

**FIRST QUARTER REPORT  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 2017  
(Un-Audited)**



**NAGINA COTTON MILLS LTD.**



**NAGINA COTTON MILLS LTD.**

## **CONTENTS**

Company Information	02
Directors' Report to the Members	03
Condensed Interim Balance Sheet	07
Condensed Interim Profit & Loss Account	09
Condensed Interim Cash Flow Statement	10
Condensed Interim Statement of Changes in Equity	11
Notes to the Condensed Interim Financial Information	12
Shareholders' Information	17



## **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. Javid 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. Raza Ellahi Shaikh	Chairman
Mr. Shafqat 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 Yousof 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.naqina.com](http://www.naqina.com)

#### **SHARE REGISTRAR**

M/s Hameed Majeed Associates (Pvt.) Ltd.  
5<sup>th</sup> 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' REPORT TO THE MEMBERS**

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the 1<sup>st</sup> quarter ended on September 30, 2017. The comparative figures for the corresponding quarter ended on September 30, 2016 are included for comparison, except in balance sheet where comparative figures are for the year ended on June 30, 2017.

#### **Company Performance**

Alhamdulillah, despite difficult business conditions your company has managed to post an after tax profit of Rs. 563,758 or 0.05% of sales compared to Rs. 18,528,115 or 1.45% of sales during the corresponding quarter of the previous year. Earning per share (EPS) for the quarter is Rs. 0.03 compared to Rs. 0.99 for the corresponding period.

Thin margins in export lead to surge in local sales in overall sales mix. Sales revenue decreased by 3.25% over the corresponding quarter of previous year and stood at Rs. 1,233,619,343 compared to Rs. 1,275,017,490. Cost of sales increased from 92.93% of sales to 93.22% of sales. Gross Profit (GP) decreased by 7.19% over the corresponding quarter of previous year. Main reasons for cost escalation are higher cost of energy and stores consumption.

Operating expenses increased from 4.32% of sales to 4.63% of sales over the corresponding quarter of previous year. Finance cost increased by 39.97% over the corresponding quarter of previous year. This increase is mainly due to increase in short term borrowings for cotton procurement and shifting of borrowing from dollar base to rupee base.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2017-18, Kapas, (seed cotton) arrivals upto October 15, 2017, at the Ginneries totalled 5.984 million bales compared to 4.375 million bales of same period of previous year showing increase in arrivals of 36.78%.



## **NAGINA COTTON MILLS LTD.**

### **Future Outlook**

The government has announced export incentives for the textile sector and issued SRO on October 20, 2017. It is hoped that the export rebates announced under the government export enhancement policy will help in the financial revival of the textile sector. Cotton crop forecasts are encouraging and it is expected that the country may harvest a large cotton crop. A good crop size in the country would help in maintaining competitiveness of the industry and sustain the export volumes. Overall Yarn market is still under distress consequent to which product margins are thin. Your management is striving to combat this situation through product diversification and seeking new market avenues. We hope that our government would resolve issues such as timely release of stuck up tax refunds, release of long awaited technology up-gradation fund (TUF), supply of cost effective uninterrupted energy, zero rated tax regime for textile sector.

### **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

October 26, 2017

**Shaukat Ellahi Shaikh**  
Mg. Director (Chief Executive)



## ممبران کے لیے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 ستمبر 2017 کو اختتام پزیر ہونے والی 30 ستمبر 2017 کو اختتام پزیر ہونے والی 30 ستمبر 2016 کو ختم ہونے والی اسی سہ ماہی کے تقابلی اعداد و شمار بھی ہینلس شیٹ میں موازنہ کے لئے شامل کئے گئے ہیں، ہوائے ہینلس شیٹ کے جہاں تقابلی اعداد و شمار 30 جون 2017 کو اختتام سال کے لئے ہیں۔

### کمپنی کی کارکردگی

الحمد للہ مشکل کاروباری حالات کے باوجود آپ کی کمپنی نے گزشتہ سال کی اسی سہ ماہی کے دوران 18,528,111 روپے یا فروخت کا 1.4 فیصد کے مقابلے میں بعد از ٹیکس منافع 563,758 روپے یا فروخت کا 0.05 فیصد کمایا ہے۔ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی سہ ماہی کے دوران 0.99 روپے کے مقابلے میں 0.03 روپے ہے۔

