



3rd Quarter Accounts

for the Period ended

April

29, 2024



NAZIR
COTTON MILLS LTD.

NAZIR COTTON MILLS LTD.

COMPANY'S INFORMATION

Board of Director Muhammad Tayyab Chief Executive Officer
Mian Farrukh Naseem
Mian Aamir Naseem
Mr. Maqbool Hussain Bhutta
Mr. Asim Mehmood Bhatti
Mr. Muhammad Abbas
Mr. Muhammad Irfan

Audit Committee: Mr. Muhammad Irfan Chairman
Mr. Muhammad Abbas Member
Mr. Asim Mehmood Bhatti Member

HR & R Committee: Mr. Asim Mehmood Bhatti Chairman
Mr. Muhammad Irfan Member
Mr. Muhammad Abbas Member

Chief Financial Officer: Mr. Maqbool Hussain Bhutta

Company Secretary: Mr. Ahsan Raza

Auditors: Husnain Ali & Co.
Chartered Accountants
Room # 103, Frist Floor, Regency Plaza Mini Market Gulberg II, Lahore.

Bankers: National Bank Of Pakistan
Habib Bank Limited
Muslim Commercial Bank Ltd.

Share Registrar Corplink (Pvt) Ltd.
1-K Commercial Modal Town, Lahore.
Tel: 042-3561714, 35839182, 35916719

Registered Office: 17-D, Off Zafar Ali Road, Lahore.
Ph: 042-35775501, Fax: 042-35711526

Mill: 8-Km, Faisalabad Road, Aslamabad,
Khaareyanwala, Sheikhpura.
Ph: 056-3544053

NAZIR COTTON MILLS LTD.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Results for quarter under review show a loss after tax amounting to rupees 3.238 Million after accounting for administrative expenses of Rs. 4.474 Million including depreciation of Rs. 3.097 million and other operating expenses were Rs. Nil and financial cost was also Nil.

During the quarter period ended March 31, 2024, the operation of the mills remained Closed. The company has started the business of dairy. During the period under consideration, sales proceed was rupees 668,540. The management is trying to extend the dairy business.

The Management is also trying to secure electric connection to resume its main line of business i.e. spinning.

The management is doing its best efforts to settle all the cases with Banks and is doing negotiation with banks and making all efforts to review the operation of mills.

The Management of the Company is hopeful that the operation of the Mill will be re-started in near future.

For and on behalf of the Board of Directors

Chief Executive officer

Lahore.
April 29, 2024

NAZIR COTTON MILLS LTD.

CODENCED INTERIM STATEMENTOFFINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	UN-AUDITED	AUDITED
		3/31/2024	6/30/2023
		Book Value Rupees	Book value Rupees
<u>EQUITY AND LIABILITIES</u>			
Issued, subscribed and paid up capital		230,000,000	230,000,000
Capital reserve		434,000	434,000
Deficiet on remeasurement of available for sale investments		(479,125)	(479,125)
Revenue reserve - general		45,829,500	45,829,500
Surplus on revaluation of operating fixed assets		301,035,740	306,683,595
Accumulated loss		(403,056,413)	(407,067,537)
		173,763,702	175,400,433
<u>NON CURRENT LIABILITIES</u>			
Deferred tax liability		11,051,057	12,588,971
<u>CURRENT- LIABILITIES</u>			
Short term financing	3	207,866,985	206,896,985
Trade and other payables		1,154,764	1,004,764
Provision for taxation - net		179,537	179,537
		209,201,286	208,081,286
CONTINGENCIES & COMMITMENTS			
Contingencies & Commitments		-	-
		394,016,044	396,070,690
ASSETS			
<u>NON-CURRENT ASSETS</u>			
Property, plant & equipment		357,311,434	361,977,354
Capital Work in Progress		-	3,019,890
Biological Assets		3,703,210	3,302,307
Long term investments		3,838,000	3,838,000
		364,852,644	372,137,551
<u>CURRENT ASSETS</u>			
Store & spares		1,534,873	1,534,873
Trade debts		1,086,924	1,016,924
Deposits, Prepayments and Other Receivables		15,593,166	12,736,571
Cash & bank balances		10,948,437	8,644,771
		29,163,400	23,933,139
		394,016,044	396,070,690

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive

Director

NAZIR COTTON MILLS LTD.

