



2023 ANNUAL REPORT

**NAGINA COTTON
MILLS LIMITED**



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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

SHARE REGISTRAR

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

MILLS

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 56th Annual General Meeting of members of NAGINA COTTON MILLS LTD. will be held at the Registered Office of the Company situated at 2nd Floor, Shaikh Sultan Trust Bldg. No. 2, 26-Civil Lines, Beaumont Road, Karachi-75530 on **Friday, October 27, 2023** at 12:00 noon and virtually through video conference facility to transact the following business:-

ORDINARY BUSINESS

- 1) To confirm minutes of the Extraordinary General Meeting held on June 20, 2023.
- 2) To receive, consider and adopt Audited Financial statement of the Company together with the Chairman's Review Report, Directors' and Auditors' reports thereon for the year ended June 30, 2023.
- 3) To approve and declare final cash dividend at Rs. 6/- per share i.e. 60% for the year ended June 30, 2023, as recommended by the Board of Directors.
- 4) To appoint Auditors and fix their remuneration for the year ending on June 30, 2024 and fix their remuneration.

SPECIAL BUSINESS

- 5) To consider and if deemed fit, pass with or without modification the following Special Resolution for transmission of Annual Audited Accounts of the company to members through QR enable code and weblink as allowed by Security and Exchange Commission of Pakistan vide its Notification S.R.O. 389(i)/ 2023 dated March 21, 2023 instead of CD/DVD/USB.

RESOLVED THAT the consent of the members be and is hereby accorded to circulate the Annual Audited Financial Statements including auditor's report, Directors' report, Chairman's review and other reports contained therein to the Members of Nagina Cotton Mills Limited through QR enable code and weblink.

RESOLVED THAT the Annual Audited Financial Statements of Nagina Cotton Mills Limited be circulated to members through email in case email has been provided by the members of the company, without receiving consents from the members.

- 6) To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2023 and authorize the Board of Directors of the Company to approve transactions with related parties by passing the following special resolutions with or without modifications:
 - a) **RESOLVED** that the transactions conducted with Related Parties as disclosed in Note 37 of the financial statements for the year ended June 30, 2023 be and are hereby ratified, approved and confirmed.
 - b) **FURTHER RESOLVED** that the Board of Directors of the Company be and is hereby authorized to approve all related party transactions to be carried out during the financial year 2024. These transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next AGM for their formal ratification/approval.
- 7) To transact any other ordinary business with the permission of the Chair.

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

By Order of the Board



Syed Mohsin Gilani
Corporate Secretary

September 25, 2023

1. The Share Transfer Books of the Company will remain closed from October 21, 2023 to October 27, 2023 (both days inclusive). Transfers received in order by our Shares Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi by the close of business on October 20, 2023 will be considered in time to entitle the transferees for payment of dividend and to attend the AGM.
2. A member of the Company entitled to attend and vote at the Extraordinary General Meeting may appoint another member as his/her proxy to attend and vote in place of him/her at the meeting. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the time of meeting. A proxy must be a member of the Company. Proxy Forms in Urdu and English languages are attached to the notice circulated to the shareholders.
3. Members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular No 1 of 2000.

A. For Attending the Meeting

- a) In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- b) In case of corporate entity, the Board's resolution power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- a) In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
 - b) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
 - c) Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
 - d) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
 - e) In case of corporate entity, the Board's resolution power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
4. The members can also participate in the General Meeting through video link facility.

To attend the Annual General meeting through video link, members and their proxies are requested to register their following particulars by sending an e-mail at azam@nagina.com.

Folio/CDC Account No.	No. of Shares held	Name	CNIC No.	Cell No.	Email address

The video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received at the given e-mail address by or before the close of business hours (5:00 p.m.) on October 26, 2023.

5. Voting Through Postal Ballot / E-voting

Pursuant to Companies (Postal Ballot) Regulations 2018 and read with Sections 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right to vote through voting by post or electronic voting facility for the special business agenda items # 5 and 6 in its forthcoming Annual General Meeting to be held on Friday October 27, 2023, at 12:00 noon in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

- a) E-Voting will start from October 23, 2023 and shall close on October 26, 2023 at 5:00 pm. Details of e-voting facility will be shared through e-mail with those members of the Company who have their valid CNIC numbers, Cell Numbers, and e-mail addresses available in the Register of Member by the close of business on October 20, 2023.
- b) Members of the Company who want to opt for voting through postal ballot are requested to ensure that duly filled and signed ballot paper along with clear copy of valid CNIC should reach at the address, The Chairman, NCML, 2nd Floor, Shaikh Sultan Trust Bldg. No. 2, 26-Civil Lines, Beaumont Road, Karachi or email at azam@nagina.com one day before the Annual General Meeting, i.e., on October 26, 2023 before 5:00 p.m. during working hours. The signature on the ballot paper shall match with their signature on CNIC. The Ballot paper has also been placed on the Company's website [https:// www.nagina.com](https://www.nagina.com) to download. A postal ballot received after this time/date shall not be considered for voting.
6. In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulation 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants. Therefore, shareholders are requested to provide the particulars relating to name, folio number, bank account number, IBAN Number, title of account and complete mailing address of the bank directly to the Company's Share Registrar in case of physical shareholders and directly to the relevant Participant / CDC Investor Account Service in case of maintaining shareholding under Central Depository System (CDS).
- In case of non-receipt of above information, the dividend shall be withheld.
7. The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:
- | | |
|--|-----|
| i) Rate of Withholding Income Tax deduction for the persons whose names are appearing on ATL. | 15% |
| ii) Rate of Withholding Income Tax deduction for the persons whose names are not appearing on ATL. | 30% |
- To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not appearing on Active Taxpayers' List (ATL) available on the website of FBR are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.
- Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on "Filer/ Non-Filer" status of principal shareholder as well as joint-holders (s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in writing, within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint-holder(s).
8. The financial statements for the year ended June 30, 2023 shall be uploaded on the Company's website www.nagina.com twenty-one days prior to the date of holding of annual general meeting.
9. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.
10. If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.

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

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

12. Members are requested to promptly notify the Company of any change in their registered address.
13. For any query/ information, the investors may contact the Shares Registrar and / or the Company: Mr. Syed Mohsin Gilani, Phone No. 042-35756270 Ext. 337, email address: mohsin.gilani@nagina.com

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on October 27, 2023.

1. Circulation/Dissemination of Annual Audited Financial Statements through QR enabled code and weblink.

In view of technological advancements, and taking into account that old technology is becoming obsolete, SECP vide S.R.O. 389 (I)/2023 dated March 21, 2023, subject to the approval of the members of the Company, has allowed listed companies to circulate the Annual Report including audited financial statements, auditor's report and Directors report, etc to its members through QR enabled code and weblink and also permitted that the circulation of annual financial statements through CD/DVD/USB may be discontinued.

2. Agenda item No. 6 (a) - Ratification and Approval of Related Party Transactions

All the transactions carried out by the Company with related parties during the financial year ended June 30, 2023 given in the related party note 37 of the Annual Financial Statements of the Company for the year ended June 30, 2023.

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

The transactions with related parties have been approved by the Board in the quarterly / annual financial statements during the fiscal year 2022-23, however, the Board decided to place above related party transaction concluded during the fiscal year 2022-23 before the shareholders in AGM for ratification and approval due to the interests/concerns of some of the directors due to common directorship.

3. Agenda item No. 6 (b) - Authorization for the Board of Directors to approve related party transactions during the financial year ending June 30, 2024

The Company shall be conducting transactions with the related parties during the year ending June 30, 2024 in the ordinary course of business and at arm's length basis under the policy of the Company for related party transactions. All transactions entered into or to be entered into with related parties require the approval of the Audit Committee of the Board. Upon recommendation of the Audit Committee, such transactions shall be placed before the Board of Directors for approval. In order to promote transparent business practices, the shareholders are recommended to authorize the Board of Directors of the Company to approve transactions with the related parties for the year ending June 30, 2024, which transactions shall be deemed to be approved by the shareholders. These transactions shall be placed before the shareholders in the next AGM for their formal ratification/approval. The Directors are interested in the resolutions only to the extent of their common directorship in such related parties.

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

a) Total investment approved;	Rs.100,000,000/= (Rupees one hundred million only) to each of the following associated company: i) Prosperity Weaving Mills Ltd. (PWML) ii) Ellcot Spinning Mills Ltd. (ESML)																																		
b) Amount of investment made to date;	Nil																																		
c) Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time; and	Due to better cash flows, the associated companies did not need funds envisaged u/s 199 of the Companies Act, 2017. Therefore, no investment transaction took place during the year 2022-23.																																		
d) Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="text-align: center;">Present Financial Position as on June 30, 2023</th> <th colspan="2" style="text-align: center;">Financial Position at the time of Approval as on June 30, 2020</th> </tr> <tr> <th style="text-align: center;"><u>PWML</u></th> <th style="text-align: center;"><u>ESML</u></th> <th style="text-align: center;"><u>PWML</u></th> <th style="text-align: center;"><u>ESML</u></th> </tr> <tr> <th colspan="5" style="text-align: center;">Rupees in Millions</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td style="text-align: right;">14,654.708</td> <td style="text-align: right;">12,224.218</td> <td style="text-align: right;">6,018.541</td> <td style="text-align: right;">6,152.929</td> </tr> <tr> <td>Gross profit</td> <td style="text-align: right;">1,092,517</td> <td style="text-align: right;">1,042.049</td> <td style="text-align: right;">529.557</td> <td style="text-align: right;">757.673</td> </tr> <tr> <td>Profit before tax</td> <td style="text-align: right;">344.564</td> <td style="text-align: right;">572.059</td> <td style="text-align: right;">247.968</td> <td style="text-align: right;">361.369</td> </tr> <tr> <td>Profit after tax</td> <td style="text-align: right;">153.129</td> <td style="text-align: right;">419.735</td> <td style="text-align: right;">154.755</td> <td style="text-align: right;">225.879</td> </tr> </tbody> </table>		Present Financial Position as on June 30, 2023		Financial Position at the time of Approval as on June 30, 2020		<u>PWML</u>	<u>ESML</u>	<u>PWML</u>	<u>ESML</u>	Rupees in Millions					Net sales	14,654.708	12,224.218	6,018.541	6,152.929	Gross profit	1,092,517	1,042.049	529.557	757.673	Profit before tax	344.564	572.059	247.968	361.369	Profit after tax	153.129	419.735	154.755	225.879
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BALLOT PAPER FOR VOTING THROUGH POST

In person and virtual Annual General Meeting to be held on Friday, October 27, 2023 at 12:00 noon, 2nd Floor, Shaikh Sultan Trust Bldg. No. 2, 26-Civil Lines, Beaumont Road, Karachi-75530, Phone :021-35688123, Website: www.nagina.com

Designated email address of the Chairman at which the duly filled in ballot paper may be sent: chairman@nagina.com

Name of shareholder/joint shareholders	
Registered Address	
Number of Shares held (on close of October 21, 2023) and folio number	
CNIC No/Passport No (in case of foreigner) (Copy to be attached)	
Additional information and enclosures (in case of representative of body corporate, Corporation and Federal Government)	

I / we hereby exercise my/our vote in respect of the following resolution through postal ballot by conveying my/our assent or dissent to the following resolution by picking tick (v) mark in the appropriate box below:

1. Resolution for Agenda No: 05

RESOLVED THAT the consent of the members be and is hereby accorded to circulate the Annual Audited Financial Statements including auditor's report, Directors' report, Chairman's review and other reports contained therein to the Members of Nagina Cotton Mills Limited through QR enable code and weblink.

RESOLVED THAT the Annual Audited Financial Statements of Nagina Cotton Mills Limited be circulated to members through email in case email has been provided by the members of the company, without receiving consents from the members.

2. Resolution for Agenda No.06

RESOLVED that the transactions conducted with Related Parties as disclosed in Note 37 of the financial statements for the year ended June 30, 2023 be and are hereby ratified, approved and confirmed.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to approve all related party transactions to be carried out during the financial year 2024. These transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next AGM for their formal ratification/approval.

Resolution	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
Resolution for Agenda No. 05		
Resolution for Agenda No. 06		

Signature of shareholder(s): _____ Place: _____ Date: _____

NOTES/PROCEDURE FOR SUBMISSION OF BALLOT PAPER:

1. Duly filled and signed original postal ballot should be sent to the Chairman, Nagina Cotton Mills Ltd., at 2nd Floor Sheikh Sultan Trust Bldg. No. 2, 26-Civil Lines, Beaumont Road, Karachi or a scanned copy of the original postal ballot to be emailed at: chairman@nagina.com.
2. Copy of CNIC/Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Postal Ballot forms should reach chairman of the meeting on or before October 26, 2023 during working hours. Any Postal Ballot received after this date, will not be considered for voting.
4. Signature on Postal Ballot should match the signature on CNIC/Passport (in case of foreigner).
5. Incomplete, unsigned, in correct, defaced, tom, mutilated, over written ballet papers will be rejected.
6. In case of representative of body corporate and corporation, Postal Ballot must be accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act 2017, as applicable, unless these have already been submitted along with Proxy Form. In case of foreign body corporate etc. all documents must be attested from the Pakistani Embassy having jurisdiction over the member.
7. Ballot paper has also been placed on the website of the Company www.nagina.com. Members may download the ballot paper form the website or use original/photocopy published in newspapers.

Vision:

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

Mission:

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

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

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

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

The Board of Directors (the Board) of Nagina Cotton Mills Limited (NCML) has performed their duties diligently in upholding the best interest of shareholders of the Company and has managed the affairs of the Company effectively and efficiently. The Board has exercised its powers and has performed its duties in compliance with Companies Act 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code). During the financial year 2022-23 the Board achieved its objectives by performing the following functions:

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

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



Shahzada Ellahi Shaikh
Chairman

September 25, 2023

بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے ممبران کی جانزہ رپورٹ

گھنیزہ کاشمیر لٹریٹریٹ (NCML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصہ داروں کے بہترین مفاد کو برقرار رکھنے میں اپنی ذمہ داریاں سنبھالی سے انجام دیئے ہیں اور کمپنی کے امور کو موثر اور بروقت انداز سے منظم کیا ہے۔ بورڈ نے یکم ستمبر 2017 اور یکم ستمبر 2019 (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (کوڈ) کی تعمیل میں اپنے فرائض سرانجام دیئے ہیں۔ مالی سال 2022-23 کے دوران بورڈ نے درج ذیل کام سرانجام دے کر اپنے مقاصد حاصل کئے:

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

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



شہزادہ الہی شیخ

چیئر مین

25 ستمبر 2023

DIRECTORS' REPORT TO THE MEMBERS

The Directors have the honor to present 56th Annual Report of your Company together with Audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2023. Figures for the previous year ended June 30, 2022 are included for comparison.

Company Performance

During the year, both the domestic and global economic landscapes have experienced significant turbulence and volatility. We have witnessed rising inflation, disruptions in the supply chain, liquidity shortages and a decline in both export and local demand. Despite stated challenges, your company has been able to remain profitable. The after tax profit for the year stood at Rs. 589,947,021 or 4.60% of sales compared to Rs. 1,812,561,926 or 16.13% of sales during same period of last year (SPLY). Earning per share (EPS) for the year is Rs. 31.55 compared to Rs. 96.93 during SPLY.

