



NAGINA COTTON MILLS LIMITED

**ANNUAL REPORT
2021**

CONTENTS

Company Information	2
Notice of Annual General Meeting	3
Vision and Mission Statement	8
Chairman Review Report	14
Directors' Report to the Members	16
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	27
Shareholders' Information	29
Pattern of Shareholding	32
Key Financial Information	34
Independent Auditors' Review Report to the Members on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019	35
Independent Auditors' Report to the Members	36
Statement of Financial Position	40
Statement of Profit or Loss and Other Comprehensive Income	42
Statement of Cash Flows	43
Statement of Changes in Equity	44
Notes to the Financial Statements	45
Form of Proxy	85

COMPANY INFORMATION

BOARD OF DIRECTORS

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

MANAGING DIRECTOR (Chief Executive)

Mr. Amin Ellahi Shaikh

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

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

EXECUTIVE COMMITTEE

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

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Tariq Zafar Bajwa

HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

AUDITORS

Messrs Yousuf Adil
Chartered Accountants

LEGAL ADVISOR

Makhdoom & Makhdoom Advocates

LEAD BANKERS

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 54th Annual General Meeting of members of NAGINA COTTON MILLS LTD. will be held on **Thursday, October 28, 2021** at 03:00 p.m., electronically through video-link facility (Zoom App.), to transact the following business:-

ORDINARY BUSINESS

- 1) To confirm minutes of the Annual General Meeting held on October 27, 2020
- 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, 2021.
- 3) To approve and declare final cash dividend at Rs. 2.50 per share i.e. 25%, in addition to the interim cash dividend already paid to the shareholders at Rs. 7.50 per share i.e. 75% for the year ended June 30, 2021, as recommended by the Board of Directors, thus making a total cash dividend at Rs.10/- per share i.e. 100% for the year.
- 4) To appoint Auditors for the year ending on June 30, 2022 and fix their remuneration.
- 5) To transact any other ordinary business with the permission of the Chair.

Statements under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 is annexed.

By Order of the Board



Syed Mohsin Gilani
Corporate Secretary

September 28, 2021

NOTES:

- 1) The share transfer books for ordinary shares of the Company will be closed from Friday, October 22, 2021 to Thursday, October 28, 2021 (both days inclusive). Valid transfer(s) received in order by our Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi by the close of business on Thursday, October 21, 2021 will be in time to be passed for payment of dividend to the transferee(s).
- 2) A member entitled to attend and vote at the General Meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Company's registered office not less than forty-eight (48) hours before the time of meeting. 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 CNIC 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.
- 5) Due to the current COVID-19 situation and directives of the Securities and Exchange Commission of Pakistan (SECP) vide its circular No.4 of 2021 dated February 15, 2021 and subsequent Circular No.6 of 2021 dated March 03, 2021, requiring listed companies to modify their usual planning for holding the general meetings. The Company prioritizing the well-being of its shareholders, directors and employees requests the members to participate in the AGM virtually through video-link only.

The entitled shareholders interested in attending the Annual General Meeting (AGM) through Zoom ("Zoom" which can be downloaded from Google Play or Apple App Store) are requested to get themselves registered with the Company Secretary office at least 48 hours before the time of holding AGM at nagina-agm21@nagina.com by providing the following details:-

Name of Shareholder	CNIC Number.	Folio Number.	Cell Number.	Email Address

Upon receipt of the above information from interested shareholders, the Company will send the login details to their email addresses.

On the AGM day, the shareholders will be able to login and participate in the AGM proceedings through their smartphone or computer devices from any convenient location.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address nagina-agm21@nagina.com.

- 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) 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.
- 9) Shareholders are requested to contact the Registered Office of the Company or the Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi for collection of their unclaimed shares / unpaid dividend which they have not received due to any reasons.
- 10) The financial statements for the year ended June 30, 2021 shall be uploaded on the Company's website www.nagina.com twenty-one days prior to the date of holding of annual general meeting.

- 11) Pursuant to SECP Notification S.R.O. 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form available on Company's website.
- 12) 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.
- 13) 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.
- 14) 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.

- 15) Members are requested to promptly notify the Company of any change in their registered address.

**STATEMENT AS REQUIRED UNDER THE COMPANIES (INVESTMENT IN ASSOCIATED)
COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017.**

Members had approved a special resolution u/s 199 of the Companies Act, 2017 on October 27, 2020. The Company has not made any investment under the resolution. Following is the status:

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 2020-21.			
d) Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.	Present Financial Position as on June 30, 2021		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	8,150.567	7,715.509	6,018.541
	Gross profit	1,169.127	1,399.137	529.557
	Profit before tax	814.539	1,016.226	247.968
	Profit after tax	641.577	813.597	154.755
				225.879

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.



Control Union Certifications B.V.
Meeuwenlaan 4-6, 8011 BZ, Zwolle, Netherlands
+31 38 426 0100
www.controlunion.com

SCOPE CERTIFICATE

Scope Certificate Number: CU848333GRS-2021-00064959

Control Union Certifications declares that

Nagina Cotton Mills Limited

License Number: 848333
Nagina Group, 91-B-1, M.M. Alam Road,
Gulberg III,
Lahore
Pakistan

has been inspected and assessed in accordance with the

Global Recycled Standard (GRS)
- Version 4.0 -

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Product categories: Greige yarns

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operations as detailed in the annex) for certified products:

Importing, Trading, Exporting, Spinning

This certificate is valid from:

2021-06-17

This certificate is valid until:

2022-04-16

Place and date of issue:



2021-07-02, Zwolle

Name of authorised person:

On behalf of the Managing Director

Pasan Galappaththi | Certifier

Stamp of the issuing body



Standard's Logo



This Scope Certificate provides no proof that any goods delivered by its holder are GRS certified. Proof of GRS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them.
Accredited by: Sri Lanka Accreditation Board (SLAB), Accreditation No: CP 004-01



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www.controlunion.com

SCOPE CERTIFICATE

Scope Certificate Number: CU848333RCS-2021-00064960

Control Union Certifications declares that

Nagina Cotton Mills Limited

License Number: 848333
Nagina Group, 91-B-1, M.M. Alam Road,
Gulberg III,
Lahore
Pakistan

has been inspected and assessed in accordance with the
Recycled Claim Standard (RCS)
- Version 2.0 -

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Product categories: Greige yarns

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operations as detailed in the annex) for certified products:

Importing, Trading, Exporting, Spinning

This certificate is valid from:

2021-06-17

This certificate is valid until:

2022-04-16

Place and date of issue:



2021-07-02, Zwolle

Name of authorised person:

**On behalf of the Managing Director
Pasan Galappaththi | Certifier**

Stamp of the issuing body



Standard's Logo



This Scope Certificate provides no proof that any goods delivered by its holder are RCS certified. Proof of RCS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them.

Accredited by: Sri Lanka Accreditation Board (SLAB), Accreditation No: CP 004-01



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www.controlunion.com

SCOPE CERTIFICATE

Scope Certificate Number: CU848333OCS-2021-00064961

Control Union Certifications declares that

Nagina Cotton Mills Limited

License Number: 848333
Nagina Group, 91-B-1, M.M. Alam Road,
Gulberg III,
Lahore
Pakistan

has been inspected and assessed in accordance with the

Organic Content Standard (OCS)
- Version 3.0 -

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Product categories: Greige yarns

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operations as detailed in the annex) for certified products:

Importing, Trading, Exporting, Spinning

This certificate is valid from:

2021-06-17

This certificate is valid until:

2022-04-16

Place and date of issue:



2021-07-02, Zwolle

Name of authorised person:

**On behalf of the Managing Director
Pasan Galappaththi | Certifier**

Stamp of the issuing body



Standard's Logo



This Scope Certificate provides no proof that any goods delivered by its holder are OCS certified. Proof of OCS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them.
Accredited by: Sri Lanka Accreditation Board (SLAB), Accreditation No: CP 004-01



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www.controlunion.com

SCOPE CERTIFICATE

Scope Certificate Number: CU848333GOTS-2021-00064962

Control Union Certifications declares that

Nagina Cotton Mills Limited

License Number: 848333
Nagina Group, 91-B-1, M.M. Alam Road,
Gulberg III,
Lahore
Pakistan

has been inspected and assessed in accordance with the
Global Organic Textile Standard (GOTS)
- Version: 6.0 -

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Product categories: Greige yarns

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operations as detailed in the annex) for certified products:

Importing, Trading, Exporting, Spinning

This certificate is valid from:

2021-06-17

This certificate is valid until:

2022-04-16

Place and date of issue:



2021-07-02, Zwolle

Name of authorised person:

On behalf of the Managing Director
Pasan Galappaththi | Certifier

Stamp of the issuing body



Standard's Logo



This Scope Certificate provides no proof that any goods delivered by its holder are GOTS certified. Proof of GOTS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them.

Accredited by: Dutch Accreditation Council (RVA), Accreditation No. C 412



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This electronically issued document is the valid original version.

CERTIFICATE

The company

NAGINA COTTON MILLS LTD
91, B1 M.M ALAM ROAD GULBERG III
54000 LAHORE, PAKISTAN

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report **20210K0362**

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100
2016OK0153 AITEK
Tested for harmful substances
www.oeko-tex.com/standard100



for the following articles:

Greige yarns made of 100% cotton and its mixtures with elastane. Partly based on pre-certified material according to STANDARD 100 by OEKO-TEX®.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Annex 6, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Annex 6 for baby articles.

The certified articles fulfill requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.), the American requirement regarding total content of lead in children's articles (CPSIA; with the exception of accessories made from glass) and of the Chinese standard GB 18401:2010 (labelling requirements were not verified).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 2016OK0153 is valid until 28.02.2022

Alcoy (Alicante) España, 02.03.2021

Silvia Devesa Valencia
Innovation Assistant Manager



Isabel Soriano Sarrió
Chief of Innovation Area



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 as stated in the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code).

- The Board has 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;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the directors' report is published with the quarterly and annual financial statement of the Company and the content of the directors' report are in accordance with the requirement of applicable laws and regulations;
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit;
- The Board has ensured that adequate information is shared among its members promptly and the Board members are kept abreast of developments between meetings;
- The Board has 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 28, 2021

بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے مؤثر کردار پر چیئرمین کی جائزہ رپورٹ

گلوبل کونسل ملز لمیٹڈ (NCML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصہ داروں کے بہترین مفاد کو برقرار رکھنے میں اپنی ذمہ داریاں تندرہی سے انجام دی ہیں اور کمپنی کے امور کو مؤثر اور بروقت انداز سے منظم کیا ہے۔ بورڈ نے ٹیکسٹائل ایکٹ 2017 اور سیکرٹریٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں دئے گئے اپنے اختیارات اور ذمہ داریاں کو بخوبی سرانجام دیا ہے۔

• بورڈ نے 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 لیبن دین کو آڈٹ کمیٹی کی سفارشات پر بورڈ نے منظوری دی۔

• بورڈ نے اس بات کو یقینی بنایا ہے کہ اندرونی کنٹرول کا مناسب نظام موجود ہے اور خود تشخیصی طریقہ کار اور یا انٹرنل آڈٹ سرگرمیوں کے ذریعے اس کی باقاعدگی سے جانچ پڑتال کی جاتی ہے۔

• بورڈ نے مجلس نظامہ کی رپورٹ کی تیاری اور منظوری دی ہے اور اس بات کو یقینی بنایا ہے کہ مجلس نظامہ کی رپورٹ کمپنی کی سہ ماہی اور سالانہ مالیاتی حسابات کے ساتھ شائع ہوئی اور مجلس نظامہ کی رپورٹ کا مواد قابل اطلاق قوانین اور قواعد و ضوابط کے مطابق ہے۔

• بورڈ نے چیف ایگزیکٹو سمیت دیگر اہم ایگزیکٹوز بشمول چیف فنانس آفیسر، کمپنی سیکرٹری، اور انٹرنل آڈٹ کے سربراہ کی ملازمت اور معاوضہ سازی کو یقینی بنایا ہے۔

• بورڈ نے اس کے اراکین کے درمیان بروقت طریقے سے تسلی بخش معلومات کے تبادلے کو یقینی بنایا اور بورڈ کے ممبران کو اجلاس کے درمیان ڈویلپمنٹ بارے میں لمحہ بہ لمحہ باخبر رکھا گیا ہے۔

• بورڈ نے 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 آزاد ڈائریکٹرز 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، سنگ میل کی تکمیل، 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

چیئرمین

28 ستمبر 2021

DIRECTORS' REPORT TO THE MEMBERS

The Directors have the honor to present 54th Annual Report of your Company together with Audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2021. Figures for the previous year ended June 30, 2020 are included for comparison.

Company Performance

Alhamdulillah, during the year under review, the company posted handsome profits. This profitability was achieved inspite of the business environment being uncertain due to the spread of COVID-19.

The major reasons for better profitability were the timely procurement of raw material and the installation of latest spinning technologies which resulted in better yarn quality and better selling rates. The consistent supply of energy at competitive rates by the government was a huge help.

The Company earned after tax profit of Rs. 743,498,254 or 10.35% of sales compared to Rs. 7,629,376 or 0.11% of sales during same period last year (SPLY). Earning per share (EPS) for the year is Rs. 39.76 compared to Rs. 0.41 during SPLY.

Yarn demand surge resulted in increase in sales revenue by 1.62% over SPLY and stood at Rs. 7,184,634,596 compared to Rs. 7,070,172,001 during the SPLY. Due to better product margins cost of sales decreased from 91.60% of sales during SPLY to 80.24% of sales during year under review. Overall Gross Profit (GP) stood at 19.76% of sales from 8.40% of sales during SPLY.

