

COMPANY INFORMATION

Board of Directors	:	Mr. Zahid Mazhar (Chief Executive) Mr. Omer Bin Zahid (Executive Director) Mr. Hassan Bin Zahid (Executive Director) Mrs. Naila Zahid (Chairperson) Mrs. Anam Omer Mrs. Shafia Hassan Mr. Waqar Hassan Siddiqui Mr. Nadeem Ahmed Mr. Noor Muhammad
Chief Financial Officer	:	Mr. Omer Bin Zahid
Company Secretary	:	Mr. Abdul Amin
Audit Committee	:	Mr. Waqar Hassan Siddiqui (Chairman) Mrs. Anam Omer (Member) Mrs. Shafia Hassan (Member)
H. R. & Remuneration Committee	:	Mr. Nadeem Ahmed (Chairman) Mrs. Anam Omer (Member) Mrs. Shafia Hassan (Member)
Auditors	:	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants
Legal Advisor	:	Mr. Muhammad Mushtaq Qadri (Advocate)
Bankers	:	Habib Bank Limited Bank Al-Falah Limited Soneri Bank Limited Habib Metropolitan Bank Limited J. S. Bank Limited Samba Bank Limited Askari Bank Limited Dubai Islamic Bank Pakistan Limited
Head Office / Registered Office	:	A 801-804, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi - Pakistan. Phone : (92-21) 35220481-8 Fax : (92-21) 35220495-6
Share Registrar	:	M/s Hameed Majeed Associates (Pvt.) Ltd. 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi. Phone : 32424826-32412754 Fax : 32424835 E-mail : majeed@hmaconsultants.com
Mills	:	Unit 1: A-265, S.I.T.E., Nooriabad, District jamshoro, Sindh. Unit 2: E-11, S.I.T.E, Kotri, District jamshoro, Sindh.
URL	:	www.nadeem.com.pk

CHAIRMAN's REVIEW REPORT

On behalf of the Board of Directors, I present to you the Chairman's Review Report for the nine-month period ending March 31, 2024.

The Company achieved a sales turnover of Rs. 9,468.50 million during the current period as compared to Rs. 7,737.24 million of the corresponding period of the previous year showing an increase of 22.37%. The Company's net loss after tax is Rs. (493.55) million in the current period as compared to net loss after tax of Rs. (452.38) million in the comparative period.

The political instability has started reducing after the new government took over. The stability of dollar rates from the last few months has resulted in appreciation of the Pak rupee. However, the persisting high rates of markups has made it more challenging to obtain financing which has further slowed the pace of economic growth. In addition to this, the ever increasing cost of energy is making matters more difficult.

The Board of Directors, consisting of nine members with diverse competencies, remains committed to upholding the highest standards of corporate governance. The Board adheres strictly to the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019, ensuring our practices align with the composition, meetings, and procedures mandated for the Board and its Committees.

The Board's performance and effectiveness have been deemed satisfactory, as evaluated through our strategic planning, policymaking, resource management, and operational efficiency. Through regular self-assessments, we ensure that our actions align with the Company's objectives and governance framework, keeping us focused to fulfill our long-term goals.

On behalf of the Board of Directors, I would like to acknowledge the collective efforts of all the employees to the success of the company. I would also like to thank our shareholders, customers, suppliers, bankers, and other stakeholders for their continued trust and support.

On behalf of the Board of Directors

A handwritten signature in black ink that reads "Naila Zahid".

