

**THIRD QUARTER REPORT
FOR THE PERIOD ENDED
MARCH 31, 2022
(Un-Audited)**



NAGINA COTTON MILLS LTD.



NAGINA COTTON MILLS LTD.

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NAGINA COTTON MILLS LTD.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shahzada Ellahi Shaikh	Non-Executive Director/ Chairman
Mr. 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

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.
United Bank Ltd.

REGISTERED OFFICE

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

REGIONAL OFFICE

Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore - 54660

WEB REFERENCE

www.nagina.com

SHARE REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.
5th Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.
Phone # 021-32412754, 32424826
Fax # 021-32424835

MILLS

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



DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the third quarter ended on March 31, 2022. The comparative figures for the corresponding quarter ended on March 31, 2021 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2021.

Company Performance

Alhamdulillah, your company has earned after tax profit of Rs. 468,843,461 for the 3rd quarter of the financial year 2021-22 ended on March 31, 2022 compared to Rs. 277,092,720 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 25.07 compared to Rs. 14.82 for the SPLY.

Robust demand for yarn combined with good per unit selling price resulted in a rise in sales revenue by 54.50% over the SPLY and stood at Rs. 3,108,374,001 compared to Rs. 2,011,864,231 during SPLY. Higher product margins resulted in decrease in cost of sales from 79.14% of sales during SPLY to 77.46% of sales during the period under review. Increase in sales revenue and reduction in cost of sales resulted in increase of Gross Profit (GP) from 20.86% of sales during the SPLY to 22.54% of sales during the period under review.

Operating expenses remain stable at 4.36% of sales. The company has been able to generate stable cash flows and made timely discharge of its operating liabilities. Finance cost increased from 1.81% of sales during the SPLY to 2.53% of sales during the period under review. This increase is mainly due to higher borrowing for purchase of cotton and rising interest rates.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2021-22 (final data of the year), Kapas, (seed cotton) arrivals upto March 01, 2022, at the Gineries totalled 7.442 million bales compared to 5.638 million bales for similar period of financial year 2020-21 showing increase in arrival of 32%.

Future Outlook

Your company has performed well during the 3rd quarter of the financial year 2021-22. The good results are inspite of the substantial rise in raw cotton prices and inflation in costs especially wages, energy, interest, stores, spares and logistics. The excellent financial performance was largely due to healthy increase in selling prices of yarn coupled with timely purchase of raw cotton at reasonable prices. The favorable market conditions, production of value-added yarns and effective cost controls helped to achieve the excellent quarterly financial result.

The entire textile chain in Pakistan is getting the benefit of rise in global demand. The favorable demand outlook for Pakistani textiles is likely to continue for the rest of the financial year. Your company is well positioned with adequate stocks and reasonably priced purchases of raw cotton. It is hoped that the last quarter of the financial year shall also result in good profits.



NAGINA COTTON MILLS LTD.

However, Value added exporters of Pakistan are complaining of exorbitant rise in container freight and shortage of shipping space for export of textiles. There are reports of finished goods stocks building up. Value added textile sectors like home furnishings and denim are also reporting difficulty in passing on price increases. Recently SBP has hiked policy rate by 2.50% which will ultimately cause rise in borrowing costs. Exchange market has remained extremely volatile with PKR/USD parity touching level of 189. Devaluation of Pakistan rupee is likely to substantially increase the cost of raw material and other conversion costs. Recently Government has announced increase in minimum wage. This will also negatively impact on operating costs.

Future energy policy of the Government lacks clarity. Frequent shutdown of gas supply is disrupting production and negatively affecting profitability. It is feared that government may be forced to increase the price of fuels, electricity and gas. In addition, the impact of the IMF program is likely to have significant cost push impact and this may result in higher taxation. Therefore, Profit margins in the textile value chain are likely to be negatively impacted by the increasing raw material, energy, interest rates and shipping costs. Political uncertainty may also become a factor in Textile sector profits.

Domestic cotton production for the coming season is estimated to be around 11 million bales. The higher production estimate is based on likely increase in area under cotton cultivation. We hope that this estimated quantity is actually produced. Domestic production of cotton is necessary to maintain the international competitiveness of the Textile industry of Pakistan.

The BMR/ expansion program of the company is continuing at a steady pace and recently 10,800 spindles has been installed at the mills and has started production. The second lot of 10,800 spindles are expected to be installed in the first half of next calendar year. In order to produce cheaper energy, your company is in the process of installing 999 kw solar energy project at the mills. This will contribute green energy at reasonable cost while being supportive to the environment.

