

**THIRD QUARTER REPORT  
FOR THE PERIOD ENDED  
MARCH 31, 2017  
(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. 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

#### 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.  
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](http://www.nagina.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 third quarter ended on March 31, 2017. The comparative figures for the corresponding quarter ended on March 31, 2016 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2016.

#### **Company Performance**

Alhamdulillah, during the quarter under review, your company has earned an after tax profit of Rs. 11,119,543 compared to a loss of Rs. 17,609,552 in the corresponding quarter of last year. Earning per share (EPS) for the quarter ended is Rs.0.59 compared to negative EPS of Rs.0.94 for the corresponding quarter of previous year.

The total sales revenue of the Company is Rs.1,212,391,530 compared to Rs.1,129,386,103 during the corresponding quarter of previous year showing an increase of 7.35%. Cost of sales is Rs.1,133,450,258 or 93.49% of sales compared to Rs.1,070,096,390 or 94.75 % of sales during the corresponding quarter of previous year. Higher revenue is mainly due to better selling prices of yarn. Incremental revenue and decrease in cost of sales as percentage of sales of respective quarters resulted in better gross profit (GP) by 33.14% over the corresponding quarter of previous year.

Overall operating expense slightly increased from 4.22% of sales during the corresponding quarter of previous year to 4.48% of sales during the period under review. Due to better utilization pattern of working capital lines and intensive negotiations with banks, finance cost has been reduced by 14.97% over the corresponding quarter of previous year.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2016-17, Kapas, (seed cotton) arrivals upto April 01, 2017, at the Ginneries totaled 10.726 million bales compared to 9.762 million bales for last similar period of the year 2015-16 showing increase in arrival of 9.87%.

#### **Future Outlook**

Yarn demand continues to remain low and our buyers are reluctant to increase yarn inventories. Competition from regional countries is also depressing yarn prices. The situation is resulting in reduction in overall textile exports of the country. Government has taken a welcome measure by announcing Rs. 180 billion PM export package. This package has provided some relief to the textile industry and should help in global competition. We expect that funds under the scheme would soon be released to the industry to meet up its depleting cash flows. However, core issues like uncompetitive exchange rate, high energy costs and low cotton quality and production are the impediments in sector recovery. Price of raw cotton has risen due to global crop shortfall. This increase in cotton price is expected to push up the yarn prices.

Management is pursuing a policy of cost effective strategies, cost controls, aggressive marketing and production of value added products to keep the company profitable.



## **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, allow the market to establish the fair value of Pakistani rupee against USD and encourage value addition in the textile sector. We also expect that long awaited TUF funds would also be released.

### **Acknowledgement**

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

On behalf of the Board.

**Shaukat Ellahi Shaikh**

Mg. Director (Chief Executive)

April 26, 2017



**NAGINA COTTON MILLS LTD.**

## ممبران کے لیے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 31 مارچ 2017ء کی مختتمہ سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ 31 مارچ 2016ء کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار موازنے کے لئے شامل کئے گئے ہیں۔ بیلنس شیٹ میں تقابلی اعداد و شمار 30 جون 2016ء کے مختتمہ سال کے لئے ہیں۔

### کمپنی کی کارکردگی

الحمد للہ کمپنی نے گزشتہ سال کی اسی نو ماہی کے دوران 17,609,552 روپے نقصان کے مقابلے زیر جائزہ سہ ماہی کے لئے 11,119,543 روپے بعد از ٹیکس منافع کمایا۔ رواں سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کی 0.94 روپے منفی EPS کے مقابلے 0.59 روپے ہوئی ہے۔

فروخت سے حاصل ہونے والی کمپنی کی کل آمدنی گزشتہ سال کی اسی مدت کے دوران 1,129,386,103 روپے کے مقابلے 1,212,391,530 روپے ہے جو 7.35 فیصد کا اضافہ ظاہر کر رہی ہے۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کی 94.75 فیصد یا 1,070,096,390 روپے کے مقابلے فروخت کی 93.49 فیصد یا 1,133,450,258 روپے ہے۔ آمدنی میں اضافہ بنیادی طور پر دھاگے کی فروخت کی قیمتوں میں بہتری کی وجہ سے ہوا ہے۔ رواں سہ ماہی کی آمدنی میں اضافہ اور فیصدی فروخت کی لاگت میں کمی کی وجہ سے مجموعی منافع (GP) گزشتہ سال کی اسی سہ ماہی سے 33.14 فیصد تک بہتر ہوا ہے۔