Karachi:
April 27, 2024

Naila Zahid
Chairperson

چیئر مین کی جائزہ رپورٹ

محترم حصص یافتگان،

بورڈ آف ڈائریکٹرز کی جانب سے، میں آپ کے سامنے 31 مارچ 2024 کو ختم ہونے والی نو ماہ کی مدت کے لیے چیئر مین کی جائزہ رپورٹ پیش کرتی ہوں۔

کمپنی نے موجودہ مدت کے دوران 9,468.50 ملین روپے کا سیلز ٹرن اور حاصل کیا جو کہ تقابلی مدت کے 7,737.24 ملین روپے کے مقابلے میں 22.37 فیصد زیادہ ہے۔ ٹیکس کے بعد موجودہ مدت کے لئے کمپن کا خالص نقصان (493.55) ملین روپے رہا جو کہ تقابلی مدت کے دوران (452.38) ملین روپے تھا۔

نئی حکومت کے اقتدار سنبھالنے کے بعد سیاسی عدم استحکام کم ہونا شروع ہو گیا ہے۔ گزشتہ چند مہینوں سے ڈالر کی شرحوں میں استحکام کے نتیجے میں پاک روپے کی قدر میں اضافہ ہوا ہے۔ تاہم، شرح سود کی مسلسل بڑھتی شرح نے مالی اعانت کا حصول مزید مشکل بنا دیا ہے جس سے معاشی نمو کی رفتار مزید سست ہو گئی ہے۔ اس کے علاوہ، توانائی کی بڑھتی ہوئی لاگت معاملات کو مزید مشکل بنا رہی ہے۔

بورڈ آف ڈائریکٹرز، جو متنوع صلاحیتوں کے حامل نورا اکیمن پر مشتمل ہے، کارپوریٹ گورننس کے اعلیٰ ترین معیار کو برقرار رکھنے کے لیے پرعزم ہے۔ بورڈ کمپنیز ایکٹ، 2017، اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی سختی سے پابندی کرتا ہے اور اس بات کو یقینی بناتا ہے کہ ہمارا طرز عمل بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل، اجلاس اور طریقہ کار کے تمام متعلقہ تقاضوں کی تعمیل کرتا ہے۔

بورڈ کی کارکردگی موثر اور تسلی بخش ہے، جیسا کہ ہماری اسٹریٹجک منصوبہ بندی، پالیسی سازی، وسائل کے انتظام اور آپریشنل کارکردگی کے ذریعے جائزہ لیا گیا ہے۔ باقاعدگی سے خود تشخیصی نظام کے ذریعے، ہم اس بات کو یقینی بناتے ہیں کہ ہمارے اقدامات کمپنی کے مقاصد اور گورننس فریم ورک کے مطابق ہوں اور ہمیں اپنے طویل مدتی اہداف کو پورا کرنے پر مرکوز رکھیں۔

بورڈ آف ڈائریکٹرز کی جانب سے میں تمام ملازمین کی اجتماعی کوششوں کا اعتراف کرنا چاہوں گی اور اپنے شیئر ہولڈرز، صارفین، سپلائرز، بینکر اور دیگر اسٹیک ہولڈرز کا بھی ان کے مسلسل اعتماد اور حمایت کے لیے شکریہ ادا کرنا چاہتی ہوں۔"

منجانب بورڈ آف ڈائریکٹرز

Naila Zahid

ناکلڈ زاہد

چیئر پرسن

کراچی 27 اپریل 2024

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors hereby presents before you its report together with the Interim Financial Statements of the Company for the nine months ended March 31, 2024.

FINANCIAL RESULTS

Outlined below are the financial highlights of the company for the nine months ending March 31, 2024, with comparative figures of the corresponding period of the previous year:

	Mar. 31, 2024	Mar. 31, 2023
	Rs. In Million	Rs. In Million
Sales net	9,468.50	7,737.24
Gross Profit	245.26	376.76
Gross Profit %	2.59%	4.87%
(Loss) before Tax	(482.95)	(406.84)
(Loss) after tax	(493.55)	(452.38)
(Loss) after tax %	(4.78%)	(5.85%)
Earnings / (Loss) per share	Rs. (23.21)	Rs. (21.27)

OVERVIEW

The economic landscape throughout the period remained challenging due to political instability, high inflation and markup rates. However, despite these challenging situations, the company achieved a sales turnover of Rs. 9,468.50 million during the nine months ending March 31, 2024, compared to Rs. 7,737.24 million in the corresponding period of the prior year showing an increase of 22.37%.