برآمدات میں معمولی مارجنز مجموعی سیکڑمکس میں مقامی فروخت میں اضافہ سے منسوب ہے۔ فروخت کی آمدنی گزشتہ سال کی اسی سہ ماہی سے 3.25 فیصد کمی کے ساتھ 1,275,017,490 روپے کے مقابلے میں 1,233,619,343 روپے رہی ہے۔ فروخت کی لاگت فروخت کی 92.93 فیصد سے بڑھ کر فروخت کی 93.22 فیصد ہو گئی۔ مجموعی منافع (جی پی) گزشتہ سال کی اسی سہ ماہی سے 7.19 فیصد کم ہوا۔ لاگت میں تیزی سے اضافہ کی اہم وجوہات بجلی کی اضافی قیمتیں اور سٹورکٹرز کمیشن ہیں۔

انتظامی اخراجات گزشتہ سال کی اسی سہ ماہی کی فروخت کے 4.32 فیصد سے بڑھ کر فروخت کے 4.63 فیصد ہو گئے۔ مالی لاگت گزشتہ سال کی اسی سہ ماہی سے 39.97 فیصد تک بڑھ گئی۔ یہ اضافہ بنیادی طور پر کپاس کی خریداری کے لئے مختصر مدتی قرضوں میں اضافہ اور قرض کی ڈالر بیس سے روپیہ بیس پر تبدیلی کی وجہ سے ہے۔

فصل سال 2017-18 کیلئے پاکستان کاٹن جنرل ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس (بیج کپاس) کی 115 اکتوبر 2017 تک جزیز میں آمد گذشتہ سال کی اسی مدت میں 4.375 ملین کانٹھوں کے مقابلے میں 5.984 ملین کانٹھیں ہو گئی جو 36.78 فیصد کا اضافہ ظاہر کرتی ہے۔

### مستقبل کا نقطہ نظر

حکومت نے ٹیکسٹائل شعبے کے لئے برآمدی سہولتوں کا اعلان کیا ہے اور 20 اکتوبر 2017 کو SRO جاری کیا ہے۔ امید ہے کہ حکومت کی برآمد کو بڑھانے کی پالیسی کے تحت اعلان کردہ برآمدی رعایات ٹیکسٹائل شعبے کی مالی بحالی میں مدد کرے گی۔ کپاس کی آنے والی فصل کے اعداد و شمار حوصلہ افزاء ہیں۔ اور یہ توقع کی جاسکتی ہے کہ ملک کپاس کی بڑی فصل کا شت کر سکتا ہے۔ ملک میں فصل کا اچھا سا زر صنعت کی مسابقت کو برقرار رکھنے اور برآمدی حجم کو مستحکم رکھنے میں مدد کرے گا۔ مجموعی طور پر یاران کی مارکیٹ ابھی تک دباؤ کا شکار ہے جس کے نتیجے میں پروڈکٹ مارجنز کم ہیں۔



## NAGINA COTTON MILLS LTD.

انتظامیہ مصنوعات کی تنوع اور نئی مارکیٹ کی راہیں تلاش کرنے کے ذریعے سے اس صورتحال کا مقابلہ کرنے کی کوشش کر رہی ہے۔ ہمیں امید ہے کہ ہماری حکومت رکی ہوئی ٹیکس رقوم کی بروقت واپسی، طویل انتظار کے بعد ٹیکسنا لوجی اپ گریڈیشن فنڈ (TUF) کی ادائیگی، موثر لاگتی بجلی کی بلا تعطل فراہمی اور ٹیکسٹائل شعبے کے لئے زیورڈیٹ ٹیکس نظام جیسے مسائل کو حل کرے 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 اور دیگر حصہ داروں کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ



شوکت الہی شیخ

منیجنگ ڈائریکٹر (چیف ایگزیکٹو)



