

**FIRST QUARTER REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2018
(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. Javaid Bashir Sheikh	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. Tariq Zafar Bajwa	Executive Director
Mr. Munawar Iqbal	Executive Director

MANAGING DIRECTOR (Chief Executive)

Mr. Shaukat Ellahi Shaikh

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mr. Tajammal Husain Bokharee	Chairman
Mr. Raza Ellahi Shaikh	Member
Mr. Tariq Zafar Bajwa	Member
Mr. Muhammad Azam	Secretary

EXECUTIVE COMMITTEE

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

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Tariq Zafar Bajwa

HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

AUDITORS

Messrs Deloitte Yousuf Adil
Chartered Accountants

LEGAL ADVISOR

Makhdoom & Makhdoom Advocates

LEAD BANKERS

Albaraka Bank (Pakistan) Ltd.
Allied Bank Ltd.
Askari Bank Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
Habib Metropolitan Bank Ltd.
JS Bank Ltd.
Meezan Bank Ltd.
Industrial Development Bank of Pakistan
MCB Bank Ltd.
National Bank of Pakistan
Samba Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Punjab
United Bank Ltd.

REGISTERED OFFICE

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

WEB REFERENCE

www.nagina.com

SHARE REGISTRAR

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

MILLS

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



NAGINA COTTON MILLS LTD.

DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial statements of the Company for the 1st quarter ended on September 30, 2018. The comparative figures for the corresponding quarter ended on September 30, 2017 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2018.

Company Performance

Alhamdulillah, during the quarter under review your Company has earned after tax profit of Rs. 112,114,938 or 6.96% of sales compared to Rs. 563,758 or 0.05% of sales during corresponding quarter of previous year. Earning per share (EPS) for the quarter is Rs. 6 compared to Rs. 0.03 for the corresponding period. The main contributing factors for better profitability are better yarn sales prices and significant adjustment in exchange rate.

Sales revenue for the period under review stood at Rs. 1,611,599,426 compared to Rs. 1,233,619,343 during corresponding quarter of previous year, showing increase of 30.64%. Cost of sales decreased from 93.22% of sales during the same period of previous year to 85.10% during the period under review. Increase in sales revenue and decrease in cost of sales resulted in increase in Gross Profit (GP) from 6.78% of sales during the same period of previous year to 14.90% of sales during the period under review.

Operating expenses increased by 24.87% over the same period of previous year. Finance cost increased by 54.94% over the same period of previous year. This increase is mainly due to increase in short term borrowings for cotton procurement and rising interest rate environment in the country.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2018-19, Kapas, (seed cotton) arrivals upto October 15, 2018, at the Ginneries totalled 6.044 million bales compared to 5.984 million bales of same period of previous year showing increase in arrival of 1%.

Future Outlook

The company has earned satisfactory profits during this quarter. Margins improved on the back of higher yarn prices and adjustment in the USD/PAK rupee rate. Further adjustment in the USD/PAK rupee exchange rate may help the company profitability by making exports more attractive. However, It may be difficult to maintain margins in the rest of the year due to sudden and significant fall in yarn prices especially in the export sector. Trade tensions between USA and CHINA is damaging demand for yarn especially from China. Pakistani spinning mills faced with declining exports are diverting products to the domestic market and reducing prices. In order to boost exports of the country the Government has promised many incentives for the textile sector such as reduction in gas and electricity tariff. It is hoped that the Government would bring in business friendly policies such as uninterrupted and cost effective energy supplies, refund of outstanding sales tax, income tax, DLT and technology upgradation funds so that cash flows improve and allow spinning mills to stock raw cotton. Management is also apprehensive about the prospects for rising interest rates. Higher financial costs are to be expected going forward and this will affect future margins. The raw cotton production in the year 2018-19 is likely to be around 11 million bales. Therefore, cotton imports would be required to meet the raw material requirements of the spinning industry.

Management is actively engaged in implementing a Balancing, Modernisation and Replacement program (BMR). It is hoped that the new investment will result in higher productivity, better quality, greater product diversity, lower cost and energy efficiency.

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.

