

**FIRST QUARTER REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2021
(Un-Audited)**



NAGINA COTTON MILLS LTD.



NAGINA COTTON MILLS LTD.

CONTENTS

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



NAGINA COTTON MILLS LTD.

COMPANY INFORMATION

BOARD OF DIRECTORS

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

MANAGING DIRECTOR (Chief Executive)

Mr. Amin Ellahi Shaikh

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

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

EXECUTIVE COMMITTEE

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

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Tariq Zafar Bajwa

HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

AUDITORS

Messrs 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

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26, Civil Lines, Beaumont Road,
Karachi - 75530

WEB REFERENCE

www.nagina.com

SHARE REGISTRAR

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5th Floor, Karachi Chambers,
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MILLS

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National Highway, Kotri



NAGINA COTTON MILLS LTD.

DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial statements of the Company for the 1st quarter ended on September 30, 2021. The comparative figures for the corresponding quarter ended on September 30, 2020 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2021.

Company Performance

Alhamdulillah, positive business sentiments continued to prevail for the textile industry during 1st quarter of the financial year 2021-22. Your Company managed to earn remarkable profits. Profit after tax for the 1st quarter ended September 30, 2021 is Rs. 301,949,220 compared to Rs. 42,172,099 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 16.15 compared to Rs. 2.26 for the SPLY.

A surge in demand for yarn resulted in increased sales revenue during the period under review which stood at Rs. 2,261,814,266 compared to Rs. 1,493,969,853 during SPLY, showing an increase of 51.40%. Due to higher product margins, the cost of sales decreased from 89.82% during SPLY to 78.01% of sales for the period under review. Increase in sales revenue and decrease in cost of sales resulted in increase in Gross Profit (GP) from 10.18% of sales during corresponding SPLY to 21.99% of sales during the quarter under review.

A surge in both sales revenue and higher profits has also resulted in higher operating expenses due to both the increase in distribution costs and statutory provisions relating to WPPF and WWF. Overall operating expenses have risen from 4.17% of sales during the SPLY to 4.99% of sales during the period under review. 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 3.63% of sales during SPLY to 1.59% of sales during the period under review.

According to the figures issued by the Pakistan Cotton Ginners Association for the crop year 2021-22, cotton arrivals up to October 15, 2021 totalled 5.208 million bales compared to 2.688 million bales for SPLY showing increase in arrival of 93.73%. While this increase is encouraging, it remains to be seen what final crop size will be at the end of the season.

Future Outlook

The Company earned robust profits during first quarter under review. The whole textile sector benefitted from surging global demand from the value added sector including home textiles, garments, denim and the local fashion segment. However, in subsequent quarters, we are foreseeing a rise in raw material costs which may negatively impact the profit margins. Devaluation of the Pakistani Rupee can result in higher raw material and spare part cost. We are cautious about consistently high global oil prices their impact on the USD/PKR. Freight rates for export cargo has risen sharply and will affect export margins. It is likely that due to these cost pressures, inflation can play a role in Pakistan's economic indicators. This may cause a rise in interest rates which can also impact future profitability. Energy costs are likely to rise due to sharp rise in oil and gas prices. Therefore, management is working on risk aversion strategies to maintain profitability.

Management is cautiously optimistic that the financial year 2021-22 would remain reasonably profitable. 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. This is a healthy sign for the economy as this higher production of cotton will ultimately reduce the import bill of the country. 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 Ministry of Energy (Power Division) has recently notified the extension of the textile tariff till June 30th, 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.

Under BMR / expansion program 10,800 new spindles are expected to arrive at the mills shortly. These new frames along with some of the back process machinery is expected to start commercial production by the start of 3rd quarter of this financial year. Management is also considering installation of 999 kw solar energy system at the mills. This will contribute green energy in the main grid of the mills.

It is hoped that the Government would bring in long term business friendly policies such as uninterrupted energy supplies in cost effective manner, refund of outstanding sales tax and income tax so that stretched corporate cash flows can be eased out. Government policies should encourage the completion of the value chain in the textile sector so that the country can export finished products.

Acknowledgement

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

On behalf of the Board.


Raza Ellahi Shaikh
Director


Amin Ellahi Shaikh
Chief Executive Officer

October 27, 2021



NAGINA COTTON MILLS LTD.

