

**FIRST QUARTER REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2020
(Un-Audited)**



NAGINA COTTON MILLS LTD.



NAGINA COTTON MILLS LTD.

CONTENTS

Company Information	02
Directors' Review	03
Condensed Interim Statement of Financial Position	05
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income	07
Condensed Interim Statement of Cash Flows	08
Condensed Interim Statement of Changes in Equity	09
Notes to the Condensed Interim Financial Statements	10



NAGINA COTTON MILLS LTD.

COMPANY INFORMATION

BOARD OF DIRECTORS

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

MANAGING DIRECTOR (Chief Executive)

Mr. Amin Ellahi Shaikh

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

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

EXECUTIVE COMMITTEE

Mr. Amin Ellahi Shaikh	Chairman
Mr. Shaukat Ellahi Shaikh	Member
Mr. Raza Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Tariq Zafar Bajwa

HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

AUDITORS

Messrs Deloitte Yousuf Adil
Chartered Accountants

LEGAL ADVISOR

Makhdoom & Makhdoom Advocates

LEAD BANKERS

Albaraka Bank (Pakistan) Ltd.
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
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

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 # 021-32424835

MILLS

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



NAGINA COTTON MILLS LTD.

DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial statements of the Company for the 1st quarter ended on September 30, 2020. The comparative figures for the corresponding quarter ended on September 30, 2019 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2020.

Company Performance

Alhamdulillah, the company has returned to profit after stressed last quarter. During the quarter under review, your Company has earned after tax profit of Rs. 42,172,099 compared to Rs. 47,268,040 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 2.26 compared to Rs. 2.53 for the SPLY.

Sales revenue for the period under review is Rs. 1,493,969,853 compared to Rs. 2,054,411,654 during SPLY, showing reduction of 27.28%. The drop in sales is due to reduction in installed capacity of the company. As part of the BMR program obsolete spindles were scrapped, which resulted in lower sales in volumetric and value terms. However, unit prices have increased in comparison to SPLY. Cost of sales decreased from 90.08% during SPLY to 89.82% of sales during the period under review. Reduction in cost of sales resulted in increase in Gross Profit (GP) from 9.92% during the SPLY to 10.18% of sales during the period under review.

Overall operating expenses decreased by 24.53% over the SPLY. The reduction in distribution cost is because of lower volume of production and sales which has caused reduction in operating expenses. Financial cost has marginally reduced by 2.03% over SPLY.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2020-21, Kapas, (seed cotton) arrivals up to October 15, 2020, at the Ginneries totalled 2.688 million bales compared to 4.440 million bales for SPLY showing decrease in arrival of 39.45%.

Future Outlook

The quarter under review has been reasonably profitable. We are cautiously optimistic about the textile sector in the near future. Value added business producing home textiles, towels, denim and knitted garments have received excellent orders from abroad. The higher exports and capacity utilisation of the value-added sectors has increased demand for yarn in the local market and increased its price above export realisation. Therefore, the sales of the company have been diverted quite heavily towards the local customers. It is hoped that the demand surge in the local market will last at least for the rest of the financial year. Profitability should also be helped by continuous efforts to develop new products and diversify marketing channels.

However global business outlook is still uncertain because of ramifications of COVID-19. In the winter most world economies are fearful of the second wave of the pandemic. We hope and pray that the world gets a vaccine quickly and the disease is controlled.

In Pakistan the cotton crop outlook is not encouraging. Cotton quality and quantity has suffered due to excessive rainfalls and lower cultivation area. It is unfortunate to predict that we may end up producing even lower crop quantity compared to last year. The consequent shortfall will force the spinners to import cotton.

The benefits of the balancing, modernisation and replacement program has made the company technologically up-to-date, energy efficient and competitive. In order to sustain the momentum and achieve a better size the management is planning a new BMR and expansion plan. It is hoped to install approximately 10,800 spindles with back process and allied machinery. The project is likely to cost rupees one billion.

The State Bank of Pakistan (SBP) has been aggressively supporting the economy with timely schemes to provide liquidity to manufacturing companies. The SBP has also provided an excellent scheme for long term investment funding. The federal government has also been extremely helpful for the promotion of business during this difficult time. Electricity and gas prices for the export sector has been provided at very reasonable rates. Sales tax refunds have also improved. It is hoped that the positive policies of the government and SBP will continue and Pakistan will achieve even greater success.