Sales revenue increased by 14.09% over the SPLY and stood at Rs. 12,818,757,718 compared to Rs. 11,235,578,700 during SPLY. The increase in sales revenue is mainly due to increase in yarn prices. Cost of sales rose from 77.68% of sales during SPLY to 89.55% of sales during the year under review. The rise in cost of sales was primarily due to increase in raw material costs, energy costs, labour costs, store and spare etc., which led to lower gross profit. As a result, the company's gross profit margin decreased from 22.32% of sales during SPLY to 10.45% of sales during the period under review. The surge in costs offset the positive impact of increased sales revenue, ultimately leading to a decrease in profitability.

Operating expenses decreased from 4.65% of sales during SPLY to 3.86% of sales during the period under review. This is mainly because of lower provisions for WPPF and WWF. The company has been able to generate stable cash flows and made timely discharge of its operating liabilities. The finance cost remained lower than last year because of lower working capital borrowings during the year under review. However, in the year under review, interest rates rose to historically 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.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2023-24, Kapas, (seed cotton) arrivals up to September 15, 2023, at the Ginneries totaled 3.934 million bales compared to 2.187 million bales for the year 2022-23 showing increase in arrival of 79.91%. Further, because of increased sowing area and better climatic conditions, we hope by the grace of Allah, the crop size in this year will rise to around 10 million bales as compared to 5.4 million bales during last year. This is a significant improvement in crop size. We hope this improvement in crop size will reduce reliance on imported cotton as well as ease the burden on the foreign exchange of the country.

Capital Assets Investment

In line with strategic plans for enhancing spinning productivity, quality and efficiency, your Company has installed 10,800 spindles. After the current BMR/Expansion plan, the total installed capacity now stands at 62,508 spindles. During the year under review, your company has invested Rs. 2.356 billion (2022: Rs. 1.943 billion) in BMR/Expansion.

Future Outlook

The economic situation is extremely challenging. The company is faced with squeezed profit margins on its products, compounded by lackluster demand for yarn. Our customers in the export sector for finished goods have shared concerns about international textile retailers grappling with excessive inventory levels, which, in turn, have hampered their ability to place new orders. Moreover, the implementation of monetary tightening policies by central banks in major economies has raised apprehensions about the potential for a global recession, further dampening the global textile demand. In spite of this unfavorable backdrop, we anticipate that the Government may continue to raise costs in areas such as wages, electricity, fuel, and interest rate, leading to increase in expenses related to spares, administration, transport, and overall conversion costs.

High inflation and reduced demand are the main challenges to the company remaining profitable. Your management is aware of the difficult situation and is tailoring its approach to meet customer demands, enhance productivity through innovation, efficiency and effective cost management initiatives. The recent Standby Agreement (SBA) with the IMF for USD 3 billion has provided breathing space to the deteriorating economy. The IMF deal is likely to restore market confidence and hopefully will lead to a revival of economic activities within the Country. The expectation of a 10 million plus bales crop of cotton is another positive element.

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 LTFF 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.

Dividend

The Board of Directors has recommended final cash dividend @ 60 %, i.e. Rs. 6/- per ordinary share for the year ended June 30, 2023. The dividend will amount to Rs. 112,200,000.

Principal Activity

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

Principal Risks and Uncertainties

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

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

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

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

Material Changes and Commitments

No adverse material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.

Corporate Social Responsibility

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

Environment, Health and Safety

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

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

Internal Financial Controls

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

Related Parties

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

Furthermore, the Board of Directors also decided to avail the approval of members in the general meeting of the company for the transactions to be carried out during the fiscal year ending June 30, 2024 and same shall be placed before the shareholders in the next general meeting for their formal ratification/approval.

Shareholding Pattern

The shareholding pattern as at June 30, 2023 for ordinary shares is annexed.

Appointment of Auditors

The present External Auditors M/s. Yousuf Adil, Chartered Accountants, Karachi are due to retire and being eligible, have offered themselves for re-appointment as Auditors for the financial year 2023-24. As proposed by the Audit Committee, the Board recommends their appointment as auditors of the Company for the year ending June 30, 2024.

Financial Statements Audit

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

Corporate Governance & Financial Reporting Framework

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

- a) The financial statements prepared by the management of the Company present fair state of the Company's operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements any departures therefrom have been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no doubts upon the Company's ability to continue as a going concern.
- g) Key operating and financial data for the last six years is annexed.
- h) There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2023 except for those disclosed in the financial statements.

Composition of Board

Election of Directors was held during the year. Mr. Tajammal H. Bokaree retired, and did not offer himself for re-election. In his place Mr. Naweed Akhtar Sharif was elected as Independent Director.

The Board of Directors as at June 30, 2023 consist of:

Total number of Directors:

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

Composition:

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

Name of Directors

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

Committees of the Board:

The Board has made following sub-committees:

Audit Committee

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

Human Resource and Remuneration (HR&R) Committee

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

Executive Committee

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

Significant Features of Directors' Remuneration

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

Non-executive directors including the independent director are entitled only for fee for attending the Board and its committees' meetings. Remuneration of executive and non-executive directors shall be approved by the Board, as recommended by the Human Resource and Remuneration Committee. For information on remuneration of Directors and CEO in 2022-23, please refer notes to the Financial Statements.

Acknowledgment

Continued diligence and devotion of the staff and workers of the Company and good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their thanks to the bankers and other stakeholders for their continued support to the Company.

On behalf of the Board



Amin Ellahi Shaikh
Chief Executive Officer



Raza Ellahi Shaikh
Director

September 25, 2023

ممبران کے لئے ڈائریکٹرز کی رپورٹ

مجلسِ نغمہ 30 جون 2023ء کو اختتام سال کے لئے کمپنی کی 56 واں سالانہ رپورٹ مد نظر ثانی شدہ مالیاتی حسابات اور اس پر محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہی ہے۔ 30 جون 2022ء کو ختم ہونے والے گزشتہ سال کے اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔

کمپنی کی کارکردگی

زیر جائزہ سال، بلکی اور عالمی سطح پر معاشی طور پر کشیدہ اور اتار چڑھاؤ کا شکار رہا۔ ہم نے مزید گائیڈنس میں اضافہ، سپلائی میں خلل، لیکویڈیٹی کی قلت، برآمدات اور مقامی طلب میں کمی دیکھی ہے۔ کمپنی نے مشکل معاشی حالات کے باوجود منافع کمایا ہے۔ کمپنی نے گزشتہ سال کی اسی مدت کے دوران 1,812,561,926 روپے یا فروخت کا 16.13 فیصد کے مقابلے میں 589,947,021 روپے یا فروخت کا 4.60 فیصد کا بعد از ٹیکس منافع درج کیا ہے۔ فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 96.93 روپے کے مقابلے میں اس سال 31.55 روپے ہے۔

فروخت آمدن میں گزشتہ سال کی اسی مدت کے دوران سے 14.09 فیصد کا اضافہ ہوا اور گزشتہ سال کی اسی مدت کے دوران 11,235,578,700 روپے کے مقابلے میں 12,818,757,718 روپے رہی۔ فروخت آمدن میں اضافہ بنیادی طور پر ایران کی قیمتوں میں اضافہ کی وجہ سے ہوا۔ گزشتہ سال کی اسی مدت کے دوران فروخت کی لاگت فروخت کی 77.68 فیصد سے بڑھ کر زیر جائزہ سال کے دوران فروخت کی 89.55 فیصد تک ہوئی۔ فروخت کی لاگت میں اضافے کی بنیادی وجہ خام مال کی قیمتوں، توانائی کی قیمتوں، لیبر کی قیمتوں، سٹور اور اسپتیر وغیرہ کی قیمتوں میں بھی اضافہ ہے، جس نے مجموعی منافع کو کم کر دیا۔ جس کے نتیجے میں گزشتہ سال کی اسی مدت کے دوران کمپنی کا مجموعی منافع مارجن (GP) فروخت کے 22.32 فیصد سے کم ہو کر زیر جائزہ سال کے دوران فروخت کا 10.45 فیصد ہو گیا۔ بڑھتی ہوئی لاگت سے زیادہ فروخت قیمت کا اثر زائل ہو گیا جس کے نتیجے میں منافع کم ہوا۔

آپریٹنگ اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 4.65 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کے 3.86 فیصد ہو گئے۔ یہ کمی بنیادی طور پر WPPF اور WWF کی کم پروڈن کی وجہ سے ہوئی۔ کمپنی مستحکم نقد بہاؤ پیدا کرنے میں کامیاب رہی ہے اور اس نے اپنی آپریٹنگ اور مالی ذمہ داریوں کو بروقت ادا کیا ہے۔ مالی لاگت زیر جائزہ سال کے دوران کم ورکنگ کیپٹل قرضوں کے باعث گزشتہ سال سے کم رہے۔ تاہم، زیر جائزہ سال کے دوران، شرح سود تاریخی بلند ترین سطح پر پہنچی گئی۔ زیادہ شرح سود نے بینک کی مالیاتی لاگت کو ناقابل برداشت سطح تک بڑھا دیا ہے۔ اسٹیٹ بینک آف پاکستان (SBP) مشینری کی خریداری کے لیے LTFF فنڈنگ کی اجازت نہیں دے رہا ہے۔ نتیجتاً، گزشتہ ایک سال یا اس سے زائد عرصے میں ریٹائر ہونے والی تمام درآمدہ مشینری کو مارکیٹ میں شرح سود کا سامنا ہے۔

پاکستان کاٹن جز زائیوسی ایشین کی طرف سے فصل سال 2023-24 کے لئے جاری کردہ اعداد و شمار کے مطابق 15 ستمبر 2023ء تک جزیر میں کپاس، (بیج کپاس) کی پہنچ سال 2022-23 کی کل 2.187 ملین کانٹوں کے مقابلے میں 3.934 ملین کانٹوں ہوئی جو کہ 79.91 فیصد کا اضافہ ظاہر کر رہی ہے۔ مزید برآں، بوائی کے رقبہ میں اضافے اور بہتر موسمی حالات کی وجہ سے، ہم اللہ کے فضل سے امید کرتے ہیں کہ گزشتہ سال 5.4 ملین کانٹوں کے مقابلے میں اس سال فصل کا حجم بڑھ کر تقریباً 10 ملین کانٹوں تک پہنچ جائے گا۔ یہ فصل کے سائز میں نمایاں بہتری ہے۔ ہمیں امید ہے کہ فصل کے سائز میں اس بہتری سے درآمدی کپاس پر انحصار کم اور ملک کے زرمبادلہ پر بوجھ بھی کم ہوگا۔

طویل مدتی اثاثوں کی سرمایہ کاری

سپننگ کی پیداوار، کوالٹی اور صلاحیت کو بہتر بنانے کے لئے سٹرینج منسوبوں کے مطابق آپ کی کمپنی نے زیر جائزہ سال کے دوران 10,800 سپنڈلز نصب کر لئے ہیں۔ موجودہ BMR / توسیع کے منصوبے کے مکمل طور پر نافذ ہونے کے بعد، نصب شدہ مکمل صلاحیت 62,508 سپنڈلز ہوگی ہے۔ زیر جائزہ سال کے دوران، آپ کی کمپنی نے BMR / توسیع میں 2.356 ملین روپے (2022: 1.943 ملین روپے) کی سرمایہ کاری کی ہے۔

مستقبل کے امکانات

معاشی صورتحال انتہائی مشکل ہے۔ کمپنی کو اپنی مصنوعات پر منافع میں کمی کا سامنا ہے۔ جس میں دھماکے کی کم طلب کا اثر بھی شامل ہے۔ تیار سامان کے برآمدی شعبہ میں ہمارے صارفین بیان کرتے ہیں کہ بین الاقوامی ٹیکسٹائل ریٹیلرز انویسٹری کی ضرورت سے زیادہ سطح سے دوچار ہیں، جس کی وجہ سے ان کی نئے آرڈروں کی صلاحیت میں کمی ہے۔ بڑی میسٹوں میں مرکزی چیکوں کی طرف سے مالیاتی سخت پالیسیوں کے نفاذ نے عالمی کساد بازاری کے امکانات کے خدشات کو جنم دیا ہے۔ اس غیر موزوں پس منظر کی وجہ سے ٹیکسٹائل کی عالمی طلب میں نمایاں کمی واقع ہو گئی ہے۔ اس ناسازگار ماحول کے باوجود، ہم توقع کرتے ہیں کہ حکومت اجرتوں، بجلی، ایندھن اور مالیاتی اخراجات میں مزید اضافہ کرے گی جس کے نتیجے میں اسپینرز، انتظامیہ، ٹرانسپورٹ اور مجموعی طور پر تاجروں کی لاگت میں اضافہ ہو جائے گا۔ زیادہ افراط زر اور کم طلب کمپنی کے منافع بخش رہنے کے لئے اہم چیلنج ہیں۔ آپ کی انتظامیہ موجودہ صورتحال سے آگاہ اور صارفین کی طلب کو پورا کرنے، اختراع، کارکردگی اور موثر لاگت انتظامی اقدامات کے ذریعے پیداواری صلاحیت کو بڑھانے کے لیے اپنے نقطہ نظر کا مسلسل جائزہ لے رہی ہے۔ آئی ایم ایف کے ساتھ 3 بلین امریکی ڈالر کے حالیہ اسٹینڈ بائی ایگریمنٹ (SBA) نے کشیدہ معیشت کو کچھ سکون فراہم کیا ہے۔ آئی ایم ایف معاہدہ سے مارکیٹ کا اعتماد بحال ہونے کا امکان ہے اور امید کرتے ہیں کہ اس سے ملک کے اندر معاشی سرگرمیوں کی بحالی ہوگی۔ کپاس کی 10 ملین سے زائد گانٹھوں کی فصل کی توقع بھی ایک اور مثبت عنصر ہے۔

یہ امید کی جاتی ہے کہ حکومت کاروبار میں موثر لاگتی بلا تعطل توانائی کی فراہمی، ہٹا یا ہلکے اور آگے نگیس اور آگے نگیس کی واپسی جیسی دوستانہ پالیسیاں لائے گی تاکہ افراط زر کی شرح کو کنٹرول اور مالی اخراجات کو کم اور مشینری جس کے مقابل ایل سیز پیٹلے ہی ریٹائر ہو چکی ہیں کے لئے LTFF سہولت کا اجراء کیا جاسکے۔ حکومتی پالیسیاں ٹیکسٹائل شعبہ میں ویلیو چین کی مکمل حوصلہ افزاء ہونی چاہئیں تاکہ ملک تیار مصنوعات برآمد کر سکے۔

منافع مختصر

بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لئے حتمی نقد منافع مختصر بشرح 60 فیصد یعنی 61 روپے فی عام شیئر کی منظوری دی ہے۔ منافع مختصر کی رقم 112,200,000 روپے ہے۔

اصل سرگرمی

کمپنی کی اصل سرگرمی سوئیڈن تیار اور فروخت کرنا ہے۔

نمایاں خطرات اور غیر یقینی حالات

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

کمپنی کی اصل مالی ادائیگیوں میں طویل مدتی قرضے، تجارتی اور دیگر قابل ادائیگیاں اور مختصر مدتی قرضے شامل ہیں۔ ان مالی ادائیگیوں کا اہم مقصد کمپنی کے آپریشنز کے لئے فنڈس کا بندوبست کرنا ہے۔ کمپنی