شہزاد الہی شیخ

چیرمین

لاہور: 26 اکتوبر 2017ء




# NAGINA COTTON MILLS LTD.


## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2017

	(Un-Audited) September 30 2017	(Audited) June 30 2017
Note	-----Rupees-----	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital 50,000,000 (June 30, 2017: 50,000,000) Ordinary shares of Rs. 10 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital	<b>187,000,000</b>	187,000,000
Capital reserves	<b>206,791,690</b>	238,059,984
Unappropriated Profit	<b>1,331,712,498</b>	1,331,148,740
<b>Total equity</b>	<b>1,725,504,188</b>	1,756,208,724
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term finances	<b>756,358,367</b>	792,275,827
Deferred liabilities	<b>85,563,172</b>	84,752,937
	<b>841,921,539</b>	877,028,764
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>729,341,500</b>	592,194,669
Accrued interest / mark-up	<b>9,528,798</b>	8,241,442
Short term borrowings	<b>458,397,353</b>	310,457,231
Current portion of long term finances	<b>122,204,122</b>	113,063,284
	<b>1,319,471,773</b>	1,023,956,626
<b>TOTAL LIABILITIES</b>	<b>2,161,393,312</b>	1,900,985,390
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>6</b>	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,886,897,500</b>	3,657,194,114

The annexed explanatory notes from 1 to 13 form part of the condensed interim financial information.

October 26, 2017

  
 Mr. Shahzada Ellahi Shaikh  
 Chairman

  
 Tariq Zafar Bajwa  
 CFO





# NAGINA COTTON MILLS LTD.

	(Un-Audited) September 30 2017	(Audited) June 30 2017
Note	-----Rupees-----	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	7 1,515,786,579	1,550,833,381
Investment properties	14,445,457	14,513,729
Intangible assets	3,044,335	3,251,903
Long term deposits	1,069,258	1,069,258
	<b>1,534,345,629</b>	<b>1,569,668,271</b>
<b>CURRENT ASSETS</b>		
Stores and spares	38,041,658	31,359,837
Stock-in-trade	1,042,798,820	715,961,623
Trade debts	443,845,427	454,983,103
Loans and advances	173,227,225	165,242,357
Prepayments	9,146,515	5,122,393
Other receivables	56,275,620	55,802,297
Sales tax refundable	82,781,372	102,484,321
Other financial assets	10 479,550,638	534,699,288
Cash and bank balances	26,884,596	21,870,624
	<b>2,352,551,871</b>	<b>2,087,525,843</b>
<b>TOTAL ASSETS</b>	<b>3,886,897,500</b>	<b>3,657,194,114</b>

The annexed explanatory notes from 1 to 13 form part of the condensed interim financial information.

**Shaukat Ellahi Shaikh**  
**Mg. Director (Chief Executive)**



# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended	
	September 30 2017	September 30 2016
	.....Rupees.....	
Sales	1,233,619,343	1,275,017,490
Cost of sales	<b>(1,149,990,304)</b>	(1,184,904,859)
<b>Gross profit</b>	<b>83,629,039</b>	90,112,631
Distribution cost	<b>(24,766,411)</b>	(23,581,507)
Administrative expenses	<b>(31,292,506)</b>	(29,034,170)
Other expenses	<b>(1,082,686)</b>	(2,436,138)
	<b>(57,141,603)</b>	(55,051,815)
	<b>26,487,436</b>	35,060,816
Other income	6,088,375	10,645,716
<b>Operating profit</b>	<b>32,575,811</b>	45,706,532
Finance cost	<b>(17,967,391)</b>	(12,836,325)
<b>Profit before taxation</b>	<b>14,608,420</b>	32,870,207
Provision for taxation	<b>(14,044,662)</b>	(14,342,092)
<b>Profit after taxation</b>	<b>563,758</b>	18,528,115
<b>Other comprehensive income/(Loss)</b>		
<b>Items that will not be reclassified to profit and loss account</b>	-	-
<b>Items that may be reclassified subsequently to profit and loss account</b>		
Unrealized loss on remeasurement of available for sale investments	<b>(31,268,294)</b>	(723,766)
Total other comprehensive loss for the period	<b>(31,268,294)</b>	<b>(723,766)</b>
<b>Total comprehensive (Loss)/ income for the period</b>	<b>(30,704,536)</b>	17,804,349
<b>Earnings per share - basic and diluted</b>	<b>0.03</b>	0.99

The annexed explanatory notes from 1 to 13 form part of the condensed interim financial information.