Business friendly policies such as uninterrupted and cost-effective energy supplies, refund of outstanding sales tax, income tax, DLT and technology upgradation funds are required.

Management is vigilantly reviewing the ever-changing conditions in order to enhance company profits.

Acknowledgement

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

On behalf of the Board.


Raza Ellahi Shaikh
Director


Amin Ellahi Shaikh
Chief Executive Officer

October 28, 2020

ڈائریکٹرز کا جائزہ

ڈائریکٹر 30 ستمبر 2020ء تک پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 30 ستمبر 2019ء کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ ماسوائے شینٹ آف فنانسل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2020ء کو ختم ہونے والے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، کمپنی گزشتہ سہ ماہی کے مشکل حالات کے بعد منافع بخش ہو گئی ہے۔ آپ کی کمپنی نے گزشتہ سال کی اسی سہ ماہی کے دوران 47,268,040 روپے کے مقابلے میں گزشتہ سہ ماہی کے دوران 42,172,099 روپے کا بعد از ٹیکس منافع کمایا۔ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 2.53 روپے کے مقابلے میں 2.26 روپے ہے۔

کمپنی کی فروخت آمدنی گزشتہ سال اسی مدت کے دوران 2,054,411,654 روپے کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران 1,493,969,853 روپے رہی، جو 27.28 فیصد کی خاطر گہری ہے۔ فروخت آمدنی میں کمی کمپنی کے پیداواری صلاحیت میں کمی کے نتیجے میں ہوئی۔ BMR پروگرام کے تحت پرانے سپنڈل کو سکریپ کر دیا گیا، جس کے نتیجے میں حجم اور مالیت کے لحاظ سے فروخت کم ہوئی۔ تاہم، گزشتہ سال کے مقابلے میں سوت کی قیمتیں بڑھ گئیں۔ فروخت کی لاگت گزشتہ سال کی اسی مدت میں فروخت کے 90.08 فیصد سے کم ہو کر گزشتہ سال کے دوران 89.82 فیصد ہو گئی۔ فروخت کی لاگت میں کمی کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 9.92 فیصد سے بڑھ کر گزشتہ سال کے دوران فروخت کے 10.18 فیصد تک ہو گیا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت سے 24.53 فیصد سے کم ہوئے۔ پیداوار اور فروخت کے حجم میں کمی کی وجہ سے ڈسٹری بیوٹن لاگت میں کمی آئی، جس کی وجہ سے مجموعی کاروباری اخراجات میں کمی واقع ہوئی۔ مالی اخراجات گزشتہ سال کی اسی مدت سے 2.03 فیصد سے معمولی کم ہوئے۔

فصل سال 2020-21 کیلئے پاکستان کاٹن جنرل ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (پتھ کپاس) کی 15 اکتوبر 2020ء تک جزیرہ میں آمد گزشتہ سال کی اسی مدت میں 4.44 ملین گانٹھوں کے مقابلے میں کل 2.688 ملین گانٹھیں ہوئیں جو 39.45 فیصد کی خاطر کرتی ہے۔

مستقبل کا نقطہ نظر

زیر جائزہ سہ ماہی معقول منافع بخش مدت رہی۔ ہم مستقبل قریب میں ٹیکسٹائل کے شعبے کے بارے میں محتاط انداز میں اُمید ہیں۔ ہوم ٹیکسٹائل، تولیے، ڈنٹ اور نئے ہونے لاس تیار کرنے والے ویلیو ایڈڈ کاروبار کو بیرون ملک سے شاندار آرڈر موصول ہوئے ہیں۔ ویلیو ایڈڈ ٹیکسٹائل برآمدات اور صلاحیت کے زیادہ استعمال سے مقامی مارکیٹ میں سوت کی طلب میں اضافہ ہوا ہے اور قیمتیں برآمدی قیمت سے زیادہ رہی ہیں۔ لہذا، کمپنی کی فروخت کا رخ مقامی صارفین کی طرف موڑ دیا گیا ہے۔ امید کی جارہی ہے کہ مقامی مارکیٹ میں طلب میں اضافہ کم از کم مالی سال کے باقی عرصے تک برقرار رہے گا۔ جتنی مصنوعات کی تیاری اور مارکیٹنگ پیچیدگی میں جدت کی مسلسل کوششوں سے بھی منافع کو بہتر بنانے میں مدد ملے گی۔