Distribution costs decreased from 1.87% of sales during SPLY to 1.34% of sales this year. Administrative expenses slightly decreased from 2.17% of sales during SPLY to 2.15% of sales during the year under review. Other expenses significantly increased from 0.27% of sales during SPLY to 1.50% during the period under review. The increase is mainly due to higher provisions of WPPF and WWF because of higher profitability.

The Company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Due to lower short-term borrowings, finance cost decreased from 3.93% of sales during SPLY to 2.16% during the period under review.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2021-22, Kapas, (seed cotton) arrivals upto September 15, 2021, at the Gineries totaled 2.687 million bales compared to 1.035 million bales for the year 2020-21 showing increase in arrival of 159.52%.

Capital Assets Investment

In order to remain technologically updated, the company has established letter of credits for an additional 21,600 new spindles along with related machinery. Around half of new spindles would start production during the current financial year and balance half would be installed in the next financial year of 2023. After installation of the new machinery the overall installed capacity of the company would rise to around 62 thousand spindles from the current level of 41 thousand spindles. This will give further impetus for product diversification and access to new markets. The BMR/ expansion project will help to improve quality and reduce operating costs. The BMR project will help the company to cater to the needs of our quality conscious domestic and international buyers.

Future Prospects and Outlook

The year under review has been a historic year in terms of profits. The entire textile sector benefitted from surging global demand from the value-added sector such as home textiles, denim, towels and knitting. This rise in demand had a trickle-down effect on the whole supply chain. A combination of timely procurement of raw materials and rise in yarn selling rates resulted in record profit for the company. Our Government handled the pandemic better than the regional countries giving us an edge over our competitors. We are optimistic for the first quarter of the next financial year based on better raw material inventory costs and strong sales order book. However, beyond the first quarter, we may see a drop in profitability because of rising cotton costs and flattening yarn prices. The rupee dollar parity remained volatile and continued to be difficult to forecast last year. Going forward, a weaker rupee will increase the price of imported raw materials.

In the year under review, the government has extended great support to the industry in the shape of relaxation in repayments of long-term loans and payroll financing at concessional rate. The timely actions have helped the industry to face the challenges posed by the pandemic more effectively. The government's handling of the pandemic and a valiant vaccination drive needs to be appreciated.

The Ministry of Energy (Power Division) has recently notified the extension of the textile tariff till June 30, 2022. A longer-term decision is required in this respect. It is hoped that the government will continue to provide gas and electricity at competitive rates to the industry. The textile sector has the largest share in the total exports of the country.

The State Bank of Pakistan and the government has been very proactive to handle the COVID-19 related challenges. Measures like enhancement of liquidity, providing low interest loans for investments and maintaining the policy rate at 7% have helped industry in general and the textile industry in particular. Therefore, the management is optimistic that the financial year 2021-22 would remain reasonably profitable.

The domestic cotton production is expected to be around 8.5 million bales. This is an improvement over the last year's production of 5.7 million bales. The favorable weather conditions are being attributed as the main reason for the increase. In spite of a larger crop, the industry will have to import a sizeable quantity of cotton as the demand far exceeds the domestic production.

The imposition of sales tax on the purchase of cotton had already created a huge strain. The increase in the sales tax on the procurement of cotton from 10% to 17% will divert the liquidity required to operate a successful industry. It is hoped that the government would bring in business friendly policies such as the removal of sales tax on the purchase of cotton or at least a timely refund of outstanding sales tax and income tax.

Dividend

The Board of Directors has recommended final cash dividend @25% i.e. Rs. 2.50 per ordinary share for the year ended June 30, 2021. The dividend will amount to Rs. 46,750,000. This is in addition to interim cash dividend @75% i.e. Rs. 7.50 per ordinary share already paid.

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 during the financial year ended June 30, 2021 were reviewed by the Audit Committee and approved by the Board of Directors. All the related parties' transactions were in line with the transfer pricing methods approved by the Board of Directors.

Shareholding Pattern

The shareholding pattern as at June 30, 2021 for ordinary shares is annexed.

Appointment of Auditors

Messrs. Yousuf Adil, Chartered Accountants, Karachi are due to retire and being eligible, offer themselves for re-appointment as Auditors for the financial year 2021-22. The Audit Committee has recommended for re-appointment of present Auditors.

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, 2021 except for those disclosed in the financial statements.

Composition of Board

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. Tajammal Husain Bokharee	
Mr. Shafiq ur Rehman	
Ms. Tosheeba Sarwar	
Mr. Hasan Ahmad	
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. Tajammal Husain Bokharee	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 2020-21, 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 28, 2021

ممبران کے لئے ڈائریکٹرز کی رپورٹ

مجلسِ نظامہ 30 جون 2021 کو گزشتہ سال کے لئے کمپنی کی 54 ویں سالانہ رپورٹ منع نظر عانی شدہ مالیاتی حسابات اور اس پر محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہی ہے۔ 30 جون 2020 کو ختم ہونے والے گزشتہ سال کے اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، زیرِ جائزہ سال کے دوران، کمپنی نے بھرپور منافع کمایا ہے۔ یہ منافع COVID-19 کے پھیلاؤ کی وجہ سے غیر یقینی کاروباری ماحول کے باوجود حاصل ہوا ہے۔ زیادہ منافع کی بنیادی وجہ خام مال کی بروقت خریداری اور نہایت جدید سہنگ ٹیکنالوجیز کی تنصیب ہے جس کے نتیجے میں یارن کی کوالٹی اور فروخت کے نرخ بہتر ہوئے۔ حکومت کی طرف سے مسابقتی نرخوں پر بجلی کی مسلسل فراہمی بڑی معاون رہی۔

کمپنی نے گزشتہ سال کی اسی مدت کے دوران 7,629,376 روپے یا فروخت کا 0.11 فیصد کے مقابلے 743,498,254 روپے یا فروخت کا 10.35 فیصد کا بعد از ٹیکس منافع درج کیا ہے۔ فی شیئر آمدنی گزشتہ سال کی 0.41 روپے کے مقابلے اس سال 39.76 روپے رہی ہے۔

یارن کی طلب میں اضافہ کے نتیجے میں فروخت آمدن میں گزشتہ سال کی اسی مدت سے 1.62 فیصد کا اضافہ ہوا ہے اور گزشتہ سال کے دوران 7,070,172,001 روپے کے مقابلے 7,184,634,596 روپے رہی ہے۔ مصنوعات کے بہتر مارجن کے باعث گزشتہ سال کے دوران فروخت کی لاگت فروخت کی 91.60 فیصد سے کم ہو کر زیرِ جائزہ سال کے دوران فروخت کی 80.24 فیصد تک ہوئی ہے۔ فروخت کی لاگت میں کمی کے نتیجے میں گزشتہ سال کی اسی مدت کے دوران مجموعی منافع (GP) فروخت کے 8.40 فیصد سے بڑھ کر زیرِ جائزہ سال کے دوران فروخت کا 19.76 فیصد ہو گیا ہے۔

موجودہ سال تقسیم کے اخراجات گزشتہ سال کے دوران فروخت کے 1.87 فیصد سے کم ہو کر 1.34 فیصد تک ہوئے ہیں۔ انتظامی اخراجات گزشتہ سال کے دوران فروخت کے 2.17 فیصد سے معمولی کم ہو کر زیرِ جائزہ سال کے دوران فروخت کے 2.15 فیصد تک ہوئے ہیں۔ دیگر اخراجات گزشتہ سال کے دوران فروخت کے 0.27 فیصد سے نمایاں طور پر بڑھ کر زیرِ جائزہ مدت کے دوران 1.50 فیصد تک ہوئے ہیں۔ اضافی اہم وجوہات WPPF اور WWF کے لئے زیادہ پرویژن ہیں کیونکہ منافع زیادہ ہوا ہے۔

کمپنی مستحکم نقد بہاؤ پیدا کرنے اور اپنی آپریٹنگ اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ کم مختصر مدتی قرضوں کے باعث، کمپنی کی مالی لاگت گزشتہ سال کی فروخت کی 3.93 فیصد سے کم ہو کر زیرِ جائزہ سال کے دوران فروخت کی 2.16 فیصد تک ہوئی ہے۔

پاکستان کائن جزیرہ یوسی ایشن کی طرف سے فصل سال 2021-22 کے لئے جاری کردہ اعداد و شمار کے مطابق 15 ستمبر 2021 تک جزیرہ میں کپاس، (بیج کپاس) کی پینچ سال 2020-21 کی کل 1.035 ملین گانٹھوں کے مقابلے 2.687 ملین گانٹھیں ہوئی جو کہ 159.52 فیصد کا اضافہ ظاہر کر رہی ہے۔

طویل مدتی اثاثوں کی سرمایہ کاری

تکنیکی طور پر اپ ڈیٹ رہنے کے لئے، کمپنی نے متعلقہ مشینری کے ساتھ اضافی 21,600 نئے سپنڈلز کے لئے لیئر آف کریڈٹ قائم کیا ہے۔ تقریباً نصف نئی سپنڈلز موجودہ مالی سال کے دوران پیداوار شروع کر دیں گے اور باقی نصف اگلے مالی سال 2023 میں نصب ہوں گے۔ نئی مشینری کی تنصیب کے بعد کمپنی کی مجموعی نصب شدہ صلاحیت 41 ہزار سپنڈلز کے موجودہ لیول سے بڑھ کر تقریباً 62 ہزار سپنڈلز ہو جائے گی۔ اس سے مصنوعات کی تنوع اور نئی مارکیٹوں تک رسائی کو تقویت ملے گی۔ BMR منصوبہ معیار کو بہتر بنانے اور آپریٹنگ اخراجات کو کم کرنے میں مدد فراہم کرے گا۔ BMR منصوبہ ہمارے معیار کے دلدادہ مقامی اور بین الاقوامی خریداروں کی ضروریات پوری کرنے میں مدد دے گا۔

مستقبل کے امکانات

زیرِ جائزہ سال موزوں منافع بخش سال رہا ہے۔ پورے ٹیکسٹائل سیکٹر نے ہوم ٹیکسٹائلز، ڈینیم، ٹولید اور نیٹ ویبز پر مشتمل ویلیو ایڈڈ سیکٹر سے رجیکل گلوبل ڈیمانڈ کا بھرپور فائدہ اٹھایا ہے۔ طلب میں اس اضافہ نے مجموعی سپلائی چین پر اثرات کو کم کیا ہے۔ خام مال کی بروقت خریداری اور یارن کی فروخت کے نرخوں میں اضافہ کے نتیجے میں کمپنی کو منافع ہوا ہے۔ ہماری حکومت نے علاقائی ممالک کے مقابلے میں وبائی

بیماری کو بہتر طریقے سے کنٹرول کیا جس سے ہمیں اپنے حریفوں پر برتری حاصل ہوئی ہے۔ ہم خام مال کے بہتر انوینٹری اخراجات اور مضبوط سیلز آرڈر بک کی بنیاد پر اگلے مالی سال کی پہلی سہ ماہی کے لیے پر امید ہیں۔ تاہم، پہلی سہ ماہی کے بعد، کپاس کے بڑھتے ہوئے اخراجات اور ایران کی قیمتوں میں کمی کی وجہ سے ہم منافع میں کمی دیکھ رہے ہیں۔ امریکی ڈالر اور پاکستانی روپیہ کے درمیان شرح تبادلہ گزشتہ سال سے مسلسل غیر مستحکم ہے۔ آگے بڑھتے ہوئے، روپیہ کی قدر میں کمی کے باعث درآمد شدہ خام مال کی قیمتوں میں اضافہ ہوگا۔

زیر جائزہ سال میں، حکومت نے طویل مدتی قرضوں کی واپس ادائیگی میں رعایت اور عائیتی شرح پر پے رول فنانسنگ کی شکل میں صنعت کی بڑی مدد کی ہے۔ وبائی بیماری کے باعث پیش آنے والی مشکلات کا سامنا کرنے کے لئے بروقت ایکشن نے زیادہ موثر طریقے سے مدد کی ہے۔ وبائی بیماری کو قابو کرنے اور ویکسینیشن مہم کو کامیاب انداز میں چلانے کی حکومتی کوششیں قابل تعریف ہیں۔ وزارت توانائی (پاور ڈویژن) نے حال ہی میں 30 جون 2022 تک ٹیکسٹائل ٹیرف کی توسیع کا اعلان کیا ہے۔ اس سلسلہ میں طویل مدتی فیصلہ کی ضرورت ہے۔ امید ہے کہ حکومت صنعت کو سابقہ شرحوں پر گیس اور بجلی فراہم کرنا جاری رکھے گی۔ ملک کی کل درآمدت میں ٹیکسٹائل شعبہ کا بہت بڑا حصہ ہے۔

بینک دولت پاکستان اور حکومت COVID-19 سے متعلق مشکلات پر قابو پانے کے لئے بہت فعال رہے ہیں۔ لیکویڈیٹی کو بڑھانے، سرمایہ کاری کے لئے کم شرح سود پر قرضوں کی فراہمی اور پالیسی شرح کو 7 فیصد پر برقرار رکھنے جیسے اقدامات نے عام طور پر صنعت اور خاص طور پر ٹیکسٹائل صنعت کی بڑی مدد کی ہے۔ اس لئے، انتظار ہے کہ مالی سال 2021-22 معقول منافع بخش رہے گا۔ مقامی کپاس کی پیداوار تقریباً 8.5 ملین گانٹھیں ہونے کی توقع ہے۔ یہ گزشتہ سال کی پیداوار سے 5.7 ملین گانٹھوں کی بہتری ہے۔ اضافہ کی بڑی وجہ موزوں موسمی حالات ہیں۔ زیادہ فصل کے باوجود، صنعت کو کپاس کی نمایاں مقدار درآمد کرنا پڑے گی طلب مقامی پیداوار سے کہیں زیادہ ہے۔

