

**THIRD QUARTER REPORT
FOR THE PERIOD ENDED
MARCH 31, 2019
(Un-Audited)**



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



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, 2019. The comparative figures for the corresponding quarter ended on March 31, 2018 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2018.

Company Performance

Alhamdulillah, your company has been able to post after tax profit of Rs. 8,049,501 compared to Rs. 24,007,734 in the corresponding quarter of last year. Earning per share (EPS) for the quarter ended is Rs. 0.43 compared to Rs. 1.28 for the corresponding quarter of last year. Reduction in profitability is mainly due to increase in operating and financial expenses.

Sales revenue of the Company increased by 17.60% over the corresponding quarter of last year and stood at Rs. 1,691,717,699 compared to Rs. 1,438,553,796 during the corresponding quarter of last year. Sales revenue increased due to increase in sales volume and better selling prices of yarn. Cost of sales for the quarter under review is Rs. 1,569,219,005 or 92.76% of sales compared to Rs. 1,320,376,447 or 91.78% of sales during the corresponding quarter of last year. Increase in cost of sales resulted in decrease in gross profit (GP) from 8.22% of sales during the corresponding quarter of last year to 7.24% of sales during the period under review.

Overall operating expenses increased by 21.17% over the same quarter of previous year. Finance costs increased from 2.57% of sales during the corresponding quarter of last year to 3.59% of sales during the period under review. The increase is mainly due to increase in short term borrowings for cotton procurement and rising interest rate environment in the country.

The company is undergoing a major BMR plan. Under this program company would install approximately 18,000 new spindles along with related machinery. The project will bring about improvement in labor and energy efficiency besides improving yarn quality and adding to product range diversification.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2018-19, Kapas, (seed cotton) arrivals upto April 15, 2019, at the Ginneries totaled 10.775 million bales compared to 11.579 million bales for similar period of financial year 2017-18 showing decrease in arrival of 6.94%.

Future Outlook

Overall three quarters financial results have been satisfactory. Management is hopeful that through better marketing and cost control measures the company would be able to post a reasonable profit for the year. Government has recently announced concessional gas and electricity tariff for textile industry. This has helped in better cost controls of energy. We are hopeful that government would take further initiatives for better cotton crop in the country so that industry reliance on imported cotton can be minimized. Adjustment in exchange rate has helped the industry to better compete in international markets. However, on the other hand devaluation has also increased our importation costs and pushed up inflationary pressures in the economy. Management is focusing on product diversification, seeking new global markets with application of effective cost controls. Overall management is optimistic about the fourth quarter of the year and hopes to close the year with a reasonable profit.



NAGINA COTTON MILLS LTD.

It is hoped that the Government will support the textile industry by expediting refunds of sales tax, income tax and export rebates and by providing sufficient gas to operate the mills and encourage value addition in the textile sector. We also expect that long awaited TUF funds would also be released.

Acknowledgement

The 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

April 25, 2019

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 مارچ 2019ء کو مختتمہ تیسری سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 مارچ 2018ء کو ختم ہونے والی سہ 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 2018ء کو مختتمہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی نے گزشتہ سال کی اسی سہ ماہی کے دوران 24,007,734 روپے کے مقابلے 8,049,501 روپے کا بعد از ٹیکس منافع کمایا۔ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے لئے 1.28 روپے کے مقابلے 0.43 روپے ہے۔ منافع میں کمی کی بنیادی وجہ کاروباری اور مالیاتی اخراجات میں اضافہ ہے۔

کمپنی کی فروخت آمدنی میں گزشتہ سال کی اسی مدت سے 17.60 فیصد تک اضافہ ہوا اور گزشتہ سال اسی مدت کے دوران 1,438,553,796 روپے کے مقابلے 1,691,717,699 روپے پر قائم رہا۔ فروخت آمدنی میں اضافہ فروخت حجم میں اضافہ اور سوتر کی بہتر قیمتوں کے نتیجے میں ہوا۔ زیر جائزہ مدت کے دوران فروخت کی لاگت گزشتہ سال کی 1,320,376,447 روپے یا فروخت کی 91.78 فیصد کے مقابلے 1,569,219,005 روپے یا فروخت کی 92.76 فیصد تک ہوئی ہے۔ فروخت کی لاگت میں اضافہ ہونے کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 8.22 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کے 7.24 فیصد تک ہو گیا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت سے 21.17 فیصد زیادہ ہوئے۔ مالی اخراجات گزشتہ سال کی اسی مدت میں فروخت کے 2.57 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 3.59 فیصد تک ہوئے۔ 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 ہوا ہے۔