تاہم، COVID-19 کے اثرات کی وجہ سے عالمی کاروباری نقطہ نظر ابھی بھی غیر یقینی ہے۔ سر دیوں میں اکثر دنیا کی معیشتیں وبائی بیماری کی دوسری لہر سے خوف زدہ ہیں۔ ہم اُمید اور دعا کرتے ہیں کہ دنیا کو جلد از جلد ویکسین مل جائے اور اس بیماری پر قابو پایا جاسکے۔

پاکستان میں کپاس کی فصل کے آئندہ امکانات حوصلہ افزا نہیں ہیں۔ زیادہ بارش اور کاشت کے کم رقبے کی وجہ سے کپاس کے معیار اور مقدار کو نقصان پہنچا ہے۔ بدقسمتی سے یہ پیش گوئی ہے کہ ہم پچھلے سال کے مقابلے میں فصل کی کم مقدار پیدا کر سکتے ہیں۔ اس قلت کے نتیجے میں سپنڈل کپاس درآمد کرنے پر مجبور ہوں گے۔

توازن، جدت اور تبدیلی پروگرام کے تحت فوائد نے کمپنی کو ٹیکنیکل طور پر جدید اور مسابقتی بنانے رکھنے میں مدد دی ہے۔ اسی رفتار کو برقرار رکھنے اور بہتر حجم حاصل کرنے کے لئے انضمامی BMR اور توسیع کی منصوبہ بندی کر رہی ہے۔ بیک پرائس اور متعلقہ مشینری کے ساتھ تقریباً 10,800 سپنڈل نصب کرنے کی اُمید کی جارہی ہے۔ اس منصوبہ پر ایک بلین روپے لاگت آنے کا امکان ہے۔

اسٹیٹ بینک آف پاکستان (SBP) میونیکلرنگ کمپنیوں کو لیکویڈیٹی فراہم کرنے کے لئے بروقت اسکیموں کے ذریعے معیشت کی جارحانہ حمایت کر رہا ہے۔ اسٹیٹ بینک آف پاکستان نے طویل مدتی سرمایہ کاری کی فڈنگ کے لئے ایک بہترین اسکیم بھی فراہم کی ہے۔ وفاقی حکومت بھی اس مشکل وقت میں کاروبار کے فروغ کے لئے بہت زیادہ مددگار رہی ہے۔ برآمدی شعبے کے لئے بجلی اور گیس کی قیمتیں انتہائی مناسب نرخوں پر مہیا کی جارہی ہیں۔ سیکرٹریس قائل واپسی قوم میں بھی بہتری آئی ہے۔ امید ہے کہ حکومت اور اسٹیٹ بینک آف پاکستان کی مثبت پالیسیاں جاری رہیں گی اور پاکستان اس سے بھی زیادہ کامیابی حاصل کرے گا۔

باقتل اور موثر لاگت توانائی کی فراہمی، بھاپا سیکرٹریس، انٹرکس، DTL اور ٹیکنالوجی اپ گریڈیشن قوم کی واپسی کو تیز کرنے کی کاروبار دوستانہ پالیسیاں درکار ہیں۔ انتظامیہ کمپنی کے منافع کو بڑھانے کے لئے ہمیشہ تبدیلی ہوتے حالات کا بغور جائزہ لے رہی ہے۔

انتہا تشکر

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

منجانب بورڈ

امین الحق شیخ
چیف ایگزیکٹو آفیسر

رضا الی شیخ
ڈائریکٹر

128 اکتوبر 2020ء



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

	(Un-Audited) September 30, 2020	(Audited) June 30, 2020
Note	-----Rupees-----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised share capital		
50,000,000 (June 30, 2020: 50,000,000) ordinary shares of Rs. 10/- each	500,000,000	500,000,000
Issued, subscribed and paid up capital	187,000,000	187,000,000
Capital reserves	192,347,291	139,635,233
Revenue reserve - Unappropriated profit	1,596,272,832	1,553,859,793
TOTAL EQUITY	1,975,620,123	1,880,495,026
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	2,183,963,180	2,196,953,147
Deferred government grant	2,546,585	1,756,976
Deferred Liabilities	119,176,516	122,856,230
	2,305,686,281	2,321,566,353
CURRENT LIABILITIES		
Trade and other payables	937,523,944	1,049,390,122
Unclaimed dividend	8,019,322	8,019,322
Accrued interest/mark-up	39,808,578	61,717,622
Short-term borrowings	625,770,260	1,549,951,679
Current portion of long-term finances	125,558,418	49,926,582
Current portion of deferred government grant	6,379,066	3,246,101
Sales tax payable	47,513,221	-
	1,790,572,809	2,722,251,428
TOTAL LIABILITIES	4,096,259,090	5,043,817,781
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	6,071,879,213	6,924,312,807

The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.