کپاس کی خریداری پریزنٹنگس کے نفاذ نے پہلے ہی بہت زیادہ تناؤ پیدا کر دیا تھا۔ کپاس کی خریداری پریزنٹنگس میں 10 فیصد سے 17 فیصد اضافہ ایک کامیاب صنعت کو چلانے کے لیے درکار لیکویڈیٹی کا رخ موڑ دے گا۔ امید ہے کہ حکومت کپاس کی خریداری پریزنٹنگس کا خاتمہ یا کم از کم بھائی سیلز ٹیکس اور آئٹم ٹیکس کی بروقت واپسی جیسی دوستانہ پالیسیاں لائے گی۔

منافع مقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے لئے نقد منافع مقسمہ بشرح 25 فیصد یعنی 2.50 روپے فی عام شیئر کی منظوری دی ہے۔ منافع مقسمہ کی رقم 46,750,000 روپے ہے۔ یہ پہلے ادا شدہ عبوری نقد منافع مقسمہ بشرح 75 فیصد یعنی 7.50 روپے فی عام شیئر کے علاوہ ہے۔

نمایاں سرگرمی

کمپنی کی اصل سرگرمی سوت کی تیاری اور فروخت کرنا ہے۔

نمایاں خطرات اور غیر یقینی حالات

بورڈ آف ڈائریکٹرز کمپنی کے آپریشنز کی نگرانی اور خطرات کے کسی ممکنہ منفی اثر کا سد باب ختم 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 وصولیاں، بینکنگ ادائیگیاں، مختصر مدتی ڈیپازٹس، دیگر وصولیاں اور نقدی اور بینک بیلنسز شامل ہیں جو اس کے آپریشنز سے براہ راست حاصل ہوتے ہیں۔ کمپنی کی سرگرمیوں کو کمپنی 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 نقدی بہاؤ 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 تبدیلیاں اور معاہدات

اس بیلنس شیٹ سے متعلقہ 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 بنانا ہے۔

مشینری اور ساتھ میں پلانٹ پر کام کرنے والے ملازمین کا تحفظ ایک تشویش کی بات ہے۔ آگ بجھانے والے آلات اور آگ سے بچاؤ کے دیگر آلات کمپنی کی سائٹس 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 کے تمام سطحوں پر مضبوط اندرونی کنٹرول کا ایک نظام قائم اور نافذ کیا گیا ہے۔ اندرونی کنٹرول کا نظام کمپنی کے مقاصد اور آپریشنل مؤثرگی 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

30 جون 2021 کو ختم ہونے والے مالی سال کے دوران تمام متعلقہ پارٹی کے ساتھ لین دین کا آڈٹ کمپنی نے جائزہ لیا اور بورڈ آف ڈائریکٹرز کی طرف سے منظوری دی گئی ہے۔ تمام متعلقہ پارٹیوں کے ساتھ لین دین بورڈ آف ڈائریکٹرز سے منظور شدہ منتقلی قیمتوں کے مطابق تھے۔

نمونہ حصص داری

30 جون 2021 کے مطابق عام شیئرز کے لئے نمونہ 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 2021-22 کے لئے بحیثیت آڈیٹرز دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ آڈٹ کمپنی نے موجودہ آڈیٹرز کی دوبارہ تقرری کی منظوری دے دی ہے۔

مالیاتی حسابات کا آڈٹ

کمپنی کے مالی حسابات، کمپنی کے قانونی ایکسپلٹ 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

کوڈ آف کارپوریٹ گورننس کے تحت 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 لاگو 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 مؤثر 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 آپریشننگ اور مالیاتی ڈیٹا منسلک ہے۔
- ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو 30 جون 2021 کو بقایا ہوں، سوائے ان کے جو مالی حسابات میں ظاہر کر دیئے گئے ہیں۔

بورڈ کی ترتیب

ڈائریکٹرز کی کل تعداد:

(a) مرد (نو) 9

(b) خاتون (ایک) 1

ترتیب:

i۔ آزاد ڈائریکٹرز (تین) 3

ii۔ دیگر نان ایگزیکٹو ڈائریکٹرز (پانچ) 5

iii۔ ایگزیکٹو ڈائریکٹرز (دو) 2

ڈائریکٹرز کے نام

جناب شہزادہ الہی شیخ چیئرمین

جناب قمل حسین بخاری

جناب شفیق الرحمان

محترمہ نوشیدہ سرور

جناب حسن احمد

جناب شفقت الہی شیخ

جناب رضا الہی شیخ

جناب ہارون شہزادہ الہی شیخ

جناب شوکت الہی شیخ

جناب امین الہی شیخ ڈائریکٹر/چیف ایگزیکٹو آفیسر

بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں:

• آڈٹ کمیٹی

جناب قمل حسین بخاری چیئرمین

جناب رضا الہی شیخ رکن

جناب ہارون شہزادہ الہی شیخ رکن

• ہیومن ریسورس اینڈ ریمپریشن (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 رضا 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 ویلیو 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 ریزرچیشن کمیٹی کی سفارشات پر، بورڈ کی طرف سے منظور کیا گیا ہے۔ 2020-21 میں ڈائریکٹرز اور سی ای او کے معاوضے کی معلومات کے لئے، براہ مہربانی مالی گوشواروں کے نوٹ ملاحظہ فرمائیں۔

اتھارٹسڈ

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

منجانب بورڈ



رضا الہی شاہ

ڈائریکٹر



امین الہی شاہ

چیف ایگزیکٹو آفیسر (سی ای او)

28 ستمبر 2021ء

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

Name of Company: Nagina Cotton Mills Limited

Year ended: June 30, 2021

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. Tajammal Husain Bokharee Mr. Shafiq ur Rehman Ms. Tosheeba Sarwar
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. Tajammal Husain Bokharee, 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, 2021.
- b) HR and Remuneration Committee: One meeting was held during the financial year ended June 30, 2021.

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.

On behalf of the Board



Amin Ellahi Shaikh
Chief Executive Officer



Shahzada Ellahi Shaikh
Chairman

September 28, 2021

SHAREHOLDERS' INFORMATION

Annual General Meeting

The 54th Annual General Meeting of members of NAGINA COTTON MILLS LTD. will be held on **Thursday, October 28, 2021** at 03:00 p.m electronically through video-link facility (Zoom App.)

Eligible shareholders are encouraged to participate and vote.

Ownership

On June 30, 2021, the Company has 897 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 28, 2021 has recommended, payment of the final cash dividend at the rate of Rs. 2.50 per share i.e. 25% for the year ended June 30, 2021. This is in addition to interim cash dividend @75% i.e. Rs.7.50 per ordinary share already paid, thus making a total cash dividend at Rs. 10/- per share i.e. 100% for the year.

Book Closure

The share transfer books for ordinary shares of the Company will be closed from Friday, October 22, 2021 to Thursday, October 28, 2021 (both days inclusive). Valid transfer(s) received in order by our Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi by the close of business on Thursday, October 21, 2021 will be in time to be passed for payment of dividend to the transferee(s).

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

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, /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 thereunder.

Deposit of Physical Shares into CDC Account

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 Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001 ("Income Tax Ordinance").

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 CDC A/c Nos.

Electronic Transmission of Audited Financial Statements and Notice of Annual General Meeting (Notice) Through E-Mail (Optional)

Pursuant to SECP Notification S.R.O. 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting the Standard Request Form available on Company's website.

Investor Relations Contact

Mr. Syed Mohsin Gilani, Corporate Secretary
Email: mohsin.gilani@nagina.com, Ph # (+92-42) 35756270, Fax: (+92-42) 35711856

Delivery of the Unclaimed / Undelivered Shares & Dividend

Members are requested to contact the Registered Office of the Company or the Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi for collection of their unclaimed shares / unpaid dividend which they have not received due to any reasons.

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2021
CUIN (INCORPORATION NUMBER) 0002500

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
405	1	100	12,894
256	101	500	72,924
60	501	1,000	47,947
111	1,001	5,000	266,016
32	5,001	10,000	229,761
8	10,001	15,000	100,255
4	15,001	20,000	69,411
3	20,001	25,000	63,800
1	25,001	30,000	25,200
2	30,001	35,000	64,868
-	35,001	45,000	-
1	45,001	50,000	50,000
-	50,001	115,000	-
1	115,001	120,000	118,736
-	120,001	130,000	-
1	130,001	135,000	133,000
-	135,001	150,000	-
1	150,001	155,000	153,000
-	155,001	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
897	Total:-		18,700,000

CATAGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2021

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. TAJAMMAL HUSAIN BOKHAREE	502	0.00
viii)	MR. SHAFIQ UR REHMAN	500	0.00
ix)	MR. HASAN AHMED	500	0.00
x)	MS. TOSHEEBA SARWAR	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 SHAIKH	4,248	0.02
		13,236,734	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	1,925,536	10.30
ii)	b. Foreign	-	-
9)	Others (Joint Stock Companies)	151,510	0.81

KEY FINANCIAL INFORMATION

		YEAR ENDED 30TH JUNE					
		2021	2020	2019	2018	2017	2016
Sales	Rs.'000	7,184,635	7,070,172	6,932,310	5,878,554	5,242,033	4,267,869
Gross profit	Rs.'000	1,419,328	593,821	832,426	514,147	353,294	151,481
Operating profit	Rs.'000	1,144,400	378,087	574,525	340,819	175,288	1,975
Profit / (loss) before tax	Rs.'000	988,876	100,273	361,126	223,557	110,886	(64,422)
Profit / (loss) after tax	Rs.'000	743,498	7,629	308,620	158,202	78,428	(92,945)
Share capital - paid up	Rs.'000	187,000	187,000	187,000	187,000	187,000	187,000
Shareholders' equity	Rs.'000	2,568,397	1,880,495	2,023,913	1,866,874	1,756,209	1,717,735
Total assets	Rs.'000	6,389,585	6,924,313	5,816,796	4,931,736	3,657,194	3,057,405
Earnings / (loss) per share - pre tax	Rs.	52.88	5.36	19.31	11.95	5.93	(3.45)
Earnings / (loss) per share - after tax	Rs.	39.76	0.41	16.50	8.46	4.19	(4.97)
Cash Dividend per share	Rs.	10.00	-	5.00	4.00	3.00	1.00
Market value per share as on 30 June	Rs.	74.65	38.93	41.85	39.90	42.65	45.51
Gross profit to sales	%	19.76	8.40	12.01	8.75	6.74	3.55
Operating profit to sales	%	15.93	5.35	8.29	5.80	3.34	0.05
Profit / (Loss) before tax to sales	%	13.76	1.42	5.21	3.80	2.12	(1.51)
Profit / (Loss) after tax to sales	%	10.35	0.11	4.45	2.69	1.50	(2.18)
<u>Current ratio</u>		2.33:1	1.45 : 1	1.42 : 1	1.51 : 1	2.04 : 1	2.53:1
<u>Total debt to total assets ratio</u>	%	59.80	72.84	65.21	62.15	51.98	43.82
<u>Debt equity ratio</u>	%	47.08	54.49	36.80	30.19	34.02	29.38

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE SHARE HOLDERS' 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 and on behalf of Nagina Cotton Mills Limited (the Company) for the year ended June 30, 2021 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 requires 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 Scheme for the year ended June 30, 2021.



Chartered Accountants

Place: Karachi

Date: September 28, 2021

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, 2021, 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, 2021 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 matters	How the matter was addressed in our audit
1.	Revenue 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	<p>Our audit procedures to address the Key Audit Matter included the following:</p> <ul style="list-style-type: none"> Considered the appropriateness of revenue recognition policy and compared it with the

S. No.	Key audit matters	How the matter was addressed in our audit
	<p>during the year are disclosed in note 26 to the financial statements.</p> <p>The Company generates revenue from sale of goods to domestic and export customers. Revenue from the local and export sales (including indirect exports) is recognized when performance obligation is satisfied as per the requirements of the International Financial Reporting Standard (IFRS) 15 – 'Revenue from Contracts with Customers'.</p> <p>We identified revenue recognition as key audit matter since it is one of the key performance indicator 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>	<p>applicable accounting and reporting standards;</p> <ul style="list-style-type: none"> Obtained an understanding of revenue from customers and assessed the design, implementation and operating effectiveness of controls relating to recognition of revenue; Checked on sample basis relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria; and 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. 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 following an accounting policy as stated in note 3.6 to the financial statements and the value of stock-in-trade is disclosed in note 19 to the financial statements. Stock-in-trade forms material part of the Company's assets comprising around 20.42% of total assets.</p> <p>The valuation of stock in trade is carried at amount i.e Cost or Net Realizable Value, whichever is lower. 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 mechanism of recording purchases and valuation of stock-in-trade; Tested on a sample basis purchases with underlying supporting documents; Verified on test basis, the moving average calculations of raw material stock 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; Future selling prices by performing a review of sales close to and subsequent to the year-end; <ul style="list-style-type: none"> Determined cost necessary to make the sales; and

S. No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> 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.

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.

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 Nadeem Yousuf Adil.


Chartered Accountants

Place: Karachi

Date: September 28, 2021

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 50,000,000 (2020: 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	225,471,697	139,635,233
Revenue reserve - Unappropriated profit		2,155,925,123	1,553,859,793
TOTAL EQUITY		2,568,396,820	1,880,495,026
LIABILITIES			
NON CURRENT LIABILITIES			
Long term finances	7	1,993,645,477	2,196,953,147
Deferred government grant	8	307,915	1,756,976
Deferred tax	9	148,032,195	-
Deferred liabilities	10	125,745,763	122,856,230
		2,267,731,350	2,321,566,353
CURRENT LIABILITIES			
Current portion of long-term finances	7	287,225,596	49,926,582
Current portion of deferred government grant	8	4,188,283	3,246,101
Trade and other payables	11	1,085,583,988	1,049,390,122
Unclaimed dividend		9,077,894	8,019,322
Accrued interest / mark-up	12	17,565,234	61,717,622
Short-term borrowings	13	149,816,295	1,549,951,679
		1,553,457,290	2,722,251,428
TOTAL LIABILITIES		3,821,188,640	5,043,817,781
CONTINGENCIES AND COMMITMENTS			
	14		
TOTAL EQUITY AND LIABILITIES		6,389,585,460	6,924,312,807

The annexed notes from 1 to 46 form an integral part of these financial statements.