ممبران کے لئے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 ستمبر 2021 کو مختصر پبلیسیٹی سے ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 30 ستمبر 2020 کو ختم ہونے والی سماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ اسوائے سٹیٹمنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2021 کو مختصر سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، مالی سال 2021-22 کی پہلی سماہی کے دوران ٹیکسٹائل انڈسٹری کے لئے کاروباری ماحول مثبت رہا ہے۔ آپ کی کمپنی نمایاں منافع کمانے میں کامیاب رہی ہے۔ گزشتہ سال کی اسی سماہی کے دوران بعد از ٹیکس منافع 42,172,099 روپے کے مقابلے میں 30 ستمبر 2021 کو ختم ہونے والی پہلی سماہی کے دوران بعد از ٹیکس منافع 301,949,220 روپے رہا ہے۔ سماہی کی فی ٹینٹر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 2.26 روپے کے مقابلے میں 16.15 روپے رہی ہے۔

دھانگے کی طلب بڑھنے کے نتیجے میں زیر جائزہ مدت کے دوران فروخت آمدنی میں اضافہ ہوا ہے اور گزشتہ سال کی اسی مدت کے دوران 1,493,969,853 روپے کے مقابلے میں 2,261,814,266 روپے رہی ہے کہ جو کہ 51.40 فیصد کا اضافہ ظاہر کر رہی ہے۔ زیادہ مصنوعات مارجن کی وجہ سے فروخت کی لاگت گزشتہ سال کی اسی سماہی کے دوران فروخت کے 89.82 فیصد سے کم ہو کر زیر جائزہ سماہی کے دوران فروخت کے 78.01 فیصد تک کم ہوئی ہے۔ فروخت آمدنی میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی سماہی کے دوران فروخت کے 10.18 فیصد سے بڑھ کر زیر جائزہ سماہی کے دوران فروخت کا 21.99 فیصد زیادہ ہوا ہے۔

فروخت آمدنی اور زیادہ منافع جاب دہنوں میں اضافہ کے نتیجے میں ڈسٹری بیوٹن لاگت اور WPPF اور WWF سے متعلق قانونی پرویزنڈوں میں اضافہ کی وجہ سے کاروباری اخراجات میں بھی اضافہ ہوا ہے۔ مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 4.17 فیصد سے بڑھ کر زیر جائزہ سماہی کے دوران فروخت کے 4.99 فیصد ہوئے ہیں۔ کمپنی مستحکم نقد بہاؤ کمانے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ مختصر مدتی قرضے کم ہونے کی وجہ سے، مالی اخراجات گزشتہ سال کی اسی سماہی کے دوران 3.63 فیصد سے کم ہو کر زیر جائزہ سماہی کے دوران فروخت کے 1.59 فیصد ہو گئے ہیں۔

پاکستان کاٹن جزا ایسوسی ایشن کی طرف سے فصل سال 2021-22 کے لئے جاری کردہ اعداد و شمار کے مطابق 15 اکتوبر 2021 تک جزیر میں کپاس، (بیج کپاس) کی بیج سال 2020-21 کی کل 2,688 ملین گانٹھوں کے مقابلے میں 5,208 ملین گانٹھیں ہوئی جو کہ 93.73 فیصد کا اضافہ ظاہر کر رہی ہے۔ اگرچہ یہ اضافہ حوصلہ افزا ہے، لیکن یہ دیکھنا باقی ہے کہ بیڑن کے اختتام پر فصل کا حتمی سائز کیا ہوگا۔