Mr. Shahzada Ellahi Shaikh  
Chairman

Tariq Zafar Bajwa  
CFO

Shaukat Ellahi Shaikh  
Mg. Director (Chief Executive)

October 26, 2017



# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended	
	September 30, 2017	September 30, 2016
	.....Rupees.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,608,420	32,870,207
<b>Adjustments for:</b>		
Depreciation	37,452,344	35,728,579
Amortization	207,568	207,568
Provision for employees retirement benefits	5,870,689	5,274,516
Loss/(gain) on disposal of property, plant and equipment	2,629,182	(253,557)
Realized gain on sale of other financial assets - held for trading	-	(3,346,097)
Realized gain on sale of other financial assets- available for sale	(945,801)	-
Unrealized Gain on revaluation of other financial assets - held for trading	-	(1,623,970)
Unrealized Gain on revaluation of FCY short term Loan (FE 25)	(408,927)	-
Finance cost	17,967,391	12,836,325
Rental Income	(5,576,236)	(4,541,937)
Dividend Income	(1,458,160)	(391,321)
	<u>55,738,050</u>	<u>43,890,106</u>
	<u>70,346,470</u>	<u>76,760,313</u>
<b>Changes in working capital</b>		
<b>Decrease / (increase) in current assets:</b>		
Stores and spares	(6,681,821)	2,781,953
Stock-in-trade	(326,837,197)	59,744,170
Trade debts	11,137,676	(68,988,667)
Loans and advances	(10,459,668)	428,286
Prepayments	(4,024,122)	289,822
Other receivables	(473,323)	246,666
Sales tax refundable	19,702,949	(6,202,583)
	<u>(317,635,506)</u>	<u>(11,700,353)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	137,146,831	79,109,720
	<u>(180,488,675)</u>	<u>67,409,367</u>
<b>Cash (used in) /generated from operations</b>	<u>(110,142,205)</u>	<u>144,169,680</u>
<b>(Payments made) / receipts of:</b>		
Employees retirement benefits	(5,060,453)	(2,450,722)
Finance cost	(16,680,034)	(16,727,967)
Income taxes	(11,569,861)	(11,638,063)
Long term deposits	-	41,000
<b>Net cash (used in) / generated from operating activities</b>	<b>A</b> <u>(143,452,553)</u>	<u>113,393,928</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,486,453)	(4,432,846)
Proceeds from disposal of property, plant and equipment	3,520,000	1,360,000
Purchase of other financial assets	(5,281,060)	(596,216,656)
Proceeds from sale of other financial assets	30,107,219	410,573,533
Rental Income received	5,576,236	4,541,937
Dividend Income received	1,458,160	312,500
<b>Net cash generated from / (used in) investing activities</b>	<b>B</b> <u>26,894,102</u>	<u>(183,861,532)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term finances	(26,776,622)	(16,893,935)
Net decrease in short term borrowings excluding running finances	(263,899,432)	(46,083,666)
<b>Net cash used in financing activities</b>	<b>C</b> <u>(290,676,054)</u>	<u>(62,977,601)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(A+B+C)</b> <u>(407,234,505)</u>	<u>(133,445,205)</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>(24,278,252)</u>	<u>121,101,649</u>
<b>Cash and cash equivalents at end of the period</b>	<u>(431,512,757)</u>	<u>(12,343,556)</u>
<b>Cash and cash equivalents</b>		
Cash and bank balances	26,884,596	9,964,138
Short term running finances	(458,397,353)	(22,307,694)
	<u>(431,512,757)</u>	<u>(12,343,556)</u>

The annexed explanatory notes from 1 to 13 form an integral part of this condensed interim financial information.