کمپنی ایک اہم BMR منصوبہ پر کام کر رہی ہے۔ اس منصوبہ کے تحت کمپنی تقریباً 18000 بالکل نئے سپنڈلز مع متعلقہ مشینری نصب کرے گی۔ منصوبہ مصنوعات کی کوالٹی کو بہتر بنانے اور مصنوعات کی ریج میں اضافہ کے علاوہ موثر افرادی اور توانائی لاگت میں بہتری لائے گا۔

فصل سال 2018-19 کیلئے پاکستان کاٹن جزز ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس (بیج کپاس) کی 15 اپریل 2019ء تک جزیز میں آمد گزشتہ سال 2017-18 کی اسی مدت میں 11.579 ملین گانٹھوں کے مقابلے میں کل 10.775 ملین گانٹھیں ہوئیں جو 6.94 فیصد کی ظاہر کرتی ہے۔

مستقبل کا نقطہ نظر

مجموعی طور پر تین سہ ماہیوں کے مالی نتائج تسلی بخش رہے ہیں۔ انتظامیہ کو اُمید ہے کہ بہتر مارکیٹنگ اور لاگت کنٹرول اقدامات کے ذریعے کمپنی سال کے لئے قابل ذکر منافع درج کرنے کے قابل ہو جائے گی۔ حکومت نے حال ہی میں ٹیکسٹائل صنعت کے لئے بجلی اور گیس کے کم نرخ کا اعلان کیا ہے۔ اس نے توانائی کی قیمت کے بہتر کنٹرول میں مدد کی ہے۔ ہم امید کرتے ہیں کہ حکومت ملک میں کپاس کی بہتر فصل کے لئے مزید اقدامات اٹھائے گی تاکہ صنعت کا درآمدی کپاس پر انحصار کم سے کم کیا جاسکے۔ ایکسچینج ریٹ کی ایڈجسٹمنٹ نے بین الاقوامی مارکیٹوں سے بہتر مقابلہ کرنے میں صنعت کی مدد کی ہے۔ تاہم دوسری طرف روپیہ کی قدر میں کمی نے ہمارے درآمدی اخراجات میں اضافہ اور معیشت میں افراط زر کے دباؤ کو بھی بڑھا دیا ہے۔ انتظامیہ موثر لاگت کنٹرول کے اطلاق کے ساتھ مصنوعات کی متنوع، نئی برآمدی مارکیٹوں کی تلاش پر توجہ مرکوز کر رہی ہے۔ مجموعی طور پر انتظامیہ سال کی چوتھی سہ ماہی کے بارے میں اُمید ہے اور قابل ذکر منافع کے ساتھ سال کے اختتام پذیر ہونے کی توقع ہے۔



NAGINA COTTON MILLS LTD.

یہ امید کی جاتی ہے کہ حکومت سیکلر ٹیکس، انکم ٹیکس اور برآمدی اعانتوں کی واپسی کو تیز کر کے اور ملوں کو چلانے کے لئے درکار گیس فراہم کر کے اور ٹیکسٹائل شعبہ میں ویلیو ایڈیشن کی حوصلہ افزائی کے ذریعے ٹیکسٹائل صنعت کی مدد کرے گی۔ ہم یہ بھی امید کرتے ہیں کہ TUF فنڈز کی طویل عرصہ سے تعطیل بھی واکزار کی جائیں گی۔

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 کا بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ

شوکت الہی شیخ
منیجنگ ڈائریکٹر (چیف ایگزیکٹو)