It is hoped that the Government would bring in long term business friendly policies such as uninterrupted energy supplies in cost effective manner. Release of outstanding tax refunds should also be expedited. The Government should also encourage the completion of value chain in Pakistan so that as a country we can focus on export of finished textile products which will be more beneficial for the country.

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 gratitude to the bankers for their continued support to the Company.

On behalf of the Board.


Raza Ellahi Shaikh
Director


Amin Ellahi Shaikh
Chief Executive Officer

April 28, 2022

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 مارچ 2022 کو اختتام نو ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مجمد عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 مارچ 2021 کو ختم ہونے والی نو ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے سٹیٹمنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2021 کو اختتامہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی نے 31 مارچ 2022 کو ختم ہونے والی مالی سال 2021-22 کی تیسری سہ ماہی کے دوران ٹیکس کے بعد منافع 468,843,461 روپے جبکہ گزشتہ سال کی اسی سہ ماہی کے دوران 277,092,720 روپے بعد از ٹیکس منافع کمایا۔ زیر جائزہ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے لئے 14.82 روپے کے مقابلے 25.07 روپے ہے۔

زیر جائزہ سہ ماہی کے دوران دھماگہ کی مضبوط طلب کے ساتھ اچھی فی یونٹ فروخت قیمت کے نتیجے میں گزشتہ سال کی اسی مدت سے 54.50 فیصد اضافہ ہوا اور گزشتہ سال کی اسی مدت کے دوران 2,011,864,231 روپے کے مقابلے 3,108,374,001 روپے رہی ہے۔ گزشتہ سال کی اسی مدت کے دوران فروخت کی لاگت فروخت کی 79.14 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کی 77.46 فیصد ہونے کے نتیجے پر اڈکٹ مارجن زیادہ ہوا۔ فروخت آمدنی میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے مجموعی منافع (GP) گزشتہ سال کے اسی مدت کے دوران فروخت کے 20.86 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 22.54 فیصد تک ہو گیا۔

کاروباری اخراجات فروخت کے 4.36 فیصد مستحکم رہے۔ کمپنی مستحکم نقدی بہاؤ پیدا کرنے اور اپنے کاروباری واجبات کی بروقت ادائیگی کرنے میں کامیاب رہی۔ مالی اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 1.81 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران 2.53 فیصد تک ہو گئے۔ یہ اضافہ بنیادی طور پر کمپاس کی خریداری کے لئے زیادہ قرضہ اور زیادہ شرح سود کی وجہ سے ہوا ہے۔

پاکستان کاٹن جزایسوی ایجنٹ کی طرف سے فصل سال 2021-22 کے لئے جاری کردہ اعداد و شمار کے مطابق کیم مارچ 2022ء (سال کا مکمل ڈیٹا) تک جزیر میں کمپاس، (بیج کمپاس) کی بیج سال 2020-21 کی کل 5.638 ملین گانٹھوں کے مقابلے 7.442 ملین گانٹھیں ہوئی جو کہ 32 فیصد کا اضافہ ظاہر کر رہی ہے۔

مستقبل کا نقطہ نظر

آپ کی کمپنی نے مالی سال 2021-22 کی تیسری سہ ماہی کے دوران اچھی کارکردگی کا مظاہرہ کیا ہے۔ خام کمپاس کی قیمتوں میں خاطر خواہ اضافے اور اخراجات میں خاص طور پر اجرت، توانائی، سود، اسٹورز، اسپنر ز اور لاسٹکس میں مہنگائی کے باوجود اچھے نتائج حاصل ہوئے ہیں۔ بہترین مالی کارکردگی کی بڑی وجہ دھماگہ کی فروخت قیمتوں میں صحت مند اضافہ کے ساتھ ساتھ مناسب قیمتوں پر خام کمپاس کی بروقت خریداری تھی۔ سازگار مارکیٹ کے حالات، ویلیو ایڈڈ یارن کی پیداوار اور لاگت پر مؤثر کنٹرول نے شاندار مالی نتائج حاصل کرنے میں مدد کی ہے۔

پاکستان میں پوری ٹیکسٹائل چین عالمی طلب میں اضافے کا فائدہ اٹھا رہی ہے۔ پاکستانی ٹیکسٹائل کے لیے سازگار طلب کا نقطہ نظر باقی مالی سال میں بھی جاری رہنے کا امکان ہے۔ آپ کی کمپنی مناسب شاگ اور خام کمپاس کی موزوں قیمت پر خریداری کے ساتھ اچھی پوزیشن میں ہے۔ امید ہے کہ مالی سال کی آخری سہ ماہی میں بھی اچھا منافع حاصل ہوگا۔