Shahzada Ellahi Shaikh
Chairman

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

October 25, 2018

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 30 ستمبر 2018 کو اختتام پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ 30 ستمبر 2017 کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ ماسوائے بیلنس شیٹ کے جہاں تقابلی اعداد و شمار 30 جون 2018 کو اختتامہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی نے گزشتہ سال کی اسی سہ ماہی کے دوران بعد از ٹیکس منافع 563,758 روپے یا فروخت کے 0.05 فیصد کے مقابلہ میں زیر جائزہ سہ ماہی کے دوران 112,114,938 روپے یا فروخت کے 6.96 فیصد کمایا ہے۔ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 0.03 روپے کے مقابلہ 6 روپے ہے۔ بہتر منافع کے اہم عناصر دھماکے کی بہتر قیمت فروخت اور زرمبادلہ کی شرح میں ایڈجسٹمنٹ کے فوائد ہیں۔

زیر جائزہ مدت کے دوران، گزشتہ سال کی اسی سہ ماہی میں فروخت کی آمدنی 1,233,619,343 روپے کے مقابلہ میں 1,611,599,426 روپے پر قائم رہی جو کہ 30.64 فیصد کا اضافہ اضافہ ظاہر کرتی ہے۔ زیر جائزہ مدت کے دوران فروخت کی لاگت گزشتہ سال کی سہ ماہی کی فروخت کے 93.22 فیصد سے کم ہو کر فروخت کی 85.10 فیصد تک ہو گئی۔ فروخت کی آمدنی میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں گزشتہ سال کی اسی مدت کے دوران مجموعی منافع (GP) فروخت کے 6.78 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کی 14.90 فیصد تک ہو گیا۔ آپریٹنگ اخراجات گزشتہ سال کی اسی مدت سے 24.87 فیصد زیادہ ہوئے۔ مالی اخراجات گزشتہ سال کی اسی مدت سے 54.94 فیصد زیادہ ہوئے۔ مالی اخراجات میں یہ اضافہ کپاس کی خریداری کے لئے مختصر مدتی قرضوں میں اضافہ اور ملک میں سود کی شرح میں اضافہ کے ماحول کی وجہ سے ہے۔

فصل سال 2018-19 کیلئے پاکستان کاٹن جنرل ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس (بیج کپاس) کی 15 اکتوبر 2018 تک جزیز میں آمد گزشتہ سال کی اسی مدت میں 5,984 ملین گانٹھوں کے مقابلہ میں کل 6,044 ملین گانٹھیں ہو گئی جو 1 فیصد کا اضافہ ظاہر کرتی ہے۔

مستقبل کا نقطہ نظر

کمپنی نے اس سہ ماہی کے دوران تسلی بخش منافع کمایا ہے۔ مارجنز میں بہتری یارن کی زیادہ قیمتوں اور امریکی ڈالر / پاکستانی روپیہ کی شرح میں ایڈجسٹمنٹ کی وجہ سے ہوئے۔ مستقبل میں امریکی ڈالر / پاکستانی روپیہ کے زرمبادلہ کی شرح میں مزید ایڈجسٹمنٹ برآمدات کو مزید پرکشش بنا کر کمپنی کے منافع بانی میں مدد کرے گی۔ تاہم یارن کی قیمتوں میں اچانک اور نمایاں کمی کی وجہ سے سال کے باقی عرصہ میں مارجن کو برقرار رکھنا مشکل ہو سکتا ہے خاص طور پر برآمدات سیکٹر میں۔ امریکہ اور چین کے درمیان تجارتی تناؤ خاص طور پر چین کے یارن کی طلب کو نقصان پہنچا رہا ہے۔ پاکستانی سپینگ ملز کو کم برآمدات کا سامنا ہے جس کی وجہ سے مصنوعات کو مقامی مارکیٹ کی طرف منتقل اور قیمتوں کو کم کر دیا گیا ہے۔