September 28, 2021


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	15	2,752,013,236	2,957,787,990
Investment properties	16	13,500,607	13,734,745
Intangible assets	17	-	761,083
Long-term deposits		1,021,858	1,069,258
		2,766,535,701	2,973,353,076

CURRENT ASSETS

Stores and spares	18	30,058,138	29,482,897
Stock-in-trade	19	1,304,889,314	2,562,080,674
Trade receivables	20	732,936,931	554,976,894
Loans and advances	21	294,099,159	242,171,642
Prepayments	22	4,834,712	4,367,445
Other receivables	23	12,668,079	5,225,278
Sales tax refundable		6,710,622	121,622,671
Other financial assets	24	1,039,966,494	387,700,410
Cash and bank balances	25	196,886,310	43,331,820
		3,623,049,759	3,950,959,731

TOTAL ASSETS

6,389,585,460	6,924,312,807
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The annexed notes from 1 to 46 form an integral part of these financial statements.



Amin Ellahi Shaikh
Mg. Director (Chief Executive)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Revenue from contracts	26	7,184,634,596	7,070,172,001
Cost of goods sold	27	(5,765,306,696)	(6,476,350,860)
Gross profit		1,419,327,900	593,821,141
Distribution cost	28	(96,468,355)	(132,428,598)
Administrative expenses	29	(154,743,450)	(153,136,242)
Other expenses	30	(107,572,394)	(19,070,961)
		(358,784,199)	(304,635,801)
Other income	31	83,856,085	88,901,877
Operating profit		1,144,399,786	378,087,217
Finance cost	32	(155,523,688)	(277,813,274)
Profit before taxation		988,876,098	100,273,943
Provision for taxation	33	(245,377,844)	(92,644,567)
Profit after taxation		743,498,254	7,629,376
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss.			
Remeasurement loss on defined benefit liability	10.3	(1,330,763)	(809,363)
Deferred tax recognised	9	231,550	-
Unrealized gain / (loss) on remeasurement of investments designated as at fair value through other comprehensive income (FVTOCI) - net	24.4	80,808,337	(59,830,967)
Realised (loss) / gain on investments designated as fair value through other comprehensive income		(83,711)	3,092,921
Deferred tax recognised	9	5,028,127	-
Other comprehensive income for the year		84,653,540	(57,547,409)
Total comprehensive income / (loss) for the year		828,151,794	(49,918,033)
Earnings per share - basic and diluted	34	39.76	0.41

The annexed notes from 1 to 46 form an integral part of these financial statements.



Raza Ellahi Shaikh
Director



Tariq Zafar Bajwa
Chief Financial Officer



Amin Ellahi Shaikh
Mg. Director (Chief Executive)

September 28, 2021

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	2,445,932,936	258,123,475
Payments made:			
Employees retirement benefits		(23,974,372)	(34,874,942)
Finance cost		(199,676,076)	(268,118,115)
Income tax refund received		69,152,356	-
Income tax		(52,095,825)	(81,762,576)
Net cash generated from / (used in) operating activities		2,239,339,019	(126,632,158)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(128,727,482)	(1,238,277,206)
Proceeds from disposal of property, plant and equipment		47,592,125	69,287,245
Purchase of other financial assets		(1,539,884,356)	(496,266,373)
Proceeds from sale of other financial assets		970,242,328	515,640,385
Rental income received		25,846,506	24,428,999
Dividend received		34,870,059	35,674,445
Investment in sales tax refund bonds		-	(8,300,000)
Long-term deposits		47,400	-
Proceeds from disposal of sales tax refund bonds		-	27,800,000
Net cash used in investing activities		(590,013,420)	(1,070,012,505)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finances obtained		120,934,674	1,194,768,378
Repayment of long-term finances		(87,450,208)	(121,482,384)
Net (decrease) / increase in short-term borrowings excluding running finance		(833,575,734)	843,646,971
Dividend paid		(139,191,428)	(92,774,277)
Net cash (used in) / generated from financing activities		(939,282,696)	1,824,158,688
Net increase in cash and cash equivalents	A+B+C	710,042,903	627,514,025
Cash and cash equivalents at beginning of the year		(662,972,888)	(1,290,486,913)
Cash and cash equivalents at end of the year		47,070,015	(662,972,888)
Cash and cash equivalents			
Cash and bank balances	25	196,886,310	43,331,820
Short-term running finances	13	(149,816,295)	(706,304,708)
		47,070,015	(662,972,888)

The annexed notes from 1 to 46 form an integral part of these financial statements.


Raza Ellahi Shaikh
 Director


Tariq Zafar Bajwa
 Chief Financial Officer


Amin Ellahi Shaikh
 Mg. Director (Chief Executive)

September 28, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid up capital	Capital reserves				Revenue reserve	Total
		Amalgamation reserve Note 6.2	Capital redemption reserve Note 6.1	Remeasurement for the investments designated as at fair value through other comprehensive income	Total capital reserves	Unappropriated profit	
----- (Rupees) -----							
Balance as at June 30, 2019	187,000,000	12,104,417	241,860,000	(54,498,217)	199,466,200	1,637,446,859	2,023,913,059
Comprehensive income							
Profit after taxation	-	-	-	-	-	7,629,376	7,629,376
Other comprehensive income							
Remeasurement of defined benefit liability	-	-	-	-	-	(809,363)	(809,363)
Unrealised loss on remeasurement of investments designated as at fair value through other comprehensive income	-	-	-	(56,738,046)	(56,738,046)	-	(56,738,046)
Transfer of realized gain on sale of investments	-	-	-	(3,092,921)	(3,092,921)	3,092,921	-
Total comprehensive (loss) / income for the year	-	-	-	(59,830,967)	(59,830,967)	9,912,934	(49,918,033)
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)
Balance as at June 30, 2020	187,000,000	12,104,417	241,860,000	(114,329,184)	139,635,233	1,553,859,793	1,880,495,026
Comprehensive income							
Profit after taxation	-	-	-	-	-	743,498,254	743,498,254
Other comprehensive income							
Remeasurement of defined benefit liability	-	-	-	-	-	(1,330,763)	(1,330,763)
Deferred tax recognised	-	-	-	-	-	231,550	231,550
Unrealised gain on remeasurement of investments designated as at fair value through other comprehensive income	-	-	-	80,724,626	80,724,626	-	80,724,626
Transfer of realized loss on sale of investments	-	-	-	83,711	83,711	(83,711)	-
Deferred tax recognised	-	-	-	5,028,127	5,028,127	-	5,028,127
Total comprehensive income for the year	-	-	-	85,836,464	85,836,464	742,315,330	828,151,794
Interim dividend for the year ending June 30, 2021 @ 75% i.e. Rs. 7.5 per ordinary share	-	-	-	-	-	(140,250,000)	(140,250,000)
Balance as at June 30, 2021	187,000,000	12,104,417	241,860,000	(28,492,720)	225,471,697	2,155,925,123	2,568,396,820

The annexed notes from 1 to 46 form an integral part of these financial statements.



Raza Ellahi Shaikh
Director



Tariq Zafar Bajwa
Chief Financial Officer



Amin Ellahi Shaikh
Mg. Director (Chief Executive)

September 28, 2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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.

Liaison 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 benefit at present value and financial assets measured at fair value through other comprehensive income (FVTOCI).

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 and interpretations

2.4.1 Amendments to accounting standards that are effective for the year ended June 30, 2021

The following amendments to accounting standards are effective for the year ended June 30, 2021. 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:**

Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions

June 01, 2020

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

Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - amendment regarding definition of a business combination	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - definition of 'Material' and align the definition used in the Conceptual framework and the Standards.	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: disclosures' - Interest rate benchmark reform	January 01, 2020
Certain annual improvements have also been made to a number of IFRSs.	

2.4.2 Amendments to accounting standards that are not yet effective

The following amendments to accounting standards are only effective for accounting periods, beginning on or after the date mentioned against each of them. 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**

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
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 IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
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

Certain annual improvements have also been made to a number of IFRSs.

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, 2020.

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 15.1. 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 derecognised 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 recognised 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 Short-term lease

The company is the lessee.

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. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

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 16.

3.4 Intangible assets

An intangible asset is recognised 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 recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised 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 amortised on a straight line basis over its useful life. Amortisation on all additions in intangibles is charged from the month in which the asset is available for use and on disposals upto the month of disposal. Amortisation charge is recognised in the statement of profit or loss and other comprehensive income. The rate of amortization is disclosed in note 17.

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 realisable 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 realisable 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 recognised 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 recognised immediately in profit or loss and other comprehensive income.

3.8.1 Financial assets

Classification

The Company classifies its financial assets into following three categories:

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

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

i) Financial assets at amortised cost

A financial asset is measured at amortised 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 amortised 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 amortisation 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 amortised 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 recognised 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 amortised cost or FVTOCI).

In addition, on initial recognition, the Company may designate a financial asset that otherwise meets the requirements to be measured at amortised 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 derecognises 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 recognises 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 recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

3.8.2 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised 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 recognised 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 amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised 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 amortised cost of a financial liability.

Derecognition of financial liabilities

A financial liability is derecognised 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 recognised 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 recognised and presented in statement of financial position as deferred government grant.

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

3.10 Staff 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 year end under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2021.

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 recognised 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 recognised 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.

Gains / losses arising on sale of investments are included in the period in which they arise.

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 recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised 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 recognised 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 42 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, 15, 16 and 17)
- ii. Assumptions and estimates used in writing down items of stock in trade to their net realisable value (note 3.6 and 19)
- iii. Assumptions and estimates used in calculating the provision for impairment of trade receivables (note 3.8 and 20)
- iv. Assumptions and estimates used in accounting for defined benefit plan (note 3.10 and 10)
- v. Assumptions and estimates used in the recognition of current and deferred taxation (note 3.14, 9 & 33)

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021 Number of ordinary shares of Rs.10 each	2020		2021 Rupees	2020 Rupees
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 :

Associated undertakings - due to common directorship and shareholding in the Company	2021 Number of shares	2020
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

	Note	2021 Rupees	2020 Rupees
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		(28,492,720)	(114,329,184)
		225,471,697	139,635,233

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.

	Note	2021 Rupees	2020 Rupees
7. LONG-TERM FINANCES			
From banking companies and other financial institutions - secured			
Demand finances	7.2	-	9,999,996
Term finances	7.3	25,777,950	45,863,633
Long-term financing facilities (LTFF)	7.4	2,112,570,649	2,078,498,893
Long-term financing facility (NIDF)	7.5	57,243,309	64,398,723
SBP Payroll Financing	7.6	82,447,010	45,286,329
Custom debentures	7.7	2,832,155	2,832,155
		2,280,871,073	2,246,879,729
Less: Current portion shown in current liabilities			
Demand finances		-	(9,999,996)
Long-term financing facilities (LTFF)		(206,135,851)	(18,128,246)
Long-term financing facility (NIDF)		(28,621,656)	(7,155,414)
SBP Payroll Financing		(49,635,934)	(11,810,771)
Custom debentures		(2,832,155)	(2,832,155)
		(287,225,596)	(49,926,582)
		1,993,645,477	2,196,953,147

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.

	Cash flows			Non-Cash flows	
	July 1, 2020	Obtained	Repaid	Transferred	June 30, 2021
	(Rupees)				
Demand finances	9,999,996	-	(9,999,996)	-	-
Term finances	45,863,633	25,777,950	-	(45,863,633)	25,777,950
Long-term financing facility (LTFF)	2,078,498,893	6,337,000	(18,128,877)	45,863,633	2,112,570,649
Long-term financing facility (NIDF)	64,398,723	-	(7,155,414)	-	57,243,309
SBP Payroll Financing	45,286,329	88,819,724	(52,165,921)	506,879*	82,447,011
Custom debentures	2,832,155	-	-	-	2,832,155
2021 Rupees	2,246,879,729	120,934,674	(87,450,208)	506,879	2,280,871,074
2020 Rupees	1,178,596,812	1,194,768,378	(121,482,384)	(5,003,077)	2,246,879,729

* Rs.506,879 has been transferred to deferred government grant as per IAS-20

7.2 Demand finances

Name of financial institution / bank	Limit		Outstanding amount		Details of financing, security and repayment terms
	2021	2020	2021	2020	
(Rupees)					
National Bank of Pakistan (Facility II)	-	240,000,000	-	9,999,996	Facility was secured against joint pari passu hypothecation charge over all present and future fixed assets and joint pari passu equitable mortgage over land and building with 25% margin. The loan was subject to mark-up at a rate of 3 months average KIBOR ask side plus 50 bps (2020 : 3 months average KIBOR ask side plus 50 bps) repayable in 24 equal quarterly installments that commenced from August 2014.
				9,999,996	
Term Finances					
Habib Bank Limited	-	850,000,000	-	15,912,000	Facility was secured against first joint pari passu charge on all present and future fixed assets of the Company with 25% margin. The loan was subject to mark-up at the rate of average of 3 month offer rate of KIBOR plus 100 bps (2020 : average of 3 month offer rate of KIBOR plus 100 bps) repayable in 32 equal quarterly installments commencing from August 2021. Loan amounting to Rs. 15.912 million has been transferred to LTFF in August 2020.
Habib Bank Limited	800,000,000	-	25,777,950	-	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 repayable in 32 equal quarterly installments commencing from August 2023.
			25,777,950	15,912,000	
Bank Alfalah Limited	-	750,000,000	-	29,951,633	Facility was secured against first joint pari passu charge over fixed assets (land, building, plant & machinery) of the Company with 25% margin. The loan was subject to mark-up at the rate of 3 months KIBOR plus 150 bps (2020: 3 months KIBOR plus 150 bps) repayable in 32 equal quarterly installments commencing from April 2022. This loan has been transferred to LTFF in August 2020.
			-	29,951,633	
			25,777,950	45,863,633	

7.4	Name of financial institution / bank	Limit		Outstanding amount		Details of financing, security and repayment terms
		2021	2020	2021	2020	
		(Rupees)				
	Long Term Finance Facilities (LTFF)					
	United Bank Limited	149,693,155	149,693,155	98,236,134	102,914,045	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 % (2020: 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 instalments commenced from November 2017 initially (after deferment commenced from May 2021).
	United Bank Limited	142,813,663	142,813,663	107,110,247	111,573,174	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 % (2020: 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 instalments commenced from July 2018 initially (after deferment commenced from April 2021).
	United Bank Limited	149,628,405	149,628,405	121,573,077	126,248,965	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 % (2020: 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 instalments commenced from March 2019 initially (after deferment commenced from June 2021).
	United Bank Limited	122,869,575	122,869,575	107,510,879	111,350,553	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 % (2020: 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 instalments commenced from September 2019 initially (after deferment commenced from June 2021).
	United Bank Limited	27,502,020	27,502,020	14,155,312	14,627,156	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 % (2020: 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 instalments initially commenced from March 2020 after deferment repayments commenced from June 2021.
	Habib Bank Limited	850,000,000	850,000,000	658,300,000	636,051,000	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% (2020: 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 instalments commencing from July 2021 and August 2021.