تاہم، پاکستان کے ویلیو ایڈڈ ایکسپورٹرز کنٹینر فریٹ میں بے تحاشہ اضافے اور ٹیکسٹائل کی برآمد کے لیے شپنگ سپیس کی کمی کی شکایت کر رہے ہیں۔ تیار سامان کے اسٹاکس میں اضافے کی اطلاعات ہیں۔ ویلیو ایڈڈ ٹیکسٹائل سکیلر جیسے گھریلو فرنیچر اور ڈیم بھی قیمتوں میں اضافے کو منتقل کرنے میں دشواری کی اطلاع دے رہے ہیں۔ حال ہی میں اسٹیٹ بینک پاکستان نے پالیسی شرح میں 2.50 فیصد اضافہ کیا ہے جو بالآخر قرض کے اخراجات میں اضافے کا سبب بنے گا۔ آنچھٹ مارکیٹ پاکستانی روپیہ / امریکی ڈالر کی برابری کی سطح 189 پر پہنچنے کے ساتھ انتہائی اتار چڑھاؤ کا شکار ہے۔ پاکستانی روپیہ کی قدر میں کمی سے خام مال کی قیمت اور دیگر کنٹرولن اخراجات میں خاطر خواہ اضافہ ہونے کا امکان ہے۔ حال ہی میں حکومت نے کم از کم اجرت بڑھانے کا اعلان کیا ہے۔ اس سے آپریٹنگ اخراجات پر بھی منفی اثر پڑے گا۔



NAGINA COTTON MILLS LTD.

حکومت کی مستقبل کی توانائی کی پالیسی کے بارے میں کوئی وضاحت نہیں ہے۔ گیس کی مسلسل بندش سے پیداوار میں خلل اور منافع پر منفی اثر پڑ رہا ہے۔ خدشہ ہے کہ حکومت ایندھن، بجلی اور گیس کی قیمتوں میں اضافے پر مجبور ہو سکتی ہے۔ اس کے علاوہ، آئی ایم ایف پروگرام کے اثرات سے دیگر اخراجات میں مزید اضافہ ہونے کا امکان ہے اور اس کے نتیجے میں ٹیکسوں میں بھی اضافہ ہو سکتا ہے۔ لہذا، ٹیکسٹائل و بیوجین میں منافع کے مارجن پر خام مال، توانائی، شرح سود اور شپنگ کے بڑھتے ہوئے اخراجات سے منفی طور پر متاثر ہونے کا امکان ہے۔ ٹیکسٹائل سیکٹر کے منافع میں سیاسی غیر یقینی صورتحال بھی ایک عنصر بن سکتی ہے۔

آئندہ میزن کے لیے کپاس کی مقامی پیداوار تقریباً 11 ملین گائیں رہنے کا تخمینہ ہے۔ زیادہ پیداوار کا تخمینہ کپاس کے زریکاشت رقبہ میں مکمل اضافے پر مبنی ہے۔ ہم امید کرتے ہیں کہ یہ تخمینہ شدہ مقدار اصل میں تیار کی گئی ہے۔ پاکستان کی ٹیکسٹائل انڈسٹری کی بین الاقوامی مسابقت کو برقرار رکھنے کے لیے کپاس کی مقامی پیداوار ضروری ہے۔

کمپنی کا BMR / توسیعی پروگرام مستحکم رفتار سے جاری ہے اور حال ہی میں ملز پر 10,800 سپنڈلز نصب کئے گئے ہیں اور پیداوار شروع ہو گئی ہے۔ 10,800 سپنڈلز کی دوسری لاٹ اگلے کینڈر سال کی پہلی ششماہی میں نصب ہو جانے کی امید ہے۔ سستی بجلی پیدا کرنے کی خاطر، آپ کی کمپنی ملز پر 999 (kw) سولر انرجی پروجیکٹ نصب کرنے کے پراسیس میں ہے۔ یہ ماحول دوست ہونے کی بدولت موزوں قیمت پر گرین انرجی کی شراکت ہوگی۔