ملک کی برآمدات کو فروغ دینے کے لئے حکومت نے ٹیکسٹائل سیکٹر کے لئے ٹیکس اور بجلی کے ٹیرف میں کمی جیسی بہت سی رعایتوں کا وعدہ کیا ہے۔ یہ امید کی جارہی ہے کہ حکومت بلا تعطل اور سستی بجلی کی فراہمی، بقایا سیکٹریکس، آکٹیکس، DLT اور ٹیکسٹائل جی کے آپریشنل فنڈز کی واپسی جیسی کاروباری دوستانہ پالیسیاں لائے گی۔ تاکہ نقدی بہاؤ کو بہتر بنانے اور سپینگ ملین خام کپاس اسٹاک کرنے کے قابل ہوں۔ انتظامیہ بڑھتے ہوئی شرح سود کے امکانات کے بارے میں بھی پریشان ہے۔ بڑھتے ہوئے مالی اخراجات مستقبل میں بھی جاری رہنے کی توقع ہیں اور یہ مستقبل کے مارجنز کو متاثر کریں گے۔ سال 2018-19 میں خام کپاس کی پیداوار تقریباً 11 ملین گانٹھیں ہونے کا امکان ہے۔ اس لئے سپینگ انڈسٹری کی خام مال کی ضروریات کو پورا کرنے کے لئے کپاس کی درآمد کرنے کی ضرورت ہوگی۔

انتظامیہ توازن، جدت اور تبدیلی پروگرام (BMR) پر عملدرآمد میں فعال طور پر مصروف ہے۔ یہ امید کی جاتی ہے کہ نئی سرمایہ کاری اضافی پیداوار، بہتر کوالٹی، زیادہ سے زیادہ مصنوعات کو متنوع کرنے، بجلی کی قیمت اور اخراجات کو کم کرنے میں مدد دے گی۔

اظہار تشکر

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

منجانب بورڈ



شوکت الہی شیخ

مہنگ ڈائریکٹر (چیف ایگزیکٹو)



شہرہ الہی شیخ

چیئر مین

لاہور: 25 اکتوبر 2018ء




NAGINA COTTON MILLS LTD.


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

	(Un-Audited) September 30, 2018	(Audited) June 30, 2018
Note	-----Rupees-----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 50,000,000 (June 30, 2018: 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	262,750,705	256,295,112
Revenue reserve	1,526,984,098	1,423,578,516
TOTAL EQUITY	1,976,734,803	1,866,873,628
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	620,829,281	662,535,029
Deferred Liabilities	100,789,265	100,092,922
	721,618,546	762,627,951
CURRENT LIABILITIES		
Trade and other payables	873,095,296	763,784,280
Unclaimed dividend	6,488,295	6,488,295
Accrued interest / mark-up	18,693,127	25,083,754
Short term borrowings	1,156,711,627	1,361,933,897
Current portion of long term finances	153,460,242	144,944,679
	2,208,448,587	2,302,234,905
TOTAL LIABILITIES	2,930,067,133	3,064,862,856
CONTINGENCIES AND COMMITMENTS		
	-	-
TOTAL EQUITY AND LIABILITIES	4,906,801,936	4,931,736,484

The annexed explanatory notes from 1 to 16 form an integral part of these condensed interim financial statements.

October 25, 2018


Mr. Shahzada Ellahi Shaikh
 Chairman


Tariq Zafar Bajwa
 Chief Financial Officer



NAGINA COTTON MILLS LTD.

		(Un-Audited) September 30, 2018	(Audited) June 30, 2018
Note		-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,408,810,923	1,436,505,899
Investment properties		14,175,783	14,240,641
Intangible assets		2,214,061	2,421,630
Long-term deposits		1,069,258	1,069,258
		1,426,270,025	1,454,237,428
CURRENT ASSETS			
Stores and spares		36,666,456	36,872,219
Stock-in-trade		1,537,560,023	1,233,516,051
Trade debts		1,070,083,704	953,738,074
Loans and advances		128,550,599	155,167,320
Prepayments		11,982,869	3,733,580
Other receivables		67,567,049	67,488,006
Sales tax refundable		67,488,561	58,024,607
Other financial assets	9	488,970,558	446,870,005
Cash and bank balances		71,662,092	522,089,194
		3,480,531,911	3,477,499,056
TOTAL ASSETS		4,906,801,936	4,931,736,484

The annexed explanatory notes from 1 to 16 form an integral part of these condensed interim financial statements.