Mr. Shahzada Ellahi Shaikh  
Chairman

October 26, 2017

Tariq Zafar Bajwa  
CFO

Shaukat Ellahi Shaikh  
Mg. Director (Chief Executive)



# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

Paid up share capital	Capital reserves			Revenue reserve	Total	
	Amalgamation reserve	Redemption reserve fund	Surplus/(deficit) on revaluation of available for sale investment	Unappropriated profit		
----- Rupees -----						
Balance as at June 30, 2016 (Audited)	187,000,000	12,104,417	241,860,000	480,946	1,276,289,208	1,717,734,571
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	18,528,115	18,528,115
Other comprehensive Loss	-	-	-	(723,766)	-	(723,766)
<b>Total comprehensive (Loss)/income for the period</b>	-	-	-	(723,766)	18,528,115	17,804,349
Balance as at September 30, 2016 (Un-audited)	187,000,000	12,104,417	241,860,000	(242,820)	1,294,817,323	1,735,538,920
<b>Transactions with owners</b>						
Final dividend for the year ended June 30, 2016 @ 10% i.e. Re. 1 per ordinary share	-	-	-	-	(18,700,000)	(18,700,000)
<b>Comprehensive income</b>						
Profit for the year	-	-	-	-	59,900,101	59,900,101
Deficit on revaluation of available for sale investment	-	-	-	(15,661,613)	-	(15,661,613)
Remeasurement of defined benefit liability	-	-	-	-	(4,868,684)	(4,868,684)
<b>Total comprehensive (Loss)/ income for the period</b>	-	-	-	(15,661,613)	55,031,417	39,369,804
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
<b>Comprehensive income/(loss)</b>						
Profit after taxation	-	-	-	-	563,758	563,758
Other comprehensive Loss	-	-	-	(31,268,294)	-	(31,268,294)
<b>Total comprehensive (Loss)/income for the period</b>	-	-	-	(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

The annexed explanatory notes from 1 to 13 form part of the condensed interim financial information.

Mr. Shahzada Ellahi Shaikh  
Chairman

Tariq Zafar Bajwa  
CFO

Shaukat Ellahi Shaikh  
Mg. Director (Chief Executive)

October 26, 2017



## **NAGINA COTTON MILLS LTD.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

#### **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 as repealed by the Companies Ordinance 1984. The Company is listed on Pakistan Stock Exchange Limited. The principal activities of the Company is to manufacture and sale of yarn. The registered office of the Company is situated at 2nd floor, Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi in the province of Sindh and the manufacturing facilities are located in Kotri Industrial Trading Estate in the Province of Sindh.

#### **2. STATEMENT OF COMPLIANCE**

- 2.1 This condensed interim financial information of the Company for the First Quarter ended September 30, 2017 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all of the information required for the full financial statements and, therefore, this should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2017.
- 2.2 This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency and figures presented in the condensed interim financial information have been rounded off to the nearest Rupee.
- 2.3 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2017, whereas comparative condensed profit and loss account, condensed cash flow statement and condensed statement of changes in equity are stated from the unaudited condensed interim financial information for the First Quarter ended September 30, 2016.

#### **3. SIGNIFICANT ACCOUNTING POLICIES**

- 3.1 The accounting policies, applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2017.

#### **4. ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the condensed interim financial information 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 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 this condensed interim financial information, 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 financial statements as at and for the year ended June 30, 2017.

#### **5. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.



# NAGINA COTTON MILLS LTD.

## 6. CONTINGENCIES AND COMMITMENTS

### 6.1 Contingencies

There is no change in contingencies as disclosed in note 12.1 to the annual financial statements for the year ended June 30, 2017, except bills discounted which is amounting to Rs. Nil (June 30, 2017: Rs. 269,136,348)

### 6.2 Commitments

	Note	(Un-audited )	(Audited)
		September 30	June 30
		2017	2017
		.....Rupees .....	
Civil Work		1,667,079	1,666,922
Repair and Maintenance - Machinery		2,240,000	2,240,000
Letters of credit			
Machinery		15,201,200	15,365,000
Raw Material		14,224,513	3,477,197
Stores and spares		9,138,469	8,915,988
		<u>42,471,261</u>	<u>31,665,107</u>
Commitments for rentals of assets under operating lease agreements as at:			
Not later than one year		1,929,086	1,930,087
		<u>44,400,347</u>	<u>33,595,194</u>