کے اصل مالیاتی اثاثوں میں تجارتی قرضے، بینکنگ ادائیگیاں، مختصر مدتی ڈیپازٹس، دیگر وصولیاں اور نقدی اور بینک بینکنگ شامل ہیں جو اس کے آپریشنز سے براہ راست حاصل ہوتے ہیں۔

کمپنی کی سرگرمیوں کو کئی قسم کے مالیاتی خطرات کا سامنا ہے جس میں مارکیٹ خطرہ (بشمول کرنسی خطرہ، شرح سود کا خطرہ اور قیمت کا خطرہ)، ادھار کا خطرہ اور ریویو ایبل کا خطرہ شامل ہے۔

کمپنی کا مجموعی رسک مینجمنٹ پروگرام مالیاتی مارکیٹوں کی غیر متوقعات پر توجہ مرکوز اور مالی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔

اہم تہذیبیاں اور معاہدات

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

کاروباری سماجی ذمہ داری

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

ماحول، صحت اور تحفظ

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

کی حفاظت اور زندگی کی سہولیات کو بہتر بنا رہی ہے۔

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

اندرونی مالیاتی کنٹرول

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

متعلقہ پارٹیاں

تمام متعلقہ فریقوں کے ساتھ لین دین قابل رسائی کی بنیاد پر متعلقہ قیمتوں کے تعین کے طریقوں اور بورڈ سے منظور شدہ متعلقہ فریقوں کی پالیسی کے مطابق تھے۔ تمام متعلقہ پارٹی لین دین کو اندرونی آڈٹ کے ذریعے باضابطہ طور پر منظور کیا گیا جس کی بعد میں آڈٹ کمیٹی نے منظوری دی اور ان پر غور و خوض اور منظوری کے لیے بورڈ کے ذریعہ برورکھا گیا۔ تاہم، بورڈ آف ڈائریکٹرز نے اپنے اجلاس میں فیصلہ کیا کہ بورڈ کے منظور شدہ متعلقہ پارٹی ٹرانزیکشنز کو کمپنی کی منظوری کے لیے کمپنی کے اجلاس عام کے ذریعہ برورکھا جائے گا۔

مزید برآں، بورڈ آف ڈائریکٹرز نے یہ بھی فیصلہ کیا کہ کمپنی کے اجلاس عام میں 30 جون 2024ء کو ختم ہونے والے مالی سال کے دوران کیے جانے والے لین دین کی ممبران کی منظوری حاصل کی جائے گی اور اسے اگلے اجلاس عام میں ان کی رہی تو شیئرز/منظوری کے لیے شیئرز ہولڈرز کے ذریعہ برورکھا جائے گا۔

ممنوعہ حصص داری

30 جون 2023ء کے مطابق عام شیئرز کے لئے ممنوعہ حصص داری منسلک کیا گیا ہے۔

آڈیٹرز کی تقرری

ریٹائر ہونے والے میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، کراچی نے اہل ہونے کی بناء پر مالی سال 2023-24 کے لئے بحیثیت آڈیٹرز دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز کے مطابق، بورڈ نے موجودہ آڈیٹرز کو ختم ہونے والے سال 30 جون 2024ء میں دوبارہ تقرری کی منظوری دے دی ہے۔

مالیاتی حسابات کا آڈٹ

کمپنی کے مالی حسابات، کمپنی کے قانونی ایکسٹرنل آڈیٹرز میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس کی طرف سے کسی کو الیکٹیشن کے بغیر نظر ثانی شدہ ہیں۔

کاروباری نظام اور مالیاتی رپورٹنگ کا طریقہ کار

مزید ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات میں کمپنی کے امور، نقدی بہاؤ اور سرمائے میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں الاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔
- ٹیکس، ڈیویڈنڈ، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو 30 جون 2023ء کو بقایا ہوں، سوائے ان کے جو مالی حسابات میں ظاہر کر دیئے گئے ہیں۔

بورڈ کی ترتیب

ڈائریکٹرز کے انتخابات سال کے دوران منعقد ہوئے۔ جناب قجیل حسین بخاری ریٹائر ہو گئے اور انہوں نے دوبارہ انتخاب کے لئے خود کو پیش نہیں کیا۔ ان کی جگہ جناب نوید اختر شریف کو بطور آزاد ڈائریکٹر منتخب کیا گیا۔

30 جون 2023 کو بورڈ آف ڈائریکٹرز مشتمل ہے:

ڈائریکٹرز کی کل تعداد:

(a) مرد (نو) 9

(b) خاتون (ایک) 1

ترتیب:

i۔ آزاد ڈائریکٹرز (تین) 3

ii۔ دیگر نام ایگزیکٹو ڈائریکٹرز (پانچ) 5

iii۔ ایگزیکٹو ڈائریکٹرز (دو) 2

ڈائریکٹرز کے نام

جناب شہزادہ الہی شیخ چیئرمین

جناب شفیق الرحمان

محترمہ توشیہ سرور

جناب حسن احمد

جناب نوید اختر شریف

جناب شفقت الہی شیخ

جناب رضا الہی شیخ

جناب ہارون شہزادہ الہی شیخ

جناب شوکت الہی شیخ

ڈائریکٹر / چیف ایگزیکٹو آفیسر جناب امین الہی شیخ

بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں:

• آڈٹ کمیٹی

جناب شفیق الرحمان چیئرمین

جناب رضا الہی شیخ رکن

جناب ہارون شہزادہ الہی شیخ رکن

• ہیومن ریسورس اینڈ ریمیزیشن (HR&R) کمیٹی

جناب شفیق الرحمان چیئرمین

جناب امین الہی شیخ رکن

جناب ہارون شہزادہ الہی شیخ رکن

• ایگزیکٹو کمیٹی

جناب امین الہی شیخ چیئرمین

جناب شوکت الہی شیخ رکن

جناب رضال الہی شیخ رکن

جناب ہارون شہزادہ الہی شیخ رکن

ڈائریکٹرز کے معاوضے کی نمایاں خصوصیات

بورڈ آف ڈائریکٹرز نے کمپنی کے امور میں ان کی ذمہ داری پر منحصر ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کے لئے رسی پالیسی کی منظوری دی ہے۔ معاوضہ کامیابی سے کمپنی کو منظم طریقہ سے چلانے کے لئے ان کی ذمہ داری اور ضروری مہارت اور ان سے ویلویو ایڈیشن حوصلہ افزائی کی سطح کے مطابق ہے۔

آزاد ڈائریکٹر سمیت نان ایگزیکٹو ڈائریکٹرز فقط بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے اہل ہیں۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کا معاوضہ ہیومن ریسورس اینڈ ریمیزیشن کمیٹی کی سفارشات پر، بورڈ کی طرف سے منظور کیا گیا ہے۔ 2022-23 میں ڈائریکٹرز اور سی ای او کے معاوضہ کی معلومات کیلئے، براہ مہربانی مالی گوشواروں کے نوٹس ملاحظہ کریں۔

اظہار تشکر

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

منجانب بورڈ



رضال الہی شیخ

ڈائریکٹر



امین الہی شیخ

چیف ایگزیکٹو آفیسر (سی ای او)

25 ستمبر 2023ء

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

Name of Company: Nagina Cotton Mills Limited

Year ended: June 30, 2023

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

1. The total number of directors are ten as per the following:

- a) Male: Nine
b) Female: One

2. The composition of the Board of Directors is as follows:

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

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations").
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board remained fully compliant with the provision with regards to their Directors' Training Program (DTP). Out of total ten directors, nine directors have obtained certification under DTP.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:-
- a. Audit Committee**
Mr. Shafiq ur Rehman, Chairman
Mr. Raza Ellahi Shaikh, Member
Mr. Haroon Shahzada Ellahi Shaikh, Member
- b. Human Resource and Remuneration (HR & R) Committee**
Mr. Shafiq ur Rehman, Chairman
Mr. Amin Ellahi Shaikh, Member
Mr. Haroon Shahzada Ellahi Shaikh, Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the aforesaid committees were as per following:
 - a) Audit Committee: Four quarterly meetings were held during the financial year ended June 30, 2023.
 - b) HR and Remuneration Committee: One meeting was held during the financial year ended June 30, 2023.
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Explanation as required under the Regulations is mentioned below:

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

- 19 Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S #	Requirement	Explanation of Non-compliance	Regulation No.
1.	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances	The responsibilities as prescribed for the nomination committee are being taken care of at board level as and when needed, so a separate committee is not considered to be necessary.	29
2.	Risk Management Committee.- The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and senior officers of the Company performs the requisite functions and apprise the Board accordingly.	30

On behalf of the Board



Amin Ellahi Shaikh
Chief Executive Officer



Shahzada Ellahi Shaikh
Chairman

September 25, 2023

SHAREHOLDERS' INFORMATION

Annual General Meeting (AGM)

The 56th Annual General Meeting of members of NAGINA COTTON MILLS LTD. will be held at the Registered Office of the Company situated at 2nd Floor, Shaikh Sultan Trust Bldg. No. 2, 26-Civil Lines, Beaumont Road, Karachi-75530 on **Friday, October 27, 2023** at 12:00 noon as well as through Video Conferencing facility to transact the following business:-

Participation in AGM through video link facility

The Shareholders can also participate in the General Meeting through video link facility

To attend the Annual General meeting through video link, members and their proxies are requested to register their following particulars by sending an e-mail at azam@nagina.com.

Folio/CDC Account No.	No. of Shares held		CNIC No.	Cell No.	Email address

The video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received at the given e-mail address by or before the close of business hours (5:00 p.m.) on October 26, 2023.

Eligible shareholders are encouraged to participate and vote.

Ownership

On June 30, 2023, the Company has 926 Shareholders.

Web Reference

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

Dividend

The Board of Directors in its meeting held on September 25, 2023 has recommended, payment of the final cash dividend at the rate of Rs. 6/- per share i.e. 60% for the year ended June 30, 2023.

Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from October 21, 2023 to October 27, 2023 (both days inclusive). Transfers received in order by our Shares Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi by the close of business on October 20, 2023 will be considered in time for the purpose to attend and vote at the meeting and for payment of dividend to the transferee(s).

PAYMENT OF CASH DIVIDEND ELECTRONICALLY (E DIVIDEND MECHANISM)

As per the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulation 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants. Therefore, shareholders are requested to provide the following particulars directly to the Company's Share Registrar in case of physical shareholders and directly to the relevant Participant / CDC Investor Account Service in case of maintaining shareholding under Central Depository System (CDS):

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

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

Signature of the Shareholder _____

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

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

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

Deposit of Physical Shares into CDC Accounts

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

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

Deduction of Withholding Tax on Dividend

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

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

2. Withholding tax will be determined separately on 'persons names appearing on ATL/persons names not appearing on ATL' status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions, in case of joint accounts. In this regard, all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint-holder(s).
3. As per FBR Circulars C.No.1(29)WHT/2006 dated 30 June 2010 and C.No. 1(43)DG(WHT)/2008-Vol.II-66417-R dated May 12, 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under Clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.

Zakat Declaration (Form CZ-50)

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

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

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

Delivery of the Unclaimed / Undelivered Shares & Dividend

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

Consent For Video Conference Facility

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

Investor Relations Contact

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

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2023
CUIN (INCORPORATION NUMBER) 0002500**

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
432	1	100	13,233
251	101	500	72,200
69	501	1,000	56,070
107	1,001	5,000	250,522
36	5,001	10,000	255,357
6	10,001	15,000	72,815
4	15,001	20,000	67,411
3	20,001	25,000	66,000
1	25,001	30,000	25,200
2	30,001	35,000	64,868
-	35,001	55,000	-
1	55,001	60,000	60,000
-	60,001	100,000	-
1	100,001	105,000	103,500
-	105,001	115,000	-
1	115,001	120,000	118,736
-	120,001	180,000	-
1	180,001	185,000	181,900
-	185,001	315,000	-
1	315,001	320,000	318,658
-	320,001	695,000	-
2	695,001	700,000	1,400,000
-	700,001	1,015,000	-
3	1,015,001	1,020,000	3,051,542
-	1,020,001	1,395,000	-
1	1,395,001	1,400,000	1,400,000
1	1,400,001	1,405,000	1,400,500
-	1,405,001	3,225,000	-
2	3,225,001	3,230,000	6,454,419
-	3,230,001	3,265,000	-
1	3,265,001	3,270,000	3,267,069
926	Total:-		18,700,000

**CATAGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2023**

Sr #	Categories of Shareholders	Shares Held	Percentage
1)	Directors, Chief Executive Officer, and their Spouse and Minor Children		
i)	MR. SHAHZADA ELLAHI SHAIKH	3,227,350	17.26
ii)	MR. SHAUKAT ELLAHI SHAIKH	3,267,069	17.47
iii)	MR. SHAFQAT ELLAHI SHAIKH	3,227,069	17.26
iv)	MR. RAZA ELLAHI SHAIKH	1,400,500	7.49
v)	MR. AMIN ELLAHI SHAIKH	1,400,000	7.49
vi)	MR. HAROON SHAHZADA ELLAHI SHAIKH	700,000	3.74
vii)	MR. SHAFIQ UR REHMAN	500	0.00
viii)	MR. HASAN AHMED	500	0.00
ix)	MS. TOSHEEBA SARWAR	500	0.00
x)	MR. NAVEED AKHTER SHARIF	500	0.00
xi)	MRS. HUMERA SHAHZADA ELLAHI SHEIKH	4,248	0.02
xii)	MRS .MONA SHAUKAT SHAIKH	4,248	0.02
xiii)	MRS. SHAISTA SHAFQAT	4,248	0.02
		13,236,732	70.78
2)	Associated Companies, Undertakings and Related Parties		
i)	HAROON OMER (PVT) LIMITED	1,017,147	5.44
ii)	MONELL (PVT) LIMITED	1,017,147	5.44
iii)	ICARO (PVT) LIMITED	1,017,248	5.44
iv)	ELLAHI INTERNATIONAL (PVT) LIMITED	9,000	0.05
		3,060,542	16.37
3)	NIT and ICP	1,430	0.01
4)	Banks, Development Finance Institutions, Non Banking Finance Institutions		
i)	NATIONAL DEVE. FINANCE CORP.	5,560	0.03
ii)	ESCORTS INVESTMENT BANK LIMITED	30	0.00
		5,590	0.03
5)	Insurance Companies	318,658	1.70
6)	Modarabas and Mutual Funds	Nil	Nil
7)	Shareholders Holding 10% or more		
i)	MR. SHAUKAT ELLAHI SHAIKH	3,267,069	17.47
ii)	MR. SHAHZADA ELLAHI SHAIKH	3,227,350	17.26
iii)	MR. SHAFQAT ELLAHI SHAIKH	3,227,069	17.26
		9,721,488	51.99
8)	General Public		
i)	a. Local	2,013,910	10.77
ii)	b. Foreign	-	-
9)	Others (Joint Stock Companies)	63,138	0.34

KEY FINANCIAL INFORMATION

		YEAR ENDED 30TH JUNE					
		2023	2022	2021	2020	2019	2018
Sales	Rs.'000	12,818,758	11,235,579	7,184,635	7,070,172	6,932,310	5,878,554
Gross profit	Rs.'000	1,339,638	2,507,668	1,419,328	593,821	832,426	514,147
Operating profit	Rs.'000	1,062,882	2,069,802	1,144,400	378,087	574,525	340,819
Profit before tax	Rs.'000	803,518	1,826,779	988,876	100,273	361,126	223,557
Profit after tax	Rs.'000	589,947	1,812,562	743,498	7,629	308,620	158,202
Share capital - paid up	Rs.'000	187,000	187,000	187,000	187,000	187,000	187,000
Shareholders' equity	Rs.'000	4,667,040	4,307,501	2,568,397	1,880,495	2,023,913	1,866,874
Total assets	Rs.'000	12,588,753	10,172,038	6,389,585	6,924,313	5,816,796	4,931,736
Earnings Per share - pre tax	Rs.	42.97	97.69	52.88	5.36	19.31	11.95
Earnings Per Share - after tax	Rs.	31.55	96.93	39.76	0.41	16.50	8.46
Cash Dividend per share	Rs.	6.00	10.00	10.00	-	5.00	4.00
Market value per share	Rs.	62.95	78.80	74.65	38.93	41.85	39.90
Gross profit to Sales	%	10.45	22.32	19.76	8.40	12.01	8.75
Operating profit to sales	%	7.08	18.40	15.93	5.35	8.29	5.80
Profit before tax to Sales	%	6.27	16.26	13.76	1.42	5.21	3.80
Profit after tax to Sales	%	4.60	16.13	10.35	0.11	4.45	2.69
Current ratio		2.10:1	2.40 : 1	2.33 : 1	1.45 : 1	1.42 : 1	1.51 : 1
Total debt to total assets ratio	%	82.12	57.65	59.80	72.84	65.21	62.15
Debt Equity Ratio	%	52.23	45.54	47.08	54.49	36.80	30.19

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

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


We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Nagina Cotton Mills Limited** (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.