Shaukat Ellahi Shaikh
 Mg. Director (Chief Executive)



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME(UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Note	Quarter Ended	
		September 30, 2018	September 30, 2017
	Rupees.....	
Sales		1,611,599,426	1,233,619,343
Cost of goods sold	10	(1,371,493,153)	(1,149,990,304)
Gross profit		240,106,273	83,629,039
Distribution cost		(23,059,212)	(24,766,411)
Administrative expenses		(37,491,822)	(31,292,506)
Other expenses		(10,802,913)	(1,082,686)
		(71,353,947)	(57,141,603)
		168,752,326	26,487,436
Other Income		4,343,495	6,088,375
Operating Profit		173,095,821	32,575,811
Finance cost		(27,838,757)	(17,967,391)
Profit before taxation		145,257,064	14,608,420
Provision for taxation		(33,142,126)	(14,044,662)
Profit after taxation		112,114,938	563,758
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Unrealized gain / (loss) on remeasurement of equity investments	13	6,455,593	(31,268,294)
Realized loss on sale of equity investments	14	(8,709,356)	-
Other comprehensive loss for the period		(2,253,763)	(31,268,294)
Total comprehensive income / (loss) for the period		109,861,175	(30,704,536)
Earnings per share - basic and diluted		6.00	0.03

The annexed explanatory notes from 1 to 16 form an integral part of these condensed interim financial statements.

Mr. Shahzada Ellahi Shaikh
Chairman

Tariq Zafar Bajwa
Chief Financial Officer

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

October 25, 2018



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Quarter Ended	
	September 30, 2018	September 30, 2017
Rupees.....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	145,257,064	14,608,420
Adjustments for:		
Depreciation	35,973,381	37,452,344
Amortization	207,569	207,568
Provision for employees retirement benefits	7,063,406	5,870,689
Loss on disposal of property, plant and equipment	3,130,220	2,629,182
Realized gain on sale of other financial assets	-	(945,801)
Unrealized gain on revaluation of FCY short term loan (FE-25)	-	(408,927)
Finance cost	27,838,757	17,967,391
Rental Income	(5,633,396)	(5,576,236)
Dividend Income	(1,696,909)	(1,458,160)
	212,140,092	70,346,470
Changes in working capital		
(Increase)/decrease in current assets:		
Stores and spares	205,763	(6,681,821)
Stock-in-trade	(304,043,972)	(326,837,197)
Trade debts	(116,345,630)	11,137,676
Loans and advances	7,892,970	(10,459,668)
Prepayments	(8,249,289)	(4,024,122)
Other receivables	(79,043)	(473,323)
Sales tax refundable	(9,463,954)	19,702,949
	(430,083,155)	(317,635,506)
Increase in current liabilities		
Trade and other payables	109,311,016	137,146,831
	(320,772,139)	(180,488,675)
Cash used in operations	(108,632,047)	(110,142,205)
Payments made		
Employees retirement benefits	(6,367,063)	(5,060,453)
Finance cost	(34,229,384)	(16,680,034)
Income taxes	(14,418,375)	(11,569,861)
Net cash used in operating activities	A (163,646,869)	(143,452,553)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16,920,267)	(8,486,453)
Proceeds from disposal of property, plant and equipment	5,576,500	3,520,000
Purchase of other financial assets	(72,047,357)	(5,281,060)
Proceeds from sale of other financial assets	27,693,041	30,107,219
Rental Income received	5,633,396	5,576,236
Dividend received	1,696,909	1,458,160
Net cash (used in) / generated from investing activities	B (48,367,778)	26,894,102
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term finances	(33,190,185)	(26,776,622)
Net decrease in short term borrowings excluding running finances	(600,000,000)	(263,899,432)
Net cash used in financing activities	C (633,190,185)	(290,676,054)
Net decrease in cash and cash equivalents	(A+B+C) (845,204,832)	(407,234,505)
Cash and cash equivalents at beginning of the period	(239,844,703)	(24,278,252)
Cash and cash equivalents at end of the period	(1,085,049,535)	(431,512,757)
Cash and cash equivalents		
Cash and bank balances	71,662,092	26,884,596
Short term running finances	(1,156,711,627)	(458,397,353)
	(1,085,049,535)	(431,512,757)

The annexed explanatory notes from 1 to 16 form an integral part of these condensed interim financial statements.

