216,860,698</b>	<b>4,307,255,826</b>	<b>4,711,116,524</b>

The annexed explanatory notes from 1 to 13 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, 2023



## **NAGINA COTTON MILLS LTD.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 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.

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, 2023 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, 2023.

**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, 2023; 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, 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, 2023.

#### **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, 2023.

#### **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, 2023.



# NAGINA COTTON MILLS LTD.

		(Un-Audited) September 30, 2023	(Audited) June 30, 2023
	Note	.....Rupees .....	
<b>6</b>	<b>SHORT-TERM BORROWINGS</b>		
	- Banking companies - secured		
	Foreign currency finance	728,150,000	-
	Running finance	2,282,758,682	941,704,041
		<u>3,010,908,682</u>	<u>941,704,041</u>
<b>7</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>7.1</b>	<b>Contingencies</b>		
	Bank guarantees issued on behalf of the Company	28,253,615	28,253,615
	Bank guarantee in favor of Excise and Taxation department	263,442,448	243,442,448
	Revolving Letter of credit Favouring SSGC	82,051,880	82,051,880
<b>7.1.1</b>	It includes guarantee issued in favor of Hyderabad Electric Supply Corporation (HESCO) amounting Rs. 24.253 million.		
	There is no further change in contingencies as disclosed in note 13.1 to the annual audited financial statements for the year ended June 30, 2023.		
<b>7.2</b>	<b>Commitments</b>		
	<b>Capital work</b>		
	Machinery	-	40,112,500
	Civil work	4,747,703	6,226,196
	Raw material	145,964,404	524,972,137
	Stores and spares	91,911,007	17,955,443
	Bills discounted	1,350,023,621	556,701,868
	Commitments for rentals of assets under short term lease as at:		
	- Not later than one year	4,006,582	4,006,582
<b>8</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets - owned	5,202,285,491	3,565,934,646
	Capital work in progress	1,046,975,833	2,647,511,511
		<u>6,249,261,324</u>	<u>6,213,446,157</u>
<b>8.1</b>	<b>Operating fixed assets - owned</b>		
	Opening written down value	3,565,934,646	3,538,963,694
	<b>Additions during the period / year</b>		
	Machinery and equipment	1,755,023,705	397,403,596
	Mills building on leasehold land	3,943,411	973,882
	Electric installation and equipment	2,538,555	814,000
	Furniture and fixtures	676,200	508,456
	Office equipment	140,600	959,700
	Vehicles	7,392,000	4,531,503
		1,769,714,471	405,191,137
	Written down value of property, plant and equipment disposed off	-	(2,858,134)
	Depreciation charged during the period/year	(133,363,626)	(375,362,051)
	Written down value at end of the period/year	<u>5,202,285,491</u>	<u>3,565,934,646</u>
<b>8.2</b>	<b>Capital work in progress</b>		
	Opening Balance	2,647,511,511	690,375,839
	Additions during the period / year	159,224,502	2,355,841,499
	Transfers during the period / year	(1,759,760,180)	(398,705,827)
	Closing Balance	<u>1,046,975,833</u>	<u>2,647,511,511</u>



# NAGINA COTTON MILLS LTD.

	(Un-Audited) September 30, 2023	(Audited) June 30, 2023
Note	.....Rupees .....	
<b>9 OTHER FINANCIAL ASSETS</b>		
<b>Designated at amortised cost</b>		
Terms deposits with banks having maturity of		
- More than three months	102,500,000	82,500,000
- Three months or less	1,903,615	1,903,615
	<u>104,403,615</u>	<u>84,403,615</u>
<b>Designated at fair value through Other Comprehensive Income</b>		
Investment in listed equity securities	150,803,519	132,205,022
9.1	<u>150,803,519</u>	<u>132,205,022</u>
<b>Designated at fair value through profit or loss</b>		
Investment in mutual funds	2,454,518	349,654
9.3	<u>2,454,518</u>	<u>349,654</u>
	<u><u>257,661,652</u></u>	<u><u>216,958,291</u></u>
<b>9.1 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	150,803,519	132,205,022
	<u>150,803,519</u>	<u>132,205,022</u>
<b>Add: unrealized loss on remeasurement of investments</b>	<u>37,103,719</u>	<u>55,702,216</u>
Cost of investments	<u><u>187,907,238</u></u>	<u><u>187,907,238</u></u>
<b>9.2 Unrealized loss on remeasurement of equity instruments</b>		
<b>Through Other Comprehensive Income</b>		
Opening balance	(55,702,216)	(70,354,394)
Fair value gain / (loss) arises for the period / year	18,598,497	(22,915,092)
Transfer of realized gain on sale of investments	-	37,567,270
Unrealized fair value gain for the period / year	<u>18,598,497</u>	<u>14,652,178</u>
	<u>(37,103,719)</u>	<u>(55,702,216)</u>
Deferred tax reversed	-	-
Closing balance	<u><u>(37,103,719)</u></u>	<u><u>(55,702,216)</u></u>
<b>9.3 Unrealized loss on remeasurement of mutual funds</b>		
<b>Through profit or loss</b>		
Fair value of investments in mutual funds	2,454,518	349,654
Less: Cost of investments	(2,435,668)	(348,383)
Unrealised gain on remeasurement of investments	<u>18,850</u>	<u>1,271</u>