The management is determined to achieve the best possible results by increasing its market share in both the domestic and international markets through rigorous and aggressive marketing strategies.

PRESENT AND FUTURE OUTLOOK

The country's economy is gradually improving under the new government, evidenced by the stability of Pak Rupee in recent months. Nevertheless, the persistently high markup rates in addition to very high energy costs continue to pose challenges to Pakistan's overall economic stability.

The cotton crop production of the country for 2023-24 has been 8.336 million bales which shows a significant improvement of over 72% as compared to 4.80 million bales of 2022-23 when the crop was severely impacted due to flooding, heavy rains and pest attacks. The government has set a cotton crop target of 10.80 million bales for the year 2024-25 indicating positive prospects for Pakistan's textile industry.

EXPANSION AND MODERNIZATION

The company's management has adopted a proactive policy of investing in mills expansion and BMR as necessary. This strategic approach ensures the company's mills remain competitive and adaptable to evolving customer demands.

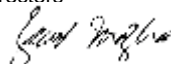
ACKNOWLEDGEMENT

The Board of Directors extends gratitude to the company's dedicated employees, as well as the continued support from customers, suppliers, and bankers.

On behalf of the Board of Directors



Omer Bin Zahid
Director



Zahid Mazhar
Chief Executive

Karachi:
April 27, 2024

ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

بورڈ آف ڈائریکٹرز آپ کے سامنے 31 مارچ 2024 کو ختم ہونے والے نو مہینوں کے لیے کمپنی کے عبوری مالی بیانات کے ساتھ اپنی رپورٹ پیش کرتا ہے۔

مالیاتی نتائج

31 مارچ 2024 کو ختم ہونے والے نو مہینوں کے لیے کمپنی کی مالیاتی جھلکیاں پچھلے سال کی اسی مدت کے تقابلی اعداد و شمار کے ساتھ درج ذیل ہیں:

31 مارچ 2023	31 مارچ 2024	
روپے ملین میں	روپے ملین میں	
7,737.24	9,468.50	خالص فروخت
376.76	245.26	مجموعی منافع
4.87%	2.59%	مجموعی منافع %
(406.84)	(482.95)	نقصان) قبل از ٹیکس
(452.38)	(493.55)	نقصان) بعد از ٹیکس
(5.85%)	(4.78%)	نقصان) بعد از ٹیکس %
Rs. (21.27)	Rs. (23.21)	فی حصص آمدن

جائزہ

سیاسی عدم استحکام، بلند افراط زر اور شرح سود کی وجہ سے موجودہ مدت کے دوران معاشی منظر نامہ کافی مشکل رہا۔ تاہم، ان مشکل حالات کے باوجود، کمپنی نے 31 مارچ 2024 کو ختم ہونے والے نو مہینوں کے دوران 9,648.50 روپے کا سیکلز ٹرن اوور حاصل کیا جو کہ پچھلے سال کی اسی مدت کے 7,737.24 ملین روپے کے مقابلے میں 22.37 فیصد کا اضافہ ظاہر کرتا ہے۔

انتظامیہ سخت اور جارحانہ مارکیٹنگ کی حکمت عملیوں کے ذریعے گھریلو اور بین الاقوامی دونوں مارکیٹوں میں اپنے مارکیٹ شیئر کو بڑھا کر بہترین ممکنہ نتائج حاصل کرنے کے لیے پرعزم ہے۔

موجودہ اور مستقبل کا نقطہ نظر

نئی حکومت کے تحت ملکی معیشت بتدریج بہتر ہو رہی ہے جس کا ثبوت حالیہ مہینوں میں پاک روپے کی قدر میں استحکام ہے۔ اس کے باوجود، توانائی کی بہت زیادہ قیمتوں کے علاوہ مسلسل بلند ہونے والا شرح سود پاکستان کے مجموعی اقتصادی استحکام کے لیے چیلنج کا باعث بنی ہوئی ہیں۔