Name of financial institution / bank	Limit		Outstanding amount		Details of financing, security and repayment terms
	2021	2020	2021	2020	
	(Rupees)				
Allied Bank Limited	350,000,000	350,000,000	339,435,000	339,435,000	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 2.5% (2020: 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	666,250,000	636,299,000	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% (2020: 3 %) per annum repayable in 32 equal quarterly installments commencing from April 2022, including two years grace period.
7.5 Long Term Finance Facilities (NIDF)					
United Bank Limited	157,493,182	157,493,182	57,243,309	64,398,723	Facility is secured against joint pari passu charge by way of equitable mortgage over fixed assets (land, building & machinery) of the company. The loan is subject to mark-up at the rate of 3 months KIBOR plus 100 bps (2020: 3 Months KIBOR plus 100 bps) repayable in 22 equal quarterly installments initially commenced from March 2017 (after deferment commenced from June 2021).
7.6 SBP Payroll Financing					
Bank Alfalah Limited	139,109,130	50,289,406	82,447,010	45,286,329	Facility was obtained under SBP payroll finance scheme via IH&SMEFD Circular No. 06 of 2020. The loan is subject to markup at the rate of 1% (2020: 1%) per annum repayable in 8 equal quarterly installments commenced from January 2021.
7.7 Debentures have been issued in favor of Collector of Customs of Karachi to cover deferred payment of custom duty on imported machinery.					
7.8 The exposure of the Company's borrowings to interest rate changes on the contractual repricing dates at the reporting date are as follows:					
		Note	2021	2020	
			-----Rupees-----		
- Short-term borrowings		13	149,816,295	1,549,951,679	
- Long-term finances		7.2, 7.3 & 7.5	83,021,259	120,262,352	
			232,837,554	1,670,214,031	
7.9 Management considers that there is no non-compliance of the financing agreements with banking companies and financial institutions where the Company is exposed to penalties.					

	Note	2021 Rupees	2020 Rupees
8. DEFERRED GOVERNMENT GRANT			
Deferred grant against SBP payroll financing facility	8.1	4,496,198	5,003,077
Less: Current portion of deferred grant		(4,188,283)	(3,246,101)
		<u>307,915</u>	<u>1,756,976</u>

8.1 Movement of deferred government grant

Opening balance	5,003,077	-
Recognized during the year	7,130,948	5,315,570
Amortization during the year	(7,637,827)	(312,493)
As at June 30,	<u>4,496,198</u>	<u>5,003,077</u>

- 8.2** Deferred grant relates to the difference between the fair value and actual proceeds of payroll finance obtained under SBP's refinance scheme for payment of wages and salaries during the current and last year. It is amortised over the period of loan with an amount equal to the difference between the finance cost charged to statement of profit or loss and other comprehensive income and the interest paid at SBP's defined rate as per the scheme. The grant will be amortised over the period of loan and amortization will be recognised and presented as reduction of related interest expense.

9. DEFERRED TAX

Deferred tax recognised in			
Balance at July 01, 2020	Statement of profit or loss	Other comprehensive income	Balance at June 30, 2021
----- (Rupees) -----			

Movement for the year ended June 30, 2021

Deferred tax liabilities on taxable temporary differences arising in respect of :

- Property, plant and equipment	-	180,952,642	-	180,952,642
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Deferred tax assets on deductible temporary differences arising in respect of :

- Staff gratuity	-	(21,647,906)	(231,550)	(21,879,456)
- Provision for doubtful trade receivables	-	(337,696)	-	(337,696)
- Minimum tax	-	(5,675,168)	-	(5,675,168)
- Other financial assets	-	-	(5,028,127)	(5,028,127)
	-	<u>153,291,872</u>	<u>(5,259,677)</u>	<u>148,032,195</u>

10. DEFERRED LIABILITY

Defined benefit liability - staff gratuity	<u>125,745,763</u>	<u>122,856,230</u>
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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:

		2021	2020
10.1 Actuarial assumptions			
Discount rate		9.23%	8.50%
Expected rate of salary increase		8.75%	7.50%
Mortality rate		SLIC 2001 - 2005	SLIC 2001 - 2005
		Setback 1 Year	Setback 1 Year
		Age based	Age based
Expected withdrawal rate for actuarial assumptions			
10.2 Movement in the net defined benefit liability	Note	2021	2020
		Rupees	Rupees
Balance at the beginning of the year		122,856,230	118,839,945
Recognized in the statement of profit or loss			
Current service cost		17,516,132	23,632,010
Interest cost		8,017,010	14,449,854
		25,533,142	38,081,864
Recognized in other comprehensive income			
Remeasurement loss on defined benefit liability	10.3	1,330,763	809,363
Benefits paid during the year		(23,974,372)	(34,874,942)
Balance at end of the year		125,745,763	122,856,230
10.3 Actuarial losses			
Actuarial loss from changes in financial assumptions		7,626,630	5,707,024
Experience adjustments		(6,295,867)	(4,897,661)
		1,330,763	809,363
10.4 Expense recognised in the statement of profit or loss			
Current service cost		17,516,132	23,632,010
Interest cost		8,017,010	14,449,854
		25,533,142	38,081,864

10.5 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.

		Increase / (decrease) in defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		2021	
		----- (Rupees) -----	
Discount rate	1%	(118,550,008)	133,730,362
Salary increment rate	1%	133,728,822	(118,488,172)
		2020	
		----- (Rupees) -----	
Discount rate	1%	(7,558,215)	8,588,165
Salary increment rate	1%	8,873,960	(7,956,413)

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 recognized in the reporting date.

10.6 The expected maturity analysis of undiscounted benefit obligation is:

	2021 Rupees Undiscounted payments	2020 Rupees
Less than a year	23,262,966	18,876,827
Between 1 to 2 years	17,290,042	23,143,689
Between 2 to 3 years	17,415,788	14,931,845
Between 3 to 4 years	17,164,297	16,360,925
Between 4 to 5 years	17,315,192	17,789,560
6 years and above	526,874,747	698,016,406

10.7 Expected provision to be recognized in statement of profit or loss and other comprehensive income for the year ending June 30, 2022 is Rs. 28.674 million.

10.8 The average duration of the defined benefit obligation is 7 years.

	Note	2021 Rupees	2020 Rupees
11 TRADE AND OTHER PAYABLES			
Creditors		72,562,171	171,332,579
Accrued liabilities	11.1 & 11.2	774,604,871	762,930,963
Advance from customers		10,297,635	20,705,340
Sindh Workers' Profit Participation Fund	11.3	53,114,850	5,385,282
Sindh Workers' Welfare Fund		41,804,038	21,620,395
Preference shares redemption liability and dividend		733,365	733,365
Other government expenses - Infrastructure fee	11.4	75,635,545	66,379,860
Sales tax payable		55,457,448	-
Others		1,374,065	302,338
		1,085,583,988	1,049,390,122

11.1 This includes an amount of Rs. 582.795 million (2020: Rs. 575.71 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 High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh. On August 13, 2020, GIDC matter is decided by the Supreme Court of Pakistan and the Court has ordered gas consumers to pay outstanding amount of GIDC upto July 31, 2020 in twenty four equal monthly installments, starting from August 2020.

During the year, 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.

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 Honorable 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 2015 Act could not apply with retrospective effect. Sindh High Court has passed restraining order dated 29th September, 2020.

- 11.2** During the year, 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 we have availed for the interim period. However from March, 01 2021 SSGC started billing @ Rs.852 per MMBTU. Company has challenged the definition of Captive Power in OGRA notification dated 23rd October, 2020 and the notification itself. The Honorable Sindh High Court has granted us an interim relief through its orders dated 30-11-2020 and 3-12-2020 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 have recorded the provision of Rs.8.614 Million at the rate of Rs.66/- per MMBTU from 1st March 2021.

	Note	2021 Rupees	2020 Rupees
11.3 Sindh Workers' Profit Participation Fund			
Opening balance		5,385,282	19,394,537
Interest on fund utilized in the Company's business	11.3.1	183,618	2,782,004
		<u>5,568,900</u>	<u>22,176,541</u>
Allocation for the year	30	53,114,850	5,385,282
		<u>58,683,750</u>	<u>27,561,823</u>
Amount paid to the fund		(5,568,900)	(22,176,541)
		<u>53,114,850</u>	<u>5,385,282</u>

- 11.3.1** Interest on funds utilized is charged at the rate of 9.5% (2020: 37.5%) per annum.

- 11.4** 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, 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.

	Note	2021 Rupees	2020 Rupees
12. ACCRUED INTEREST / MARK-UP			
- From banking companies			
Long-term finances		16,032,809	13,667,539
Short-term borrowings		1,532,425	48,050,083
		<u>17,565,234</u>	<u>61,717,622</u>

13. SHORT-TERM BORROWINGS

Banking companies - secured

Term finance	13.2	-	715,000,000
Foreign currency finance	13.3	-	128,646,971
Running finance	13.4	149,816,295	706,304,708
		<u>149,816,295</u>	<u>1,549,951,679</u>

13.1 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.

	July 1, 2020	Cash flows		Non-cash flows	June 30, 2021
		Obtained	Repaid	Foreign exchange gain / (loss)	
	----- (Rupees) -----				
Term finance	715,000,000	500,000,000	(1,215,000,000)	-	-
Foreign currency finance	128,646,971	-	(118,434,405)	(10,212,566)	-
	<u>843,646,971</u>	<u>500,000,000</u>	<u>(1,333,434,405)</u>	<u>(10,212,566)</u>	<u>-</u>
2020	-	4,107,047,444	(3,273,613,039)	10,212,566	843,646,971

- 13.2** The Company has availed term finance facility from various banks which carries mark-up ranging from 7.50% to 9.34% (2020: 8.84% to 13.10%) per annum.
- 13.3** The Company has availed foreign currency finance facility from various banks which carries mark-up ranging from Nil (2020: 2.3% to 4.81%) per annum.
- 13.4** The company has availed running finance facilities from various banks which carries markup ranging from 1 to 3 month KIBOR plus 0.25% to 1.00% (2020 : from 1 to 3 month KIBOR plus 0.25% to 1.00%) per annum.
- 13.5** The Company can avail foreign currency, cash and running finance facilities from various banks aggregating to Rs. 3,745 million (2020 : Rs. 4,045 million). The aggregate unavailed short-term borrowing facilities available amounted to Rs. 3,595 million (2020 : Rs. 2,495 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.