امید ہے کہ حکومت لاگت بچانے والے مؤثر انداز میں توانائی کی بلا تعطل فراہمی جیسی طویل مدتی کاروبار دوست پالیسیاں لائے گی۔ بقایا ٹیکس ریفرنڈز کے اجراء کو بھی تیز کیا جانا چاہئے۔ حکومت کو پاکستان میں و بیوجین کی تکمیل کی بھی حوصلہ افزائی کرنی چاہیے تاکہ بحیثیت ملک ہم تیار ٹیکسٹائل مصنوعات کی برآمد پر توجہ مرکوز کر سکیں جو ملک کے لیے زیادہ فائدہ مند ثابت ہوگی۔

اظہار تشکر

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

منجانب بورڈ


امین الہی شیخ
چیف ایگزیکٹو آفیسر


رضالی شیخ
ڈائریکٹر
28 اپریل، 2022ء



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

		(Un-Audited) March 31, 2022	(Audited) June 30, 2021
	Note	-----Rupees-----	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
50,000,000 (June 30, 2021: 50,000,000)			
ordinary shares of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid up capital		187,000,000	187,000,000
Capital reserves		215,963,062	225,471,697
Revenue reserve - Unappropriated profit		3,288,874,330	2,155,925,123
TOTAL EQUITY		3,691,837,392	2,568,396,820
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances		3,056,875,472	1,993,645,477
Deferred government grant	6	-	307,915
Deferred tax		148,716,997	148,032,195
Deferred liabilities		138,453,801	125,745,763
		3,344,046,270	2,267,731,350
CURRENT LIABILITIES			
Current portion of long term finances		366,452,367	287,225,596
Current portion of deferred government grant	6	917,538	4,188,283
Trade and other payables		1,313,642,627	1,085,583,988
Unclaimed dividend		9,436,616	9,077,894
Accrued interest / mark-up		67,631,243	17,565,234
Short term borrowings	7	1,150,116,573	149,816,295
		2,908,196,964	1,553,457,290
TOTAL LIABILITIES		6,252,243,234	3,821,188,640
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES		9,944,080,626	6,389,585,460

The annexed explanatory notes from 1 to 17 form an integral part of these condensed interim financial statements.

April 28, 2022


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer



NAGINA COTTON MILLS LTD.

		(Un-Audited) March 31, 2022	(Audited) June 30, 2021
Note		-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	4,069,608,972	2,752,013,236
Investment properties		13,333,783	13,500,607
Long term deposits		1,021,858	1,021,858
		4,083,964,613	2,766,535,701
CURRENT ASSETS			
Stores and spares		68,881,655	30,058,138
Stock-in-trade		3,035,591,043	1,304,889,314
Trade receivables		1,401,613,280	732,936,931
Loans and advances		655,312,202	294,099,159
Prepayments		11,187,195	4,834,712
Other receivables		31,469,835	12,668,079
Sales tax refundable		269,068,935	6,710,622
Other financial assets	10	222,592,202	1,039,966,494
Cash and bank balances		164,399,666	196,886,310
		5,860,116,013	3,623,049,759
TOTAL ASSETS		9,944,080,626	6,389,585,460

The annexed explanatory notes from 1 to 17 form an integral part of these condensed interim financial statements.


Amin Ellahi Shaikh
 Chief Executive Officer



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rupees.....	Rupees.....	
Revenue from contracts with customers	11	8,114,644,005	5,110,109,395	3,108,374,001	2,011,864,231
Cost of goods sold	12	(6,308,095,611)	(4,242,569,262)	(2,407,793,045)	(1,592,178,050)
Gross profit		1,806,548,394	867,540,133	700,580,956	419,686,181
Distribution cost		(147,630,621)	(68,933,418)	(54,125,120)	(28,114,668)
Administrative expenses		(127,938,263)	(110,105,363)	(44,131,883)	(36,848,950)
Other expenses		(102,060,204)	(42,227,907)	(37,211,217)	(22,792,742)
		(377,629,088)	(221,266,688)	(135,468,220)	(87,756,360)
		1,428,919,306	646,273,445	565,112,736	331,929,821
Other Income		57,128,070	52,123,374	15,548,365	10,343,568
Operating profit		1,486,047,376	698,396,819	580,661,101	342,273,389
Finance cost		(181,733,864)	(130,387,313)	(78,579,312)	(36,497,785)
Profit before taxation		1,304,313,512	568,009,506	502,081,789	305,775,604
Provision for taxation	13	(146,176,489)	(80,992,992)	(33,238,328)	(28,682,884)
Profit after taxation		1,158,137,023	487,016,514	468,843,461	277,092,720
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Deferred tax recognised on staff gratuity		(231,550)	-	-	-
Unrealized (loss) / gain on remeasurement of investments designated as at fair value through other comprehensive income (FVTOCI) - net	10.2	(10,823,393)	62,001,404	(2,058,341)	(16,533,395)
Realized gain on sale of investments designated as fair value through other comprehensive income		21,793,734	50,803	100,233	2,806,366
Deferred tax recognised on investment		1,314,758	-	-	-
		12,053,549	62,052,207	(1,958,108)	(13,727,029)
Other comprehensive income/ (loss) for the period		12,053,549	62,052,207	(1,958,108)	(13,727,029)
Total comprehensive income for the period		1,170,190,572	549,068,721	466,885,353	263,365,691
Earnings per share - basic and diluted		61.93	26.04	25.07	14.82