2023-24 کے لیے ملک میں کپاس کی فصل کی پیداوار 8.336 ملین گٹھیس رہی جو کہ 2022-23 کی 4.80 ملین گٹھوں کے مقابلے میں 72 فیصد سے زیادہ کی نمایاں بہتری کو ظاہر کرتی ہے جب فصل سیلاب، شدید بارشوں اور کیڑوں کے حملوں کی وجہ سے متاثر ہوئی تھی۔ حکومت نے سال 2024-25 کے لیے کپاس کی فصل کا ہدف 10.80 ملین گٹھوں کا مقرر کیا ہے جو پاکستان کی ٹیکسٹائل انڈسٹری کے لیے مثبت امکانات کی نشاندہی کرتا ہے۔

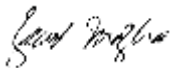
توسیع اور جدید کاری

کمپنی کی انتظامیہ نے ملز کی توسیع اور BMR میں ضرورت کے مطابق سرمایہ کاری کی ایک فعال پالیسی اپنائی ہے۔ یہ اسٹریٹجک نقطہ نظر اس بات کو یقینی بناتا ہے کہ کمپنی کی ملز مسابقتی رہیں اور صارفین کی بڑھتی ہوئی مانگوں کے مطابق موافق رہیں۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کمپنی کے سرشار ملازمین کے ساتھ ساتھ صارفین، سپلائرز اور بیکنرز کے مسلسل تعاون کا شکریہ ادا کرتا ہے۔

منجانب بورڈ آف ڈائریکٹرز



زاہد مظہر
چیف ایگزیکٹو



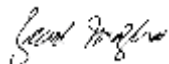
عمر بن زاہد
ڈائریکٹر

کراچی 27 اپریل 2024

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

		Un-Audited Mar. 31, 2024 RUPEES	Audited Jun. 30, 2023 RUPEES
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	3	3,554,669,588	3,646,539,872
Deferred Taxation		136,091,294	47,289,353
Long term deposits		33,031,245	33,031,245
		3,723,792,127	3,726,860,470
CURRENT ASSETS			
Stores, spares and loose tools		265,467,911	225,979,175
Stock in trade	4	980,652,364	2,131,080,589
Trade debts		1,979,465,192	1,661,921,437
Investments		168,307,921	151,867,171
Loans and advances		56,253,874	76,090,504
Other receivables		40,346,455	34,645,635
Tax refunds due from Government		47,986,331	112,544,688
Cash and bank balances		235,160,047	150,111,183
		3,773,640,094	4,551,240,382
		7,497,432,222	8,278,100,852
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Authorized Share Capital			
33,000,000 ordinary shares of Rs. 10 each		330,000,000	300,000,000
Issued, subscribed and paid-up capital		212,667,350	212,667,350
Surplus on revaluation of property, plant & equipment		1,247,260,350	1,260,116,348
Share premium		388,683,536	388,683,536
		1,635,943,886	1,648,799,884
Contribution from associated undertaking		340,000,000	340,000,000
Unappropriated profits		1,185,950,984	1,666,651,399
Total Equity		3,374,562,220	3,868,118,633
NON CURRENT LIABILITIES			
Long term financing - secured		473,753,148	602,365,548
Deferred liabilities - staff gratuity		125,996,735	112,653,943
		599,749,883	715,019,491
CURRENT LIABILITIES			
Loan from director		139,300,000	97,800,000
Trade and other payable		1,215,527,227	1,261,544,922
Accrued mark-up		124,090,895	130,953,689
Short term borrowings - secured		1,873,181,426	2,085,566,552
Unclaimed dividend		1,506,408	1,506,407
Current portion of long term financing		132,964,163	79,391,158
Current portion of loan from related parties		36,550,000	38,200,000
		3,523,120,119	3,694,962,728
Contingencies and Commitments	6		
TOTAL EQUITY AND LIABILITIES		7,497,432,222	8,278,100,852

The annexed notes from 1 to 13 form an integral part of these condensed financial statements.