رضا الہی شیخ
ڈائریکٹر

لاہور: 25 اپریل 2019ء



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	-----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	232,985,271	256,295,112
Revenue reserve	1,495,440,565	1,423,578,516
TOTAL EQUITY	1,915,425,836	1,866,873,628
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	541,112,613	662,535,029
Deferred Liabilities	106,710,248	100,092,922
	647,822,861	762,627,951
CURRENT LIABILITIES		
Trade and other payables	929,227,984	763,784,280
Unclaimed dividend	7,339,102	6,488,295
Accrued interest / mark-up	48,449,101	25,083,754
Short term borrowings	1,884,498,162	1,361,933,897
Current portion of long term finances	162,120,656	144,944,679
	3,031,635,005	2,302,234,905
TOTAL LIABILITIES	3,679,457,866	3,064,862,856
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	5,594,883,702	4,931,736,484

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

April 25, 2019


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer



NAGINA COTTON MILLS LTD.

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	Note	-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,565,769,299	1,436,505,899
Investment properties		14,046,066	14,240,641
Intangible assets		1,798,925	2,421,630
Long term deposits		1,069,258	1,069,258
		1,582,683,548	1,454,237,428
CURRENT ASSETS			
Stores and spares		41,580,550	36,872,219
Stock-in-trade		1,937,196,492	1,233,516,051
Trade debts		1,110,993,979	953,738,074
Loans and advances		156,678,190	155,167,320
Prepayments		7,524,262	3,733,580
Other receivables		43,765,856	67,488,006
Sales tax refundable		76,709,477	58,024,607
Other financial assets	9	495,898,243	446,870,005
Cash and bank balances		141,853,105	522,089,194
		4,012,200,154	3,477,499,056
TOTAL ASSETS		5,594,883,702	4,931,736,484

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

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

April 25, 2019



NAGINA COTTON MILLS LTD.


CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees.....	Rupees.....	
Sales - net		4,975,843,923	4,220,367,797	1,691,717,699	1,438,553,796
Cost of goods sold	10	(4,454,528,336)	(3,913,733,401)	(1,569,219,005)	(1,320,376,447)
Gross profit		521,315,587	306,634,396	122,498,694	118,177,349
Distribution cost		(83,606,535)	(72,999,895)	(29,990,582)	(20,316,461)
Administrative expenses		(103,841,093)	(88,439,842)	(32,431,062)	(27,711,328)
Other expenses		(14,517,925)	(6,912,494)	524,761	(3,052,920)
		(201,965,553)	(168,352,231)	(61,896,883)	(51,080,709)
		319,350,034	138,282,165	60,601,811	67,096,640
Other Income		22,189,250	35,508,218	5,966,423	11,136,197
Operating Profit		341,539,284	173,790,383	66,568,234	78,232,837
Finance cost		(147,968,095)	(80,521,800)	(60,665,095)	(37,040,539)
Profit before taxation		193,571,189	93,268,583	5,903,139	41,192,298
Provision for taxation		(46,909,140)	(47,819,363)	2,146,362	(17,184,564)
Profit after taxation		146,662,049	45,449,220	8,049,501	24,007,734
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Unrealized (loss) / gain on remeasurement of available for sale investments	9.1.1	(23,309,841)	5,368,612	29,182,234	44,945,060
Total comprehensive income for the period		123,352,208	50,817,832	37,231,735	68,952,794
Earnings per share - basic and diluted		7.84	2.43	0.43	1.28