Chartered Accountants

Place: Karachi
Date: October 02, 2023
UDIN: CR202310186QqC9u5aYb

INDEPENDENT AUDITOR'S REPORT

To The Members of Nagina Cotton Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Nagina Cotton Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit and other comprehensive income the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

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

S. No.	Key audit matter	How the matter was addressed In our audit
	<p>The Company generates revenue from sale of goods to domestic and export customers.</p> <p>We identified revenue recognition as key audit matter since it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized on point-in time basis i.e. when control of goods is transferred to the customer, in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p>	<ul style="list-style-type: none"> • Obtained an understanding and assessed the design, implementation and operating effectiveness of controls around recognition of revenue; • Checked on sample basis relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria as per the accounting policy; • Tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents and by checking significant credit notes issued after year-end; and • Evaluated the adequacy and appropriateness of disclosures made in the financial statements.
2.	Valuation of stock in trade	
	<p>Stock-in-trade has been valued as per the accounting policy stated in note 3.6 to the financial statements and the value of stock-in-trade is disclosed in note 18 to the financial statements. Stock-in-trade forms material part of the Company's assets comprising around 27.85% of total assets.</p> <p>The valuation of stock in trade is carried at amount i.e. at lower of cost or net realizable value. Cost has different components, which includes judgment in relation to the allocation of overheads costs, which are incurred in bringing the finished goods to its present location and condition. Judgments are also involved in determining the net realizable value (estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale) of stock-in-trade items in line with accounting policy.</p> <p>Due to the above factors, we have considered the valuation of stock in trade as key audit matter.</p>	<p>Our audit procedures to address the valuation of stock-in-trade, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the mechanism used by the management for the recording and valuation of stock-in-trade; • Performed testing, on a sample basis, on purchases by reviewing underlying supporting documents; • Verified on test basis, the moving average calculations of raw material as per accounting policy; • Verified the calculations of the actual overhead costs and checked allocation of labor and overhead costs to the finished goods and work in process; • Obtained an understanding of management's process for determining the net realizable value and checked: <ul style="list-style-type: none"> i) Future selling prices by performing a review of sales close to and subsequent to the year-end; ii) Determined cost necessary to make the sales; and

S. No.	Key audit matter	How the matter was addressed In our audit
		<p>iii) Checked the calculations of net realizable value of itemized list of stock-in-trade, on selected sample and compared the net realizable value with the cost to ensure that valuation of stock-in-trade is in line with the accounting policy.</p> <p>iv) Checked whether the provisions of IAS 2 have been complied with in respect of disclosures and valuation.</p>

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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


Chartered Accountants

Place: Karachi

Date: October 02, 2023

UDIN: AR202310186fMaVZEyUT

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 50,000,000 (2022: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	5	187,000,000	187,000,000
Capital reserves	6	198,262,201	183,610,023
Revenue reserve - Unappropriated profit		4,281,777,150	3,936,891,002
TOTAL EQUITY		4,667,039,351	4,307,501,025
LIABILITIES			
NON CURRENT LIABILITIES			
Long term finances	7	4,721,892,278	3,249,245,045
Employee retirement benefits	9	191,948,868	142,842,944
		4,913,841,146	3,392,087,989
CURRENT LIABILITIES			
Current portion of long-term finances	7	380,544,257	351,968,150
Current deferred government grant	8	-	307,915
Trade and other payables	10	1,521,203,569	1,387,805,094
Contract liability - advance from customers		9,389,454	10,360,049
Unclaimed dividend		10,989,419	9,436,616
Accrued interest / mark-up	11	144,041,836	40,338,482
Short-term borrowings	12	941,704,041	672,233,101
		3,007,872,576	2,472,449,407
TOTAL LIABILITIES		7,921,713,722	5,864,537,396
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		12,588,753,073	10,172,038,421

The annexed notes from 1 to 47 form an integral part of these financial statements.

September 25, 2023


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	6,213,446,157	4,229,339,533
Investment properties	15	13,066,865	13,278,175
Intangible assets	16	-	-
Long-term deposits		1,021,858	1,021,858
		6,227,534,880	4,243,639,566
CURRENT ASSETS			
Stores and spares	17	154,951,770	63,813,650
Stock-in-trade	18	3,506,232,808	2,984,868,230
Trade receivables	19	1,206,972,178	973,508,462
Advances	20	818,409,748	151,485,747
Prepayments	21	2,487,395	4,376,643
Other receivables	22	59,930,963	39,437,876
Tax refundable	23	158,079,245	255,749,144
Other financial assets	24	216,958,291	1,379,084,228
Cash and bank balances	25	237,195,795	76,074,875
		6,361,218,193	5,928,398,855
TOTAL ASSETS		12,588,753,073	10,172,038,421

The annexed notes from 1 to 47 form an integral part of these financial statements.



Amin Ellahi Shaikh
Chief Executive Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Revenue from contracts with customers	26	12,818,757,718	11,235,578,700
Cost of goods sold	27	(11,479,120,128)	(8,727,910,541)
Gross profit		1,339,637,590	2,507,668,159
Distribution cost	28	(233,149,980)	(207,352,642)
Administrative expenses	29	(199,300,505)	(174,269,087)
Other expenses	30	(62,552,575)	(140,782,184)
		(495,003,060)	(522,403,913)
Other income	31	218,247,098	84,538,311
Operating profit		1,062,881,628	2,069,802,557
Finance cost	32	(259,363,522)	(243,023,188)
Profit before taxation		803,518,106	1,826,779,369
Provision for taxation	33	(213,571,085)	(14,217,443)
Profit after taxation		589,947,021	1,812,561,926
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement (loss) / gain on defined benefit liability	9.3	(20,493,603)	350,992
Deferred tax reversed		-	(231,550)
Fair value loss on investment in equity instruments designated at FVTOCI	24.6	(22,915,092)	(21,799,036)
Deferred tax reversed		-	(5,028,127)
		(43,408,695)	(26,707,721)
Total comprehensive income for the year		546,538,326	1,785,854,205
Earnings per share - basic and diluted	34	31.55	96.93

The annexed notes from 1 to 47 form an integral part of these financial statements.



Raza Ellahi Shaikh
Director



Tariq Zafar Hajwa
Chief Financial Officer



Amin Ellahi Shaikh
Chief Executive Officer

September 25, 2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	35	(19,486,226)	566,984,769
Payments made:			
Employees retirement benefits		(16,695,802)	(15,143,350)
Finance cost		(155,660,168)	(220,249,940)
Income tax	23.1	(212,250,733)	(164,637,357)
Net cash (used in) / generated from operating activities		(404,092,929)	166,954,122
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,362,326,809)	(1,840,075,092)
Proceeds from disposal of property, plant and equipment		4,695,000	49,219,680
Purchase of other financial assets		(5,563,824,271)	(1,754,903,510)
Proceeds from sale of other financial assets		6,786,934,410	1,393,986,741
Rental income received		31,389,958	28,757,944
Dividend received		80,902,692	39,080,384
Net cash used in investing activities		(1,022,229,020)	(2,083,933,853)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finances obtained		1,772,082,382	1,615,929,478
Repayment of long-term finances		(338,277,266)	(299,775,640)
Obtained short-term borrowings excluding running finance		324,684,557	1,369,092,800
Repayment of short-term borrowings excluding running finance		(855,292,608)	(771,374,440)
Dividend paid		(185,447,197)	(46,391,533)
Net cash generated from financing activities		717,749,868	1,867,480,665
Net decrease in cash and cash equivalents (A+B+C)		(708,572,081)	(49,499,066)
Cash and cash equivalents at beginning of the year		(1,440,618)	47,070,015
Effect of Unrealized exchange gain on cash and cash equivalents	31	7,408,068	988,433
Cash and cash equivalents at end of the year		(702,604,631)	(1,440,618)
Cash and cash equivalents			
Cash and bank balances	25	237,195,795	76,074,875
Other financial assets - terms deposits with banks	24	1,903,615	-
Short-term running finances	12	(941,704,041)	(77,515,493)
		(702,604,631)	(1,440,618)

The annexed notes from 1 to 47 form an integral part of these financial statements.


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer


Amin Ellahi Shaikh
Chief Executive Officer

September 25, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

	Capital reserves				Revenue reserve	Total	
	Capital redemption reserve Note 6.1	Amalgamation reserve Note 6.2	Fair value reserve	Total capital reserves	Unappropriated profit		
	----- (Rupees) -----						
Balance as at June 30, 2021	187,000,000	241,860,000	12,104,417	(28,492,720)	225,471,697	2,155,925,123	2,568,396,820
Comprehensive income							
Profit for the year	-	-	-	-	-	1,812,561,926	1,812,561,926
Other comprehensive income							
Remeasurement of defined benefit liability	-	-	-	-	-	350,992	350,992
Deferred tax reversed	-	-	-	-	-	(231,550)	(231,550)
Fair value loss on investment in equity instrument designated at FVTOCI	-	-	-	(21,799,036)	(21,799,036)	-	(21,799,036)
Transfer of realized gain on sale of investments	-	-	-	(15,034,511)	(15,034,511)	15,034,511	-
Deferred tax reversed	-	-	-	(5,028,127)	(5,028,127)	-	(5,028,127)
Total comprehensive income for the year	-	-	-	(41,861,674)	(41,861,674)	1,827,715,879	1,785,854,205
Transactions with owners:							
Final dividend for the year ended June 30, 2021 @ 25% i.e. Rs. 2.5 per ordinary share	-	-	-	-	-	(46,750,000)	(46,750,000)
Balance as at June 30, 2022	187,000,000	241,860,000	12,104,417	(70,354,394)	183,610,023	3,936,891,002	4,307,501,025
Comprehensive income							
Profit for the year	-	-	-	-	-	589,947,021	589,947,021
Other comprehensive income							
Remeasurement of defined benefit liability	-	-	-	-	-	(20,493,603)	(20,493,603)
Fair value loss on investment in equity instrument designated at FVTOCI	-	-	-	(22,915,092)	(22,915,092)	-	(22,915,092)
Transfer of realized loss on sale of investments	-	-	-	37,567,270	37,567,270	(37,567,270)	-
Total comprehensive income for the year	-	-	-	14,652,178	14,652,178	531,886,148	546,538,326
Transactions with owners:							
Final dividend for the year ended June 30, 2022 @ 100% i.e. Rs. 10 per ordinary share	-	-	-	-	-	(187,000,000)	(187,000,000)
Balance as at June 30, 2023	187,000,000	241,860,000	12,104,417	(55,702,216)	198,262,201	4,281,777,150	4,667,039,351

The annexed notes from 1 to 47 form an integral part of these financial statements.



Raza Ellahi Shaikh
Director



Tariq Zafar Bajwa
Chief Financial Officer



Amin Ellahi Shaikh
Chief Executive Officer

September 25, 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 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, Sindh.

Manufacturing facility:

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

Regional Office:

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Changes in accounting standards

2.4.1 Amendments to accounting standards that are effective for the year ended June 30, 2023

The following amendments to accounting standards are effective for the year ended June 30, 2023. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Effective from accounting period beginning on or after:

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework

January 01, 2022

**Effective from accounting period
beginning on or after:**

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022

2.4.2 Amendments to accounting standards that are not yet effective

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

**Effective from accounting period
beginning on or after**

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial Instruments Disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investment in Associates and Joint Venture' - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2022.

3.1 Property, plant and equipment

Owned

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

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

Depreciation is charged to income applying the reducing balance method at the rates specified in the note 14.1. Depreciation on all additions is charged from the month on which the asset is available for use and no depreciation is charged in the month of disposal.

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

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

Capital work in progress

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

3.2 Right of use assets and lease liabilities

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

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

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

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

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

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

3.3 Investment properties

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

Depreciation on buildings is charged to the statement of profit or loss and other comprehensive income applying the reducing balance method at the rates specified in the note 15.

3.4 Intangible assets

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

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

Intangible asset with a definite useful life is amortized on a straight line basis over its useful life. Amortization on all additions in intangibles is charged from the month in which the asset is available for use and on disposals up to the month of disposal. Amortization charge is recognized in the statement of profit or loss and other comprehensive income. The rate of amortization is disclosed in note 16.

3.5 Stores and spares

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

3.6 Stock in trade

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

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

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

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

3.7 Cash and cash equivalents

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

3.8 Financial instruments

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

3.8.1 Financial assets

Classification

The Company classifies its financial assets into following three categories:

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

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

i) Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

3.8.2 Subsequent measurement of financial assets

Financial assets at amortized cost

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

Financial assets at FVTOCI

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

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

Financial assets at FVTPL

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

3.8.3 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of equity securities

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

Basis of valuation of investment in mutual funds

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

3.8.4 Financial liabilities

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

Derecognition of financial liabilities

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

3.8.5 Impairment

Financial assets

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

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

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

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

Non-financial assets

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

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

3.8.6 Offsetting of financial assets and financial liabilities

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

3.9 Deferred grant

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

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

3.10 Employee retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each reporting date under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2023.

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

3.11 Provisions

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

3.12 Foreign currency transactions and translations

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

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

3.13 Revenue recognition

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

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

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

Rental income is recognized on accrual basis.