Chief Executive
April 27, 2024



Director



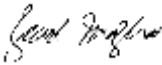
Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

	NINE MONTHS ENDED		QUARTER ENDED	
	31-Mar-24 RUPEES	31-Mar-23 RUPEES	31-Mar-24 RUPEES	31-Mar-23 RUPEES
Sales - net	9,468,504,523	7,737,240,839	2,912,735,754	2,705,621,629
Cost of sales	(9,223,238,746)	(7,360,479,836)	(2,966,792,607)	(2,770,042,278)
Gross profit / (loss)	245,265,777	376,761,003	(54,056,853)	(64,420,649)
Administrative expenses	(134,378,245)	(145,851,162)	(41,090,923)	(42,614,229)
Distribution cost	(139,480,530)	(126,359,585)	(37,137,047)	(44,916,691)
	(273,858,775)	(272,210,747)	(78,227,970)	(87,530,920)
Operating profit / (loss)	(28,592,998)	104,550,256	(132,284,823)	(151,951,569)
Finance costs	(510,957,977)	(492,343,230)	(156,090,564)	(167,426,192)
Other operating expenses	56,602,993	(19,050,146)	26,568,409	2,787,276
	(454,354,984)	(511,393,376)	(129,522,155)	(164,638,916)
Loss before taxation	(482,947,982)	(406,843,120)	(261,806,978)	(316,590,485)
Taxation - net	(10,608,217)	(45,536,853)	13,806,720	(7,485,621)
Loss after taxation	(493,556,199)	(452,379,973)	(248,000,258)	(324,076,106)
Loss per share basic and diluted	(23.21)	(21.27)	(11.66)	(15.24)

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


Chief Executive
 April 27, 2024

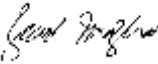

Director


Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024

	NINE MONTHS ENDED		QUARTER ENDED	
	31-Mar-24 RUPEES	31-Mar-23 RUPEES	31-Mar-24 RUPEES	31-Mar-23 RUPEES
(Loss) for the period	(493,556,199)	(452,379,973)	(248,000,258)	(324,076,106)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(493,556,199)	(452,379,973)	(248,000,258)	(324,076,106)

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


Chief Executive
 April 27, 2024

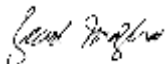

Director


Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024

	MAR. 31, 2024	MAR. 31, 2023
	RUPEES	RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(482,947,982)	(406,843,120)
Adjustment for non-cash and other items:		
Depreciation expense	185,164,455	179,205,645
Provision for gratuity	42,070,569	38,798,554
Loss /(gain) on disposal of property, plant & equipment	(651,086)	(5,257,472)
Provision for Workers' Welfare Fund	1,598,535	-
Finance cost	510,957,977	492,343,230
	<u>739,140,450</u>	<u>705,089,957</u>
Operating profit before working capital changes	256,192,468	298,246,837
(Increase) / decrease in current assets		
Stores, spares and loose tools	(39,488,736)	(90,177,513)
Stock in trade	1,150,428,225	(172,686,202)
Trade debts	(317,543,755)	246,485,587
Loans and advances	19,836,630	(345,283,509)
Other receivables	(5,700,820)	21,951,899
	807,531,544	(339,709,738)
Increase / (decrease) in current liabilities		
Trade and other payables	(46,017,695)	154,359,849
Net cash generated from / (used in) operations	1,017,706,317	112,896,948
Payments for		
Gratuity	(28,727,777)	(44,884,203)
Taxes paid	(34,356,318)	(99,558,379)
Financial charges paid	(517,820,771)	(423,717,282)
	<u>(580,904,866)</u>	<u>(568,159,864)</u>
Net cash generated / (used in) from operating activities	(436,801,451)	(455,262,916)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(104,836,316)	(418,915,331)
Long term deposits	-	(5,143,100)
Investments	(9,440,750)	(43,922,676)
Proceeds from disposal of plant & equipment	10,099,000	36,067,774
	<u>(104,178,066)</u>	<u>(431,913,333)</u>
Net cash (used in) / generated from investing activities	(104,178,066)	(431,913,333)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained / (repaid) - net	(75,039,395)	212,995,658
Dividend paid	-	(129,071,910)
Loan from director obtained / (repaid)	41,500,000	91,800,000
Loan from associates - net	(1,650,000)	(73,055,204)
	<u>(35,189,395)</u>	<u>102,668,544</u>
Net Cash flow (used)/ generated from financing activities	297,433,990	(784,507,705)
Net Increase / (Decrease) in Cash & Cash Equivalents		
Cash & cash equivalents at the beginning of the period	(1,935,455,369)	(1,692,391,887)
Cash & cash equivalents at the end of the period	(1,638,021,379)	(2,476,899,592)