## 7. PROPERTY, PLANT AND EQUIPEMENT

### Operating fixed assets

Owned	7.1	1,490,960,159	1,528,622,577
Capital work in progress	7.2	24,826,420	22,210,804
		<u>1,515,786,579</u>	<u>1,550,833,381</u>

### 7.1 Operating fixed assets - Owned

Opening written down value		1,528,622,577	1,409,029,696
Additions during the period / year			
Mills building on lease hold land		-	31,041,966
Other buildings on lease hold land		-	5,890,828
Machinery and equipment		234,267	227,425,495
Electric installation and equipment		-	2,719,873
Furniture and fixtures		114,000	1,339,825
Office equipment		391,700	1,070,154
Vehicles		5,130,870	4,215,600
		<u>5,870,837</u>	<u>273,703,741</u>
Written down value of property, plant and equipment disposed off		(6,149,180)	(3,567,515)
Depreciation charged during the period/year		(37,384,075)	(150,543,345)
Written down value at end of the period/year		<u>1,490,960,159</u>	<u>1,528,622,577</u>



# NAGINA COTTON MILLS LTD.

Note	(Un-audited ) September 30 2017	(Audited) June 30 2017
------	---------------------------------------	------------------------------

..... Rupees .....

## 7.2 Capital work in progress

Opening Balance	22,210,804	26,650,470
Additions during the period / year	7,967,883	266,078,332
Transfers during the period / year	(5,352,267)	(270,517,998)
Closing Balance	<u>24,826,420</u>	<u>22,210,804</u>

### Quarter Ended (Un-Audited)

September 30 2017	September 30 2016
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## 8. COST OF SALES

Opening stock of finished goods	54,282,407	50,793,087
Cost of goods manufactured	8.1 1,188,921,344	1,192,018,986
Purchase of Raw material	5,413,994	13,024,918
	<u>1,248,617,745</u>	<u>1,255,836,991</u>
Closing stock of finished goods	(98,627,441)	(70,932,132)
	<u>1,149,990,304</u>	<u>1,184,904,859</u>

### 8.1 Cost of goods manufactured

Raw material consumed	892,966,216	921,618,992
Packing material consumed	19,914,743	19,306,805
Stores and spares consumed	30,690,350	22,853,027
Salaries, wages and benefits	90,905,724	91,130,353
Fuel	122,833,217	111,185,381
Rent, rates and taxes	137,429	133,229
Insurance	2,216,589	2,196,495
Repairs and maintenance	4,594,071	1,226,809
Depreciation	35,463,840	33,569,624
Other manufacturing overheads	1,902,945	1,647,374
	<u>1,201,625,124</u>	<u>1,204,868,089</u>
Work in process		
Opening stock	45,082,213	51,742,678
Closing stock	(57,785,993)	(64,591,781)
	<u>(12,703,780)</u>	<u>(12,849,103)</u>
	<u>1,188,921,344</u>	<u>1,192,018,986</u>



# NAGINA COTTON MILLS LTD.

## 9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnel of the Company. The Company enters into transactions with various related parties at agreed terms. The transactions with related parties during the period generally consist of sales and purchases.

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

	Quarter Ended (Un-Audited)	
	September 30 2017	September 30 2016
	..... Rupees .....	
<b>Associated Undertakings</b>		
Purchase of goods and services	29,628	21,811
Sale of goods and services	429,800	3,603,000
<b>Key Management Personnel</b>		
Remuneration and other benefits	2,856,243	2,529,469

Transaction with related parties are carried out at arm's length in the normal course of business. The consideration is computed on commercial terms and conditions. There is no balance outstanding with or from associated undertakings, as at reporting date.