Mr. Shahzada Ellahi Shaikh
Chairman

Tariq Zafar Bajwa
Chief Financial Officer

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

October 25, 2018



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Issued, subscribed and paid up capital	Capital reserves			Revenue reserve	Total	
	Amalgamation reserve	Capital Redemption reserve	Surplus / (Deficit) on revaluation of equity investments	Unappropriated profit		
-----Rupees-----						
Balance as at June 30, 2017 (Audited)	187,000,000	12,104,417	241,860,000	(15,904,433)	1,331,148,740	1,756,208,724
Comprehensive income						
Profit after taxation	-	-	-	-	563,758	563,758
Loss on revaluation of equity investments	-	-	-	(31,268,294)	-	(31,268,294)
Total comprehensive income for the period	-	-	-	(31,268,294)	563,758	(30,704,536)
Balance as at September 30, 2017 (Un-Audited)	187,000,000	12,104,417	241,860,000	(47,172,727)	1,331,712,498	1,725,504,188
Transactions with owners						
Final dividend for the year ended June 30, 2017 @ 30% i.e. Rs. 3 per ordinary share	-	-	-	-	(56,100,000)	(56,100,000)
Comprehensive income						
Profit after taxation	-	-	-	-	157,638,738	157,638,738
Net of impairment unrealized gain on equity investments	-	-	-	49,503,422	-	49,503,422
Remeasurement of defined benefit liability	-	-	-	-	(9,672,720)	(9,672,720)
Total comprehensive income for the period	-	-	-	49,503,422	147,966,018	197,469,440
Balance as at June 30, 2018 (Audited)	187,000,000	12,104,417	241,860,000	2,330,695	1,423,578,516	1,866,873,628
Comprehensive income						
Profit after taxation	-	-	-	-	112,114,938	112,114,938
Unrealized gain on revaluation of equity investments	-	-	-	6,455,593	-	6,455,593
Realized loss on sale of equity investments	-	-	-	-	(8,709,356)	(8,709,356)
Total comprehensive Income for the period	-	-	-	6,455,593	103,405,582	109,861,175
Balance as at September 30, 2018 (Un-Audited)	187,000,000	12,104,417	241,860,000	8,786,288	1,526,984,098	1,976,734,803

The annexed explanatory notes from 1 to 16 form an integral part of these condensed interim financial statements.

Mr. Shahzada Ellahi Shaikh
Chairman

Tariq Zafar Bajwa
Chief Financial Officer

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

October 25, 2018



NAGINA COTTON MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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 repealed Companies Ordinance, 1984 (now 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, in the province of Sindh.

Manufacturing facility:

A-16, National Highway, Aminabad, S.I.T.E Kotri, in the province of Sindh.

Liaison Office:

Nagina House 91 – B-1, M.M. Alam Road, Gulberg-III, Lahore-54660, in the province of Punjab.

2 STATEMENT OF COMPLIANCE

- 2.1 These un-audited condensed interim financial statements of the Company for the Quarter ended September 30, 2018 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 and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all of the information required for the full financial statements and, therefore, these should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018.

- 2.2 These condensed interim financial statements have been prepared under 'Historical cost convention' except employees retirement benefits and financial instruments at fair value.

- 2.3 These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional and presentation currency. Figures presented in these condensed interim financial statements have been rounded off to the nearest Rupee.

- 2.4 The comparative Statement of Financial Position presented has been extracted from annual financial statements for the year ended June 30, 2018; 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, 2017.

3 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, 2018. Certain relevant new accounting standards (IFRS-9, IFRS-15) are effective from annual reporting period beginning on or after July 01, 2018 as notified by the SECP and also adopted by the company, however these do not have significant impact on these condensed interim financial statements other than as disclosed in note 13 & 14.

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, 2018.

5 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended June 30, 2018.



NAGINA COTTON MILLS LTD.