The annexed explanatory notes from 1 to 17 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

April 28, 2022



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

		Nine Months Ended	
		March 31, 2022	March 31, 2021
		Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,304,313,512	568,009,506
Adjustments for:			
Depreciation on property, plant and equipment		227,344,567	220,508,526
Depreciation on investment properties		166,824	175,604
Amortization on intangible assets		-	622,704
Provision for gratuity		21,723,582	23,651,700
Gain on disposal of property, plant and equipment		(4,708,029)	(2,597,593)
Unrealized gain on revaluation of Foreign currency short term finance		(160,470)	(10,212,566)
Finance cost		181,733,864	130,387,313
Rental Income		(20,946,813)	(19,192,400)
Dividend Income		(28,790,957)	(19,014,788)
Write off of trade receivables		5,392,500	-
Changes in working capital		1,686,068,580	892,338,006
(Increase) / Decrease in current assets:			
Stores and spares		(38,823,517)	(8,658,529)
Stock-in-trade		(1,730,701,729)	483,902,578
Trade receivables		(674,068,849)	(270,584,293)
Loans and advances		(404,839,004)	(76,043,469)
Prepayments		(6,352,483)	(6,602,808)
Other receivables		(18,801,756)	(4,458,082)
Sales tax refundable		(262,358,313)	88,131,452
		(3,135,945,651)	205,686,849
Increase / (Decrease) in current liabilities :			
Trade and other payables		228,058,639	(42,428,182)
Sales tax payable		-	69,587,335
		(2,907,887,012)	232,846,002
Cash (used in) / generated from operations		(1,221,818,432)	1,125,184,008
Payments made:			
Employees retirement benefits		(9,015,544)	(19,698,679)
Finance cost		(131,667,855)	(160,494,441)
Income taxes		(100,782,518)	(4,106,524)
Long term deposits		-	(32,650)
Net cash (used in) / generated from operating activities	A	(1,463,284,349)	940,851,714
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,555,201,954)	(68,037,407)
Proceeds from disposal of property, plant and equipment		14,969,680	40,092,598
Purchase of other financial assets		(559,159,630)	(15,574,972)
Proceeds from sale of other financial assets		1,387,504,263	170,299,975
Rental Income received		20,946,813	19,192,400
Dividend received		28,790,957	19,014,788
Net cash (used in) / generated from investing activities	B	(662,149,871)	164,987,382
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained		1,331,234,956	95,156,724
Repayment of long term finances		(192,356,850)	(39,240,841)
Net increase / (decrease) in short term borrowings excluding running finances		539,188,679	(583,434,405)
Dividend paid		(46,391,278)	-
Net cash generated from / (used in) financing activities	C	1,631,675,507	(527,518,522)
Net (decrease) / increase in cash and cash equivalents	(A+B+C)	(493,758,713)	578,320,574
Cash and cash equivalents at beginning of the period		47,070,015	(662,972,888)
Cash and cash equivalents at end of the period		(446,688,698)	(84,652,314)
Cash and cash equivalents			
Cash and bank balances		164,399,666	97,850,940
Short term running finances		(611,088,364)	(182,503,254)
		(446,688,698)	(84,652,314)

The annexed explanatory notes from 1 to 17 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