The annexed notes from 1 to 13 form an integral part of these condensed financial statements.



Chief Executive
April 27, 2024



Director

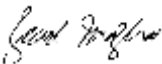


Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024

	Issued subscribed and paid-up capital	Unappropriated profit	Share premium	Revaluation surplus on property, plant & equipment	Contribution from associated undertaking	Total
RUPEES						
Balance as at June 30, 2022	215,119,850	2,359,779,547	274,197,289	1,278,283,722	-	4,127,380,408
Shares held as treasury shares pursuant to amalgamation	(36,045,000)	-	-	-	-	(36,045,000)
Shares issued to NPGL shareholders pursuant to amalgamation	33,592,500	-	-	-	-	33,592,500
Share premium	-	-	114,486,247	-	-	114,486,247
Other comprehensive loss for the nine months ended March 31, 2023	-	(452,379,973)	-	-	-	(452,379,973)
Incremental depreciation transferred from surplus on revaluation of fixed assets - net deferred tax	-	14,208,664	-	(14,208,664)	-	-
Dividend paid	-	(129,071,910)	-	-	-	(129,071,910)
Balance as at March 31, 2023	212,667,350	1,792,536,328	388,683,536	1,264,075,058	-	3,657,962,272
Balance as at June 30, 2023	212,667,350	1,666,651,185	388,683,536	1,260,116,348	340,000,000	3,868,118,419
Comprehensive loss for the nine month ended March 31, 2024	-	(493,556,199)	-	-	-	(493,556,199)
Increment depreciation transferred from surplus on revaluation of fixed assets - net deferred tax	-	12,856,038	-	(12,856,038)	-	-
Balance as at March 31, 2024	212,667,350	1,185,951,024	388,683,536	1,247,260,310	340,000,000	3,374,562,220

The annexed notes from 1 to 13 form an integral part of these condensed financial statements.


Chief Executive
 April 27, 2024


Director


Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

1 INTRODUCTION

1.1 Legal status of the company

Nadeem Textile Mills Limited ('the Company') was incorporated in Pakistan on July 15, 1984 as a public limited company under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and its shares are listed on Pakistan Stock Exchange Limited.

1.2 Location of the registered office and the manufacturing facilities

Registered office:

The registered office of the Company is situated at 801-804, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi.

Manufacturing facilities:

The Company's manufacturing facilities are situated as follows:

- Unit-1: A-265, S.I.T.E., Nooriabad, District Jamshoro, Sindh.

- Unit-2: E-11, S.I.T.E., Kotri, District Jamshoro, Sindh

Principal business activity

The main business of the Company is manufacturing and sale of yarn.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statement have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial information does not include all the information and disclosures as require in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2023.

2.2 Basis of Measurement

Items in these financial statements have been measured at their historical cost except for leasehold land, factory building and office premises which are carried at revalued amounts less accumulated depreciation therein.

2.3 Functional and presentation currency

Items included in these interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency, unless otherwise stated.