زیر جائزہ مدت کے دوران فروخت کی نسبت مجموعی انتظامی اخراجات تقابلی مدت کے 4.22 فیصد سے قدرے بڑھ کر 4.48 فیصد ہو گئے۔ بینکوں کے ساتھ پیچیدہ مذاکرات اور ورکنگ کیپٹل لائنوں کے بہتر انتظامات کی وجہ سے مالی لاگت گزشتہ سال کی اسی مدت کے مقابلے 14.97 فیصد سے کم ہوئی ہے۔

کراپ سال 2016-17 کے لئے پاکستان کاشن جنز ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (بج کپاس) یکم اپریل 2017 تک جنزیز میں آمد گزشتہ سال 2015-16 کی اسی مدت میں 9,762 ملین گانٹھوں کے مقابلے میں 9.87 فیصد کے اضافے کے ساتھ 10.726 ملین گانٹھیں رہی۔

### مستقبل کا نقطہ نظر

دھاگے کی طلب اب بھی ست رہی اور ہمارے خریدار دھاگے کے ذخیرے بڑھانے سے ہچکچاہے ہیں۔ علاقائی ممالک سے مسابقت بھی دھاگے کی قیمتوں پر دباؤ ڈال رہی ہے۔ اس صورت حال کے نتیجے میں ملک کی مجموعی ٹیکسٹائل برآمدات میں کمی ہوئی ہے۔ حکومت نے 180 بلین روپے PM برآمدی پیکیج کا اعلان کر کے خوش آئند قدم اٹھایا ہے۔ اس پیکیج نے ٹیکسٹائل انڈسٹری کو کچھ تقویت دی ہے اور عالمی مسابقت میں بھی معاون ہوگی۔ ہمیں امید ہے کہ سکیم کے تحت فنڈز نقدی کے بہاؤ کو بڑھانے کے لئے انڈسٹری کو جلد ہی واگزار کر دیئے جائیں گے۔ تاہم بنیادی مسائل جیسا کہ غیر مسابقتی پیکیج ریت، بجلی کی زیادہ قیمتیں اور کپاس کی غیر معیاری کوالٹی اور پیداوار میں کمی شعبہ کی بحالی میں مزاحم ہیں۔ خام کپاس کی قیمتیں عالمی سطح پر کپاس کی کم قیمتوں کی وجہ سے بڑھنا شروع ہو گئی ہیں۔ کپاس کی قیمتوں میں یہ اضافہ یارن کی قیمتوں میں اضافے کا سبب بن سکتا ہے۔



## NAGINA COTTON MILLS LTD.

انتظامیہ کمپنی کو منافع بخش رکھنے کے لئے موثر لاگت کی حکمت عملیوں، اخراجات پر کنٹرول، چارجز مارکیٹنگ اور ویلیو ایڈڈ مصنوعات کی پیداوار کی پالیسی پر عمل کر رہی ہے۔

امید ہے کہ حکومت سبز ٹیکس، انکم ٹیکس اور برآمدی رعایتوں کی رقوم کی واپسی میں تیزی لانے، ملوں کو چلانے کے لئے وافر ٹیکس کی فراہمی، امریکی ڈالر کے مقابلے پاکستانی روپے کی مناسب قدر قائم رکھ کر اور ٹیکس نسل شعبہ میں ویلیو ایڈیشن کی حوصلہ افزائی کر کے ٹیکس نسل صنعت کی مدد کرے گی۔ ہم یہ بھی امید کرتے ہیں کہ TUF فنڈ ز بھی جلدی ادا کر دیئے جائیں گے۔

اظہار تشکر

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

منجانب بورڈ

شوکت الہی شاہ

مہینجنگ ڈائریکٹر (چیف ایگزیکٹو)