	Note	2021 Rupees	2020 Rupees
14. CONTINGENCIES AND COMMITMENTS			
14.1 Contingencies			
Bank guarantees issued on behalf of the Company	14.1.1	18,602,000	18,602,000
Bank guarantee in favor of Excise and Taxation department		81,545,147	71,544,699
Revolving Letter of credit favouring SSGC		82,051,880	82,051,880
14.1.1	It includes guarantee issued in favor of Hyderabad Electric Supply Corporation (HESCO) amounting Rs. 14.602 million.		
14.1.2	The Company has filed the petition in High Courts challenging the recent 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 reducing 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.		
	Note	2021 Rupees	2020 Rupees
14.2 Commitments			
Capital work			
Machinery		1,772,122,543	-
Civil work		10,042,734	-
Raw material		290,565,214	363,313,668
Stores and spares		17,498,375	8,850,149
Bills discounted		441,852,192	477,797,517
Commitments for rentals of assets under short term lease agreements as at June 30:			
Not later than one year		1,153,905	2,198,015
15. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	2,636,266,401	2,955,976,815
Capital work in progress	15.2	115,746,835	1,811,175
		<u>2,752,013,236</u>	<u>2,957,787,990</u>

15.1 Operating fixed assets

Particulars	2021							
	Cost at July 01, 2020	Additions / *Adjustments / (Deletions)	Cost at June 30, 2021	Accumulated depreciation at July 01, 2020	Depreciation for the year / (Disposal)	Accumulated depreciation at June 30, 2021	Written down value at June 30, 2021	Rate of depreciation %
(Rupees)								
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	11,184,079	275,777	11,459,856	5,239,754	5
Mills buildings on leasehold land	334,344,652	*(398,553)	333,946,099	141,197,697	19,201,596	160,399,293	173,546,806	10
Other buildings on leasehold land	47,888,572	-	47,888,572	18,753,398	1,513,359	20,266,757	27,621,815	5
Machinery and equipment	3,866,849,568	1,952,739 (171,339,423)	3,697,462,884	1,286,798,451	255,348,171 (134,401,686)	1,407,744,936	2,289,717,948	10
Electric installations and equipment	136,124,751	-	136,124,751	76,423,474	5,968,276	82,391,750	53,733,001	10
Gas installations	5,060,911	- *(99,421)	4,961,490	3,202,996	175,850	3,378,846	1,582,644	10
Office equipment	22,775,760	755,600 (85,600)	23,445,760	14,091,312	908,076 (13,056)	14,986,332	8,459,428	10
Furniture and fixtures	51,929,730	518,400	52,448,130	18,144,917	3,400,679	21,545,596	30,902,534	10
Vehicles	59,005,610	12,063,057 (10,873,290)	60,195,377	24,781,025	7,113,181 (7,286,300)	24,607,906	35,587,471	20
	4,550,554,164	15,289,796 * (497,974) (182,298,313)	4,383,047,673	1,594,577,349	293,904,965 (141,701,042)	1,746,781,272	2,636,266,401	
2020								
Particulars	Cost at July 01, 2019	Additions / (Deletions)	Cost at June 30, 2020	Accumulated depreciation at July 01, 2019	Depreciation for the year / (Disposal)	Accumulated depreciation at June 30, 2020	Written down value at June 30, 2020	Rate of depreciation %
(Rupees)								
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	10,893,788	290,291	11,184,079	5,515,531	5
Mills buildings on leasehold land	201,429,869	132,914,783	334,344,652	133,385,446	7,812,251	141,197,697	193,146,955	10
Other buildings on leasehold land	47,834,702	53,870	47,888,572	17,160,064	1,593,334	18,753,398	29,135,174	5
Machinery and equipment	2,972,162,430	1,111,487,852 (216,800,714)	3,866,849,568	1,235,402,965	207,272,887 (155,877,401)	1,286,798,451	2,580,051,117	10
Electric installations and equipment	116,794,075	19,330,676	136,124,751	71,043,970	5,379,504	76,423,474	59,701,277	10
Gas installations	5,060,911	-	5,060,911	2,996,560	206,436	3,202,996	1,857,915	10
Office equipment	21,407,361	1,368,399	22,775,760	13,193,146	898,166	14,091,312	8,684,448	10
Furniture and fixtures	27,954,391	23,975,339	51,929,730	16,723,441	1,421,476	18,144,917	33,784,813	10
Vehicles	72,671,374	6,401,869 (20,067,633)	59,005,610	31,101,991	8,142,007 (14,462,973)	24,781,025	34,224,585	20
	3,491,889,723	1,295,532,788 (236,868,347)	4,550,554,164	1,531,901,369	233,016,352 (170,340,374)	1,594,577,349	2,955,976,815	

** 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.

	Note	2021 -----Rupees-----	2020
15.1.1 Depreciation for the year has been allocated as under:			
Cost of goods manufactured	27.1	282,705,261	222,787,936
Administrative expenses	29	11,199,704	10,228,416
		293,904,965	233,016,352

15.1.2 Detail 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
----- (Rupees) -----								
Machinery and equipment	5,509,126	4,832,484	676,642	900,000	223,358	Negotiation	None	A.R. Textile 2nd Floor, Noor Plaza, Al-Madina, Commercial Market, Factory Area Faisalabad
Machinery and equipment	1,371,667	753,119	618,548	900,000	281,452	Negotiation	None	Akbar Ali & Brothers Private Limited Office No 210, 2Nd Floor, The Cotton Exchange Building, li Chunrigar Road, Karachi
Machinery and equipment	947,793	151,647	796,146	2,500,000	1,703,854	Negotiation	None	An Textile Mills Limited 35 Km, Sheikhpura Road, Faisalabad, Jaranwala Faisalabad
Machinery and equipment	3,197,352	2,988,912	208,440	4,000,000	3,791,560	Negotiation	None	Anwar Textile Mills Ltd 8Th Floor, Sheikh Sultan Trust Building, Beaumont Road, South Saddar Town, Karachi
Machinery and equipment	8,617,768	8,151,739	466,029	800,000	333,971	Negotiation	None	Waqas Rafique International 49-Km, Multan Road, Kasur, Punjab
Machinery and equipment	2,797,683	2,616,843	180,840	2,100,000	1,919,160	Negotiation	None	Ashraf & Co Plot No 02, Sector No 29, Murtaza Chowrangi, Korangi, Landhi Town, Karachi
Machinery and equipment	1,199,007	1,122,167	76,840	300,000	223,160	Negotiation	None	Awais Impex Shop no 97, Gulistan Market, 1St Floor, Burhan Centre, St No. 3, Railway Road, Faisalabad
Machinery and equipment	2,120,829	1,087,107	1,033,722	1,200,000	166,278	Negotiation	None	Bahoo Cotton Corporation Chak No 69, R.B. Ghaniabad, Johal By Pass 1-KM, Lahore Road Faisalabad
Machinery and equipment	16,453,295	9,999,399	6,453,896	3,200,000	(3,253,896)	Negotiation	None	G.S. Textile Industries 22-Km, Multan Road, Lahore
Machinery and equipment	4,007,493	2,788,852	1,218,641	500,000	(718,641)	Negotiation	None	Gohar Textile Mills Pvt Ltd. 208 Chak Road, Zia Town, Faisalabad
Machinery and equipment	3,928,545	3,810,491	118,054	1,000,000	881,946	Negotiation	None	Ha Haq Spinning Mills Pvt Ltd. P-9-2, Montgomery Bazar, Lyallpur Town, Faisalabad
Machinery and equipment	8,496,335	7,693,558	802,777	1,200,000	397,223	Negotiation	None	Hanif Trading Corporation House No 59, Block No 2, Sector D1, Township, Lahore
Machinery and equipment	6,471,741	6,041,709	430,032	300,000	(130,032)	Negotiation	None	Husnain Textile Mill Pvt Ltd. B-39, F-623, S.I.T.E. Karachi West Baldia Town, Karachi
Machinery and equipment	947,793	151,647	796,146	3,500,000	2,703,854	Negotiation	None	Ideal Trading Co. Office No P-56, Main Kashmir Road, Amin Town, Faisalabad
Machinery and equipment	16,535,705	10,574,775	5,960,930	2,000,000	(3,960,930)	Negotiation	None	M.Y Corporation D-127, A&B S.I.T.E. Karachi
Machinery and equipment	23,352,149	19,908,771	3,443,378	2,600,000	(843,378)	Negotiation	None	Mubashar Brothers Street No 9, Rasool Pura, Near Bijli Ghar, Samundari Road, Faisalabad
Machinery and equipment	15,741,164	15,041,310	699,854	900,000	200,146	Negotiation	None	Paracha Cotton F-10, Fatima Center, 14-A, Queens Road, Lahore

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
(Rupees)								
Machinery and equipment	14,003,548	10,878,100	3,125,448	1,600,000	(1,525,448)	Negotiation	None	Sajal Textiles Chak No 68, Rb Adda Johal Kalha Road, Sheikhpura Road, Lahore
Machinery and equipment	4,003,409	3,572,155	431,254	208,125	(223,129)	Negotiation	None	Shahid Hussain Chuck No 216, Jalabad, Dak Khana Khas, Faisalabad
Machinery and equipment	12,250,672	8,160,115	4,090,557	2,400,000	(1,690,557)	Negotiation	None	Super Fine Textiles Plot No 755-B, Small Industrial Estate, Sargodha Road, Lyallpur, Faisalabad
Machinery and equipment	7,754,960	6,734,052	1,020,908	1,350,000	329,092	Negotiation	None	Wanhar Textile Pvt Ltd 10 K-M, Jaranwala Road, Jaranwala, Faisalabad
Machinery and equipment	8,167,115	5,440,077	2,727,038	1,600,000	(1,127,038)	Negotiation	None	Zahoor Industries Ltd. 10-Km, Sheikhpura Road, Lahore
Machinery and equipment	1,964,273	1,902,657	61,616	400,000	338,384	Negotiation	None	Zam Zam Textalio House No 888, Street No 3, Mohallah Khalidabad, Faisalabad
Machinery and equipment	1,500,000	-	1,500,000	532,500	(967,500)	Negotiation	None	Khalid Nazir I/B 2526 - M.M. Aalam Road, Lahore.
Vehicle	1,252,470	910,144	342,326	1,400,000	1,057,674	Negotiation	None	Abdul Haseeb House No 1536-3, Federal "B" Area, Siddiqabad, Aliabad, Gulberg Town, Karachi
Vehicle	2,156,000	1,567,023	588,977	2,215,000	1,626,023	Negotiation	None	Abrar Ahmed House No 29, Street No 6, Sector D, Qayyumabad, Korangi Road, Karachi
Vehicle	1,652,000	1,191,496	460,504	1,900,000	1,439,496	Negotiation	None	Ali Sher House No A-493, 1st Floor, Street No 9, Block L, North Nazimabad, Karachi
Vehicle	80,100	17,600	62,500	65,000	2,500	Negotiation	None	IGI Insurance Co Finally House, I.I. Chundrigar Road, Karachi
Vehicle	67,000	48,229	18,771	26,500	7,729	Negotiation	None	Mohammad Younus House No A-6, 3-7 Delhi Colony Luqman Road, Clifton, Karachi
Vehicle	1,411,767	760,290	651,477	1,450,000	798,523	Negotiation	None	Muhammad Nazeer House No H-29, Sector G, Korangi Crossing, Bhattai Colony, Karachi
Vehicle	69,500	54,031	15,469	30,000	14,531	Negotiation	None	Sagar Sharif House No 18, Street No 2, Mohalla Model Colony Walton Road, Lahore
Vehicle	51,500	16,251	35,249	25,000	(10,249)	Negotiation	None	Saleem Masih House No 35, Street No 17, Qayyumabad, Korangi Road, Sector A, Karachi
Vehicle	1,689,215	1,374,175	315,040	1,400,000	1,084,960	Negotiation	None	Shakeel Ashraf Dhok Subaidar Imam Ali, Daak Khana Khas, Gind Mehlo, Tehsil Gujar Khan District Rawalpindi.
Vehicle	2,376,239	1,301,568	1,074,671	2,980,000	1,905,329	Negotiation	None	Shamshad Ul Haq House No 6-D, Major Pervaiz Farooq Shaheed Street, Mohalla Windsor Park, Achra, Lahore
Vehicle	67,500	45,496	22,004	25,000	2,996	Negotiation	None	Syed Mehboob Haider House No B-2, C.G.H. Society, Gulistan Johar, Karachi
Office equipment	85,600	13,054	72,546	85,000	12,454	Negotiation	None	Faisal Ibn-e-Saleem House No K26-Bmargala Street, Khuwaja Banglows, Abbasia Town, Rahim Yar Khan
2021	182,298,313	141,701,043	40,597,270	47,592,125	6,994,855			
2020	236,868,347	170,340,373	66,527,974	69,287,245	2,759,271			

	Note	2021 Rupees	2020 Rupees
15.2 Capital work-in-Progress			
Civil work	15.2.1	78,469,752	311,175
Machinery, electrical installations, furniture and equipments	15.2.2	37,277,083	1,500,000
		115,746,835	1,811,175
15.2.1 Civil work			
Opening balance		311,175	51,852,882
Additions		78,373,970	81,276,729
		78,685,145	133,129,611
Transfer to operating fixed assets		(215,393)	(132,818,436)
Closing balance		78,469,752	311,175
15.2.2 Machinery, electrical installations, furniture and equipments			
Opening balance		1,500,000	6,691,533
Additions		37,277,083	1,149,034,225
		38,777,083	1,155,725,758
Transfer to operating fixed assets		(1,500,000)	(1,154,225,758)
Closing balance		37,277,083	1,500,000

16. INVESTMENT PROPERTIES

	Cost			Depreciation			Written down value as at June 30, 2021	Annual rate of Dep. %
	As at July 1, 2020	Additions / (disposals)	As at June 30, 2021	As at July 1, 2020	charge for the year	As at June 30, 2021		
	(Rupees)							
Building on freehold land -16.1 & 16.2	17,539,312	-	17,539,312	12,856,536	234,138	13,090,674	4,448,638	5
Land in Lahore - freehold - 16.1 & 16.2	8,300,631	-	8,300,631	-	-	-	8,300,631	-
Land in Sheikhpura - freehold-16.3	751,338	-	751,338	-	-	-	751,338	-
2021	26,591,281	-	26,591,281	12,856,536	234,138	13,090,674	13,500,607	
2020	26,591,281	-	26,591,281	12,610,074	246,462	12,856,536	13,734,745	

16.1 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. 630.991 million and Land in Sheikhpura is Rs 111 million as at September 24, 2020.

16.2 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).