April 28, 2022



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Issued, subscribed and paid up capital	Capital reserves			Revenue reserve	Total	
		Amalgamation reserve	Capital Redemption reserve	Fair Value reserve	Total Capital reserve		Unappropriated profit
Rupees							
Balance as at June 30, 2020 (Audited)	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 for the period ended March 31st, 2021							
Profit after taxation	-	-	-	-	-	487,016,514	487,016,514
Other comprehensive income							
Unrealised gain on remeasurement of investments designated at fair value through other comprehensive income (FVTOCI)	-	-	-	62,001,404	62,001,404	-	62,001,404
Realized gain on sale of investments designated as fair value through other comprehensive income	-	-	-	50,803	50,803	-	50,803
Transfer of realized gain on sale of investments	-	-	-	(50,803)	(50,803)	50,803	-
Total comprehensive income for the period	-	-	-	62,001,404	62,001,404	487,067,317	549,068,721
Balance as at March 31, 2021 (Un-Audited)	187,000,000	12,104,417	241,860,000	(52,327,780)	201,636,637	2,040,927,110	2,429,563,747
Comprehensive income							
Profit after taxation	-	-	-	-	-	256,481,740	256,481,740
Other comprehensive income							
Remeasurement of defined benefit liability	-	-	-	-	-	(1,330,763)	(1,330,763)
Deferred tax recognised on staff gratuity	-	-	-	-	-	231,550	231,550
Unrealised gain on remeasurement of investments designated at fair value through other comprehensive income (FVTOCI)	-	-	-	18,806,933	18,806,933	-	18,806,933
Realized Loss on sale of investments designated as fair value through other comprehensive income	-	-	-	(134,514)	(134,514)	-	(134,514)
Transfer of realized loss on sale of investments	-	-	-	134,514	134,514	(134,514)	-
Deferred tax recognised on investment	-	-	-	5,028,127	5,028,127	-	5,028,127
Total comprehensive income for the period	-	-	-	23,835,060	23,835,060	255,248,013	279,083,073
Transactions with owners:							
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 (Audited)	187,000,000	12,104,417	241,860,000	(28,492,720)	225,471,697	2,155,925,123	2,568,396,820
Comprehensive income for the period ended March 31st, 2022							
Profit after taxation	-	-	-	-	-	1,158,137,023	1,158,137,023
Other comprehensive income							
Deferred tax recognised on staff gratuity	-	-	-	-	-	(231,550)	(231,550)
Unrealised loss on remeasurement of investments designated at fair value through other comprehensive income (FVTOCI)	-	-	-	(10,823,393)	(10,823,393)	-	(10,823,393)
Realized gain on sale of investments designated as fair value through other comprehensive income	-	-	-	21,793,734	21,793,734	-	21,793,734
Transfer of realized gain on sale of investments	-	-	-	(21,793,734)	(21,793,734)	21,793,734	-
Deferred tax recognised on investments	-	-	-	1,314,758	1,314,758	-	1,314,758
Total comprehensive (Loss) / Income for the period	-	-	-	(9,508,635)	(9,508,635)	1,179,699,207	1,170,190,572
Transactions with owners:							
Final cash dividend for the year ending June 30, 2021 @ 25% i.e. Rs. 2.5 per ordinary share	-	-	-	-	-	(46,750,000)	(46,750,000)
Balance as at March 31, 2022 (Un-Audited)	187,000,000	12,104,417	241,860,000	(38,001,355)	215,963,062	3,288,874,330	3,691,837,392

The annexed explanatory notes from 1 to 17 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

April 28, 2022



NAGINA COTTON MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

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. 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.

Regional Office:

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

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

- 2.1.1** These un-audited condensed interim financial statements of the Company for the nine months ended March 31, 2022 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.

- 2.1.2** These condensed interim financial statements have been prepared under 'Historical cost convention' except employees retirement benefits and financial instruments at fair value through other comprehensive income (FVTOCI).
- 2.1.3** These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional and presentation currency. Figures presented in these condensed interim financial statements have been rounded off to the nearest Rupee.
- 2.1.4** The comparative condensed interim statement of financial position presented has been extracted from annual audited financial statements for the year ended June 30, 2021; whereas comparative condensed interim statement of profit or loss and statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity of the Company have been extracted from the un-audited condensed interim financial statements for the nine months ended March 31, 2021.

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.



NAGINA COTTON MILLS LTD.

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 annual audited 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.

6. DEFERRED GOVERNMENT GRANT

	(Un-Audited) March 31, 2022	(Audited) June 30, 2021
	-----Rupees-----	
Opening balance	4,496,198	5,003,077
Recognized during the period / year	-	7,130,948
Amortization during the period / year	(3,578,660)	(7,637,827)
	917,538	4,496,198
	(917,538)	(4,188,283)
	-	307,915

Less: Current portion of deferred grant

- 6.1 Deferred grant relates to the difference between the fair value and actual proceeds of salary loan obtained under SBP's Refinance scheme for payment of salaries. 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.