مستقبل کا نقطہ نظر

زیر جائزہ پہلی سماہی کے دوران کمپنی نے معتدل منافع کمایا ہے۔ تمام ٹیکسٹائل سیکٹرز کو بلیو ایڈ ڈیکلریشنول ہوم ٹیکسٹائل، گارمنٹس، ڈینیم اور مقامی فیشن سنگٹ سے عالمی طلب بڑھنے کا فائدہ ہوا ہے۔ تاہم، آئندہ سماہیوں میں، ہم خام مال کی قیمتوں میں اضافہ ہوتا دیکھ رہے ہیں جو منافع جات کو متاثر کر سکتا ہے۔ پاکستانی روپے کی قدر میں کمی کی وجہ سے خام مال اور سپلائر پارٹس کی قیمتوں میں اضافہ ہو سکتا ہے۔ ہم عالمی تیل کی مسلسل زیادہ قیمتوں کے بارے میں محتاط ہیں جو امریکی ڈالر / پاکستانی روپے کو متاثر کرتی ہے۔ ایکسپورٹ کارگو کے لیے کراچی کے نرخ میں تیزی سے اضافہ ہوا ہے اور جس سے ایکسپورٹ مارجن پر اثر پڑے گا۔ امکان ہے کہ ان لاگت کے دباؤ کی وجہ سے، افراط زر پاکستانی اقتصادی اشاروں میں کراہاؤ کر سکتا ہے۔ یہ شرح سود میں اضافے کا سبب بن سکتا ہے جو مستقبل کے منافع کو بھی متاثر کر سکتا ہے۔ تیل اور گیس کی قیمتوں میں تیزی سے اضافے کی وجہ سے توانائی کے اخراجات بھی بڑھ سکتے ہیں۔ لہذا، منافع کو برقرار رکھنے کے لیے انتظامیہ خطرے سے بچنے کی حکمت عملی پر کام کر رہی ہے۔

انتظامیہ محتاط طور پر پرامید ہے کہ مالی سال 2021-22 معتدل حد تک منافع بخش رہے گا۔ مقامی کپاس کی پیداوار تقریباً 8.5 ملین گانٹھیں ہونے کی توقع ہے۔ یہ پچھلے سال 5.7 ملین گانٹھوں کی پیداوار کے مقابلے میں بہتری ہے۔ یہ معیشت کے لیے ایک صحت مند علامت ہے کیونکہ کپاس کی زیادہ پیداوار بالآخر ملک کے درآمدی بل کو کم کرے گی۔ بڑی فصل کے باوجود، صنعت کو کپاس کی ایک بڑی مقدار درآمد کرنی پڑے گی کیونکہ طلب مقامی پیداوار سے کہیں زیادہ ہے۔

وزارت توانائی (پاور ڈویژن) نے حال ہی میں 30 جون 2022 تک ٹیکسٹائل ٹریف کی توسیع کا اعلان کیا ہے۔ اس سلسلہ میں طویل مدتی فیصلہ کی ضرورت ہے۔ امید ہے کہ حکومت صنعت کو مسابقتی نرخوں پر گیس اور بجلی فراہم کرنا جاری رکھے گی۔ ملک کی کل درآمدت میں ٹیکسٹائل شعبہ کا بہت بڑا حصہ ہے۔

BMR منصوبہ بندی توسیع پروگرام کے تحت 10,800 نئے سپنڈر ملز میں جلد بیجنے کی امید ہے۔ توقع ہے کہ چند بیک پرائس مشینری کے ہمراہ یہ نئے سپنڈر ملز مالی سال کی تیسری سماہی کے آغاز تک کمرشل پیداوار شروع کر دیں گے۔ انتظامیہ اپنی ملوں میں 999 کلو واٹ شمسی توانائی نظام نصب کرنے پر بھی غور کر رہی ہے۔ یلز کے میں گرڈ میں گرین توانائی کا حصہ ڈالے گا۔ امید ہے کہ حکومت طویل المدت کاروباری دوستانہ پالیسیاں لانے کی جیسا کہ موثر انداز میں لاگت بلا تعطل توانائی کی فراہمی، بقایا سائیکس اور انکم ٹیکس کی واپسی تاکہ کارپوریشن ٹیکس فلو کم کیا جاسکے۔ حکومتی پالیسیوں کو ٹیکسٹائل سیکٹرز میں ویلیو چین کی تکمیل کی حوصلہ افزائی کرنی چاہیے تاکہ ملک تیار مصنوعات برآمد کر سکے۔

اظہار تشکر

کمپنی کے عملے اور کارکنوں کی مسلسل محنت اور جہاد اور تمام سطحوں پر ایٹھے انسانی تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز کمپنی کی مسلسل حمایت پر ڈیکلر کرنا بھی شکر یاد کرتے ہیں۔