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

17. INTANGIBLE ASSETS

	Cost			Amortization			Carrying value as at June 30, 2021	Rate of Amortization %
	As at July 01, 2020	Additions	As at June 30, 2021	As at July 01, 2020	Charge for the year	As at June 30, 2020		
	Rupees							
ERP software	4,151,365	-	4,151,365	3,390,282	761,083	4,151,365	-	20
2020	4,151,365	-	4,151,365	2,560,009	830,273	3,390,282	761,083	

	Note	2021 Rupees	2020 Rupees
18. STORES AND SPARES			
Stores		17,727,932	14,520,777
Spares		12,330,206	14,962,120
		<u>30,058,138</u>	<u>29,482,897</u>
19. STOCK-IN-TRADE			
Raw material		1,213,825,310	2,417,192,349
Work-in-process		74,953,124	64,634,114
Finished goods		12,481,408	76,765,724
Waste		3,629,472	3,488,487
		<u>1,304,889,314</u>	<u>2,562,080,674</u>
20. TRADE RECEIVABLES			
Considered good			
Foreign - secured		123,224,691	16,290,633
Local - unsecured	20.3	617,333,496	538,686,261
		<u>740,558,187</u>	<u>554,976,894</u>
Considered doubtful	20.2	1,940,806	1,940,806
		<u>742,498,993</u>	<u>556,917,700</u>
Less:			
- Provision for doubtful trade receivables	20.1	(1,940,806)	(1,940,806)
- Write off of trade receivables		(7,621,256)	-
		<u>732,936,931</u>	<u>554,976,894</u>
20.1 Provision against doubtful trade receivables			
Opening balance		1,940,806	440,806
Provision made during the year		7,621,256	1,500,000
Write off of trade receivables		(7,621,256)	-
Closing balance		<u>1,940,806</u>	<u>1,940,806</u>
20.2	These are non-interest bearing, the normal credit period is 15 to 45 days.		
20.3	The maximum amount due from Ellcot Spinning Mills Limited (related party) at the end of any month during the year was Rs. Nil (2020: Rs. 99,430,909).		
20.4	Trade receivables include debtors with a carrying amount of Rs. 8.394 million (2020: Rs. 36.285 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:		
20.4.1 Aging of past due but not impaired		2021 Rupees	2020 Rupees
46-90 days		7,175	15,229,060
91-180 days		3,252	4,898,374
181 days and above		8,383,204	16,157,382
		<u>8,393,631</u>	<u>36,284,816</u>

	Note	2021 Rupees	2020 Rupees
21. LOANS AND ADVANCES			
Considered good			
Advances			
Employees		231,986	147,506
Income tax	21.1	63,726,445	172,868,949
Suppliers		225,653,181	68,680,613
Expenses		153,682	9,325
Letters of credit		4,333,865	465,249
		<u>294,099,159</u>	<u>242,171,642</u>
21.1 Movement of advance tax is as under:			
Opening balance		172,868,949	183,635,155
Paid during the year		52,095,824	81,762,576
Prior year tax adjustments		14,634,983	-
Refund recieved during the year		(69,152,356)	-
Provision for tax	33	<u>(106,720,955)</u>	<u>(92,528,782)</u>
		<u>63,726,445</u>	<u>172,868,949</u>
22. PREPAYMENTS			
Insurance		1,652,211	1,943,410
Rent		936,857	41,180
Others		<u>2,245,644</u>	<u>2,382,855</u>
		<u>4,834,712</u>	<u>4,367,445</u>
23. OTHER RECEIVABLES			
Considered good			
Export rebate		-	1,456,404
Guarantee margin on letter of credit		5,000,000	-
Others		<u>7,668,079</u>	<u>3,768,874</u>
		<u>12,668,079</u>	<u>5,225,278</u>
24. OTHER FINANCIAL ASSETS			
Designated at fair value through other comprehensive income			
Investment in listed equity securities	24.1	313,045,082	279,205,675
Investment in mutual funds	24.2	<u>726,921,412</u>	<u>108,494,735</u>
		<u>1,039,966,494</u>	<u>387,700,410</u>

24.1 Investment in listed equity securities

2021 Number of shares	2020 Number of shares	Name of investee	2021 Rupees	2020 Rupees
1,235,500	1,335,500	Engro Fertilizer Limited	86,818,585	80,503,940
1,140,000	1,250,000	Fauji Cement Company Limited	26,220,000	21,100,000
447,500	447,500	Habib Metropolitan Bank Limited	18,168,500	12,444,975
433,500	433,500	Bank Al Habib Limited	30,397,020	22,672,050
365,000	365,000	Fatima Fertilizer Company Limited	10,493,750	9,756,450
376,704	358,500	United Bank Limited	46,033,229	37,054,560
409,000	309,000	Habib Bank Limited	50,049,330	29,932,830
271,850	271,850	Bank Alfalah limited	8,748,133	9,126,005
150,000	150,000	Oil & Gas Development Company Limited	14,254,500	16,350,000
110,000	110,000	Loads Limited	2,377,100	1,529,000
-	85,000	Century Paper & Board Mills Limited	-	6,083,450
85,000	85,000	MCB Bank Limited	13,585,550	13,775,950
21,500	21,500	Agriauto Industries Limited	5,899,385	3,913,000
-	12,100	Mari Petroleum Company Limited	-	14,963,465
			313,045,082	279,205,675

24.2 Investment in mutual funds

NBP Islamic Energy Fund Nil units (2020: 1,059,820 units)	-	8,994,267
NBP Stock Fund Nil units (2020: 8,298,168 units)	-	99,314,134
NBP Money Market Fund 1,547,547 units (2020: 18,855 units)	15,318,551	186,334
HBL Cash Fund Fund 7,031,545 units (2020: Nil units)	711,602,861	-
	726,921,412	108,494,735

24.3 Reconciliation between fair value and cost of investments classified as 'equity instrument'.

	Note	2021 Rupees	2020 Rupees
Through other comprehensive income			
Fair value of investments			
- in listed equity securities	24.1	313,045,082	279,205,675
- in mutual funds	24.2	726,921,412	108,494,735
		1,039,966,494	387,700,410
Add: unrealized loss on remeasurement of investments as at June 30	24.4	33,520,847	114,329,184
Cost of investments		1,073,487,341	502,029,594

24.4 Unrealised loss on remeasurement of equity instruments

Through other comprehensive income			
Opening balance		(114,329,184)	(54,498,217)
Unrealized fair value gain / (loss) charge for the year		80,808,337	(59,830,967)
Deferred tax recognized		5,028,127	-
Closing balance		(28,492,720)	(114,329,184)

25. CASH AND BANK BALANCES

Cash with banks- In current accounts			
- Local currency	25.1	195,764,440	40,960,093
- Foreign currency	25.2	1,121,870	2,369,379
Cash in hand		-	2,348
		196,886,310	43,331,820

25.1 Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the State Bank of Pakistan. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the banks, management has assessed that there is no impairment and has not recorded any loss allowances on these balances.

25.2 It is a current account with Dollar amounted to USD. 7,109.44 (2020: USD. 14,189.60)

		Total			
		Local	Export	2021	2020
	Note	(Rupees)			
26.	REVENUE FROM CONTRACTS				
Yarn	26.1 & 26.2	6,442,690,284	1,255,797,743	7,698,488,027	7,356,019,698
Waste		381,722,955	-	381,722,955	241,646,829
Raw material		67,463,096	-	67,463,096	84,599,251
		6,891,876,335	1,255,797,743	8,147,674,078	7,682,265,778
Sales tax		(963,039,482)	-	(963,039,482)	(612,093,777)
		5,928,836,853	1,255,797,743	7,184,634,596	7,070,172,001

		Total			
		Local	Export	2020	2019
REVENUE FROM CONTRACTS		(Rupees)			
Yarn	26.1 & 26.2	3,637,927,677	3,718,092,021	7,356,019,698	6,782,378,112
Waste		214,319,208	27,327,621	241,646,829	144,873,926
Raw material		84,599,251	-	84,599,251	4,071,924
		3,936,846,136	3,745,419,642	7,682,265,778	6,931,323,962
Export rebate		-	-	-	1,059,885
Sales tax		(568,068,352)	(44,025,425)	(612,093,777)	(74,313)
		3,368,777,784	3,701,394,217	7,070,172,001	6,932,309,534

26.1 Export sales is net of exchange gain of Rs. 4.308 million (2020 : exchange gain of Rs. 1.957 million).

26.2 Export sales include indirect export of Rs. Nil (2020 : Rs. 258.973 million) to a related party (note 37).

	Note	2021	2020
		Rupees	Rupees
27. COST OF GOODS SOLD			
Opening stock - finished goods and waste		80,254,211	116,448,510
Cost of goods manufactured	27.1	5,615,671,410	6,340,609,545
Purchase of finished goods		18,723,640	21,857,697
		<u>5,714,649,261</u>	<u>6,478,915,752</u>
Closing stock - finished goods and waste	19	(16,110,880)	(80,254,211)
Cost of sale of raw material		66,768,315	77,689,319
		<u>5,765,306,696</u>	<u>6,476,350,860</u>

27.1 Cost of goods manufactured

		2021	2020
		Rupees	Rupees
Raw material consumed	27.1.1	4,521,319,444	5,146,855,099
Packing material consumed		74,199,036	82,785,623
Stores and spares consumed		76,056,539	93,646,361
Salaries, wages and benefits	27.1.2	278,870,240	412,634,604
Fuel		365,121,421	351,627,957
Rent, rates and taxes		465,715	532,912
Insurance		14,834,076	12,374,121
Repairs and maintenance		5,277,073	9,281,584
Depreciation on property, plant and equipment	15.1.1	282,705,261	222,787,936
Other manufacturing overheads		7,141,615	10,687,869
		<u>5,625,990,420</u>	<u>6,343,214,066</u>
Work in process			
Opening stock		64,634,114	62,029,593
Closing stock	19	(74,953,124)	(64,634,114)
		<u>(10,319,010)</u>	<u>(2,604,521)</u>
		<u>5,615,671,410</u>	<u>6,340,609,545</u>

	Note	2021 Rupees	2020 Rupees
27.1.1 Raw material consumed			
Opening stock		2,417,192,349	1,021,167,462
Purchases		<u>3,317,952,405</u>	<u>6,542,879,986</u>
		5,735,144,754	7,564,047,448
Closing stock	19	<u>(1,213,825,310)</u>	<u>(2,417,192,349)</u>
		<u>4,521,319,444</u>	<u>5,146,855,099</u>

27.1.2 It includes Rs. 20.04 million (2020 : Rs. 30.911 million) in respect of staff retirement benefits.

	Note	2021 Rupees	2020 Rupees
28. DISTRIBUTION COST			
Freight		53,858,389	58,702,446
Commission:			
-Local		17,869,690	15,664,639
-Export		10,794,970	26,584,617
Stamp duty		986,300	1,084,260
Travelling		1,723,228	4,137,076
Export development surcharge		3,105,770	8,557,550
Quality claims		1,892,935	1,356,518
Handling and other charges		4,702,956	12,125,852
Insurance		312,483	1,394,124
Distribution expense		228,800	734,000
Other		992,834	2,087,516
		<u>96,468,355</u>	<u>132,428,598</u>

29. ADMINISTRATIVE EXPENSES

Directors' remuneration, fees and benefits		22,581,667	22,421,667
Staff salaries and benefits	29.1	78,519,005	75,488,427
Travelling and conveyance		548,087	1,609,868
Printing and stationery		1,789,990	1,735,164
Postage and telephone		2,618,972	2,590,651
Fees, subscription and periodicals		6,279,874	3,691,383
Legal and professional		1,744,716	1,795,703
Advertisement		82,378	160,630
Utilities - net of recoveries		5,661,571	8,470,481
Rent, rates and taxes		1,579,997	1,649,632
Rent related to short term lease		3,654,132	3,485,266
Insurance		2,288,004	2,495,970
Auditors' remuneration	29.2	1,210,000	1,100,000
Repairs and maintenance		3,067,478	2,237,312
Vehicles running and maintenance		8,916,548	9,277,179
Entertainment		766,581	1,539,756
Depreciation on property, plant and equipment	15.1.1	11,199,704	10,228,416
Depreciation on investment properties	16	234,138	246,462
Amortization on intangible assets	17	761,083	830,273
Donations	29.3	-	400,000
Other		1,239,525	1,682,002
		<u>154,743,450</u>	<u>153,136,242</u>

29.1 It includes Rs. 5.483 million (2020: Rs. 7.171 million) in respect of staff retirement benefits.

		2021 Rupees	2020 Rupees
29.2 Auditors' remuneration			
Annual audit fee		660,000	600,000
Half yearly review fee		220,000	200,000
Review report on Code of Corporate Governance		55,000	50,000
Tax compliance services		165,000	150,000
Compliance certificate fees		110,000	100,000
		<u>1,210,000</u>	<u>1,100,000</u>
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	Note	2021 Rupees	2020 Rupees
Sindh Workers' Profit Participation Fund	11.3	53,114,850	5,385,282
Sindh Workers' Welfare Fund		20,183,643	2,046,407
Write off of trade receivables		7,621,256	-
Write off of sales tax refundable		25,755,966	-
Write off export drawback duty		755,350	-
Provision for doubtful trade receivables		-	1,500,000
Interest reversal on sales tax refund bonds		-	42,877
Unrealized loss / (gain) on revaluation of foreign currency account		141,329	(116,171)
Unrealized loss on foreign currency loan		-	10,212,566
		<u>107,572,394</u>	<u>19,070,961</u>
31. OTHER INCOME			
Dividend income		34,870,059	35,674,445
Gain on sale of short term investments-Classified at FVTPL		-	23,302,270
Gain on sale of treasury bills		1,899,430	-
Interest income on term deposit receipt		2,013	39,784
Unrealized gain on foreign currency loan		10,212,566	-
Scrap sales		1,942,725	2,697,108
Gain on disposal of property, plant and equipment - net	15.1.2	6,994,854	2,759,271
Liability no longer payable		2,087,932	-
Rental income from investment property		25,846,506	24,428,999
		<u>83,856,085</u>	<u>88,901,877</u>
32. FINANCE COST			
Mark-up / interest on:			
Long term finances		68,407,599	93,778,284
Short term borrowings		79,412,985	170,548,944
Sindh Workers' Profit Participation Fund	11.3.1	183,618	2,782,004
Bank charges and commission		7,519,486	10,704,042
		<u>155,523,688</u>	<u>277,813,274</u>
33. PROVISION FOR TAXATION			
Current tax		106,720,955	92,528,782
Prior year		(14,634,983)	115,785
Deferred	9	153,291,872	-
		<u>245,377,844</u>	<u>92,644,567</u>