October 28, 2020


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer



NAGINA COTTON MILLS LTD.

		(Un-Audited) September 30, 2020	(Audited) June 30, 2020
	Note	-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,872,447,407	2,957,787,990
Investment properties		13,676,211	13,734,745
Intangible assets		553,515	761,083
Long-term deposits		1,081,258	1,069,258
		2,887,758,391	2,973,353,076
CURRENT ASSETS			
Stores and spares		43,433,657	29,482,897
Stock-in-trade		1,830,386,261	2,562,080,674
Trade receivables		659,570,748	554,976,894
Loans and advances		139,649,154	241,278,977
Prepayments		16,076,145	4,367,445
Other receivables		6,412,828	6,117,943
Sales tax refundable		33,741,440	121,622,671
Other financial assets	10	426,619,776	387,700,410
Cash and bank balances		28,230,813	43,331,820
		3,184,120,822	3,950,959,731
TOTAL ASSETS		6,071,879,213	6,924,312,807

The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.


Amin Elahi Shaikh
 Chief Executive Officer



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME(UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Note	Quarter Ended	
		September 30, 2020	September 30, 2019
	Rupees.....	
Sales - net		1,493,969,853	2,054,411,654
Cost of goods sold	11	(1,341,920,119)	(1,850,674,769)
Gross profit		152,049,734	203,736,885
Distribution cost		(20,801,194)	(41,028,089)
Administrative expenses		(36,562,164)	(35,994,362)
Other expenses		(4,866,439)	(5,432,663)
		(62,229,797)	(82,455,114)
		89,819,937	121,281,771
Other income		30,083,255	6,023,770
Operating profit		119,903,192	127,305,541
Finance cost		(54,241,540)	(55,366,720)
Profit before taxation		65,661,652	71,938,821
Provision for taxation		(23,489,553)	(24,670,781)
Profit after taxation		42,172,099	47,268,040
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Unrealized gain / (loss) on remeasurement of investments classified as fair value through other comprehensive income - net		52,712,058	(13,566,107)
Realised gain on investments classified as fair value through other comprehensive income		240,940	-
Other comprehensive income / (loss) for the period		52,952,998	(13,566,107)
Total comprehensive income for the period		95,125,097	33,701,933
Earnings per share - basic and diluted		2.26	2.53

The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer


Amin Ellahi Shaikh
Chief Executive Officer

October 28, 2020



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter Ended	
	September 30, 2020	September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	65,661,652	71,938,821
Adjustments for:		
Depreciation	73,796,733	49,537,859
Depreciation on investment properties	58,534	61,615
Amortization	207,568	207,568
Provision for employees retirement benefits	7,883,900	9,768,230
Gain on disposal of property, plant and equipment	(7,587,397)	(5,758)
Realized loss on investment classified as fair value through profit or loss	-	5,479,333
Unrealized gain on investment classified as fair value through profit or loss	-	(822,201)
Finance cost	54,241,540	55,366,720
Rental Income	(6,198,462)	(6,166,436)
Dividend Income	(5,674,633)	(3,223,944)
Interest income on sales tax refund bonds	-	(614,082)
	182,389,435	181,527,725
Changes in working capital		
(Increase)/decrease in current assets:		
Stores and spares	(13,950,760)	(8,367,166)
Stock-in-trade	731,694,413	(25,309,630)
Trade receivables	(104,593,854)	940,231,687
Loans and advances	57,305,785	2,563,552
Prepayments	(11,708,700)	(9,403,116)
Other receivables	(294,885)	(952,333)
Sales tax refundable	87,881,231	(28,799,424)
	746,333,230	869,963,570
Increase in current liabilities		
Trade and other payables	(111,866,178)	109,656,165
Sales tax payable	47,513,221	-
	681,980,273	979,619,735
	864,369,708	1,161,147,460
Cash generated from operations		
Payments made:		
Employees retirement benefits	(11,563,614)	(7,805,039)
Finance cost	(76,150,584)	(60,473,490)
Income tax	20,834,485	(34,894,854)
Long term deposits	(12,000)	-
Net cash generated from operating activities	A	
	797,477,995	1,057,974,077
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,818,753)	(128,505,416)
Proceeds from disposal of property, plant and equipment	20,950,000	30,000
Purchase of other financial assets	(2,238)	(143,998,987)
Proceeds from sale of other financial assets	14,035,870	44,265,007
Rental Income received	6,198,462	6,166,436
Dividend received	5,674,633	3,223,944
Investment in sales tax refund bonds	-	(8,300,000)
Net cash generated from / (used in) investing activities	B	
	45,037,974	(227,119,016)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	66,565,076	78,400,050
Repayment of long term finances	(633)	(41,705,748)
Net (decrease) / increase in short term borrowings excluding running finances	(843,646,971)	349,375,000
Dividend paid	-	(8,147)
Net cash (used in) / generated from financing activities	C	
	(777,082,528)	386,061,155
Net increase in cash and cash equivalents	(A+B+C)	
	65,433,441	1,216,916,216
Cash and cash equivalents at beginning of the period		
	(662,972,888)	(1,290,486,913)
Cash and cash equivalents at end of the period		
	(597,539,447)	(73,570,697)
Cash and cash equivalents		
Cash and bank balances	28,230,813	128,367,165
Short-term running finances	(625,770,260)	(201,937,862)
	(597,539,447)	(73,570,697)