امین اکھی شیخ
چیف ایگزیکٹو آفیسر

منجانب بورڈ


رضالہ علی شیخ
ڈائریکٹر

127 اکتوبر 2021



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2021

	(Un-Audited) September 30, 2021	(Audited) June 30, 2021
Note	-----Rupees-----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised share capital 50,000,000 (June 30, 2021: 50,000,000) ordinary shares of Rs. 10/- each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital	187,000,000	187,000,000
Capital reserves	203,631,842	225,471,697
Revenue reserve - Unappropriated profit	2,479,567,844	2,155,925,123
TOTAL EQUITY	2,870,199,686	2,568,396,820
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	2,152,055,768	1,993,645,477
Deferred government grant	-	307,915
Deferred tax	148,032,195	148,032,195
Deferred Liabilities	128,064,103	125,745,763
	2,428,152,066	2,267,731,350
CURRENT LIABILITIES		
Current portion of long-term finances	303,611,669	287,225,596
Current portion of deferred government grant	3,017,594	4,188,283
Trade and other payables	1,325,973,459	1,085,583,988
Unclaimed dividend	9,077,894	9,077,894
Accrued interest/mark-up	17,325,222	17,565,234
Short-term borrowings	413,818,695	149,816,295
	2,072,824,533	1,553,457,290
TOTAL LIABILITIES	4,500,976,599	3,821,188,640
CONTINGENCIES AND COMMITMENTS	8	
TOTAL EQUITY AND LIABILITIES	<u>7,371,176,285</u>	<u>6,389,585,460</u>

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

October 27, 2021


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer



NAGINA COTTON MILLS LTD.

		(Un-Audited) September 30, 2021	(Audited) June 30, 2021
	Note	-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,984,407,477	2,752,013,236
Investment properties		13,444,999	13,500,607
Long-term deposits		1,021,858	1,021,858
		2,998,874,334	2,766,535,701
CURRENT ASSETS			
Stores and spares		49,348,171	30,058,138
Stock-in-trade		2,210,534,425	1,304,889,314
Trade receivables		1,036,947,069	732,936,931
Loans and advances		632,213,846	294,099,159
Prepayments		15,916,551	4,834,712
Other receivables		15,954,590	12,668,079
Sales tax refundable		179,900,393	6,710,622
Other financial assets	10	211,546,554	1,039,966,494
Cash and bank balances		19,940,352	196,886,310
		4,372,301,951	3,623,049,759
TOTAL ASSETS		7,371,176,285	6,389,585,460

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


Amin Elahi Shaikh
 Chief Executive Officer



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME(UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Quarter Ended	
	September 30, 2021	September 30, 2020
Rupees.....	
Revenue from Contracts	2,261,814,266	1,493,969,853
Cost of goods sold	(1,764,398,355)	(1,341,920,119)
Gross profit	497,415,911	152,049,734
Distribution cost	(40,010,042)	(20,801,194)
Administrative expenses	(39,752,229)	(36,562,164)
Other expenses	(33,285,406)	(4,866,439)
	(113,047,677)	(62,229,797)
	384,368,234	89,819,937
Other income	27,927,182	30,083,255
Operating profit	412,295,416	119,903,192
Finance cost	(35,943,312)	(54,241,540)
Profit before taxation	376,352,104	65,661,652
Provision for taxation	(74,402,884)	(23,489,553)
Profit after taxation	301,949,220	42,172,099
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Unrealized (loss) / gain on remeasurement of investments designated as at fair value through other comprehensive income (FVTOCI)- net	(21,839,855)	52,712,058
Realised gain on investments designated as fair value through other comprehensive income	21,693,501	240,940
Other comprehensive (loss) / income for the period	(146,354)	52,952,998
Total comprehensive income for the period	301,802,866	95,125,097
Earnings per share - basic and diluted	16.15	2.26