CODENCED INTERIM STATEMENT OFFINANCIAL POSITION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2024

	For the Quarter		Accumulated upto	
	Jan - Mar 2024 Rupees	Jan - Mar 2023 Rupees	Jul - Mar 2024 Rupees	Jul - Mar 2023 Rupees
Sales - Net	-	582,495	-	3,387,990
Cost of Sales	-	2,521,729	-	7,826,121
Gross (Loss) / Profit	-	(1,939,234)	-	(4,438,131)
Operating Expenses				
Administrative	3,903,488	4,473,635	17,499,259	14,356,839
Selling and Distribution	-	-	-	-
	3,903,488	4,473,635	17,499,259	14,356,839
Operating Loss	(3,903,488)	(6,412,869)	(17,499,259)	(18,794,970)
Capital Gain				
Other Income	668,540	43,973	10,684,038	541,229
Financial and other Charges	(3,491)	-	(3,897)	(406)
(LOSS)/Before Taxation	(3,238,439)	(6,368,896)	(6,819,118)	(18,254,147)
Taxation	-	-	(1,537,914)	(381,345)
(LOSS)/ After Taxation	(3,238,439)	(6,368,896)	(5,281,204)	(17,872,802)
Basic Earning /(loss) per share	(0.14)	(0.28)	(0.23)	(0.78)

Chief Executive

Chief Financial Officer

Director

NAZIR COTTON MILLS LTD.

**STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT)
FOR THE PERIOD ENDED MARCH 31, 2023 (Un-Audited)**

	Mar 31, 2024 Rupees	Mar 31, 2023 Rupees
Cash Flow from Operating Activities		
Profit / (Loss) before taxation	(5,281,204)	(17,872,802)
Adjustment for:		
Depreciation	9,292,328	10,328,217
Deffered Tax Liability	(1,537,914)	(381,345)
Financial Charges	3,897	406
	<u>7,758,311</u>	<u>9,947,278</u>
Operating Profit before working capital changes	2,477,107	(7,925,524)
Adjustments for working capital changes:		
(Increase) / Decrease in Current Assets		
Stores and Spares	-	1,534,873
Stock in trade	-	-
Trade Debts	(70,000)	1,066,924
Advances, deposits and other receivables	(2,856,595)	(131,183)
	<u>(2,926,595)</u>	<u>2,470,614</u>
(Decrease) / Increase In Current Liabilities		
Short term financing	970,000	-
Advance from customer against sale of machinery	-	-
Trade and other payables	150,000	50,000
Accrude mark up on loan	-	-
Provision for taxation - net	-	-
	<u>1,120,000</u>	<u>50,000</u>
Cash Generated from Operations	670,512	(5,404,910)
Income Tax paid	2,037,954	-
Financial charges paid	(3,897)	(406)
Net Cash in flow/(out flow) from operating activities	<u>2,704,569</u>	<u>(5,405,316)</u>
Cash Flow from Financing Activities		
Long Term Loan From Banking Companies	-	-
Deffered Sponsor's Loan	-	-
Capital Expenditure	(400,903)	(1,186,900)
Net Cash (out flow) from investing activities	<u>(400,903)</u>	<u>(1,186,900)</u>
Net (out flow) / in flow of cash	2,303,666	(6,592,216)
Cash and cash equivalents at beginning of the year	8,644,771	20,758,133
Cash and cash equivalents at end of the period	<u>10,948,437</u>	<u>14,165,917</u>

Chief Financial Officer

Director

NAZIR COTTON MILLS LTD.

STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED MARCH 31, 2024

	SHARE CAPITAL	CAPITAL RESERVES	RESERVE/(DEFICIT) ON REMEASUREMENT OF AVAILABLE FOR SALE INVESTMENT	REVENUE RESERVE - GENERAL	SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	ACCUMULATED (LOSS)	TOTAL
Balance as at June 30, 2021	230,000,000	434,000	(479,125)	45,829,500	269,656,698	(399,024,418)	146,416,655
(Loss) for the year after taxation	-	-	-	-	-	(1,988,862)	(1,988,862)
Other Comprehensive Income	-	-	-	-	-	(1,988,862)	(1,988,862)
Incremental depreciation-net of Deferred Tax Surplus Realized during the year on disposal	-	-	-	-	54,690,974	-	54,690,974
Balance as at June 30, 2022	230,000,000	434,000	(479,125)	45,829,500	315,050,789	(391,716,397)	199,118,767
Balance as at June 30, 2022	230,000,000	434,000	(479,125)	45,829,500	315,050,789	(391,716,397)	199,118,767
(Loss) for the year after taxation	-	-	-	-	-	(23,718,334)	(23,718,334)
Other comprehensive income	-	-	-	-	-	(23,718,334)	(23,718,334)
Incremental depreciation-net of deferred tax Surplus Realised on disposal	-	-	-	-	(8,367,194)	-	-
Balance as at June 30, 2023	230,000,000	434,000	(479,125)	45,829,500	306,683,595	(407,067,537)	175,400,433
Balance as at June 30, 2023	230,000,000	434,000	(479,125)	45,829,500	306,683,595	(407,067,537)	175,400,433
(Loss) for 9 months ended March 31, 2024	-	-	-	-	-	(5,281,204)	(5,281,204)
Other comprehensive income	-	-	-	-	-	-	-
Incremental Depreciation net of deferred Cost	-	-	-	-	(9,292,328)	9,292,328	-
Balance as at March 31, 2023	230,000,000	434,000	(479,125)	45,829,500	297,391,267	(403,056,413)	170,119,229

Rupees

Chief Executive

Chief Financial Officer

Director

NAZIR COTTON MILLS LTD.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2024

1. THE COMPANY & ITS OPERATIONS

1.1 Nazir Cotton Mills Limited is a Public Limited Company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Act, 2017) and its shares are quoted on Karachi Stock Exchange of Pakistan. The Company is engaged in manufacturing and sale of Yarn of all types. The registered office of the Company is situated at 61-K, Gulberg III, Lahore. The manufacturing unit is located at 8-KM, Faisalabad, Aslamabad, Kharianwala, Sheikhupura.

1.2 Going concern assumption

The Company has incurred after tax loss for amounting to Rs. 3,238 million for the period ended March 31, 2024 (March 2023: Loss of Rs. 6,368 million) and its accumulated losses at the end of the period stood at Rs. 403,056 million (June 2023: Rs. 407,067 million). The Company's current liabilities exceed its current assets at reporting date by Rs. 181,134 million. Furthermore, the Company has temporarily closed down its business operations and the production remained suspended throughout the year. These condition along with others indicate the existence of material uncertainty that may cause significant doubt about the company's ability to continue as going concern and the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

However management is expecting to revive its operations and for this the company has entered into negotiation with all the lending banks during the period. Further more it is expected that there will be excess electricity and per unit rate will be equal to neighbor countries. Management is in view that the company will restart its commercial production in foreseeable future, as the government announced textile policy and there were some benefits announced for textile sector, however, management is confident that efforts will be realized and that the company will be able to continue as a going concern.

2. SUMMARY OF SIGNIFICANT

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of preceding audited annual published financial statements of the Company for the year ended June 30, 2023

2.1 Basis of preparation

2.1.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" 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 or directives issued under the Companies Act, 2017 differ from the IAS 34 and IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information has, however, been subjected to limited scope review by the statutory auditors of the Company as required by the Code of Corporate Governance, and should be read in conjunction with the company's audited annual financial Statements for the year ended June 30, 2022.

2.1.2 Critical accounting estimates & judgments

The preparation of this condensed interim financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also require management to exercise its judgments in the process of applying the company's accounting policies. Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During the preparation of this condensed interim financial information's, significant judgments made by the management in applying the Company policies and the key sources of the estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended June 30, 2022.

3. SHORT TERM FINANCING

Financing from banking institutions - Secured
Deferred sponsors' Loan - Unsecured

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Rupees	Rupees
	84,722,211	84,722,211
	123,144,774	122,174,774
	<u>207,866,985</u>	<u>206,896,985</u>
3.1 Financing from banking institutions - Secured		
Habib Bank Limited	3.1.1 13,258,000	13,258,000
Islamic Investment Bank Limited	3.1.2 71,464,211	71,464,211
	<u>84,722,211</u>	<u>84,722,211</u>

3.1.1 The loan is secured against first E/M charge for PKR 69,325 million on land measuring 35 Kanals 12 Marlas, together with factory building, plant & machinery located at 11 K.M. Sheikhupura, Faisalabad Road Kharianwala, Distt. Sheikhupura and hypothecation charge of PKR 243,860 million on current assets of the Company. This loan was earlier settled by the State Bank of Pakistan in December 29, 2004 which had resulted in reduction of the liability by Rs. 3,580 million with no further markup to be provided subject to provisions that if the Company failed to repay any of the installment than the agreement would stand cancelled and the bank would be entitled to recover the original outstanding amount without any reduction. The Company failed to repay the installments and the Bank filed a suite for recovery of its original liability for Rs. 39,741,015 on October 22, 1999 which was consent decreed for PKR 40,080,000 on January 26, 2001. The management believes that Bank is only entitled to recover its original outstanding liability without any further markup, hence no markup has been provided.