The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.

Raza Ellahi Shaikh
Director

Tariq Zafar Bajwa
Chief Financial Officer

Amin Ellahi Shaikh
Chief Executive Officer

October 28, 2020



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Capital reserves			Revenue reserve	Total	
	Issued, subscribed and paid up capital	Amalgamation reserve	Capital Redemption reserve	Reserves for the investments carried at fair value through other comprehensive income		Unappropriated profit
-----Rupees-----						
Balance as at June 30, 2019 (Audited)	187,000,000	12,104,417	241,860,000	(54,498,217)	1,637,446,859	2,023,913,059
Comprehensive income						
Profit after taxation	-	-	-	-	47,268,040	47,268,040
Unrealized loss on remeasurement of investments classified as fair value through other comprehensive income	-	-	-	(13,566,107)	-	(13,566,107)
Total comprehensive (loss) / income for the period	-	-	-	(13,566,107)	47,268,040	33,701,933
Balance as at September 30, 2019 (Un-Audited)	187,000,000	12,104,417	241,860,000	(68,064,324)	1,684,714,899	2,057,614,992
Transactions with owners						
Final dividend for the year ended June 30, 2019 @ 50% i.e. Rs. 5 per ordinary share	-	-	-	-	(93,500,000)	(93,500,000)
Comprehensive income						
Loss after taxation	-	-	-	-	(39,638,664)	(39,638,664)
Unrealized loss on remeasurement of investments classified as fair value through other comprehensive income	-	-	-	(43,171,939)	-	(43,171,939)
Transfer of realized gain on sale of investments	-	-	-	(3,092,921)	3,092,921	-
Remeasurement of defined benefit liability	-	-	-	-	(809,363)	(809,363)
Total comprehensive loss for the period	-	-	-	(46,264,860)	(37,355,106)	(83,619,966)
Balance as at June 30, 2020 (Audited)	187,000,000	12,104,417	241,860,000	(114,329,184)	1,553,859,793	1,880,495,026
Comprehensive income						
Profit after taxation	-	-	-	-	42,172,099	42,172,099
Unrealized gain on remeasurement of investments classified as fair value through other comprehensive income	-	-	-	52,952,998	-	52,952,998
Transfer of realized gain on sale of investments	-	-	-	(240,940)	240,940	-
Total comprehensive Income for the period	-	-	-	52,712,058	42,413,039	95,125,097
Balance as at September 30, 2020 (Un-Audited)	187,000,000	12,104,417	241,860,000	(61,617,126)	1,596,272,832	1,975,620,123

The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer


Amin Ellahi Shaikh
Chief Executive Officer

October 28, 2020



NAGINA COTTON MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1. LEGAL STATUS AND OPERATIONS

- 1.1 Nagina Cotton Mills Limited (the Company) was incorporated in Pakistan on May 16, 1967 as a public limited company under the Companies Act, 1913 (repealed) now The Companies' Act, 2017 and is listed on Pakistan Stock Exchange Limited. The principal business of the Company is to manufacture and sale of yarn. The Company's manufacturing facilities are located in Kotri Industrial Trading Estate in the province of Sindh, measuring area of 20.75 acres.