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


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer


Amin Ellahi Shaikh
Chief Executive Officer

October 27, 2021



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Quarter Ended	
	September 30, 2021	September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	376,352,104	65,661,652
Adjustments for:		
Depreciation	66,135,555	73,796,733
Depreciation on investment properties	55,610	58,534
Amortization	-	207,568
Provision for employees retirement benefits	7,168,339	7,883,900
Gain on disposal of property, plant and equipment	(1,229,526)	(7,587,397)
Finance cost	35,943,312	54,241,540
Rental Income	(6,764,250)	(6,198,462)
Dividend Income	(19,516,176)	(5,674,633)
Write off of trade receivables	5,392,500	-
	463,537,468	182,389,435
Changes in working capital		
(Increase)/decrease in current assets:		
Stores and spares	(19,290,033)	(13,950,760)
Stock-in-trade	(905,645,111)	731,694,413
Trade receivables	(309,402,638)	(104,593,854)
Loans and advances	(381,796,012)	57,305,785
Prepayments	(11,081,839)	(11,708,700)
Other receivables	(3,286,510)	(294,885)
Sales tax refundable	(173,189,771)	87,881,231
	(1,803,691,914)	746,333,230
Increase in current liabilities		
Trade and other payables	240,389,471	(64,352,957)
	(1,563,302,443)	681,980,273
Cash (used in) / generated from operations	(1,099,764,975)	864,369,708
Payments made:		
Employees retirement benefits	(4,849,999)	(11,563,614)
Finance cost	(36,183,324)	(76,150,584)
Income tax	(30,721,562)	20,834,485
Long term deposits	-	(12,000)
Net cash (used in) / generated from operating activities	A (1,171,519,860)	797,477,995
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(299,028,170)	(1,818,753)
Proceeds from disposal of property, plant and equipment	1,727,900	20,950,000
Purchase of other financial assets	(504,130,444)	(2,238)
Proceeds from sale of other financial assets	1,332,404,030	14,035,870
Rental Income received	6,764,250	6,198,462
Dividend received	19,516,176	5,674,633
Net cash generated from investing activities	B 557,253,742	45,037,974
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	251,605,585	66,565,076
Repayment of long term finances	(78,287,825)	(633)
Net (decrease) / increase in short term borrowings excluding running finances	-	(843,646,971)
Net cash generated from / (used in) financing activities	C 173,317,760	(777,082,528)
Net (decrease) / increase in cash and cash equivalents	(A+B+C) (440,948,358)	65,433,441
Cash and cash equivalents at beginning of the period	47,070,015	(662,972,888)
Cash and cash equivalents at end of the period	(393,878,343)	(597,539,447)
Cash and cash equivalents		
Cash and bank balances	19,940,352	28,230,813
Short-term running finances	(413,818,695)	(625,770,260)
	(393,878,343)	(597,539,447)

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

Raza Ellahi Shaikh
Director

Tariq Zafar Bajwa
Chief Financial Officer

Amin Ellahi Shaikh
Chief Executive Officer

October 27, 2021



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

Issued, subscribed and paid up capital	Capital reserves			Revenue	Total	
	Amalgamation reserve	Capital Redemption reserve	Remeasurement for the investments designated as at fair value through other comprehensive Income	Unappropriated profit		
-----Rupees-----						
Balance as at June 30, 2020 (Audited)	187,000,000	12,104,417	241,860,000	(114,329,184)	1,553,859,793	1,880,495,026
Comprehensive income						
Profit after taxation	-	-	-	-	42,172,099	42,172,099
Other comprehensive Income						
Unrealized gain on remeasurement of investments designated as at fair value through other comprehensive income	-	-	-	52,952,998	-	52,952,998
Transfer of realized gain on sale of investments	-	-	-	(240,940)	240,940	-
Total comprehensive income for the period	-	-	-	52,712,058	42,413,039	95,125,097
Balance as at September 30, 2020 (Un-Audited)	187,000,000	12,104,417	241,860,000	(61,617,126)	1,596,272,832	1,975,620,123
Comprehensive income						
Profit after taxation	-	-	-	-	701,326,155	701,326,155
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	-	-	-	27,771,628	-	27,771,628
Transfer of realized loss on sale of investments	-	-	-	324,651	(324,651)	-
Deferred tax recognised	-	-	-	5,028,127	-	5,028,127
Total comprehensive income for the period	-	-	-	33,124,406	699,902,291	733,026,697
Transactions with owners						
Interim dividend for the year ended June 30, 2021 @ 75% i.e. Rs. 7.5 per ordinary share	-	-	-	-	(140,250,000)	(140,250,000)
Balance as at June 30, 2021 (Audited)	187,000,000	12,104,417	241,860,000	(28,492,720)	2,155,925,123	2,568,396,820
Comprehensive income						
Profit after taxation	-	-	-	-	301,949,220	301,949,220
Other comprehensive Income						
Unrealized Loss on remeasurement of investments designated as fair value through other comprehensive income	-	-	-	(146,354)	-	(146,354)
Transfer of realized gain on sale of investments	-	-	-	(21,693,501)	21,693,501	-
Total comprehensive (Loss) / Income for the period	-	-	-	(21,839,855)	323,642,721	301,802,866
Balance as at September 30, 2021 (Un-Audited)	187,000,000	12,104,417	241,860,000	(50,332,575)	2,479,567,844	2,870,199,686