3.14 Taxation

Current

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

Deferred

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

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

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

3.15 Borrowings

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

3.15.1 Borrowing cost

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

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

3.16 Dividend and other appropriations

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

3.17 Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.18 Segment Reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker (CODM). The Company considers Chief Executive as its CODM who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the accounting and reporting standards, is presented in note 43 to these financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

- i. Assumptions and estimates used in determining the residual values and useful lives of property, plant and equipment, investment properties and intangible assets (note 3.1, 3.3, 3.4, 14, 15 and 16)
- ii. Assumptions and estimates used in writing down items of stock in trade to their net realizable value (note 3.6 and 18)
- iii. Assumptions and estimates used in calculating the provision for impairment of trade receivables (note 3.8 and 19)
- iv. Assumptions and estimates used in accounting for defined benefit plan (note 3.10 and 9)
- v. Assumptions and estimates used in the recognition of current and deferred taxation (note 3.14 and 33)

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023	2022		2023 Rupees	2022 Rupees
Number of ordinary shares of Rs.10 each				
3,133,000	3,133,000	Fully paid in cash	31,330,000	31,330,000
15,567,000	15,567,000	As bonus shares	155,670,000	155,670,000
18,700,000	18,700,000		187,000,000	187,000,000

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

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

	2023	2022
Associated undertakings - due to common directorship and shareholding in the Company	Number of shares	
Monell (Private) Limited	1,017,147	1,017,147
Haroon Omer (Private) Limited	1,017,147	1,017,147
ICARO (Private) Limited	1,017,248	1,017,248
Ellahi International (Private) Limited	9,000	9,000
	3,060,542	3,060,542

6. CAPITAL RESERVES

Capital redemption reserve	6.1	241,860,000	241,860,000
Amalgamation reserve	6.2	12,104,417	12,104,417
Remeasurement for the investments designated as at fair value through other comprehensive income		(55,702,216)	(70,354,394)
		198,262,201	183,610,023

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

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

7. LONG-TERM FINANCES

From banking companies and other financial institutions - secured

	Note	2023 Rupees	2022 Rupees
Term finances	7.2	2,052,955,970	219,137,223
Long-term financing facilities (LTFF)	7.3	3,039,492,996	3,316,152,798
Long-term financing facility (NIDF)	7.4	7,155,414	28,621,656
SBP Payroll Financing	7.5	-	34,469,363
Custom debentures	7.6	2,832,155	2,832,155
		5,102,436,535	3,601,213,195
Less: Current portion shown in current liabilities			
Term finance		12,130,438	-
Long-term financing facilities (LTFF)		358,426,250	286,044,976
Long-term financing facility (NIDF)		7,155,414	28,621,656
SBP Payroll Financing		-	34,469,363
Custom debentures		2,832,155	2,832,155
		380,544,257	351,968,150
		4,721,892,278	3,249,245,045

7.1 Reconciliation of liabilities arising from long term financing activities

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

	July 01, 2022	Cash flows		Non-Cash flows	June 30, 2023
		Obtained	Repaid	Transferred	
	----- (Rupees) -----				
Term finances	219,137,223	1,772,082,382	(5,373,944)	67,110,309	2,052,955,970
Long-term financing facility (LTFF)	3,316,152,798	-	(276,659,802)	-	3,039,492,996
Long-term financing facility (NIDF)	28,621,656	-	(21,466,242)	-	7,155,414
SBP Payroll Financing	34,469,363	-	(34,777,278)	307,915*	-
Custom debentures	2,832,155	-	-	-	2,832,155
2023	3,601,213,195	1,772,082,382	(338,277,266)	67,418,224	5,102,436,535
2022	2,280,871,074	1,615,929,478	(299,775,640)	4,188,283	3,601,213,195

* Rs. 307,915 has been transferred from deferred government grant as per IAS-20 (note 8.1).

7.2 Term Finances

Name of financial institution / bank	Limit		Outstanding amount		Details of financing, security and repayment terms
	2023	2022	2023	2022	
Habib Bank Limited	1,700,000,000	1,600,000,000	662,356,080	149,674,763	Facility is secured against first joint pari passu charge on all present and future fixed assets of the Company with 25% margin. The loan is subject to mark-up at the rate of average of 3 month offer rate of KIBOR plus 125 bps (2022: average of 3 month offer rate of KIBOR plus 125 bps) repayable in 32 equal quarterly installments commencing from June 2024 to April 2025.
Bank of Punjab	850,000,000	-	850,000,000	-	'Facility is secured against first joint pari passu charge over fixed assets (land, building, plant & machinery) of the company with 25% margin. The loan is subject to mark-up at the rate of 3 months KIBOR plus 125 bps repayable in 32 equal quarterly installments commencing from May 2025.
Pak Kuwait Investment Company (Private) Limited	1,500,000,000	650,000,000	463,116,010	10,179,980	Facility is secured against first joint pari passu charge on all present and future fixed assets of the Company with 25% margin. The loan is subject to mark-up at the rate of 3 month offer rate of KIBOR plus 150 bps (2022: 3 month offer rate of KIBOR plus 150) repayable in 32 equal quarterly installments commencing from September 2024 to August 2025.
Allied Bank Limited	100,000,000	100,000,000	77,483,880	59,282,480	Facility is secured against first joint pari passu charge over fixed assets (land, building, plant & machinery) of the Company with 25% margin. The loan is subject to mark-up at the rate of 3 months KIBOR plus 125 bps (2022: 3 months KIBOR plus 125 bps) repayable in 39 equal quarterly installments commenced from June 2022 to July 2023.

2,052,955,970	219,137,223
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7.3 Long Term Finance Facilities (LTFF)

Name of financial institution / bank	Limit		Outstanding amount		Details of financing, security and repayment terms
	2023	2022	2023	2022	
	(Rupees)				
United Bank Limited	149,693,155	149,693,155	60,812,846	79,524,490	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building and machinery) of the Company. The loan is subject to mark-up at the rate of 3.5 % (2022: 3.5%) per annum. In 2015, the loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.14 of 2015 and is repayable in 32 equal quarterly installments commenced from November 2017 initially (after deferment commenced from May 2021).
United Bank Limited	142,813,663	142,813,663	71,406,831	89,258,539	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building and machinery) of the Company. The loan is subject to mark-up at the rate of 2.5 % (2022: 2.5%) per annum. In 2016, the loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 and is repayable in 32 equal quarterly installments commenced from July 2018 initially (after deferment commenced from April 2021).
United Bank Limited	149,628,405	149,628,405	84,165,973	102,869,525	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building and machinery) of the Company. The loan is subject to mark-up at the rate of 2.5 % (2022: 2.5%) per annum. In 2016, the loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 repayable in 32 equal quarterly installments commenced from March 2019 initially (after deferment commenced from June 2021).
United Bank Limited	122,869,575	122,869,575	80,633,161	92,152,183	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building and machinery) of the Company. The loan is subject to mark-up at the rate of 2.5 % (2022: 2.5%) per annum. In 2017, the loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 repayable in 32 equal quarterly installments commenced from September 2019 initially (after deferment commenced from June 2021).
United Bank Limited	27,502,020	27,502,020	10,380,560	12,267,936	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building and machinery) of the Company. The loan is subject to mark-up at the rate of 2.5 % (2022: 2.5%) per annum. In 2017, the loan was transferred from NIDF to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 repayable in 32 equal quarterly installments initially commenced from March 2020 (after deferment repayments commenced from June 2021).
Habib Bank Limited	850,000,000	850,000,000	493,732,000	576,016,000	Facility is secured against first joint pari passu charge on all present and future fixed assets of the Company with 25% margin. The loan is subject to mark-up at the rate of 3% (2022: 3%) per annum. In 2020, the loan was transferred from Term Finance Facility to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 repayable in 32 equal quarterly installments commenced from July 2021 and August 2021.

Details of financing, security and

Name of financial institution / bank	Limit		Outstanding amount		Details of financing, security and repayment terms
	2023	2022	2023	2022	
	----- (Rupees) -----				
Habib Bank Limited	1,700,000,000	1,600,000,000	1,023,504,000	1,023,504,000	Facility is secured against first joint pari passu charge on all present and future fixed assets of the Company with 25% margin. The loan is subject to mark-up at the rate of 3.25% and 5.25% (2022: 3.25%) repayable in 32 equal quarterly installments commencing from October 2023 to July 2024.
Pak Kuwait Investment Company (Private) Limited	1,500,000,000	650,000,000	386,214,000	386,214,000	Facility is secured against first joint pari passu charge on all present and future fixed assets of the Company with 25%. The loan is subject to mark-up at the rate of 3.50% and 5.5% (2022: 3.50%) repayable in 32 equal quarterly installments commencing from February 2024 to August 2024.
Allied Bank Limited	350,000,000	350,000,000	266,488,625	308,915,125	Facility is secured against first joint pari passu charge over fixed assets (land, building, plant and machinery) of the Company with 25% margin. The loan is subject to mark-up at the rate of 2.5% (2022: 2.5%) per annum. In 2020, the loan was transferred from Term Finance Facility to LTFF Scheme under SBP's LTFF scheme and SMEFD Circular No.18 of 2015 repayable in 32 equal quarterly installments commencing from October 2021 and January 2022, including two years grace period.
Bank Alfalah Limited	750,000,000	750,000,000	562,155,000	645,431,000	Facility is secured against first joint pari passu charge over fixed assets (land, building, plant and machinery) of the Company with 25% margin. The loan is subject to mark-up at the rate of 3% (2022: 3%) per annum repayable in 32 equal quarterly installments commenced from April 2022, including two years grace period.
			3,039,492,996	3,316,152,798	

7.4 Long Term Finance Facilities (NIDF)

Name of financial institution / bank	Limit		Outstanding amount		Details of financing, security and repayment terms
	2023	2022	2023	2022	
	----- (Rupees) -----				
United Bank Limited	157,493,182	157,493,182	7,155,414	28,621,656	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building and machinery) of the Company. The loan is subject to mark-up at the rate of 3 months KIBOR plus 100 bps (2022: 3 Months KIBOR plus 100 bps) repayable in 22 equal quarterly installments initially commenced from March 2017 (after deferment commenced from June 2021).

7.5 SBP Payroll Financing

Bank Alfalah Limited	-	139,109,130	-	34,469,363	Facility was obtained under SBP payroll finance scheme via IHandSMEFD Circular No. 06 of 2020. The loan is subject to markup at the rate of 1% (2022: 1%) per annum repayable in 8 equal quarterly installments commenced from January 2021.
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7.6 Debentures have been issued in favor of Collector of Customs of Karachi to cover deferred payment of custom duty on imported machinery.

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

	Note	2023 Rupees	2022 Rupees
- Short-term borrowings	12	941,704,041	672,233,101
- Long-term finances	7.2 & 7.4	2,060,111,384	247,758,879
		<u>3,001,815,425</u>	<u>919,991,980</u>

8. DEFERRED GOVERNMENT GRANT

Deferred grant against SBP payroll financing facility	8.1	-	307,915
Less: Current portion of deferred grant		-	(307,915)
		<u>-</u>	<u>-</u>

8.1 Movement of deferred government grant

Opening balance		307,915	4,496,198
Amortization during the year		(307,915)	(4,188,283)
As at June 30		<u>-</u>	<u>307,915</u>

8.2 Deferred grant related 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 amortised over the period of loan and amortization was recognised and presented as reduction of related interest expense.

	2023 Rupees	2022 Rupees
9. EMPLOYEE RETIREMENT BENEFITS		
Defined benefit liability - staff gratuity	<u>191,948,868</u>	<u>142,842,944</u>

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

	2023	2022
9.1 Actuarial assumptions		
Discount rate	16.25%	13.25%
Expected rate of salary increase	15.75%	12.75%
Mortality rate	SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year
Expected withdrawal rate for actuarial assumptions	Age based	Age based

	Note	2023 Rupees	2022 Rupees
9.2 Movement in the net defined benefit liability			
Balance at the beginning of the year		142,842,944	125,745,763
Recognised in the statement of profit or loss			
Current service cost		27,487,530	22,415,317
Interest cost		17,820,593	10,176,206
	9.4	45,308,123	32,591,523
Recognised in other comprehensive income			
Remeasurement gain / (loss) on defined benefit liability	9.3	20,493,603	(350,992)
Benefits paid during the year		(16,695,802)	(15,143,350)
Balance at end of the year		191,948,868	142,842,944
9.3 Remeasurement recognised in Other Comprehensive Income			
Actuarial loss / (gain) from changes in financial assumptions		1,268,845	(38,324)
Experience adjustments		19,224,758	(312,668)
		20,493,603	(350,992)
9.4 Expense recognised in the statement of profit or loss			
Current service cost		27,487,530	22,415,317
Interest cost		17,820,593	10,176,206
		45,308,123	32,591,523

9.5 Sensitivity analysis

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

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

Salary risk

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

Mortality / withdrawal risk

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

Longevity risk

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

	2023		
	Change in assumption	Increase / (decrease) in defined benefit obligation	
		Increase in assumption	Decrease in assumption
		----- (Rupees) -----	
Discount rate	0.5%	(5,425,364)	5,767,806
Salary increment rate	0.5%	5,956,833	(5,653,269)
		----- (Rupees) -----	
		2022	
		----- (Rupees) -----	
Discount rate	0.5%	(7,773,257)	8,600,552
Salary increment rate	0.5%	8,600,552	(7,839,084)

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the reporting date.

9.6 The expected maturity analysis of undiscounted benefit obligation is:

	2023 Rupees	2022 Rupees
	Undiscounted payments	
Less than a year	38,231,744	26,411,660
Between 1 to 2 years	32,659,072	19,612,336
Between 2 to 3 years	34,438,513	19,740,895
Between 3 to 4 years	26,804,513	19,469,493
Between 4 to 5 years	46,250,233	19,640,905
6 years and above	5,503,255,976	599,226,152

9.7 Expected provision to be recognised in statement of profit or loss and other comprehensive income for the year ending June 30, 2024 is Rs. 66.197 million.

9.8 The average duration of the defined benefit obligation is 6 years.

	Note	2023 Rupees	2022 Rupees
10 TRADE AND OTHER PAYABLES			
Creditors		189,883,405	165,232,167
Accrued liabilities	10.1 & 10.2	888,903,492	862,641,563
Advance rent		7,949,478	7,312,610
Workers' Profit Participation Fund	10.3	43,153,495	98,108,469
Workers' Welfare Fund		94,901,094	79,085,255
Preference shares redemption liability and dividend		733,365	733,365
Other government expenses - Infrastructure fee	10.4	232,676,330	138,732,581
Sales tax payable		52,151,329	31,398,458
Withholding income tax		10,492,573	4,177,585
Others		359,008	383,041
		1,521,203,569	1,387,805,094

10.1 This includes an amount of Rs. 582.795 million (2022: Rs. 582.795 million) in respect of Gas Infrastructure Development Cess.

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

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

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

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

On October 26, 2016, the Honorable High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited filed an intra-court appeal before the Divisional Bench of High Court of Sindh. On August 13, 2020, GIDC matter was decided by the Supreme Court of Pakistan and the Court ordered gas consumers to pay outstanding amount of GIDC upto July 31, 2020 in twenty four equal monthly installments, starting from August 2020. The Supreme Court further gave the Federal Government six months to commence work on the North-South Gas Pipeline the GIDC Act 2015 was to become permanently in-operations and considered dead for all intents and purposes. This period of six months expired on February 13, 2021 and no work on the North-South Gas Pipeline commenced till date.