7. SHORT-TERM BORROWINGS

- Banking companies - secured

	Note	(Un-Audited) March 31, 2022	(Audited) June 30, 2021
		-----Rupees-----	
Term finance	7.1	300,000,000	-
Foreign currency finance	7.2	239,028,209	-
Running finance	7.3	611,088,364	149,816,295
		1,150,116,573	149,816,295

- 7.1 The Company has availed term finance facility amounting to Rs. 300 million during the period (June 30, 2021: Nil). This borrowing is secured against first pari passu charge on present and future fixed assets with 25% margin.
- 7.2 The Company has availed foreign currency finance facility in USD from various banks amounting to Rs.239.028 million during the period (June 30, 2021: Nil). This borrowing is secured against first pari passu charge on present and future current assets with 25% margin.
- 7.3 The Company can avail foreign currency, term finance and running finance facilities from various banks aggregating to Rs. 4,520 million (June 30, 2021: Rs. 3,745 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. Running finance facilities are subject to variable markup ranging from 1 to 3 month KIBOR plus 0.12% to 1.00% (June 30, 2021: 1 to 3 month KIBOR plus 0.25% to 1.00%) per annum payable on quarterly basis, whereas interest rates on foreign currency loans balances at reporting date were 1.25% (June 30, 2021: Nil) per annum.

The aggregate unavailed short-term borrowing facilities available amounts to Rs.3,370 million (June 2021: Rs. 3,595 million).

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

	Note	(Un-Audited) March 31, 2022	(Audited) June 30, 2021
		-----Rupees-----	
Bank guarantees issued on behalf of the Company	8.1.1	18,602,000	18,602,000
Bank guarantee in favor of Excise and Taxation and others		125,495,147	81,545,147
Revolving Letter of credit Favouring SSGC		82,051,880	82,051,880

- 8.1.1 It includes guarantee issued in favor of Hyderabad Electric Supply Company (HESCO) amounting Rs.14.602 million.



NAGINA COTTON MILLS LTD.

		(Un-Audited) March 31, 2022	(Audited) June 30, 2021
	Note	------(Rupees)-----	
8.2 Commitments			
Machinery		1,328,302,643	1,772,122,543
Civil work		4,858,531	10,042,734
Raw material		1,098,377,318	290,565,214
Stores and spares		21,053,610	17,498,375
Bills Discounted		745,999,908	441,852,192
Commitments for rentals of assets under operating lease agreements as at March 31:			
- Not later than one year		2,422,949	1,153,905
		(Un-Audited) March 31, 2022	(Audited) June 30, 2021
		-----Rupees-----	
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - owned	9.1	3,319,290,579	2,636,266,401
Capital work in progress	9.2	750,318,393	115,746,835
		4,069,608,972	2,752,013,236
9.1 Operating fixed assets - Owned			
Opening written down value		2,636,266,401	2,955,976,815
Additions during the period / year			
Mills buildings on lease hold land		2,706,598	-
Machinery and equipment		909,175,555	1,952,739
Electric installation and equipment		345,350	-
Furniture and fixtures		464,000	518,400
Office equipment		528,850	755,600
Vehicles		7,410,043	12,063,057
		920,630,396	15,289,796
Written down value of property, plant and equipment disposed off		(10,261,651)	(41,095,245)
Depreciation charged during the period / year		(227,344,567)	(293,904,965)
Written down value at end of the period / year		3,319,290,579	2,636,266,401
9.2 Capital work in progress			
Opening Balance		115,746,835	1,811,175
Additions during the period / year		1,553,346,089	115,651,053
Transfers during the period / year		(918,774,531)	(1,715,393)
Closing Balance		750,318,393	115,746,835
10. OTHER FINANCIAL ASSETS			
Fair value through Other Comprehensive Income			
Investment in listed equity securities		221,943,641	313,045,082
Investment in Mutual funds		648,561	726,921,412
		222,592,202	1,039,966,494



NAGINA COTTON MILLS LTD.