2.4 Material accounting policies

The material accounting policies adopted in the preparation of these interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2023.

2.5 Judgement and sources of estimation uncertainty

In preparing the condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended June 30, 2023.

3. PROPERTY PLANT & EQUIPMENT	Note	Un-Audited	Audited
		Mar. 31, 2024	June 30, 2023
		----- Rupees-----	
Operating fixed assets	3.1	3,523,856,684	3,576,148,224
Capital work in progress		30,812,904	70,391,648
		<u>3,554,669,588</u>	<u>3,646,539,872</u>

3.1 Following is the summary of class-wise addition to, or disposals from, operating fixed asset.

	Nine months ended Mar. 31, 2024		Year ended June 30, 2023	
	(Un-Audited)		(Audited)	
	Additions/transfers	Disposal	Additions/transfers	Disposal
	(at NBV)		(at NBV)	
	-----Rupees-----		-----Rupees-----	
Building on freehold land	-	-	16,237,833	-
Plant and Machinery	129,939,876	(8,955,323)	683,076,571	(34,822,645)
Office equipment	168,000	-	325,839	-
Furniture and fixture	963,448	-	1,447,691	-
Computer equipment	36,500	-	1,643,617	-
Vehicles	11,213,000	(492,591)	15,090,000	(2,803,711)
	<u>142,320,824</u>	<u>(9,447,914)</u>	<u>717,821,551</u>	<u>(37,626,356)</u>

4. STOCK IN TRADE

	Un-Audited	Audited
	Mar. 31, 2024	June 30, 2023
	----- Rupees-----	
Raw material	326,715,468	585,319,746
Work in process	91,740,203	98,450,984
Finished goods	512,450,616	1,220,096,730
Waste	49,746,077	51,241,362
Raw material in transit	-	175,971,767
	<u>980,652,364</u>	<u>2,131,080,589</u>

5. CASH AND EQUIVALENTS

Cash and equivalents comprise of the following items:

Cash and bank balances	235,160,047	150,111,183
Short term borrowing - secured	(1,873,181,426)	(2,085,566,552)
	<u>(1,638,021,379)</u>	<u>(1,935,455,369)</u>

6. TAXATION

Current	(99,410,161)	(64,829,768)
Prior year	-	20,149,535
Deferred	88,801,944	(856,621)
	<u>(10,668,217)</u>	<u>(45,536,854)</u>

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There has been no change in the status of contingencies as disclosed in annual financial statements for the year ended June 30, 2023 except as discussed below:

The Deputy Commissioner Inland Revenue (DCIR) vide its order, dated September 11, 2023, addressed to M/s. Nadeem Power generation (Private) Limited (NPGL) (now merged with the Company), raised a demand of Rs. 31.567 million and penalty amounting to Rs. 50,000 for non production of sales tax record u/s 22 of the sales tax act 1990 for the tax period July-2017 to June-2018 and furthermore, 100% penalty was also imposed u/s 33.

In response to the said order, on February 23, 2024, On October 12, 2023, the Company filed an appeal before the Commissioner Inland Revenue (Appeals-I) challenging the demand raised by the DCIR on the grounds that the order passed was bad in law and the DCIR has grossly erred in raising the demand that the Company did not maintain inventory of raw material and finished goods during sales tax audit. However, NPGL's business involved generation of electricity through gas engines and its supply made after charging due amount of sales tax. In this context, maintaining physical inventory of gas or electricity is not applicable in the instant case. As of the reporting date, the case is pending for adjudication before the CIR (Appeals-I). After due consultation with its legal advisor, the Company expects a favourable decision and, accordingly, has not made any provision in this regard.