26 اپریل 2017ء



# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2017

		(Un-Audited) March 31, 2017	(Audited) June 30, 2016
	Note	-----Rupees-----	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
50,000,000 (June 30, 2016: 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		<u>187,000,000</u>	187,000,000
Capital reserves		<u>257,250,393</u>	254,445,363
Accumulated profit		<u>1,310,035,587</u>	1,276,289,208
<b>TOTAL EQUITY</b>		<b>1,754,285,980</b>	<b>1,717,734,571</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances		<u>698,133,512</u>	630,008,976
Employees retirement benefits		<u>80,448,494</u>	74,736,927
		<b>778,582,006</b>	<b>704,745,903</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>572,951,388</u>	428,035,638
Accrued interest / mark-up		<u>11,889,758</u>	10,517,052
Short term borrowings	6	<u>889,430,413</u>	111,653,516
Current portion of long term finances		<u>108,385,373</u>	84,718,723
		<u>1,582,656,932</u>	634,924,929
<b>TOTAL LIABILITIES</b>		<b>2,361,238,938</b>	<b>1,339,670,832</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>4,115,524,918</b></u>	<u><b>3,057,405,403</b></u>

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

April 26, 2017

  
Raza Ellahi Shaikh  
Director





# NAGINA COTTON MILLS LTD.

		(Un-Audited) March 31, 2017	(Audited) June 30, 2016
Note		-----Rupees-----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1,457,270,324	1,435,680,166
Investment properties		14,585,594	14,801,190
Intangible assets		3,459,470	4,082,176
Long term deposits		1,069,258	1,110,258
		1,476,384,646	1,455,673,790
<b>CURRENT ASSETS</b>			
Stores and spares		45,541,664	34,057,091
Stock-in-trade		1,468,149,730	724,010,229
Trade debts		400,598,275	329,873,056
Loans and advances		226,102,022	138,698,478
Prepayments		7,136,618	8,367,089
Other receivables		26,107,773	2,678,330
Sales tax refundable		86,707,355	57,411,550
Other financial assets	9	332,342,734	119,964,290
Cash and bank balances		46,454,101	186,671,500
		2,639,140,272	1,601,731,613
<b>TOTAL ASSETS</b>		<b>4,115,524,918</b>	<b>3,057,405,403</b>

The annexed explanatory notes from 1 to 13 form an integral part of this 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 NINE MONTHS ENDED MARCH 31, 2017

	Nine Months Ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Note	.....Rupees.....		.....Rupees.....	
Sales - net	3,888,737,775	3,113,527,453	1,212,391,530	1,129,386,103
Cost of goods sold	10 (3,627,266,487)	(2,979,185,535)	(1,133,450,258)	(1,070,096,390)
<b>Gross profit</b>	<b>261,471,288</b>	<b>134,341,918</b>	<b>78,941,272</b>	<b>59,289,713</b>
Distribution cost	(75,380,084)	(68,327,493)	(26,229,150)	(22,971,486)
Administrative expenses	(80,948,962)	(71,338,834)	(27,544,673)	(24,018,099)
Other expenses	(4,761,093)	(1,772,260)	(482,552)	(669,348)
	(161,090,139)	(141,438,587)	(54,256,375)	(47,658,933)
	100,381,149	(7,096,669)	24,684,897	11,630,780
Other Income	28,386,723	35,330,667	6,440,774	4,793,708
<b>Operating Profit</b>	<b>128,767,872</b>	<b>28,233,998</b>	<b>31,125,671</b>	<b>16,424,488</b>
Finance cost	(46,061,063)	(51,743,373)	(18,459,887)	(21,711,072)
<b>Profit / (Loss) before taxation</b>	<b>82,706,809</b>	<b>(23,509,375)</b>	<b>12,665,784</b>	<b>(5,286,584)</b>
Provision for taxation - Current	(30,260,430)	(35,757,922)	(1,546,241)	(12,322,968)
<b>Profit / (Loss) after taxation</b>	<b>52,446,379</b>	<b>(59,267,297)</b>	<b>11,119,543</b>	<b>(17,609,552)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Items that may be reclassified subsequently to profit and loss</b>				
Unrealized Gain / (Loss) on remeasurement of available for sale investment	2,805,030	(6,304,362)	(23,826,064)	(78,058)
<b>Total comprehensive income / (Loss) for the period</b>	<b>55,251,409</b>	<b>(65,571,659)</b>	<b>(12,706,521)</b>	<b>(17,687,610)</b>
<b>Earning / (Loss) per share - basic and diluted</b>	<b>2.80</b>	<b>(3.17)</b>	<b>0.59</b>	<b>(0.94)</b>