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


Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

April 25, 2019



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

		Nine Months Ended	
		March 31, 2019	March 31, 2018
	Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		193,571,189	93,268,583
Adjustments for:			
Depreciation		110,300,978	117,041,914
Amortization		622,705	622,705
Provision for gratuity		21,190,217	17,612,068
Loss on disposal of property, plant and equipment		2,429,472	1,369,369
Realized loss / (gain) on sale of other financial assets		14,763,220	(1,983,694)
Unrealized gain on revaluation of FCY short term finance		-	(408,927)
Finance cost		147,968,095	80,521,800
Rental Income		(17,515,461)	(16,393,718)
Dividend Income		(19,672,022)	(17,018,395)
		453,658,393	274,631,705
Changes in working capital			
Decrease / (increase) in current assets:			
Stores and spares		(4,708,331)	(15,683,471)
Stock-in-trade		(703,680,441)	(1,142,000,569)
Trade debts		(157,255,905)	(363,765,690)
Loans and advances		2,893,171	(92,684,491)
Prepayments		(3,790,682)	(1,709,333)
Other receivables		23,722,150	(19,939,262)
Sales tax refundable		(18,684,870)	30,065,413
		(861,504,908)	(1,605,717,403)
Increase in current liabilities			
Trade and other payables		165,443,704	174,296,849
		(696,061,204)	(1,431,420,554)
Cash used in operations		(242,402,811)	(1,156,788,849)
Payments made:			
Employees retirement benefits		(14,572,891)	(11,454,414)
Finance cost		(124,602,748)	(59,815,331)
Income taxes		(51,313,181)	(38,262,917)
Net cash used in operating activities	A	(432,891,631)	(1,266,321,511)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(255,158,775)	(27,306,276)
Proceeds from disposal of property, plant and equipment		13,359,500	7,647,000
Purchase of other financial assets		(180,304,844)	(58,566,327)
Proceeds from sale of other financial assets		93,203,545	167,810,995
Rental Income received		17,515,461	16,393,718
Dividend received		19,672,022	17,018,395
Net cash (used in) / generated from investing activities	B	(291,713,091)	122,997,505



NAGINA COTTON MILLS LTD.

Nine Months Ended

March 31, 2019	March 31, 2018
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.....Rupees.....

C. CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances obtained
Repayment of long term finances
Net decrease in short term borrowings excluding running finances

Dividend paid

Net cash used in financing activities

C

Net decrease in cash and cash equivalents

(A+B+C)

Cash and cash equivalents at beginning of the period

Cash and cash equivalents at end of the period

Cash and cash equivalents

Cash and bank balances

Short term running finances

Term Deposit Receipts


-	15,099,000
(104,246,439)	(84,231,143)
(225,000,000)	(63,899,428)
(73,949,193)	(55,824,120)
(403,195,632)	(188,855,691)
(1,127,800,354)	(1,332,179,697)
(239,844,703)	(24,278,252)
(1,367,645,057)	(1,356,457,949)
41,853,105	27,549,342
(1,509,498,162)	(1,534,007,291)
100,000,000	150,000,000
(1,367,645,057)	(1,356,457,949)

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

April 25, 2019


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer


Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)



Issued, subscribed and paid up capital	Capital reserves			Revenue reserve	Total
	Amalgamation reserve	Capital Redemption reserve	(Deficit) / Surplus on revaluation of available for sale investments	Unappropriated profit	

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NAGINA COTTON MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

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 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 nine months ended March 31, 2019 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) and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, 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 notes required for the full financial statements and therefore 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 currency and figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupee.
- 2.4 The comparative condensed interim statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2018; 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, 2018.
- 2.5 Securities and Exchange Commission of Pakistan (SECP), through SRO 1007(I)/2017, dated October 4, 2017, had notified IFRS 9 "Financial Instruments", replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018 which has further been deferred for reporting period / year ending on or after June 30, 2019, through SRO 229 (I)/2019 dated February 14, 2019. Accordingly the requirements of IFRS 9 have not been considered in the preparation of these un-audited condensed interim financial statements.

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, 2018 except as disclosed hereunder.



NAGINA COTTON MILLS LTD.

3.1 Changes in accounting standards, amendments / interpretations and IFRSs which are effective during the nine months ended March 31, 2019:

3.1.1 IFRS 15 - Revenue from contracts with customers

IFRS 15 - Revenue from contracts with customers replaced IAS 18 - Revenue, IAS 11 - Construction contracts, IFRIC 13 - Customer Loyalty Programme's, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognized when or as those performance obligations in a contract are satisfied.

The company has adopted IFRS 15 by applying the modified prospective approach according to which the company is not required to restate the prior years results. However, the adoption of IFRS 15 does not have any impact on the reported revenue of the company for the nine months ended March 31, 2018 or June 30, 2018.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial statements in conformity with approved accounting standards as applicable in Pakistan for interim financial reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continuously 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 un-audited condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the annual 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 audited financial statements of the Company for the year ended June 30, 2018.