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

Raza Ellahi Shaikh
Director

Tariq Zafar Bajwa
Chief Financial Officer

Amin Ellahi Shaikh
Chief Executive Officer

October 27, 2021



NAGINA COTTON MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

1. LEGAL STATUS AND OPERATIONS

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

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

Head Office:

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

Manufacturing facility:

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

Liaison Office:

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

2 STATEMENT OF COMPLIANCE

- 2.1** These un-audited condensed interim financial statements of the Company for the Quarter ended September 30, 2021 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017. Where the provisions of or directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of or directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all of the notes required for the full financial statements and, therefore, these should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2021.

- 2.2** These condensed interim financial statements have been prepared under 'Historical cost convention' except employees retirement benefits and financial instruments at fair value through other comprehensive income (FVTOCI).
- 2.3** These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional and presentation currency. Figures presented in these condensed interim financial statements have been rounded off to the nearest Rupee.
- 2.4** The comparative Statement of Financial Position presented has been extracted from annual financial statements for the year ended June 30, 2021; whereas comparative condensed statement of Profit or Loss and Other Comprehensive Income, condensed statement of Cash Flows and condensed statement of Changes in Equity are stated from the un-audited condensed interim financial statements for the First Quarter ended September 30, 2020.

3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2021.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies, the key source of estimation and uncertainty were the same as those that applied to the financial statements of the Company for the year ended June 30, 2021.

5 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2021.



NAGINA COTTON MILLS LTD.

		(Un-Audited) September 30, 2021	(Audited) June 30, 2021
	Note	-----Rupees-----	
6 DEFERRED GOVERNMENT GRANT			
Opening balance		4,496,198	5,003,077
Recognized during the period / year		-	7,130,948
Amortization during the period / year		<u>(1,478,604)</u>	<u>(7,637,827)</u>
		3,017,594	4,496,198
Less: Current portion of deferred grant		<u>(3,017,594)</u>	<u>(4,188,283)</u>
		-	307,915
7 SHORT-TERM BORROWINGS			
- Banking companies - secured			
Running finance		<u>413,818,695</u>	<u>149,816,295</u>
		<u>413,818,695</u>	<u>149,816,295</u>
8 CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
There is no change in contingencies as disclosed in note 14.1 to the annual audited financial statements for the year ended June 30, 2021.			
8.2 Commitments			
Machinery		1,908,332,081	1,772,122,543
Civil work		7,414,479	10,042,734
Raw material		580,336,099	290,565,214
Stores and spares		49,183,812	17,498,375
Bills discounted		475,438,069	441,852,192
Rental of assets under short term lease agreements			
- Not later than one year		-	1,153,905
9 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - owned	9.1	2,570,290,072	2,636,266,401
Capital work in progress	9.2	414,117,405	115,746,835
		<u>2,984,407,477</u>	<u>2,752,013,236</u>
9.1 Operating fixed assets - owned			
Opening written down value		2,636,266,401	2,955,976,815
Additions during the period / year			
Machinery and equipment		53,000	1,952,739
Furniture and fixtures		156,000	518,400
Office equipment		187,300	755,600
Vehicles		261,300	12,063,057
		657,600	15,289,796
Written down value of property, plant and equipment disposed off		(498,374)	(41,095,245)
Depreciation charged during the period/year		(66,135,555)	(293,904,965)
Written down value at end of the period/year		<u>2,570,290,072</u>	<u>2,636,266,401</u>
9.2 Capital work in progress			
Opening Balance		115,746,835	1,811,175
Additions during the period / year		298,370,570	115,651,053
Transfers during the period / year		-	(1,715,393)
Closing Balance		<u>414,117,405</u>	<u>115,746,835</u>



NAGINA COTTON MILLS LTD.