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

  
Raza Ellahi Shaikh  
Director

  
Shaukat Ellahi Shaikh  
Mg. Director (Chief Executive)

April 26, 2017



# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Nine Months Ended	
	March 31, 2017	March 31, 2016
	.....Rupees.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	82,706,809	(23,509,375)
<b>Adjustments for:</b>		
Depreciation	110,626,084	99,835,167
Amortization	622,705	-
Provision for employees retirement benefits	15,823,549	18,135,384
Loss/(Gain) on disposal of property, plant and equipment	94,388	(536,408)
Realized gain on sale of other financial assets	(5,279,327)	(19,790,450)
Finance cost	46,061,063	51,743,373
Rental Income	(14,177,700)	(12,536,632)
Dividend Income	(7,784,750)	(975,000)
<b>Changes in working capital</b>	228,692,821	112,366,059
<b>Decrease / (increase) in current assets:</b>		
Stores and spares	(11,484,573)	705,559
Stock-in-trade	(744,139,501)	(1,074,766,069)
Trade debts	(70,725,219)	(173,117,956)
Loans and advances	(76,985,378)	(1,354,425)
Prepayments	1,443,427	(3,265,109)
Other receivables	(23,429,449)	(1,998,699)
Sales tax refundable	(29,295,805)	13,818,895
<b>Increase in current liabilities</b>		
Trade and other payables	144,915,750	224,191,928
	(809,700,748)	(1,015,785,876)
<b>Cash used in operations</b>	(581,007,927)	(903,419,817)
<b>(Payments made) / receipts of:</b>		
Employees retirement benefits	(10,111,982)	(20,672,415)
Finance cost	(44,688,357)	(47,142,134)
Income taxes	(40,891,551)	(33,623,955)
Long term deposits	41,000	(37,778)
<b>Net cash used in operating activities</b>	<b>A (676,658,817)</b>	(1,004,896,099)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(135,465,052)	(178,609,184)
Proceeds from disposal of property, plant and equipment	3,369,927	4,123,949
Purchase of other financial assets	(808,573,320)	(1,404,010,056)
Proceeds from sale of other financial assets	604,279,330	1,976,286,777
Rental Income received	14,177,700	12,536,632
Dividend Income received	7,784,750	975,000
<b>Net cash (used in) / generated from investing activities</b>	<b>B (314,426,665)</b>	411,303,118
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	154,545,765	313,041,993
Repayment of long term finances	(62,754,578)	(51,650,803)
Net Increase in short term borrowings excluding running finances	473,458,017	347,250,839
Dividend paid	(18,700,000)	(65,450,000)
<b>Net cash generated from financing activities</b>	<b>C 546,549,204</b>	543,192,029
<b>Net decrease in cash and cash equivalents</b>	<b>(A+B+C) (444,536,278)</b>	(50,400,952)
<b>Cash and cash equivalents at beginning of the period</b>	121,101,649	65,617,818
<b>Cash and cash equivalents at end of the period</b>	<b>(323,434,629)</b>	15,216,866
<b>Cash and cash equivalents</b>		
Cash and bank balances	46,454,101	80,431,180
Short term running finances	(369,888,730)	(65,214,314)
	(323,434,629)	15,216,866

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

  
Raza Ellahi Shaikh  
Director

  
Shaukat Ellahi Shaikh  
Mg. Director (Chief Executive)