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
	Note	-----Rupees-----	
6. SHORT-TERM BORROWINGS			
- Banking companies - secured			
Running finance		1,509,498,162	761,933,897
Term finance		375,000,000	600,000,000
		<u>1,884,498,162</u>	<u>1,361,933,897</u>

The Company can avail foreign currency, cash and running finance facilities from various banks aggregating to Rs. 3,360 million (2018 : Rs. 2,880 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. Cash and running finance facilities are subject to variable markup ranging from 1 to 3 month KIBOR plus 0.2% to 0.75% (2018 : from 1 to 3 month KIBOR plus 0.2% to 0.75%) per annum payable on quarterly basis.

The aggregate unavailed short-term borrowing facilities available amounted to Rs. 1,476 million (2018 : Rs. 1,518 million).

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

Bank guarantees issued on behalf of the Company	7.1.1	14,602,000	14,602,000
Bills discounted		186,004,359	-
Bank guarantee in favour of Excise and Taxation department		39,296,448	34,296,448

7.1.1 It represents guarantee issued in favour of Hyderabad Electric Supply Company (HESCO).

7.2 Commitments

Civil work		7,200,000	12,223,324
Letters of credit			
- Machinery		414,509,370	-
- Raw material		360,871,812	-
- Stores and spares		5,234,039	-
Rental of assets under operating lease agreements			
- Not later than one year		3,139,817	2,019,803



NAGINA COTTON MILLS LTD.

		(Un-Audited) March 31, 2019	(Audited) June 30, 2018
		-----Rupees-----	
8	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets - owned	8.1 1,437,472,925	1,424,759,699
	Capital work in progress	8.2 127,298,819	10,724,200
	Capital advances	8.3 997,555	1,022,000
		<u>1,565,769,299</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
	Other buildings on lease hold land	191,631	-
	Machinery and equipment	135,099,116	42,577,662
	Electric installation and equipment	-	2,535,661
	Furniture and fixtures	392,515	852,534
	Office equipment	500,800	1,028,550
	Vehicles	2,424,539	16,338,950
		<u>138,608,601</u>	<u>65,373,019</u>
	Written down value of property, plant and equipment disposed off	(15,788,972)	(12,713,700)
	Depreciation charged during the period/year	<u>(110,106,403)</u>	<u>(156,522,197)</u>
	Written down value at end of the period/year	<u>1,437,472,925</u>	<u>1,424,759,699</u>
8.2	Capital work in progress		
	Opening Balance	10,724,200	19,546,479
	Additions during the period / year	252,128,914	38,592,624
	Transfers during the period / year	<u>(135,554,295)</u>	<u>(47,414,903)</u>
	Closing Balance	<u>127,298,819</u>	<u>10,724,200</u>
8.3	Capital advances		
	Opening Balance	1,022,000	2,664,325
	Additions during the period / year	2,705,555	14,431,855
	Transfers during the period / year	<u>(2,730,000)</u>	<u>(16,074,180)</u>
	Closing Balance	<u>997,555</u>	<u>1,022,000</u>
9	OTHER FINANCIAL ASSETS		
	Available for sale		
	Investment in listed equity securities	477,419,109	421,062,881
	Investment in Mutual Funds	18,479,134	25,807,124
		<u>495,898,243</u>	<u>446,870,005</u>
9.1	Reconciliation between fair value and cost of investments classified as available for sale		
	Fair value of investments		
	-in listed equity securities	477,419,109	421,062,881
	-in mutual funds	18,479,134	25,807,124
		<u>495,898,243</u>	<u>446,870,005</u>
	Add: Unrealized loss/(gain) on remeasurement of investments 9.1.1	<u>20,979,146</u>	<u>(2,330,695)</u>
	Add: Impairment on investments classified as available for sale	-	23,337,162
		<u>20,979,146</u>	<u>21,006,467</u>
	Cost of investments	<u>516,877,389</u>	<u>467,876,472</u>
9.1.1	Unrealized loss on remeasurement of available for sale investments		
	Opening balance	2,330,695	(15,904,433)
	(Loss) / gain on remeasurement of investments for the period / year	<u>(38,073,061)</u>	<u>12,113,933</u>
	Transfer of unrealized loss on sale of investments during the period / year	14,763,220	6,121,195
	Charge for the period / year	<u>(23,309,841)</u>	<u>18,235,128</u>
	Closing balance	<u>(20,979,146)</u>	<u>2,330,695</u>