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

During the year ended June 30, 2021, on review petitions filed by companies including those which had obtained the judgment from the Honorable Sindh High Court, the Supreme Court through its judgment dated November 03, 2020 dismissed the review petitions and allowed the recovery of the amount in forty eight equal installments with one year grace period as oppose to twenty four equal installments and six months grace period mentioned in the original decision dated August 30, 2020.

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

Prudently, the Company has recorded further provision of Rs. 15.19 million (2022: Rs. 32.28 million) at the rate of Rs. 66 per MMBTU from March 01, 2021. Consequently, Company has issued security cheque of Rs. 55 million (inclusive of sales tax) to the Nazir High Court.

	Note	2023 Rupees	2022 Rupees
10.3 Workers' Profit Participation Fund			
Opening balance		98,108,469	53,114,850
Interest on funds utilised in the Company's business	10.3.1	9,273,266	10,368,310
		107,381,735	63,483,160
Allocation for the year	30	43,153,495	98,108,469
		150,535,230	161,591,629
Amount paid to the fund		(107,381,735)	(63,483,160)
		43,153,495	98,108,469

10.3.1 Interest on funds utilised is charged at the rate of 75% of (i.e 75% of 100% dividend announced) of last year.

10.4 This represents Government of Sindh, provision for Sindh Development and Infrastructure Fee and Duty which was levied by the Excise and Taxation Department, on goods entering or leaving the province of Sindh, through air or sea at prescribed rate, under the Sindh Finance Ordinance, 2001. The imposition of the levy was initially challenged by the Company along with other affectees, in the Honorable High Court of Sindh, and the Honorable Court was pleased to grant an interim injunction, vide Order dated May 31, 2011, to the effect that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be deposited with the Honorable Court until the final order is passed. However, as a matter of prudence, in 2021 the Company has paid 50% of the value of infrastructure fee to the concerned department and recorded liability for the remaining amount which is supported by a bank guarantee. Starting from September 2021, the Company is providing 100% bank guarantee in accordance with the order of Supreme Court of Pakistan dated September 01, 2021.

	Note	2023 Rupees	2022 Rupees
11. ACCRUED INTEREST / MARK-UP			
From banking companies			
- Long-term finances		118,656,293	27,297,039
- Short-term borrowings		25,385,543	13,041,443
		144,041,836	40,338,482
12. SHORT-TERM BORROWINGS			
Banking companies - secured			
Foreign currency finance	12.3	-	594,717,608
Running finance	12.4	941,704,041	77,515,493
		941,704,041	672,233,101

12.1 Reconciliation of liabilities arising from short term financing activities

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

	Cash flows		Non-cash flows		June 30, 2023
	July 01, 2022	Obtained	Repaid	Transferred	
	----- (Rupees) -----				
Term finance (note 12.2)	-	317,110,309	(250,000,000)	(67,110,309)	-
Foreign currency finance	594,717,608	7,574,248	(605,292,608)	3,000,752	-
	594,717,608	324,684,557	(855,292,608)	(64,109,557)	-
2022	-	1,369,092,800	(771,374,440)	(3,000,752)	594,717,608

12.2 The Company has availed term finance facility during the year from various banks, which carried mark-up @ 16.27% to 17.5% (2022: 8.95%) per annum and remaining portion of loan was converted into long term loan during the year amounting to Rs. 67.11 million.

12.3 The Company has availed foreign currency finance facility from various banks which carries mark-up ranging from 2.10% to 4.10% (2022: 1.25% to 2.60%) per annum.

- 12.4** Cash and running finance facilities are subject to variable markup ranging from 1 to 3 month KIBOR plus 0.12% to 1.00% (2022: from 1 to 3 month KIBOR plus 0.12% to 1.00%) per annum payable on quarterly basis.
- 12.5** The Company can avail foreign currency, cash and running finance facilities from various banks aggregating to Rs. 5,390 million (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.
- 12.6** The aggregate unavailed short-term borrowing facilities available amounted to Rs. 4,448 million (2022: Rs. 4,718 million).

	Note	2023 Rupees	2022 Rupees
13. CONTINGENCIES AND COMMITMENTS			
13.1 Contingencies			
Bank guarantees issued on behalf of the Company	13.1.1	28,253,615	18,602,000
Bank guarantee in favor of Excise and Taxation department		243,442,448	152,442,448
Revolving Letter of credit favouring SSGC		82,051,880	82,051,880
13.1.1	It includes guarantee issued in favor of Hyderabad Electric Supply Corporation (HESCO) amounting Rs. 24.253 million.		
13.1.2	The Company has filed the petition in the High Court challenging the amendments made by Finance Act 2020 in section 65B of the Income Tax Ordinance, 2001, whereby credit has been reduced at 5%, instead of 10%, of the investments made in plant and machinery and also reduced the period of claim ability of credit to tax year 2019 in comparison to earlier committed period of tax year 2021. The Court has admitted the petition and allowed the Company to claim the credit as if no amendment in law has been made. The Company has accordingly claimed the credit in filing the tax return, however effect of claim of Rs. 98,252,298 is presently not recorded in Financial statements on the ground of prudence and will be recognized upon final decision by the Court on the petition. Presently this matter is pending in the Supreme Court in an appeal filed by the FBR.		
	Note	2023 Rupees	2022 Rupees
13.2 Commitments			
Capital work			
Machinery		40,112,500	1,452,441,802
Civil work		6,226,196	439,383
Raw material		524,972,137	144,789,689
Stores and spares		17,955,443	20,812,623
Bills discounted		556,701,868	1,309,124,705
Commitments for rentals of assets under short term lease agreements as at June 30:			
Not later than one year		4,006,582	3,257,033
14. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14.1	3,565,934,646	3,538,963,694
Capital work in progress	14.2	2,647,511,511	690,375,839
		6,213,446,157	4,229,339,533

14.1 Operating fixed assets

Particulars	2023							Rate of depreciation %
	Cost at July 01, 2022	Additions / (Deletions)	Cost at June 30, 2023	Accumulated depreciation at July 01, 2022	Depreciation for the year / (Disposal)	Accumulated depreciation at June 30, 2023	Written down value at June 30, 2023	
Owned								
Land - freehold **	7,400,318	-	7,400,318	-	-	-	7,400,318	-
Land - leasehold **	2,474,682	-	2,474,682	-	-	-	2,474,682	-
Commercial building on free hold land	16,699,610	-	16,699,610	11,721,844	248,889	11,970,733	4,728,877	5
Mills buildings on leasehold land	336,652,697	973,882	337,626,579	177,777,751	15,820,686	193,598,437	144,028,142	10
Other buildings on leasehold land	47,888,572	-	47,888,572	21,703,743	1,279,599	22,983,342	24,905,230	5
Machinery and equipment	4,779,435,916	397,403,596 (25,368,989)	5,151,470,523	1,607,183,354	336,681,093 (22,983,794)	1,920,880,653	3,230,589,870	10
Electric installations and equipment	183,067,642	814,000	183,881,642	88,804,883	9,841,073	98,645,956	85,235,686	10
Gas installations	4,961,490	-	4,961,490	3,537,111	158,209	3,695,320	1,266,170	10
Office equipment	24,070,810	959,700 (67,500)	24,963,010	15,870,207	872,130 (25,059)	16,717,278	8,245,732	10
Furniture and fixtures	52,934,580	508,456	53,443,036	24,631,518	2,862,252	27,493,770	25,949,266	10
Vehicles	65,989,365	4,531,503 (1,282,600)	69,238,268	31,381,577	7,598,120 (852,102)	38,127,595	31,110,673	20
	5,521,575,682	405,191,137 (26,719,089)	5,900,047,730	1,982,611,988	375,362,051 (23,860,955)	2,334,113,084	3,565,934,646	

Particulars	2022							
	Cost at July 01, 2021	Additions / Adjustments / (Deletions)	Cost at June 30, 2022	Accumulated depreciation at July 01, 2021	Depreciation for the year / (Disposal)	Accumulated depreciation at June 30, 2022	Written down value at June 30, 2022	Rate of depreciation %
Owned								
Land - freehold **	7,400,318	-	7,400,318	-	-	-	7,400,318	-
Land - leasehold **	2,474,682	-	2,474,682	-	-	-	2,474,682	-
Commercial building on free hold land	16,699,610	-	16,699,610	11,459,856	261,988	11,721,844	4,977,766	5
Mills buildings on leasehold land	333,946,099	2,706,598	336,652,697	160,399,293	17,378,458	177,777,751	158,874,946	10
Other buildings on leasehold land	47,888,572	-	47,888,572	20,266,757	1,436,986	21,703,743	26,184,829	5
Machinery and equipment	3,697,462,884	1,206,389,291 (124,416,259)	4,779,435,916	1,407,744,936	282,688,115 (83,249,697)	1,607,183,354	3,172,252,562	10
Electric installations and equipment	136,124,751	47,767,891 (825,000)	183,067,642	82,391,750	7,145,397 (732,264)	88,804,883	94,262,759	10
Gas installations	4,961,490	-	4,961,490	3,378,846	158,265	3,537,111	1,424,379	10
Office equipment	23,445,760	625,050	24,070,810	14,986,332	883,875	15,870,207	8,200,603	10
Furniture and fixtures	52,448,130	554,750 (68,300)	52,934,580	21,545,596	3,122,643 (36,721)	24,631,518	28,303,062	10
Vehicles	60,195,377	7,402,508 (1,608,520)	65,989,365	24,607,906	7,860,197 (1,086,526)	31,381,577	34,607,788	20
	4,383,047,673	1,265,446,088 (126,918,079)	5,521,575,682	1,746,781,272	320,935,924 (85,105,208)	1,982,611,988	3,538,963,694	

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

14.1.1 Depreciation for the year has been allocated as under:

	2023	2022
Note	Rupees	Rupees
27.1	364,159,110	309,207,837
29	11,202,941	11,728,087
	375,362,051	320,935,924

Cost of goods manufactured
Administrative expenses

14.1.2 Details of disposal of assets

Description of assets	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain / (loss) on disposal	Mode of disposal	Relationship of purchaser with the Company	Particulars of buyers
Vehicles	1,282,600	852,102	430,498	1,445,000	1,014,502	Negotiation	None	Taha Shehzad House No A-545, Block-5, Gulshan-e-Iqbal, Karachi
Office equipment	67,500	25,059	42,441	50,000	7,559	Negotiation	None	Farzad Aslam House No 79-D, Mohalla Gulberg II, Lahore
Machinery and equipment	18,757,546	16,859,652	1,897,894	2,100,000	202,106	Negotiation	None	Mubashir Brothers Street No 9, Rasool Pura Road, Near Bijli Ghar, Samundri Road, Faisalabad
Machinery and equipment	1,964,273	1,913,945	50,328	700,000	649,672	Negotiation	None	Mubashir Brothers Street No 9, Rasool Pura Road, Near Bijli Ghar, Samundri Road, Faisalabad
Machinery and equipment	4,647,170	4,210,197	436,973	400,000	(36,973)	Negotiation	None	A.J. Traders Room No 33-34, Idrees Chamber, Talpur Road, West Kemari Town, Karachi
2023	26,719,089	23,860,955	2,858,134	4,695,000	1,836,866			
2022	126,918,079	85,105,208	41,812,871	49,219,680	7,406,809			

	Note	2023 Rupees	2022 Rupees
14.2 Capital work-in-Progress			
Civil work	14.2.1	450,852,647	212,339,938
Machinery, electrical installations, furniture and equipment	14.2.2	2,196,658,864	478,035,901
		<u>2,647,511,511</u>	<u>690,375,839</u>
14.2.1 Civil work			
Opening balance		212,339,938	78,469,752
Additions		238,975,387	134,627,734
		451,315,325	213,097,486
Transfer to operating fixed assets		(462,678)	(757,548)
Closing balance		<u>450,852,647</u>	<u>212,339,938</u>
14.2.2 Machinery, electrical installations, furniture and equipment			
Opening balance		478,035,901	37,277,083
Additions	14.2.3	2,116,866,112	1,694,862,998
		2,594,902,013	1,732,140,081
Transfer to operating fixed assets		(398,243,149)	(1,254,104,180)
Closing balance		<u>2,196,658,864</u>	<u>478,035,901</u>

14.2.3 It includes borrowing costs of Rs. 141.178 million incurred on long term finance used attributable to expansion in production facility.

15. INVESTMENT PROPERTIES

	Cost		Depreciation			Written down value as at June 30, 2023	Annual rate of depreciation %	
	As at July 01, 2022	Additions / (disposals)	As at June 30, 2023	As at July 01, 2022	Charge for the year			As at June 30, 2023
(Rupees)								
Building on freehold land - 15.1 & 15.2	17,539,312	-	17,539,312	13,313,106	211,310	13,524,416	4,014,896	5
Land in Lahore - freehold - 15.1 & 15.2	8,300,631	-	8,300,631	-	-	-	8,300,631	-
Land in Sheikhpura - freehold - 15.1 & 15.3	751,338	-	751,338	-	-	-	751,338	-
2023	26,591,281	-	26,591,281	13,313,106	211,310	13,524,416	13,066,865	
2022	26,591,281	-	26,591,281	13,090,674	222,432	13,313,106	13,278,175	

15.1 As per the valuation done by M/s Hamid Mukhtar & Co. (Pvt) Ltd, the fair value of Land and building in Lahore - free hold is Rs. 1.143 billion (2022: Rs. 1.056 billion) and Land in Sheikhpura is Rs 185 million (2022: Rs. 148 million).

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

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

16. INTANGIBLE ASSETS

The company is using ERP software costing Rs. 4.151 million (2022: Rs. 4.151 million) which is fully amortized and is still in use.