		(Un-Audited) September 30, 2018	(Audited) June 30, 2018
	Note	-----Rupees-----	
6. SHORT-TERM BORROWINGS			
- Banking companies - secured			
Running finance		1,156,711,627	761,933,897
Term finance		-	600,000,000
		<u>1,156,711,627</u>	<u>1,361,933,897</u>
7 CONTINGENCIES AND COMMITMENTS			
7.1 Contingencies			
There is no change in contingencies as disclosed in note 12.1 to the annual financial statements for the year ended June 30, 2018, except bills discounted which is amounting to Rs. 52,913,480 (June 30, 2018: Rs. Nil)			
7.2 Commitments			
Civil work		12,223,324	12,223,324
Letters of credit			
- Machinery		154,122,649	-
- Raw material		4,283,040	-
- Stores and spares		22,138,460	-
Rental of assets under operating lease agreements			
- Not later than one year		990,748	2,019,803
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - owned	8.1	1,392,715,966	1,424,759,699
Capital work in progress	8.2	16,094,957	10,724,200
Capital advances		-	1,022,000
		<u>1,408,810,923</u>	<u>1,436,505,899</u>
8.1 Operating fixed assets - Owned			
Opening written down value		1,424,759,699	1,528,622,577
Additions during the period / year			
Mills buildings on lease hold land		-	2,039,662
Machinery and equipment		11,307,972	42,577,662
Electric installation and equipment		-	2,535,661
Furniture and fixtures		161,300	852,534
Office equipment		373,799	1,028,550
Vehicles		728,439	16,338,950
		12,571,510	65,373,019
Written down value of property, plant and equipment disposed off		(8,706,720)	(12,713,700)
Depreciation charged during the period/year		(35,908,523)	(156,522,197)
Written down value at end of the period/year		<u>1,392,715,966</u>	<u>1,424,759,699</u>



NAGINA COTTON MILLS LTD.

(Un-Audited) (Audited)
September 30, June 30,
2018 2018
-----Rupees-----

8.2 Capital work in progress

Opening Balance	10,724,200	19,546,479
Additions during the period / year	16,678,729	38,592,624
Transfers during the period / year	(11,307,972)	(47,414,903)
Closing Balance	16,094,957	10,724,200

9 OTHER FINANCIAL ASSETS

Equity investments at fair value through OCI

Investment in listed equity securities	458,962,670	421,062,881
Investment in mutual funds	30,007,888	25,807,124
	488,970,558	446,870,005

Quarter Ended (Un-Audited)
September 30, September 30,
2018 2017
-----Rupees-----

10 COST OF GOODS SOLD

Raw material consumed	1,122,184,225	892,966,216
Packing material consumed	21,600,920	19,914,743
Stores and spares consumed	21,378,591	30,690,350
Salaries, wages and benefits	98,785,349	90,905,724
Fuel	122,843,717	122,833,217
Rent, rates and taxes	133,228	137,429
Insurance	2,265,332	2,216,589
Repairs and maintenance	5,648,112	4,594,071
Depreciation	33,793,620	35,463,840
Other manufacturing overheads	1,745,952	1,902,945
Manufacturing cost	1,430,379,046	1,201,625,124
Work-in-process:		
At beginning of period	61,017,474	45,082,213
At end of period	(67,798,105)	(57,785,993)
	(6,780,631)	(12,703,780)
Cost of goods manufactured	1,423,598,415	1,188,921,344
Finished stocks:		
At beginning of period	68,490,128	54,282,407
At end of period	(120,595,390)	(98,627,441)
	(52,105,262)	(44,345,034)
Cost of sales of raw material	-	5,413,994
	1,371,493,153	1,149,990,304



The related parties comprise of associated companies, directors of the Company and key management personnel of the Company. 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.

		Quarter Ended (Un-Audited)	
		September 30, 2018	September 30, 2017
Nature of Relationship	Nature of TransactionRupees.....	
Associated companies	Purchase of goods and services	25,103	29,628
	Sale of goods and services	72,745,600	429,800
Key management personnel	Remuneration and other benefits	3,525,000	2,856,243

	September 30, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets	Rs			
- at fair value through OCI				
- Equity investments	488,970,558	-	-	488,970,558
	488,970,558	-	-	488,970,558

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets	Rs			
- at fair value through OCI				
- Equity investments	446,870,005	-	-	446,870,005
	446,870,005	-	-	446,870,005

14 This represents realized loss on sale of "Equity investments measured at fair value through other comprehensive income" as per IFRS-9.



NAGINA COTTON MILLS LTD.

15 OTHERS

The Board of Directors in its meeting held on September 27, 2018 proposed to distribute to the shareholders of the Company a cash dividend at the rate of 40 percent i.e. Rs. 4/- per ordinary share (2017: Rs. 3 per ordinary share). The dividend is subject to the approval by the shareholders of the Company in its forthcoming Annual General Meeting to be held on October 27, 2018.

16 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 25, 2018.

Mr. Shahzada Ellahi Shaikh
Chairman

October 25, 2018

Tariq Zafar Bajwa
Chief Financial Officer

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

NAGINA COTTON MILLS LTD.

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