	Nine Months Ended (Un-Audited)		Quarter Ended (Un-Audited)	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
10 COST OF GOODS SOLD	Rupees			
Raw material consumed	3,509,812,824	2,906,812,747	1,201,472,544	973,151,823
Packing material consumed	63,028,924	61,949,741	20,976,345	20,151,338
Stores and spares consumed	78,371,144	81,299,282	27,595,019	24,084,238
Salaries, wages and benefits	294,846,256	295,420,817	98,292,841	110,846,402
Fuel	361,403,226	372,093,038	116,431,211	123,293,163
Rent, rates and taxes	399,684	412,286	133,228	137,429
Insurance	7,052,530	7,118,569	2,313,984	2,533,951
Repairs and maintenance	17,946,976	19,363,110	6,154,121	3,434,355
Depreciation	103,730,193	110,565,850	35,698,309	37,181,245
Other manufacturing overheads	6,566,798	6,904,057	3,108,563	2,013,790
Manufacturing cost	4,443,158,555	3,861,939,497	1,512,176,165	1,296,827,734
Work-in-process:				
At beginning of period	61,017,474	45,082,213	51,046,657	50,756,399
At end of period	(53,628,813)	(51,102,530)	(53,628,813)	(51,102,530)
	7,388,661	(6,020,317)	(2,582,156)	(346,131)
Cost of goods manufactured	4,450,547,216	3,855,919,180	1,509,594,009	1,296,481,603
Finished stocks:				
At beginning of period	68,490,128	54,282,407	125,771,489	92,040,212
At end of period	(66,146,493)	(68,145,368)	(66,146,493)	(68,145,368)
	2,343,635	(13,862,961)	59,624,996	23,894,844
Cost of sales of raw material	1,637,485	71,677,182	-	-
	4,454,528,336	3,913,733,401	1,569,219,005	1,320,376,447

11 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 at arm's length in normal course of business. The transaction 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:

		Nine Months Ended (Un-Audited)	
		March 31, 2019	March 31, 2018
Nature of Relationship	Nature of TransactionRupees.....	
Associated companies	Purchase of goods and services	98,234	79,604
	Purchase of fixed assets	10,881,000	-
	Sale of goods and services	345,531,275	119,342,050
	Dividend paid	12,242,168	9,181,626
Key management personnel	Remuneration and other benefits	10,575,000	8,568,729
	Dividend paid to Directors and their close family members	55,744,948	41,808,711

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

12 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. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Company's statement of cash flows as cash flows from financing activities.

	(Audited) June 30, 2018	Cash flows		(Un-Audited) March 31, 2019
		Obtained	Repaid	
Rupees				
Long-term finances	807,479,708	-	(104,246,439)	703,233,269
Term finance	600,000,000	1,000,000,000	(1,225,000,000)	375,000,000
	1,407,479,708	1,000,000,000	(1,329,246,439)	1,078,233,269



NAGINA COTTON MILLS LTD.

13 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 values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value measurements are those derived from 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 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

March 31, 2019			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
Financial assets			
- Available for sale investments at fair value			
- Listed equity securities	477,419,109	-	477,419,109
- Mutual funds	18,479,134	-	18,479,134
	<u>495,898,243</u>	<u>-</u>	<u>495,898,243</u>
June 30, 2018			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
Financial assets			
- Available for sale investments at fair value			
- Listed equity securities	421,062,881	-	421,062,881
- Mutual funds	25,807,124	-	25,807,124
	<u>446,870,005</u>	<u>-</u>	<u>446,870,005</u>

14 CORRESPONDING FIGURES

Corresponding figures have been rearranged and regrouped where necessary for the purpose of comparison. However, no significant changes have been made.


15 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on April 25, 2019.

April 25, 2019


Raza Ellahi Shaikh
Director


Tariq Zafar Bajwa
Chief Financial Officer


Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

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