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

Head Office:

2nd floor, Shaikh Sultan Trust Building No.2, 26-Civil Lines, Beaumont Road, Karachi-75530, Sindh.

Manufacturing facility:

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

Liaison Office:

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

2 STATEMENT OF COMPLIANCE

- 2.1 These un-audited condensed interim financial statements of the Company for the Quarter ended September 30, 2020 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017. Where the provisions of or directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of or directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all of the notes required for the full financial statements and, therefore, these should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2020.

- 2.2 These condensed interim financial statements have been prepared under 'Historical cost convention' except employees retirement benefits and financial instruments at fair value.
- 2.3 These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional and presentation currency. Figures presented in these condensed interim financial statements have been rounded off to the nearest Rupee.
- 2.4 The comparative Statement of Financial Position presented has been extracted from annual financial statements for the year ended June 30, 2020; whereas comparative condensed statement of Profit or Loss and Other Comprehensive Income, condensed statement of Cash Flows and condensed statement of Changes in Equity are stated from the un-audited condensed interim financial statements for the First Quarter ended September 30, 2019.

3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2020.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies, the key source of estimation and uncertainty were the same as those that applied to the financial statements of the Company for the year ended June 30, 2020.

5 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2020.



NAGINA COTTON MILLS LTD.

		(Un-Audited) September 30, 2020	(Audited) June 30, 2020
	Note	-----Rupees-----	
6 DEFERRED GOVERNMENT GRANT			
Opening balance		5,003,077	-
Recognized during the period / year		5,478,792	5,315,570
Amortization during the period / year		(1,556,218)	(312,493)
		8,925,651	5,003,077
Less: Current portion of deferred grant		(6,379,066)	(3,246,101)
		<u>2,546,585</u>	<u>1,756,976</u>
7 SHORT-TERM BORROWINGS			
- Banking companies - secured			
Term finance		-	715,000,000
Foreign currency finance		-	128,646,971
Running finance		625,770,260	706,304,708
		<u>625,770,260</u>	<u>1,549,951,679</u>
8 CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
There is no change in contingencies as disclosed in note 13.1 to the annual audited financial statements for the year ended June 30, 2020.			
8.2 Commitments			
Raw material		13,032,355	363,313,668
Stores and spares		8,393,105	8,850,149
Bills discounted		305,829,812	477,797,517
Rental of assets under short term lease agreements			
- Not later than one year		1,099,007	2,198,015
9 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - owned	9.1	2,868,870,057	2,955,976,815
Capital work in progress	9.2	3,577,350	1,811,175
		<u>2,872,447,407</u>	<u>2,957,787,990</u>
9.1 Operating fixed assets - owned			
Opening written down value		2,955,976,815	1,959,988,354
Additions during the period / year			
Mills buildings on lease hold land		-	132,914,783
Other buildings on lease hold land		-	53,870
Machinery and equipment		-	1,111,487,852
Electric installation and equipment		(99,422)	19,330,676
Furniture and fixtures		23,000	23,975,339
Office equipment		46,500	1,368,399
Vehicles		82,500	6,401,869
		52,578	1,295,532,788
Written down value of property, plant and equipment disposed off		(13,362,603)	(66,527,974)
Depreciation charged during the period/year		(73,796,733)	(233,016,352)
Written down value at end of the period/year		<u>2,868,870,057</u>	<u>2,955,976,815</u>
9.2 Capital work in progress			
Opening Balance		1,811,175	58,544,415
Additions during the period / year		1,766,175	1,230,310,954
Transfers during the period / year		-	(1,287,044,194)
Closing Balance		<u>3,577,350</u>	<u>1,811,175</u>



NAGINA COTTON MILLS LTD.