## 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

	September 30, 2017			
	Level 1	Level 2	Level 3	Total
	-----Rs-----			
<b>Financial assets - at fair value</b>				
<b>- At fair value</b>				
Available for sale	479,550,638	-	-	479,550,638
	479,550,638	-	-	479,550,638
	June 30, 2017			
	Level 1	Level 2	Level 3	Total
	-----Rs-----			
<b>Financial assets</b>				
<b>- At fair value</b>				
Available for sale	534,699,288	-	-	534,699,288
	534,699,288	-	-	534,699,288





## NAGINA COTTON MILLS LTD.

### 11. OTHERS

The Board of Directors in its meeting held on September 28, 2017, proposed to distribute to the shareholders of the Company, cash dividend at the rate of 30 percent i.e. Rs.3/- per ordinary share (2016:Re.1/- 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 28, 2017.

### 12. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 26, 2017 by the Board of Directors of the Company.

### 13. CORRESPONDING FIGURES

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

Mr. Shahzada Ellahi Shaikh  
Chairman

Tariq Zafar Bajwa  
CFO

Shaukat Ellahi Shaikh  
Mg. Director (Chief Executive)

October 26, 2017



## NAGINA COTTON MILLS LTD.

### SHAREHOLDERS' INFORMATION

#### **MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:**

In accordance with Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that given bank mandate for dividend payments is **MANDATORY** and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following particulars directly to the Company's Share Registrar in case of physical shareholders and directly to the relevant Participant / CDC Investor Account Service in case of maintaining shareholding under Central Depository System (CDS).

<b>Detail of Bank Mandate</b>	
Name of Shareholder	
Folio No. / CDC Account No.	
Cell Number of Shareholder	
Landline Number of Shareholder	
E-mail address	
Title of Bank Account of shareholder	
International Bank Account Number (IBAN) " <b>Mandatory</b> "	PK _____ ( 24 digits) (kindly provide your accurate IBAN after consulting with your respective bank branch, in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's Name	
Branch Name and Address	
Branch Code	
CNIC No. (copy attached)	
NTN (in case of Corporate Entity)	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

\_\_\_\_\_  
Signature of the Shareholder

#### **Requirement of CNIC Number / National Tax Number (NTN) Certificate.**

As has already notified from time to time, the Securities and Exchange Commission of Pakistan (SECP), vide Notification SRO 275(I)/2016 dated March 31, 2016 read with Notification SRO 19(I)/2014 dated January 10, 2014 and Notification SRO 831(I)/2012 dated July 5, 2012 required that dividend warrants should bear Computerized National Identity Card (CNIC) number of the registered member.

Members who have not yet submitted copy of their valid Computerized National Identity Card (CNIC) / National Tax Number (NTN) Certificate (in case of Corporate Entity) are requested to submit the same at the earliest.

Copy of CNIC/NTN may be sent directly to the Share Registrar:

M/s Hameed Majeed Associates (Pvt.) Ltd.  
5<sup>th</sup> Floor, Karachi Chambers,  
Hasrat Mohani Road,  
Karachi  
Ph # (+92-21) 32412754, 32424826  
Fax # (+92-21) 32424835



## **NAGINA COTTON MILLS LTD.**

**Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.**

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

Pursuant to the provisions of the Finance Act, 2017 with effect from July 1, 2017, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- (a) Rate of tax deduction for filer of income tax returns @15%
- (b) Rate of tax deduction for non-filer of income tax returns @20%

All shareholders' of the Company who hold shares in physical form are therefore requested to send a valid copy of their CNIC (individuals) and NTN (Corporate entities) certificate to the Company's Share Registrar M/s. Hameed Majeed Associates (Pvt.) Ltd. to allow the Company to ascertain the status of the shareholder.

Shareholders of the Company who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Ltd (CDC) are requested to send valid copies of their CNIC (individuals) and NTN (Corporate entities) certificate to their CDC Participants / CDC Investor Account Services.

Where the required documents are not submitted, the Company will be constrained to treat the non-complying shareholders as a non-filer thereby attracting a higher rate of withholding tax.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on "Filer/ Non-Filer" status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to immediately provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in writing, otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s).

*If undelivered please return to:*

**NAGINA COTTON MILLS LTD.**

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