	2021 Rupees	2020 Rupees
33.1 Relationship between tax expense and accounting profit		
Accounting profit - before tax	988,876,098	100,273,943
Tax @ 29%	286,774,068	29,079,443
Effect of:		
- Items that are deductible in determining taxable profits	10,137,034	-
- Items subject to minimum tax U/S 113	-	17,532,777
- Items subject to final tax regime	(36,773,178)	40,565,390
- Items subject to reduced rates	5,230,425	5,351,172
	(21,405,719)	63,449,339
Tax credit	(5,355,522)	-
Prior year tax	(14,634,983)	115,785
Tax charge for the year	245,377,844	92,644,567

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 :

	2021	2020
Profit after taxation (Rupees)	743,498,254	7,629,376
Weighted average number of ordinary shares	18,700,000	18,700,000
Earnings per share (Rupees)	39.76	0.41

35. CASH GENERATED FROM OPERATIONS

	2021 Rupees	2020 Rupees
Profit before taxation	988,876,098	100,273,943
Adjustments for:		
Depreciation on property, plant and equipment	293,904,965	233,016,352
Depreciation on investment properties	234,138	246,462
Amortization on intangible assets	761,083	830,273
Provision for gratuity	25,533,142	38,081,864
Write off of trade receivables	7,621,256	-
Write off of sales tax refundable	25,755,966	-
Write off export drawback duty	755,350	-
Provision for doubtful trade receivables	-	1,500,000
Liability no longer payable	(2,087,932)	-
Gain on disposal of property, plant and equipment - net	(6,994,854)	(2,759,271)
Realized gain on treasury bills	(1,899,430)	(23,302,270)
Finance cost	155,523,688	277,813,274
Unrealized gain on revaluation of FCY account and short term finance	(10,071,237)	(116,171)
Rental income	(25,846,506)	(24,428,999)
Dividend income	(34,870,059)	(35,674,445)
Reversal of interest income on sales tax refund bonds	-	42,877
	1,417,195,668	565,523,889
Changes in working capital (Increase) / decrease in current assets:		
Stores and spares	(575,241)	3,218,597
Stock-in-trade	1,257,191,360	(1,362,435,109)
Trade receivables	(185,581,293)	1,079,852,458
Loans and advances	(161,070,021)	(49,817,142)
Prepayments	(467,267)	(1,377,280)
Other receivables	(8,198,151)	12,822,063
Sales tax refundable	89,156,083	(46,605,974)
	990,455,470	(364,342,387)
Increase in current liabilities:		
Trade and other payables	38,281,798	56,941,973
Cash generated from operations	2,445,932,936	258,123,475

36. REMUNERATION OF DIRECTORS AND EXECUTIVES

	2021				2020			
	Chief Executive	Directors Executive	Non-Executive	Executives	Chief Executive	Directors Executive	Non-Executive	Executives
	(Rupees)				(Rupees)			
Remuneration	8,160,000	8,160,000	-	16,936,240	8,160,000	8,160,000	-	18,343,453
House rent allowance	2,040,000	2,040,000	-	7,621,308	2,040,000	2,040,000	-	8,254,554
Other allowances	-	-	-	846,812	-	-	-	917,173
Retirement benefits	-	-	-	1,392,020	-	-	-	1,326,859
Leave encashment	1,416,667	-	-	2,737,677	1,416,667	-	-	2,816,971
Bonus	-	-	-	484,404	-	-	-	405,418
Meeting fee	-	-	765,000	-	-	-	605,000	-
	11,616,667	10,200,000	765,000	30,018,461	11,616,667	10,200,000	605,000	32,064,428
No. of persons	1	1	4	9	1	1	4	10

- 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 10. Other significant transactions with related parties are as follows:

Nature of relationship	Nature of Transactions	2021 Rupees	2020 Rupees
Associated companies	Purchase of goods	68,115	732,923
	Sale of goods	524,866,378	385,052,076
	Rental income	2,515,648	2,330,545
	Purchase of fixed assets	-	1,755,000
	Dividend paid	22,954,065	15,302,710
Key management personnel	Payment of dividend to directors and their close family members	104,525,505	69,681,185

- 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	Aggregate % holding in the Company as at June 30, 2021
Ellicot Spinning Mills Limited	Associated company	-
Prosperity Weaving Mills Limited	Associated company	-
Ellahi International (Private) Limited	Associated company	0.05%
Haroon Omer (Private) Limited	Associated company	5.44%
Monell (Private) Limited	Associated company	5.44%
ICARO (Private) Limited	Associated company	5.44%
ARH (Private) Limited	Associated company	-
Pacific Industries (Private) Limited	Associated company	-
Mr. Shaukat Ellahi Shaikh	Key management personnel	17.47%
Mr. Shafqat Ellahi Shaikh	Key management personnel	17.26%
Mr. Shahzada Ellahi Shaikh	Key management personnel	17.26%
Mr. Amin Ellahi Shaikh	Key management personnel	7.49%
Mr. Raza Ellahi Shaikh	Key management personnel	7.49%
Mr. Haroon Shahzada Ellahi Shaikh	Key management personnel	3.74%
Mr. Hasan Ahmed	Key management personnel	0.003%
Mr. Shafiq Ur Rehman	Key management personnel	0.003%
Mr. Tajammal Husain Bokharee	Key management personnel	0.003%
Ms. Tosheeba Sarwar	Key management personnel	0.00267%
Mr. Omer Ellahi Shaikh	Close family member Key management	3.74%
Mrs. Humera Shahzada Ellahi Shaikh	Close family member Key management	0.02%
Mrs. Mona Shaukat Shaikh	Close family member Key management	0.02%
Mrs. Shaista Shafqat	Close family member Key management	0.02%

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.

		2021	2020
Number of spindles installed	No.	40,908	49,980
Total number of spindles worked	No.	40,908	49,980
Number of shifts per day	No.	3	3
Actual number of shifts in a year	No.	1,095	1,029
Plant capacity on the basis of utilization converted in to 20s' count	Kgs	15,857,612	18,345,734
Actual production converted into 20s' count	Kgs	16,151,980	14,723,992

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 Financial Instruments by Category

	2021		
	Financial assets at amortized cost	Financial assets designated as at fair value through other comprehensive income	Total
	(Rupees)		
Financial assets as per Statement of financial position			
Long term deposits	1,021,858	-	1,021,858
Trade receivables	732,936,931	-	732,936,931
Loans and advances	231,986	-	231,986
Other receivables	7,668,079	-	7,668,079
Other financial assets	-	1,039,966,494	1,039,966,494
Cash and bank balances	196,886,310	-	196,886,310
	938,745,164	1,039,966,494	1,978,711,658
2020			
	Financial assets at amortized cost	Financial assets designated as at fair value through other comprehensive income	Total
	(Rupees)		
Financial assets as per Statement of financial position			
Long term deposits	1,069,258	-	1,069,258
Trade receivables	554,976,894	-	554,976,894
Loans and advances	147,506	-	147,506
Other receivables	3,768,874	-	3,768,874
Other financial assets	-	387,700,410	387,700,410
Cash and bank balances	43,331,820	-	43,331,820
	603,294,352	387,700,410	990,994,762

	2021 Rupees	2020 Rupees
Financial liabilities as per Statement of financial position		
At amortized cost		
Long-term finances	2,280,871,073	2,246,879,729
Short-term borrowings	149,816,295	1,549,951,679
Trade and other payables	849,274,472	935,299,245
Unclaimed dividend	9,077,894	8,019,322
Accrued interest / mark-up	17,565,234	61,717,622
	3,306,604,968	4,801,867,597

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 minimise 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, 2021 which are summarized below.

39.3 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs.1,983.712 million (2020: Rs. 990.995 million), the financial assets which are subject to credit risk amounted to Rs. 943.559 million (2020: Rs. 603.294 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, 2021 the Company had approximately 35 (2020: 37) major local customers that owed more than Rs. 3 million each and accounted for approximately 96% (2020: 96%) of local trade receivables. Export debts amounting to Rs. 123.224 million (2020: Rs. 16.291 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 39.71% (2020: 54.21%) 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.

	2021					
	Carrying values	Contractual Cash flows	Less than 3 months	3 months - 1 year	1 - 5 years	More than 5 years
	----- Rupees -----					
Financial Liabilities						
Statement of financial position						
Long-term finances	2,280,871,073	2,280,871,073	-	287,225,596	1,438,687,493	554,957,984
Short term borrowings	149,816,295	149,816,295	149,816,295	-	-	-
Accrued interest / mark-up	17,565,234	17,565,234	17,565,234	-	-	-
Trade and other payables	849,274,472	849,274,472	849,274,472	-	-	-
Unclaimed dividend	9,077,894	9,077,894	9,077,894	-	-	-
	3,306,604,968	3,306,604,968	1,025,733,895	287,225,596	1,438,687,493	554,957,984

	2020					
	Carrying values	Contractual Cash flows	Less than 3 months	3 months - 1 year	1 - 5 years	More than 5 years
	----- Rupees -----					
Financial Liabilities						
Statement of financial position						
Long-term finances	2,251,882,806	2,251,882,806	-	49,926,582	1,139,431,271	1,062,524,953
Short term borrowings	1,549,951,679	1,549,951,679	1,549,951,679	-	-	-
Accrued interest / mark-up	61,717,622	61,717,622	61,717,622	-	-	-
Trade and other payables	935,299,245	935,299,245	935,299,245	-	-	-
Unclaimed dividend	8,019,322	8,019,322	8,019,322	-	-	-
	4,806,870,674	4,806,870,674	2,554,987,868	49,926,582	1,139,431,271	1,062,524,953

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 currency risk, interest rate risk, and other price risk.

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 and short term borrowings amounting to Rs. 0.232 billion (financial liabilities on a net basis) (2020: Rs. 1.670 billion). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
	2021	2020
Variable rate instruments		
Financial liabilities:		
Long-term finance	83,021,259	120,262,352
Short-term borrowings	149,816,295	1,549,951,679
Net financial liabilities at variable interest rates	232,837,554	1,670,214,031

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, 2021 would decrease / increase by Rs. 2.328 million (2020: Rs. 16.702 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

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, 2021 financial assets include Rs. 124.346 million (2020: Rs. 16.291 million) which are subject to foreign currency risk against US Dollars.

Foreign currency sensitivity analysis

At June 30, 2021, 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. 6.217 million (2020: increased / decreased by Rs. 0.815 million), mainly as a result of foreign exchange gains / losses on translation of US Dollar-denominated trade receivables.

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. 1.039 billion (2020: Rs. 387.514 million) in the shares of quoted companies and units of mutual funds as mentioned in note 24.

If equity 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. 103.997 million (2020: Rs. 38.77 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 behaviour. 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 is not subject to any externally imposed capital requirements.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of share capital and reserves as well as debts of the Company. 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 the shareholders or issue new shares. The Company's overall strategy remains unchanged since June 30, 2020.

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, 2021				
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
measure at fair value through other				
comprehensive income				
Investment in listed equity securities	313,045,082	-	-	313,045,082
Investment in mutual funds	726,921,412	-	-	726,921,412
	1,039,966,494	-	-	1,039,966,494
June 30, 2020				
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
measure 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
	387,700,410	-	-	387,700,410

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. 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 17.48 percent (2020: 53.40 percent) . As at year end, all non-current assets of the Company are located within Pakistan.

43. NUMBER OF EMPLOYEES

	2021	2020
Number of employees		
- At June 30	828	903
- Average during the year	866	994

44. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on September 28, 2021, proposed to distribute to the shareholders of the Company a cash dividend at the rate of 25 percent i.e. Rs. 2.50 per ordinary share (2020: Rs. Nil 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.

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 28, 2021 by the Board of Directors of the Company.

46. GENERAL

Figures have been rounded off to the nearest to Rupee. Corresponding figures have been re-arranged and re-classified wherever necessary for the purpose of better presentation, the effect of which is not material.



Raza Ellahi Shaikh
Director



Tariq Zafar Bajwa
Chief Financial Officer



Amin Ellahi Shaikh
Mg. Director (Chief Executive)

September 28, 2021

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 **NAGINA**

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83

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 54th Annual General Meeting of the Company to be held on October 28, 2021 and at any adjournment thereof.

Signed at _____ this the _____ day of _____ 2021

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، بیناؤنٹ روڈ،

کراچی-75530

میں اہم

ساکن

بحیثیت رکن نگینہ کائن ملز لمیٹڈ اور حامل عام حصص بمطابق شیئر رجسٹر فلیو نمبر

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

بذریعہ ہذا

محترم/محترمہ ساکن

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فلیو نمبر

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

یا اسکی غیر موجودگی میں محترم/محترمہ ساکن

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فلیو نمبر

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

مورخہ 28 اکتوبر 2021ء کو منعقد ہونے والے کمپنی کے 54 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور مختار

(پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

دستخط: آج بروز تاریخ: 2021ء

گواہ:

50 روپے کارسیدی ٹکٹ
چسپاں کریں

1- دستخط:	2- دستخط:
نام:	نام:
پتہ:	پتہ:
شناختی کارڈ نمبر:	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 پراسسز تقرر کرتے ہوئے پراکسی فارم کے ہمراہ اپنے کمپیوٹر انڈیوڈ 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 کمپیوٹر انڈیوڈ قومی شناختی کارڈ بمعہ اپنے فیکٹرز سے اسکی مصدقہ کاپی، اکاؤنٹ نمبر اور پارٹیسپنٹ آئی ڈی نمبر ہمراہ لائیں۔
- 4- کارپوریٹ اسٹیبلشمنٹ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ کی مصدقہ کاپی مع نمونہ دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