		(Un-Audited) September 30, 2020	(Audited) June 30, 2020
	NoteRupees	
10 OTHER FINANCIAL ASSETS			
Fair value through Other Comprehensive Income			
Investment in listed equity securities		299,036,060	279,205,675
Investment in mutual funds		127,583,716	108,494,735
		<u>426,619,776</u>	<u>387,700,410</u>
10.1 Reconciliation between fair value and cost of investments classified as 'equity instrument'			
Through other comprehensive income			
Fair value of investments			
- in listed equity securities		299,036,060	279,205,675
- in mutual funds		127,583,716	108,494,735
		426,619,776	387,700,410
Add: unrealized loss on remeasurement of investments		61,617,126	114,329,184
Cost of investments		<u>488,236,902</u>	<u>502,029,594</u>
		(Un-Audited) September 30, 2020	(Un-Audited) September 30, 2019
		-----Rupees-----	
11 COST OF GOODS SOLD			
Raw material consumed		956,736,137	1,539,775,901
Packing material consumed		16,341,985	25,355,874
Stores and spares consumed		15,793,230	25,258,820
Salaries, wages and benefits		70,061,485	102,766,808
Fuel		91,856,173	153,275,457
Rent, rates and taxes		133,229	133,227
Insurance		3,746,206	2,411,528
Repairs and maintenance		1,487,413	1,786,715
Depreciation		71,076,004	47,008,519
Other manufacturing overheads		1,572,319	1,789,690
Manufacturing cost		1,228,804,181	1,899,562,539
Work-in-process:			
At beginning of period		64,634,114	62,029,593
At end of period		(63,615,625)	(82,624,633)
		<u>1,018,489</u>	<u>(20,595,040)</u>
Cost of goods manufactured		1,229,822,670	1,878,967,499
Finished stocks:			
At beginning of period		80,254,211	116,448,510
Purchase of finished goods		1,475,315	-
At end of period		(28,198,595)	(149,556,058)
		<u>53,530,931</u>	<u>(33,107,548)</u>
Cost of sales of raw material		<u>58,566,518</u>	<u>4,814,818</u>
		<u>1,341,920,119</u>	<u>1,850,674,769</u>



NAGINA COTTON MILLS LTD.

12 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors of the Company and key management personnel of the Company including chief executive and directors, their close family members and post retirement benefit plans. Transactions with related parties are carried out at arm's length in normal course of business. The consideration is determined on commercial terms and conditions. The transactions with related parties during the period generally consist of sales and purchases.

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

Nature of Relationship	Nature of Transaction	Quarter Ended (Un-Audited)	
		September 30, 2020	September 30, 2019
	Rupees.....	
Associated companies	Purchase of goods and services	-	581,490
	Sale of goods and services	67,966,412	479,160
Key management personnel	Remuneration and other benefits	5,100,000	4,282,167

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

13 RECONCILIATION OF LIABILITIES ARISING FROM 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.

	(Audited) June 30, 2020	Cash flows		Non-Cash flows	(Un-Audited) September 30, 2020
		Obtained	Repaid	Transferred / (Foreign Exchange Loss)	
		----- Rupees -----			
Long-term finances	2,246,879,729	66,565,076	(633)	(3,922,574)*	2,309,521,598
Term finances	715,000,000	-	(715,000,000)	-	-
Foreign currency finance	128,646,971	-	(118,434,405)	(10,212,566)	-
	<u>3,090,526,700</u>	<u>66,565,076</u>	<u>(833,435,038)</u>	<u>(14,135,140)</u>	<u>2,309,521,598</u>

* Rs.3,922,574 has been transferred to deferred Government grant as per IAS-20.

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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



NAGINA COTTON MILLS LTD.

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

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

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

September 30, 2020			
Level 1	Level 2	Level 3	Total
----- Rupees -----			

Financial assets

- measured at fair value through other comprehensive income

Investment in listed equity securities	299,036,060	-	-	299,036,060
Investment in mutual funds	127,583,716	-	-	127,583,716
	<u>426,619,776</u>	<u>-</u>	<u>-</u>	<u>426,619,776</u>

June 30, 2020			
Level 1	Level 2	Level 3	Total
----- Rupees -----			

Financial assets

- measured at fair value through other comprehensive income

Investment in listed equity securities	279,205,675	-	-	279,205,675
Investment in mutual funds	108,494,735	-	-	108,494,735
	<u>387,700,410</u>	<u>-</u>	<u>-</u>	<u>387,700,410</u>

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements (un-audited) have been approved by the Board of Directors of the Company and authorized for issue on October 28, 2020.

October 28, 2020


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer


Amin Ellahi Shaikh
Chief Executive Officer

NAGINA COTTON MILLS LTD.

2nd Floor, Shaikh Sultan Trust Bldg. No. 2,
26, Civil Lines, Beaumont Road,
Karachi-75530