	Note	2023 Rupees	2022 Rupees
17. STORES AND SPARES			
Stores		29,935,494	23,259,269
Spares		125,016,276	40,554,381
		154,951,770	63,813,650
18. STOCK-IN-TRADE			
Raw material		2,846,192,621	2,650,902,366
Work-in-process		210,447,303	112,471,329
Finished goods		414,298,362	206,752,603
Waste		35,294,522	14,741,932
		3,506,232,808	2,984,868,230
19. TRADE RECEIVABLES			
Foreign - secured		417,916,472	295,606,004
Local - unsecured		790,996,512	679,843,264
	19.2	1,208,912,984	975,449,268
Provision for expected credit losses	19.1	(1,940,806)	(1,940,806)
		1,206,972,178	973,508,462
19.1 Provision for expected credit losses			
Opening balance		1,940,806	1,940,806
Provision made during the year		-	5,392,500
Write off of trade receivables		-	(5,392,500)
Closing balance		1,940,806	1,940,806
19.2	These are non-interest bearing, the normal credit period is 15 to 45 days.		
19.3	Trade receivables include debtors with a carrying amount of Rs. 2.486 million (2022: Rs. 3.977 million) which are past due at the reporting date against which the Company has not made a provision as there is no significant change in credit quality and the amount is considered recoverable. The Company does not hold any collateral against these balances. The aging of these past due trade receivables is as follows:		
		2023 Rupees	2022 Rupees
19.3.1 Aging of past due but not impaired			
0-45 days		278,534,617	127,503,993
46-90 days		543,324	1,266,083
91-180 days		682,737	1,531,478
181 days and above		1,135,035	1,179,641
		280,895,713	131,481,195
19.3.2 Aging of past due and impaired			
46-90 days		-	-
91-180 days		-	-
181 days and above		1,940,806	1,940,806
		1,940,806	1,940,806

	Note	2023 Rupees	2022 Rupees
20. ADVANCES			
Employees		829,506	1,154,636
Suppliers		813,363,287	144,397,122
Expenses		1,807,792	295,962
Letters of credit		2,409,163	5,638,027
		<u>818,409,748</u>	<u>151,485,747</u>
21. PREPAYMENTS			
Insurance		2,159,544	2,219,957
Rent		317,826	647,103
Others		10,025	1,509,583
		<u>2,487,395</u>	<u>4,376,643</u>
22. OTHER RECEIVABLES			
Others	22.1	<u>59,930,963</u>	<u>39,437,876</u>
22.1	It includes security cheque amounting to Rs. 27 million issued in respect of disputed super tax filed in Nazir High Court.		
23. TAX REFUNDABLE			
Sales tax refundable		98,544,855	194,894,402
Income tax refundable	23.1	59,534,390	60,854,742
		<u>158,079,245</u>	<u>255,749,144</u>
23.1	Movement of advance tax is as under:		
Opening balance		60,854,742	63,726,445
Paid during the year		212,250,733	169,973,964
Prior year tax adjustments	33	-	4,894,504
Refund received during the year		-	(5,336,352)
Provision for tax	33	(213,571,085)	(172,403,819)
		<u>59,534,390</u>	<u>60,854,742</u>
24. OTHER FINANCIAL ASSETS			
Designated at amortised cost			
Terms deposits with banks having maturity of			
- More than three months		82,500,000	-
- Three months or less		1,903,615	-
	24.1	<u>84,403,615</u>	-
Designated at fair value through other comprehensive income			
Investment in listed equity securities	24.2	132,205,022	187,471,369
Investment in mutual funds	24.3	-	1,191,612,859
		<u>132,205,022</u>	<u>1,379,084,228</u>
Designated at fair value through profit or loss			
Investment in mutual funds	24.4	349,654	-
		<u>216,958,291</u>	<u>1,379,084,228</u>

24.1 Markup on these term deposit denominated in local currency ranges from 14.5% to 20.1% per annum.

24.2 Investment in listed equity securities

2023 Number of shares	2022	Name of investee	2023 Rupees	2022 Rupees
1,282,500	1,140,000	Fauji Cement Company Limited	15,082,200	16,153,800
447,500	447,500	Habib Metropolitan Bank Limited	13,523,450	17,474,875
433,500	433,500	Bank Al Habib Limited	18,735,870	25,169,010
365,000	365,000	Fatima Fertilizer Company Limited	10,880,650	13,797,000
376,704	376,704	United Bank Limited	44,277,788	42,616,524
-	409,000	Habib Bank Limited	-	37,358,060
271,850	271,850	Bank Alfalah limited	8,275,114	8,699,200
150,000	150,000	Oil & Gas Development Company Limited	11,700,000	11,800,500
-	110,000	Loads Limited	-	1,068,100
85,000	85,000	MCB Bank Limited	9,729,950	10,453,300
-	21,500	Agriauto Industries Limited	-	2,881,000
			132,205,022	187,471,369

24.3 Investment in mutual funds - fair value through other comprehensive income

MCB Pakistan Cash Management Fund Nil units (2022: 3,283,927 units)	-	165,732,568
HBL Money Market Fund Nil units (2022: 7,086 units)	-	728,380
NBP Money Market Fund Nil units (2022: 38,461,726 units)	-	381,967,251
HBL Cash Fund Nil units (2022: 6,348,491 units)	-	643,184,660
	-	1,191,612,859

24.4 Investment in mutual funds - fair value through profit or loss

HBL Cash Fund 3,388 units	349,654	-
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24.5 Reconciliation between fair value and cost of investments classified as 'equity instrument'.

Through other comprehensive income	Note	2023 Rupees	2022 Rupees
Fair value of investments			
- in listed equity securities	24.2	132,205,022	187,471,369
- in mutual funds	24.3	-	1,191,612,859
		132,205,022	1,379,084,228
Add: unrealized loss on remeasurement of investments as at June 30	24.6	55,702,216	65,326,267
Cost of investments		187,907,238	1,444,410,495

24.6 Unrealized loss on remeasurement of mutual funds through other comprehensive income

Opening balance	(70,354,394)	(28,492,720)
Fair value loss arises for the year	(22,915,092)	(21,799,036)
Transfer of realized loss / (gain) on sale of investments	37,567,270	(15,034,511)
Unrealized fair value loss / (gain) for the year	14,652,178	(36,833,547)
	(55,702,216)	(65,326,267)
Deferred tax reversed	-	(5,028,127)
Closing balance	(55,702,216)	(70,354,394)

	Note	2023 Rupees	2022 Rupees
24.7 Unrealized gain on remeasurement of mutual funds through profit or loss			
Fair value of investments in mutual funds	24.4	349,654	-
Less: Cost of investments		(348,383)	-
Unrealised gain on remeasurement of investments		<u>1,271</u>	<u>-</u>
25. CASH AND BANK BALANCES			
Cash with banks - In current accounts			
- Local currency	25.1	151,350,432	65,268,355
- Foreign currency	25.2	85,845,363	10,806,520
		<u>237,195,795</u>	<u>76,074,875</u>

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

25.2 It is a current account denominated in USD amounting to USD 299,967.2 (2022: USD 52,586.47).

26. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Note	2023		
		Local	Export	Total
		(Rupees)		
Yarn	26.1 & 26.2	1,952,117,646	11,345,983,571	13,298,101,217
Waste		909,127,307	176,200,919	1,085,328,226
Raw material		4,916,103	-	4,916,103
		<u>2,866,161,056</u>	<u>11,522,184,490</u>	<u>14,388,345,546</u>
Sales tax		<u>(426,946,869)</u>	<u>(1,142,640,959)</u>	<u>(1,569,587,828)</u>
		<u>2,439,214,187</u>	<u>10,379,543,531</u>	<u>12,818,757,718</u>
		2022		
		Local	Export	Total
		(Rupees)		
Yarn	26.1 & 26.2	1,982,352,752	9,930,703,101	11,913,055,853
Waste		449,351,734	251,091,968	700,443,702
Raw material		8,703,677	-	8,703,677
		<u>2,440,408,163</u>	<u>10,181,795,069</u>	<u>12,622,203,232</u>
Sales tax		<u>(354,604,678)</u>	<u>(1,032,019,854)</u>	<u>(1,386,624,532)</u>
		<u>2,085,803,485</u>	<u>9,149,775,215</u>	<u>11,235,578,700</u>

26.1 Export sales includes exchange gain of Rs. 31.79 million (2022: Rs. 5.26 million).

26.2 Export sales include indirect export of Rs. 6.904 billion (2022: Rs. 6.457 billion) and indirect exports include sales of Rs. 3.196 billion (2022: Rs. 1.568 billion) to related parties (note 37).

	Note	2023 Rupees	2022 Rupees
27. COST OF GOODS SOLD			
Opening stock - finished goods and waste		221,494,535	16,110,880
Cost of goods manufactured	27.1	11,652,079,414	8,797,822,672
Purchase of waste material		6,218,980	45,425,180
		11,879,792,929	8,859,358,732
Closing stock - finished goods and waste	18	(449,592,884)	(221,494,535)
Cost of sale of waste material		48,920,083	90,046,344
		11,479,120,128	8,727,910,541
27.1 Cost of goods manufactured			
Raw material consumed	27.1.1	9,948,982,689	7,503,452,901
Packing material consumed		135,083,634	100,263,159
Stores and spares consumed		240,418,430	118,437,921
Salaries, wages and other benefits	27.1.2	439,713,367	381,048,765
Fuel		542,880,581	380,028,049
Rates and taxes		525,849	532,912
Insurance		25,001,936	20,814,124
Repairs and maintenance		17,137,219	9,236,873
Depreciation on property, plant and equipment	14.1.1	364,159,110	309,207,837
Other manufacturing overheads		36,152,573	12,318,336
		11,750,055,388	8,835,340,877
Work in process			
Opening stock		112,471,329	74,953,124
Closing stock	18	(210,447,303)	(112,471,329)
		(97,975,974)	(37,518,205)
		11,652,079,414	8,797,822,672
27.1.1 Raw material consumed			
Opening stock		2,650,902,366	1,213,825,310
Purchases		10,144,272,944	8,940,529,957
		12,795,175,310	10,154,355,267
Closing stock	18	(2,846,192,621)	(2,650,902,366)
		9,948,982,689	7,503,452,901
27.1.2	It includes Rs. 38.79 million (2022: Rs. 26.65 million) in respect of employee retirement benefits.		
28. DISTRIBUTION COST			
Freight		141,070,972	154,746,187
Commission:			
- Local		21,115,706	20,396,279
- Export		39,325,845	13,826,709
Stamp duty		415,608	287,030
Travelling		4,868,589	2,000,192
Export development surcharge		8,864,906	6,283,887
Quality claims		5,937,931	2,119,757
Handling and other charges		8,289,870	5,544,320
Insurance		590,106	60,983
Others		2,670,447	2,087,298
		233,149,980	207,352,642

	Note	2023 Rupees	2022 Rupees
29. ADMINISTRATIVE EXPENSES			
Directors' remuneration, fees and benefits		34,566,667	29,680,000
Staff salaries and other benefits	29.1	88,424,079	81,089,242
Travelling and conveyance		2,023,588	2,184,955
Printing and stationery		2,916,007	2,376,739
Postage and telephone		3,353,775	2,946,225
Fees, subscription and periodicals		9,879,345	7,138,417
Legal and professional		3,770,207	1,248,001
Advertisement		327,060	94,294
Utilities - net of recoveries		7,602,471	9,437,007
Rates and taxes		827,841	1,897,959
Rent related to short term lease		4,697,403	3,862,769
Insurance		2,913,431	2,634,323
Auditor's remuneration	29.2	1,355,000	1,275,000
Repairs and maintenance		2,749,530	2,500,465
Vehicles running and maintenance		18,180,826	10,619,519
Entertainment		1,759,353	1,454,980
Depreciation on property, plant and equipment	14.1.1	11,202,941	11,728,087
Depreciation on investment properties	15	211,310	222,432
Donations	29.3	200,000	50,000
Others		2,339,671	1,828,673
		199,300,505	174,269,087

29.1 It includes Rs. 6.51 million (2022: Rs. 5.94 million) in respect of employee retirement benefits.

29.2 Auditor's remuneration

Annual audit fee	805,000	725,000
Half yearly review fee	220,000	220,000
Review report on statement of compliance	55,000	55,000
Tax compliance services	165,000	165,000
Other certifications	110,000	110,000
	1,355,000	1,275,000

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

30. OTHER EXPENSES

Workers' Profit Participation Fund	10.3	43,153,495	98,108,467
Workers' Welfare Fund		16,398,328	37,281,217
Provision against doubtful debts		-	5,392,500
Reversal of unrealized gain on foreign currency loan		3,000,752	-
		62,552,575	140,782,184

	Note	2023 Rupees	2022 Rupees
31. OTHER INCOME			
Dividend income		127,592,057	39,080,384
Realized gain on mutual funds		35,306,314	-
Unrealized gain on mutual funds		1,271	-
Interest income on term deposit receipt		4,664,380	2,679
Liability no longer payable		801,781	-
Unrealized gain on foreign currency loan		-	3,000,752
Unrealized gain on revaluation of foreign currency account		7,408,068	988,433
Scrap sales		4,894,221	3,515,847
Gain on disposal of property, plant and equipment - net	14.1.2	1,836,866	7,406,809
Realized gain on forward contracts		4,989,050	2,345,878
Rental income from investment property		30,753,090	28,197,529
		218,247,098	84,538,311
32. FINANCE COST			
Mark-up / interest on:			
Long term finances		304,368,503	106,203,434
Short term borrowings		71,310,075	117,444,010
Workers' Profit Participation Fund	10.3	9,273,266	10,368,310
Bank charges and commission		15,589,732	9,007,434
		400,541,576	243,023,188
Less: amounts included in the cost of qualifying asset	14.2.3	(141,178,054)	-
		259,363,522	243,023,188
33. PROVISION FOR TAXATION			
Current tax		213,571,085	172,403,819
Prior year		-	(4,894,504)
Deferred		-	(153,291,872)
	33.1	213,571,085	14,217,443
33.1 Relationship between tax expense and accounting profit			
Accounting profit - before tax		803,518,106	1,826,779,369
Tax @ 29%		233,020,251	529,766,017
Effect of:			
- Super tax		56,780,401	46,215,241
- Fixed tax regime		(46,113,362)	(394,060,338)
- Rental income		(2,014,486)	(1,992,096)
- Dividend income		(17,862,888)	(5,467,071)
- Capital gain		(10,238,831)	(2,057,934)
		(19,449,166)	(357,362,198)
Deferred tax		-	(153,291,872)
Prior year tax		-	(4,894,504)
Tax charge for the year		213,571,085	14,217,443

34. EARNINGS PER SHARE - basic and diluted

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

	2023	2022
Profit after taxation (Rupees)	<u>589,947,021</u>	<u>1,812,561,926</u>
Weighted average number of ordinary shares	<u>18,700,000</u>	<u>18,700,000</u>
Earnings per share (Rupees)	<u>31.55</u>	<u>96.93</u>

35. CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	2023 Rupees	2022 Rupees
Profit before taxation		803,518,106	1,826,779,369
Adjustments for:			
Depreciation on property, plant and equipment	14.1.1	375,362,051	320,935,924
Depreciation on investment properties	15	211,310	222,432
Provision for gratuity	9.2	45,308,123	32,591,523
Provision for expected credit losses	30	-	5,392,500
Liability no longer payable	31	(801,781)	-
Gain on disposal of property, plant and equipment - net	14.1.2	(1,836,866)	(7,406,809)
Gain on sale of mutual funds	31	(35,306,314)	-
Finance cost	32	259,363,522	243,023,188
Realized / (unrealized) gain on revaluation of FCY short term finance	31	3,000,752	(3,000,752)
Unrealized gain on revaluation of foreign currency account	31	(7,408,068)	(988,433)
Rental income from investment property	31	(30,753,090)	(28,197,529)
Dividend income	31	(127,592,057)	(39,080,384)
		<u>1,283,065,688</u>	<u>2,350,271,029</u>

Changes in working capital

(Increase) / decrease in current assets:

Stores and spares	(91,138,120)	(33,755,512)
Stock-in-trade	(521,364,578)	(1,679,978,916)
Trade receivables	(233,463,716)	(245,964,031)
Advances	(666,924,001)	78,886,967
Prepayments	1,889,248	458,069
Other receivables	(20,493,087)	(26,769,797)
Tax refundable	96,349,547	(188,183,780)
	<u>1,435,144,707</u>	<u>(2,095,307,000)</u>

Increase in current liabilities:

Trade and other payables	133,563,388	305,206,131
Contract liability - advance from customers	(970,595)	6,814,609
Cash (used in) / generated from operations	<u>(19,486,226)</u>	<u>566,984,769</u>