3.1.2 The loan was repayable in sixteen quarterly installments w.e.f. April 1, 1999. It carries mark-up @ 20% per annum. Accrued mark-up has been frozen and kept in a separate account. The new mark-up on diminishing principal is also being kept in same account and repayment of this mark-up would start subject to the entire repayment of the principal amount. This loan and mark-up account are secured by Personal guarantees of directors except nominee director and mortgage of fixed assets to the tune of Rs.20 million. The liquidator of Islamic Investment Bank has been appointed. The management is of the opinion that as the bank is a shareholder in the profit/(losses) and that the matter is pending in the Peshawar court of law of the Company, therefore, no markup is payable. The company has filed a suit against the bank to recover the share of losses amounting to Rs. 110.0 million.

NAZIR COTTON MILLS LTD.

4 CONTINGENCIES & COMMITMENTS

Contingencies

- a) Execution petition No. 231-E/2007 titled Habib Bank Limited vs. Nazir Cotton Mills Limited for recovery of Decretal amount of Rs. 39,741,015 filed by Habib Bank Limited against Nazir Cotton Mills Limited and others on January 12, 2007 before the Banking Court No. II, Lahore. The appeal is filed by Nazir Cotton Mills Limited before the Lahore High Court Lahore against the order dated March 16, 2015 passed by Banking Court No. II, Lahore in Execution No. 231-E/2007. The management is hopeful that there is substantial likelihood of the judgement in their favor.
- b) Islamic Investment Bank (in liquidation) and case has been shifted from Lahore High Court to Peshawar High Court because, the liquidation process will be completed in Peshawar. This loan and mark-up account are secured by Personal guarantees of directors except nominee director and mortgage of fixed assets to the tune of Rs.20.0 million. The liquidator of Islamic Investment Bank has been appointed. The management is of the opinion that as the bank is a shareholder in the profit/(losses), therefore, the company has filed a suit against the bank to recover the share of losses amounting to Rs. 110.0 million and that the matter is pending in the Peshawar High Court, hence, no markup is payable. Now case is transferred to Lahore High Court.
- c) WAPDA had filed a suit against the company for recovering of arrears amounting to Rs. 12.4 (M). The Lahore High Court had decided the case in favor of WAPDA. The company had deposited Rs. 12.4 (M) with WAPDA for electricity case as per orders of the Lahore High Court and has filed an appeal for recovery of the said amount from WAPDA in the Supreme Court. The management is hopeful of a decision in their favors.

Commitments

- a) There were no commitments outstanding as at the balance sheet date.

5 PROPERTY, PLANT AND EQUIPMENT

	(Un-audited) March 31, 2024	(Audited) June 30, 2023
	Rupees	Rupees
Opening Cost/Revalued amount	432,723,762	432,723,762
Addition during the year-Revaluation	-	-
Disposal	-	-
Closing net book value	<u>432,723,762</u>	<u>432,723,762</u>
Accumulated Depreciation charged during the year		
Opening	70,746,408	56,975,450
Depreciation charged during the period	9,292,328	13,770,958
Closing net book value	<u>80,038,736</u>	<u>70,746,408</u>
Net Book Value	<u>352,685,026</u>	<u>361,977,354</u>

Land, building and plant & machinery of the company was revalued in the financial year ended June 30, 2021 by M/S Al-Noor consultants & evaluators, resulting in surplus of Rs. 315.00 million over its book value of Rs. 25.87 million.

6 TRANSACTION WITH ASSOCIATED COMPANIES

Following is the detail of transaction with associated companies during the period.

7 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, where as, condensed interim statement of profit or loss, and statement of other comprehensive income, and condensed interim statement of cashflows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

8 FINANCIAL RISK MANAGEMENT

The companies financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended June 30, 2023.

9 DATE OF AUTHORIZATION

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 29, 2024

10 GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.

BOOK POST

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NAZIR COTTON MILLS LTD.
17-D, Off Zafar Ali Road, Lahore.
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