April 26, 2017



# NAGINA COTTON MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Issued, subscribed and paid up share capital	Capital reserves			Revenue reserve	Total
		Amalgamation reserve	Redemption reserve fund	Surplus / (Deficit) on revaluation of available for sale investment	Accumulated profit	
-----Rupees-----						
Balance as at June 30, 2015 (Audited)	187,000,000	12,104,417	241,860,000	-	1,429,252,178	1,870,216,595
Comprehensive income						
Loss after taxation	-	-	-	-	(59,267,297)	(59,267,297)
Other comprehensive Loss	-	-	-	(6,304,362)	-	(6,304,362)
Total comprehensive loss for the nine months ended March 31, 2016	-	-	-	(6,304,362)	(59,267,297)	(65,571,659)
Transactions with owners						
Final dividend for the year ended June 30, 2015 @ 35% i.e. Rs. 3.5. per ordinary share	-	-	-	-	(65,450,000)	(65,450,000)
Balance as at March 31, 2016 (Un-audited)	187,000,000	12,104,417	241,860,000	(6,304,362)	1,304,534,881	1,739,194,936
Comprehensive income						
Loss after taxation	-	-	-	-	(33,677,670)	(33,677,670)
Other comprehensive income	-	-	-	6,785,308	5,431,997	12,217,305
Total comprehensive income / (Loss) for the quarter ended June 30, 2016	-	-	-	6,785,308	(28,245,673)	(21,460,365)
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
Comprehensive income						
Profit after taxation	-	-	-	-	52,446,379	52,446,379
Other comprehensive income	-	-	-	2,805,030	-	2,805,030
Total comprehensive Income for the nine months ended March 31, 2017	-	-	-	2,805,030	52,446,379	55,251,409
Transactions with owners						
Final dividend for the year ended June 30, 2016 @ 10% i.e. Rs. 1 per ordinary share	-	-	-	-	(18,700,000)	(18,700,000)
Balance as at March 31, 2017 (Un-audited)	187,000,000	12,104,417	241,860,000	3,285,976	1,310,035,587	1,754,285,980

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

  
Raza Ellahi Shaikh  
Director

  
Shaukat Ellahi Shaikh  
Mg. Director (Chief Executive)

April 26, 2017



## **NAGINA COTTON MILLS LTD.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 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 un-audited condensed interim financial information of the Company for the nine months ended March 31, 2017 has 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, these should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2016.

2.2 The condensed interim financial information has been prepared under 'historical cost convention' except employee benefit obligation and financial instruments at fair value.

2.3 The condensed interim financial information is presented in Pakistani 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.

2.4 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2016, 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 nine months ended March 31, 2016.

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

3.1 Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2016, which do not have any impact on this condensed interim financial information.

3.2 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, 2016.

#### **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 of the Company for the year ended June 30, 2016.

#### **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, 2016.



# NAGINA COTTON MILLS LTD.

		(Un-audited) March 31, 2017	(Audited) June 30, 2016
	Note	-----Rupees-----	
<b>6. SHORT-TERM BORROWINGS</b>			
- Banking companies - secured			
Running finance		369,888,730	65,569,851
Foreign currency finance		509,541,683	46,083,665
Term finance		10,000,000	-
		<b>889,430,413</b>	<b>111,653,516</b>
<b>7 CONTINGENCIES AND COMMITMENTS</b>			
<b>7.1 Contingencies</b>			
There is no change in contingencies as disclosed in note 12.1 to the financial statement for the year ended June 30,2016, except for bills discounted which is Rs.734,759,391/- (June 2016:Rs.267,394,310).			
<b>7.2 Commitments</b>			
Civil work		6,637,807	15,673,016
Repair and Maintenance - Machinery		2,240,000	-
Letters of credit			
- Machinery		113,097,600	91,891,000
- Raw material		-	17,881,889
- Stores and spares		6,000,566	6,580,538
Rental of assets under operating lease agreements			
- Not later than one year		-	29,640
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets			
Owned	8.1	1,437,611,071	1,409,029,696
Capital work in progress	8.2	19,659,253	26,650,470
		<b>1,457,270,324</b>	<b>1,435,680,166</b>
<b>8.1 Operating fixed assets - Owned</b>			
Opening written down value		1,409,029,696	1,294,647,924
Additions during the period / year			
Mills buildings on lease hold land		30,585,186	-
Machinery and equipment		103,712,151	238,329,170
Electric installation and equipment		2,563,163	2,264,916
Furniture and fittings		513,825	1,163,432
Office equipment		997,254	2,936,994
Vehicles		4,084,600	9,837,297
		<b>142,456,179</b>	<b>254,531,809</b>