36. REMUNERATION OF DIRECTORS AND EXECUTIVES

	2023				2022			
	Chief Executive	Directors		Executives	Chief Executive	Directors		Executives
		Executive	Non-Executive			Executive	Non-Executive	
	(Rupees)				(Rupees)			
Remuneration	12,480,000	12,480,000	-	25,557,880	10,800,000	10,800,000	-	23,104,640
House rent allowance	3,120,000	3,120,000	-	11,501,046	2,700,000	2,700,000	-	10,397,088
Other allowances	-	-	-	1,277,894	-	-	-	1,155,232
Retirement benefits	-	-	-	1,870,511	-	-	-	1,688,053
Leave encashment	2,166,667	-	-	4,075,048	1,875,000	-	-	3,621,899
Bonus	-	-	-	106,192	-	-	-	535,468
Meeting fee	-	-	1,200,000	-	-	-	805,000	-
	<u>17,766,667</u>	<u>15,600,000</u>	<u>1,200,000</u>	<u>44,388,571</u>	<u>15,375,000</u>	<u>13,500,000</u>	<u>805,000</u>	<u>40,502,380</u>
No. of persons	1	1	5	13	1	1	4	12

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

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors of the Company and key management personnel including chief executive and directors, their close family members and post retirement benefit plans. The Company carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out at agreed terms. There is no balance outstanding with or from associated undertakings. Remuneration of directors and key management personnel are disclosed in note 36 and amount due in respect of staff retirement benefits is disclosed in note 9. Other significant transactions with related parties are as follows:

Nature of relationship	Nature of transactions	2023 Rupees	2022 Rupees
Associated companies	Purchase of goods	91,667	65,892
	Sale of goods	3,196,596,473	1,756,202,993
	Rental income	2,999,682	2,726,968
	Dividend paid	30,605,420	7,651,355
Key management personnel	Payment of dividend to directors and their close family members	139,367,340	34,841,835

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

Name of related party	Relationship	Basis of relationship	Aggregate % holding in the Company as at June 30, 2023
Ellcot Spinning Mills Limited	Associated company	Common directorship	-
Prosperity Weaving Mills Limited	Associated company	Common directorship	-
Ellahi International (Private) Limited	Associated company	Common directorship	0.05%
Haroon Omer (Private) Limited	Associated company	Common directorship	5.44%
Monell (Private) Limited	Associated company	Common directorship	5.44%
ICARO (Private) Limited	Associated company	Common directorship	5.44%
ARH (Private) Limited	Associated company	Common directorship	-
Pacific Industries (Private) Limited	Associated company	Common directorship	-
Mr. Shaukat Ellahi Shaikh	Key management personnel	Director	17.47%
Mr. Shafqat Ellahi Shaikh	Key management personnel	Director	17.26%
Mr. Shahzada Ellahi Shaikh	Key management personnel	Chairman / Director	17.26%
Mr. Hasan Ahmed	Key management personnel	Director	0.003%
Mr. Shafiq Ur Rehman	Key management personnel	Director	0.003%
Mr. Naweed Akhter Sharif	Key management personnel	Director	0.003%
Mr. Raza Ellahi Shaikh	Key management personnel	Director	7.49%
Ms. Tosheeba Sarwar	Key management personnel	Director	0.003%
Mr. Amin Ellahi Shaikh	Key management personnel	Director / CEO	7.49%
Mr. Haroon Shahzada Ellahi Shaikh	Key management personnel	Director	3.74%
Mrs. Humera Shahzada Ellahi Shaikh	Close family member key management	Spouse of director	0.02%
Mrs. Mona Shaukat Shaikh	Close family member key management	Spouse of director	0.02%
Mrs. Shaista Shafqat	Close family member key management	Spouse of director	0.02%
Mr. Omer Ellahi Shaikh	Close family member key management	Son of director	3.74%

38. PLANT CAPACITY AND ACTUAL PRODUCTION

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

		2023	2022
Number of spindles installed	No.	51,708	51,708
Total number of spindles worked	No.	51,708	45,375
Number of shifts per day	No.	3	3
Actual number of shifts in a year	No.	1,095	1,093
Plant capacity on the basis of utilization converted in to 20s' count	Kgs	20,216,085	18,018,937
Actual production converted into 20's count	Kgs	20,950,937	17,160,951

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

	2023			Total
	At amortized cost	At fair value through other comprehensive income	At fair value through profit or loss	
----- (Rupees) -----				
Financial assets as per statement of financial position				
Long term deposits	1,021,858	-	-	1,021,858
Trade receivables	1,206,972,178	-	-	1,206,972,178
Other receivables	59,930,963	-	-	59,930,963
Other financial assets	84,403,615	132,205,022	349,654	216,958,291
Cash and bank balances	237,195,795	-	-	237,195,795
	1,589,524,409	132,205,022	349,654	1,722,079,085

	2022			Total
	At amortized cost	At fair value through other comprehensive income	At fair value through profit or loss	
----- (Rupees) -----				
Financial assets as per statement of financial position				
Long term deposits	1,021,858	-	-	1,021,858
Trade receivables	973,508,462	-	-	973,508,462
Other receivables	39,437,876	-	-	39,437,876
Other financial assets	-	1,379,084,228	-	1,379,084,228
Cash and bank balances	76,074,875	-	-	76,074,875
	1,090,043,071	1,379,084,228	-	2,469,127,299

	2023 Rupees	2022 Rupees
Financial liabilities as per statement of financial position		
At amortized cost		
Long-term finances	5,102,436,535	3,601,213,195
Short-term borrowings	941,704,041	672,233,101
Trade and other payables	1,079,879,270	1,033,167,721
Unclaimed dividend	10,989,419	9,436,616
Accrued interest / mark-up	144,041,836	40,338,482
	7,279,051,101	5,356,389,115

39.2 Financial risk management objectives and policies

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

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

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2023 which are summarized below.

39.3 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs.1,722.079 million (2022: Rs. 2,469.127 million), the financial assets which are subject to credit risk amounted to Rs.1,589.542 million (2022: Rs. 1,013.968 million). The Company manages credit risk for trade receivables by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

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

Credit risk related to receivables

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

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables, where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. At June 30, 2023 the Company had approximately 21 (2022: 17) major local customers that owed more than Rs. 8 million each and accounted for approximately 89% (2022: 95%) of local trade receivables. Export debts amounting to Rs. 417.916 million (2022: Rs. 295.606 million) are secured against letters of credit.

39.4 Liquidity risk

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of short term borrowings 35.13% (2022: 39.34%) of the Company's financial liabilities will mature in less than one year based on the carrying value reflected in the financial statements.

39.4.1 Liquidity and interest risk table

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

		2023					
		Carrying values	Contractual Cash flows	Less than 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Interest rate (Range)		----- Rupees -----					
Financial Liabilities							
Statement of financial position							
Long-term finances	2.5% to 23.52%	5,102,436,535	5,102,436,535	83,636,107	296,908,150	3,354,035,278	1,367,857,000
Short term borrowings	15.05% to 22.73%	941,704,041	941,704,041	941,704,041	-	-	-
Accrued interest / mark-up		144,041,836	144,041,836	144,041,836	-	-	-
Trade and other payables		1,079,879,270	1,079,879,270	1,079,879,270	-	-	-
Unclaimed dividend		10,989,419	10,989,419	10,989,419	-	-	-
		7,279,051,101	7,279,051,101	2,260,250,673	296,908,150	3,354,035,278	1,367,857,000

		2022					
		Carrying values	Contractual Cash flows	Less than 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Interest rate (Range)		----- Rupees -----					
Financial Liabilities							
Statement of financial position							
Long-term finances	1% to 16.6%	3,601,213,195	3,601,213,195	95,625,024	256,343,126	2,142,937,292	1,106,307,753
Short term borrowings	1.25% to 15.06%	672,233,101	672,233,101	672,233,101	-	-	-
Accrued interest / mark-up		40,338,482	40,338,482	40,338,482	-	-	-
Trade and other payables		1,033,167,721	1,033,167,721	1,033,167,721	-	-	-
Unclaimed dividend		9,436,616	9,436,616	9,436,616	-	-	-
		5,356,389,115	5,356,389,115	1,850,800,944	256,343,126	2,142,937,292	1,106,307,753

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

39.5 Market risk

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

39.5.1 Interest rate risk

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

The Company's interest rate risk arises from long term finance, short term borrowings, bank balances and term deposits with banks amounting to Rs. 2,680.2 million (financial liabilities on a net basis) (2022: Rs. 843.9 million). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
	2023 Rupees	2022 Rupees
Variable rate instruments		
Financial liabilities:		
Long-term finance	2,060,111,384	247,758,879
Short-term borrowings	941,704,041	672,233,101
	3,001,815,425	919,991,980
Financial assets:		
Cash and bank balances	237,195,795	76,074,875
Other financial assets - terms deposits with banks	84,403,615	-
	321,599,410	76,074,875
Net financial liabilities at variable interest rates	2,680,216,015	843,917,105

Interest rate sensitivity analysis

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended June 30, 2023 would decrease / increase by Rs. 26.80 million (2022: Rs. 8.439 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

39.5.2 Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However, the Company is materially exposed to foreign currency risk on assets. The Company enters into forward foreign exchange contracts to manage the foreign currency exchange risk associated with the anticipated sales. As at June 30, 2023 financial assets include Rs. 503.761 million (2022: Rs. 306.412 million) and no financial liabilities exists in current year (2022: Rs. 594.717 million) which are subject to foreign currency risk against US Dollars.

Foreign currency sensitivity analysis

At June 30, 2023, if the Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, the Company's profit for the year would have increased / decreased by Rs. 25.188 million (2022: Rs. 14.40 million), mainly as a result of foreign exchange gains / losses on translation of US Dollar-denominated trade receivables.

39.5.3 Equity price risk

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

As at reporting date the Company is exposed to equity securities price risk as it has investment amounting to Rs. 132.55 million (2022: Rs. 1,379 million) in the shares of quoted companies and units of mutual funds as mentioned in note 24.

If price would have been 10% higher / lower with all others variables held constant, other comprehensive income for the year of the company would have been higher / lower by Rs. 13.25 million (2022: Rs. 137.9 million).

39.6 Operational risks

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

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

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

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

40. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

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

The gearing ratios at June 30, 2023 and 2022 were as follows:

	2023 Rupees	2022 Rupees
Total borrowings (note 7 & 12)	6,044,140,576	4,273,446,296
Less: bank balances (note 25)	(237,195,795)	(76,074,875)
Less: terms deposits (note 24)	(84,403,615)	-
Net debt	5,722,541,166	4,197,371,421
Total equity	4,667,039,351	4,307,501,025
Total	10,389,580,517	8,504,872,446
Gearing ratio	55%	49%

The gearing ratio of the Company is increased by 6% as the Company obtained the debt to finance the expansion.

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on Net Asset Values (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:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
- 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
	132,554,676	-	-	132,554,676
	June 30, 2022			
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
- measured at fair value through other comprehensive income				
Investment in listed equity securities	187,471,369	-	-	187,471,369
Investment in mutual funds	1,191,612,859	-	-	1,191,612,859
	1,379,084,228	-	-	1,379,084,228

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

42. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, the following reclassification entries has been made in prior year balances :

Reclassification from	Reclassified to	Amount
Advances	Tax refundable	60,854,742
Finance cost	Other income	2,345,878

43. 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 80.97 percent (2022: 81.26 percent) . As at year end, all non-current assets of the Company are located within Pakistan.

44. NUMBER OF EMPLOYEES

	2023	2022
Number of employees		
- At June 30	1,069	965
- Average during the year	1,063	897

45. EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on September 25, 2023, proposed to distribute to the shareholders of the Company a cash dividend at the rate of 60 percent i.e. Rs. 6/- per ordinary share. The dividend is subject to the approval by the shareholders of the Company in its forthcoming Annual General Meeting. These financial statements do not reflect the effect of such dividend which will be accounted for in the financial statements of the Company subsequent to the year end, when it is approved by the shareholders of the Company.

46. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 25, 2023 by the Board of Directors of the Company.

47. GENERAL

Figures have been rounded off to the nearest to Rupee.



Raza Ellahi Shaikh
Director



Tariq Zafar Bajwa
Chief Financial Officer



Amin Ellahi Shaikh
Chief Executive Officer

September 25, 2023

THE COMPANY, THE SECTOR, THE VALUE
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- **Highly skilled workforce**
- **Strong financials**
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- **Global presence**

Key Metrics:

- **Revenue Growth**
- **Operating Profit**
- **EBITDA**
- **Net Profit**
- **Shareholder Value**
- **Employee Satisfaction**
- **Customer Satisfaction**
- **ESG Rating**
- **Market Share**

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FORM OF PROXY

The Secretary,
NAGINA COTTON MILLS LTD.
 2nd Floor, Shaikh Sultan Trust Building No. 2,
 26-Civil Lines, Beaumont Road,91-B-1,
 M.M. Alam Road,Karachi - 75530

I/We _____ of _____ being member(s) of **NAGINA COTTON MILLS LTD.**, and holder of _____ Ordinary Shares as per Share Register Folio No. _____ (In case of Central Depository System Account Holder A/c No. _____ Participant I.D. No. _____) hereby appoint _____ of _____ who is member of the Company as per Register Folio No. _____ (In case of Central Depository System Account Holder A/c No. _____ Participant I.D. No. _____) or failing him/her _____ of _____ who is member of the Company as per Register Folio No. _____ (In case of Central Depository System Account Holder A/c No. _____ Participant I.D. No. _____) as my/our proxy to vote for me/us and on my/our behalf at the 56th Annual General Meeting of the Company to be held on October 27, 2023 and at any adjournment thereof.

Signed at _____ this the _____ day of _____ 2023

WITNESSES:

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

affix
 Rs. 50/=
 Revenue
 Stamp

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

NOTES:

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

پراکسی فارم (مختار نامہ)

سیکرٹری

نگینہ کائن ملز لمیٹڈ

دوسری منزل، شیخ سلطان ٹرسٹ بلڈنگ نمبر 2،

26- سول لائنز، پٹانٹ روڈ،

کراچی - 75530

میں اہم

ساکن

بجائے دکن ٹیبلٹ کاشن ملز لمیٹڈ اور حال

عام حصص بمطابق شیئرز رجسٹر فلیو نمبر

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

بذریعہ ہذا

محترم / محترمہ ساکن

جو کہ اپنی کامیابی کے لیے ہمیں شکر و تحسین کا شوق ہے

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

یا اسکی غیر موجودگی میں محترم / محترمہ ساکن

جو کہ اپنی کامیابی کے لیے ہمیں شکر و تحسین کا شوق ہے

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

مورخہ 27 اکتوبر 2023ء کو منعقد ہونے والے کینیٹی کے 56 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقرر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور مختار

(پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

دستخط: آج بروز تاریخ 2023ء

گواہ:

50 روپے کار سیدی ٹکٹ

چسپاں کریں

دستخط کینیٹی کے ہاں رجسٹرڈ نمونہ دستخطوں کے

مطابق ہونے چاہئیں

شناختی کارڈ نمبر: _____

نوٹ:

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

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

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

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

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