# NAGINA COTTON MILLS LTD.

	(Un-Audited) September 30, 2023	(Un-Audited) September 30, 2022
	-----Rupees-----	
<b>10 COST OF GOODS SOLD</b>		
Raw material consumed	3,909,287,109	2,380,137,758
Packing material consumed	53,999,985	33,498,848
Stores and spares consumed	157,876,190	41,355,085
Salaries, wages and benefits	142,695,600	105,371,992
Fuel	348,653,249	105,045,252
Rates and taxes	15,240	94,932
Insurance	9,504,340	6,026,477
Repairs and maintenance	4,738,324	3,240,884
Depreciation on property, plant and equipment	130,854,626	86,007,622
Other manufacturing overheads	14,166,554	2,956,051
<b>Manufacturing cost</b>	<b>4,771,791,217</b>	<b>2,763,734,901</b>
Work-in-process:		
At beginning of period	210,447,303	112,471,329
At end of period	(231,356,127)	(145,476,399)
	<b>(20,908,824)</b>	<b>(33,005,070)</b>
<b>Cost of goods manufactured</b>	<b>4,750,882,393</b>	<b>2,730,729,831</b>
Finished stocks:		
At beginning of period	449,592,884	221,494,535
Purchase of waste	17,483,935	881,731
At end of period	(503,933,474)	(316,169,075)
	<b>(36,856,655)</b>	<b>(93,792,809)</b>
Cost of sales of waste and raw material	-	32,140,200
	<b>4,714,025,738</b>	<b>2,669,077,222</b>

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

Nature of Relationship	Nature of Transaction	Quarter Ended (Un-Audited)	
		September 30, 2023	September 30, 2022
-----Rupees-----			
Associated companies	Sale of goods and services	673,387,322	720,129,159
	Purchase of goods	-	91,667
Key management personnel	Remuneration and other benefits	8,700,000	7,800,000

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

## 12 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.



## NAGINA COTTON MILLS LTD.

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

	September 30, 2023			Total
	Level 1	Level 2	Level 3	
	----- Rupees -----			
<b>Financial assets</b>				
- measured at fair value through other comprehensive income				
Investment in listed equity securities	150,803,519	-	-	150,803,519
- measured at fair value through profit or loss				
Investment in mutual funds	2,454,518	-	-	2,454,518
	<u>153,258,037</u>	<u>-</u>	<u>-</u>	<u>153,258,037</u>

	June 30, 2023			Total
	Level 1	Level 2	Level 3	
	----- Rupees -----			
<b>Financial assets</b>				
- measured at fair value through other comprehensive income				
Investment in listed equity securities	132,205,022	-	-	132,205,022
- measured at fair value through profit or loss				
Investment in mutual funds	349,654	-	-	349,654
	<u>132,554,676</u>	<u>-</u>	<u>-</u>	<u>132,554,676</u>

### 13 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, 2023.

October 26, 2023

  
**Raza Ellahi Shaikh**  
Director

  
**Tariq Zafar Bajwa**  
Chief Financial Officer

  
**Amin Ellahi Shaikh**  
Chief Executive Officer



**NAGINA COTTON MILLS LTD.**

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**NAGINA COTTON MILLS LTD.**

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