	(Un-Audited) September 30, 2021	(Audited) June 30, 2021
Rupees	
10 OTHER FINANCIAL ASSETS		
Fair value through Other Comprehensive Income		
Investment in listed equity securities	210,928,434	313,045,082
Investment in mutual funds	618,120	726,921,412
	<u>211,546,554</u>	<u>1,039,966,494</u>
10.1 Reconciliation between fair value and cost of investments classified as 'equity instrument'		
Through other comprehensive income		
Fair value of investments		
- in listed equity securities	210,928,434	313,045,082
- in mutual funds	618,120	726,921,412
	211,546,554	1,039,966,494
Add: unrealized loss on remeasurement of investments	<u>55,360,702</u>	<u>33,520,847</u>
Cost of investments	<u>266,907,256</u>	<u>1,073,487,341</u>
10.2 Unrealised loss on remeasurement of equity instruments		
Through Other Comprehensive Income		
Opening balance	(28,492,720)	(114,329,184)
Unrealised fair value (Loss) / gain for the period/year	(21,839,855)	80,808,337
Deferred tax recognized	-	5,028,127
Closing balance	<u>(50,332,575)</u>	<u>(28,492,720)</u>
	(Un-Audited)	(Un-Audited)
	September 30,	September 30,
	2021	2020
Rupees.....	
11 COST OF GOODS SOLD		
Raw material consumed	1,529,449,607	956,736,137
Packing material consumed	22,289,035	16,341,985
Stores and spares consumed	14,380,516	15,793,230
Salaries, wages and benefits	79,762,607	70,061,485
Fuel	85,629,406	91,856,173
Rent, rates and taxes	133,229	133,229
Insurance	3,582,834	3,746,206
Repairs and maintenance	2,030,193	1,487,413
Depreciation	63,415,066	71,076,004
Other manufacturing overheads	1,831,212	1,572,319
Manufacturing cost	1,802,503,705	1,228,804,181
Work-in-process:		
At beginning of period	74,953,124	64,634,114
At end of period	(99,610,995)	(63,615,625)
	(24,657,871)	1,018,489
Cost of goods manufactured	<u>1,777,845,834</u>	<u>1,229,822,670</u>
Finished stocks:		
At beginning of period	16,110,880	80,254,211
Purchase of finished goods	-	1,475,315
Purchase of waste	9,501,900	-
At end of period	(44,894,463)	(28,198,595)
	(19,281,683)	53,530,931
Cost of sales of raw material	5,834,204	58,566,518
	<u>1,764,398,355</u>	<u>1,341,920,119</u>



NAGINA COTTON MILLS LTD.

12 TRANSACTIONS WITH RELATED PARTIES

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

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

Nature of Relationship	Nature of Transaction	Quarter Ended (Un-Audited)	
		September 30, 2021	September 30, 2020
	Rupees.....	
Associated companies	Sale of goods and services	302,373,279	67,966,412
Key management personnel	Remuneration and other benefits	6,750,000	5,100,000

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

13 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	(Audited)	Cash flows		Non-Cash flows	(Un-Audited)
	June 30, 2021	Obtained	Repaid	Transferred	September 30, 2021
----- Rupees -----					
Long-term finances	2,280,871,073	251,605,585	(78,287,825)	1,478,604 *	2,455,667,437
	<u>2,280,871,073</u>	<u>251,605,585</u>	<u>(78,287,825)</u>	<u>1,478,604</u>	<u>2,455,667,437</u>

* Rs.1,478,604 has been transferred from deferred Government grant as per IAS-20.

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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



NAGINA COTTON MILLS LTD.

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

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

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

September 30, 2021			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
Financial assets			
- measured at fair value through other comprehensive income			
Investment in listed equity securities	210,928,434	-	210,928,434
Investment in mutual funds	618,120	-	618,120
	<u>211,546,554</u>	<u>-</u>	<u>211,546,554</u>

June 30, 2021			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
Financial assets			
- measured 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
	<u>1,039,966,494</u>	<u>-</u>	<u>1,039,966,494</u>

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements (un-audited) have been approved by the Board of Directors of the Company and authorized for issue on October 27, 2021.

October 27, 2021


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer


Amin Ellahi Shaikh
Chief Executive Officer

NAGINA COTTON MILLS LTD.

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