# NAGINA COTTON MILLS LTD.

	Note	(Un-audited) March 31, 2017	(Audited) June 30, 2016
		-----Rupees-----	
Written down value of property, plant and equipment disposed off		(3,464,316)	(3,958,407)
Depreciation charged during the period/year		(110,410,488)	(136,191,630)
Written down value at end of the period/year		<u>1,437,611,071</u>	<u>1,409,029,696</u>
<b>8.2 Capital work in progress</b>			
Opening Balance		26,650,470	20,853,784
Additions during the period / year		133,309,483	254,258,358
Transfers during the period / year		(140,300,700)	(248,461,672)
Closing Balance		<u>19,659,253</u>	<u>26,650,470</u>
<b>9 OTHER FINANCIAL ASSETS</b>			
Available for Sale	9.1	<u>332,342,734</u>	<u>119,964,290</u>
9.1 This represents Investment in listed equity shares			
<b>10 COST OF GOODS SOLD</b>			
		<b>Nine Months Ended (Un-audited)</b>	<b>Quarter Ended (Un-audited)</b>
		<b>March 31, 2017</b>	<b>March 31, 2016</b>
		-----Rupees-----	
Raw material consumed		2,747,903,533	2,198,439,989
Packing material consumed		58,319,805	53,245,190
Stores and spares consumed		66,824,625	58,201,648
Salaries, wages and benefits		287,554,414	286,224,211
Fuel		345,435,268	315,843,838
Rent, rates and taxes		399,686	412,286
Insurance		7,057,570	6,944,752
Repairs and maintenance		4,406,057	7,678,941
Depreciation		104,030,425	92,338,599
Other manufacturing overheads		5,030,175	4,868,347
		<u>3,626,961,558</u>	<u>3,024,197,801</u>
Work-in-process:			
At beginning of period		51,742,678	29,200,532
At end of period		(46,498,448)	(53,686,280)
		<u>5,244,230</u>	<u>(24,485,748)</u>
		<u>3,632,205,788</u>	<u>2,999,712,053</u>
Finished stocks:			
At beginning of period		50,793,087	31,783,493
Purchase of finished goods		1,448,238	-
Loss due to theft		-	(4,468,596)
At end of period		(84,108,357)	(47,841,415)
		<u>(31,867,032)</u>	<u>(20,526,518)</u>
Cost of sales of raw material		<u>26,927,731</u>	<u>10,424,381</u>
		<u>3,627,266,487</u>	<u>2,979,185,535</u>
		<u>1,133,450,258</u>	<u>1,070,096,390</u>



# NAGINA COTTON MILLS LTD.

## 11 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors of the Company 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:

Nature of Relationship	Nature of Transaction	Nine Months Ended (Un-audited)	
		March 31, 2017	March 31, 2016
		.....Rupees.....	
Associated companies	Purchase of goods	7,855,210	4,685,816
	Purchase of store materials	59,272	-
	Sale of goods	17,784,490	89,445,648
	Rental income	1,116,000	1,322,500
	Dividend paid	3,060,542	10,711,897
Key management personnel	Remuneration and other benefits	8,055,141	7,291,546
Directors, family members of directors and key management personnel	Dividend paid	13,936,237	48,776,830

Transactions with related parties are carried out at arm's length in 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.

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (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:

	March 31, 2017			Total
	Level 1	Level 2	Level 3	
	Rs			
<b>Financial assets - at fair value</b>				
<b>Available for sale</b>				
- Listed equity securities	332,342,734	-	-	332,342,734
	332,342,734	-	-	332,342,734
	June 30, 2016			
	Level 1	Level 2	Level 3	Total
	Rs			
<b>Financial assets - at fair value</b>				
<b>Available for sale</b>				
-Listed equity securities	119,964,290	-	-	119,964,290
	119,964,290	-	-	119,964,290





## **NAGINA COTTON MILLS LTD.**

### **13 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 26, 2017.

April 26, 2017

  
**Raza Ellahi Shaikh**  
Director

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



**NAGINA COTTON MILLS LTD.**

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