		(Un-Audited) March 31, 2022	(Audited) June 30, 2021
	Note	-----Rupees-----	
10.1 Reconciliation between fair value and cost of other financial assets Through other comprehensive income			
Fair value of investments			
-in listed equity securities		221,943,641	313,045,082
-in mutual funds		648,561	726,921,412
		222,592,202	1,039,966,494
Add: Unrealized loss on remeasurement of investments	10.2	44,344,240	33,520,847
Cost of investments		266,936,442	1,073,487,341
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		(10,823,393)	80,808,337
Deferred tax recognized		1,314,758	5,028,127
Closing balance		(38,001,355)	(28,492,720)
		Nine months ended (Un-Audited)	Quarter ended (Un-Audited)
		March 31, 2022	March 31, 2021
		March 31, 2022	March 31, 2021
11. REVENUE FROM CONTRACTS WITH CUSTOMERS		-----Rupees-----	
Export			
Yarn	5,643,317,358	933,833,920	2,636,975,470
Waste	83,485,135	-	48,709,225
	5,726,802,493	933,833,920	2,685,684,695
Local			
Yarn	2,113,166,068	3,892,892,864	313,787,410
Waste	267,236,404	227,599,959	108,901,896
Raw Material	7,439,040	55,782,652	-
	2,387,841,512	4,176,275,475	422,689,306
Total		8,114,644,005	5,110,109,395
		3,108,374,001	2,011,864,231
12. COST OF GOODS SOLD			
Raw material consumed	5,362,410,804	3,271,289,592	2,021,478,479
Packing material consumed	73,438,860	52,551,171	26,337,535
Stores and spares consumed	84,296,325	57,202,581	34,827,271
Salaries, wages and benefits	270,509,536	203,707,838	103,949,803
Fuel	277,973,541	278,348,215	103,548,289
Rent, rates and taxes	399,684	399,685	133,227
Insurance	12,186,356	10,885,004	4,397,743
Repairs and maintenance	6,641,352	4,845,242	2,104,501
Depreciation on property, plant and equipment	218,721,788	212,277,345	86,024,239
Other manufacturing overheads	10,184,032	5,431,005	4,641,142
Manufacturing cost	6,316,762,278	4,096,937,678	2,387,442,229
Work-in-process:			
At beginning of period	74,953,124	64,634,114	103,438,764
At end of period	(86,268,758)	(67,580,855)	(86,268,758)
	(11,315,634)	(2,946,741)	17,170,006
Cost of goods manufactured	6,305,446,644	4,093,990,937	2,404,612,235
Finished goods:			
At beginning of period	16,110,880	80,254,211	37,680,625
Purchase of finished goods	-	18,723,640	-
Purchase of Waste	37,877,160	-	22,673,462
At end of period	(57,173,277)	(13,425,166)	(57,173,277)
	(3,185,237)	85,552,685	3,180,810
Cost of sales of raw material	5,834,204	63,025,640	-
	6,308,095,611	4,242,569,262	2,407,793,045
		1,592,178,050	



NAGINA COTTON MILLS LTD.

	Nine months ended (Un-Audited)		Quarter ended (Un-Audited)	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees)			
13. PROVISION FOR TAXATION				
Current tax	144,408,478	74,833,942	33,238,328	28,652,884
Prior tax	-	1,901,765	-	30,000
Deferred tax	1,768,011	4,257,285	-	-
	146,176,489	80,992,992	33,238,328	28,682,884

14. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnel of the Company. Transactions with related parties are carried out as per agreed terms. The transactions with related parties during the period generally consist of sales, purchases and dividend. Nature and description of related party transactions during the period along with monetary values are as follows:

Nature of Relationship	Nature of Transaction	Nine months ended (Un-Audited)	
		March 31, 2022	March 31, 2021
	Rupees.....	
Associated companies	Purchase of goods and services	65,892	68,115
	Sale of goods and services	953,004,023	228,579,638
	Dividend paid	7,651,355	-
Key management personnel	Remuneration and other benefits	20,250,000	15,300,000
	Dividend paid to Directors and their close family members	34,841,835	-

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

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

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



NAGINA COTTON MILLS LTD.

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

March 31, 2022			
Level 1	Level 2	Level 3	Total
----- Rupees -----			

Financial assets

- measured at fair value through other comprehensive income

Investment in listed equity securities	221,943,641	-	-	221,943,641
Investment in mutual funds	648,561	-	-	648,561
	<u>222,592,202</u>	<u>-</u>	<u>-</u>	<u>222,592,202</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>-</u>	<u>1,039,966,494</u>

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.

16. 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 70.57 percent (March 31, 2021: 18.27 percent). As at period end, all non-current assets of the Company are located within Pakistan.

17. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on April 28, 2022.


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer


Amin Ellahi Shaikh
Chief Executive Officer

April 28, 2022



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