7.2 The Deputy Commissioner Inland Revenue (DCIR) vide its order, had raised a demand of Rs. 62.299 million (including further tax amounting to Rs. 3.185 million along with default surcharge and penalty amounting to Rs. 30.266 million which is equal to 100% of the principal amount) on the grounds that the Company had made local zero-rated sales of "55-b-Yarn/Thread of Man-Made fibres" under SRO 1125(I)/2011 dated December 31, 2011 to one of buyer who was a non-existent/suspended unit in its sales tax return for the tax period of July-2016 to November 2020. Being aggrieved with the aforesaid order, the Company had preferred an appeal with the Commissioner Inland Revenue (Appeals-II) Karachi - CIR(A), challenging the said demand raised by the DCIR on the grounds that said buyer who subsequently declared black listed to the date of transaction.

On October 12, 2023, the CIR (Appeal-II) through its order disposed off the said appeal by determining that the buyer's status on the FBR eportal revealed blacklisting from the date of enrollment in sales tax, starting from March 29, 2002. As a result, the appellant's claim for zero rating facility under the mentioned SRO was deemed inadmissible.

Being aggrieved by the aforesaid order, the Company preferred an appeal with the Appellate Tribunal Inland Revenue (ATIR) on the grounds that order passed by learned CIR(A) was bad in law and against the facts of the case. As of the reporting date, the case was pending for adjudication before the ATIR. After due consultation with its legal advisor, the Company expects a favourable decision and, accordingly, has not made any provision in this regard.

	Un-Audited	Audited
	Mar. 31, 2024	June 30, 2023
	----- Rupees-----	
7.3. Commitments		
Against letter of credit	1,194,066,747	271,249,137
Bank guarantee of Excise and Taxation department	143,475,753	135,975,753
Revolving letter of credit to SSGC	91,987,580	87,219,100

8 TRANSACTIONS WITH RELATED PARTIES

Nadeem International (Pvt.) Ltd.

Associated company by virtue of common directorship

Transactions during the period

Weighbridge	135,000	135,000
Loan received	11,700,000	-
Loan repaid	13,350,000	13,750,000
Contribution from associated undertaking	340,000,000	-
Balance outstanding	36,550,000	386,250,000

Nadeem Power Generation (Pvt.) Ltd.

Associated company by virtue of common directorship

Transactions during the period

Loan repaid / adjusted	-	54,150,204
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Mr. Zahid Mazhar (Chief Executive Officer)

Loan received	13,000,000	72,000,000
Loan repaid	-	-
Balance outstanding	95,000,000	82,000,000

Mr. Omer Bin Zahid (Executive Director)

Loan received	-	19,800,000
Loan repaid	-	19,800,000

Mr. Hassan Bin Zahid (Executive Director)

Loan received	-	19,800,000
Loan repaid	11,500,000	4,000,000
balance outstanding	4,300,000	15,800,000

Mrs. Naila Zahid (Director)

Loan received	40,000,000	-
Balance outstanding	40,000,000	-

9 OPERATING SEGMENTS

These interim financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single and integrated business strategy.

10 FAIR VALUE OF ASSETS AND LIABILITIES

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 these condensed interim financial statements approximate their fair values.

Fair value hierarchy

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Presently, the only items in the interim financial statements that are carried at fair value are plant and machinery and electrical installations. The Company engages an independent external valuer to carry out a fresh revaluation of these operating fixed assets to ensure that their carrying amounts in financial statements do not differ materially from that which would be determined using fair value at the end of the reporting period. Such valuation usually involves the use of observable and unobservable inputs; however, the weightage of observable inputs used is considered as significant. Accordingly, the Company classifies the aforesaid classes of operating fixed assets within Level 2 of the fair value hierarchy.

The management considers that the carrying amount of all financial assets and liabilities recognised in the financial statements approximate their fair value.

11 CORRESPONDING FIGURES

Corresponding figures and balances have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison, the effects of which are not material.

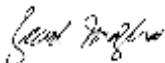
12 GENERAL

Level of rounding

Figures in these interim financial statements have been rounded off to the nearest rupee.

13 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements has been authorized by the Board of Directors of the Company for issue in their meeting held on April 27, 2024.



Chief Executive
April 27, 2024



Director



Chief Financial Officer



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