

## 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. Mehmood Siddiqui
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. Abdul Ghani Khan (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
Head Office / Registered Office	:	A 801-804, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi - Pakistan. Phone : (021) 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	:	<a href="http://www.nadeem.com.pk">www.nadeem.com.pk</a>

## CHAIRMAN REVIEW REPORT

Dear Shareholders,

I am pleased to present before you the Chairman Review Report for the half year ended December 31, 2020 on the overall performance and effectiveness of the Board in achieving the Company's objectives.

The period under review was very challenging due to major threats raised by the COVID-19 pandemic. The management of the company has however made its best efforts to ensure continuity and profitability of the Company besides safeguarding employee's safety, security and health.

The self-evaluation process of the board and its committees is conducted in compliance with the requirement of the Code of Corporate Governance and the Companies Act, 2017. The purpose of this evaluation is to ensure that the Board performance is measured in the context of the overall corporate objectives and governance structure of the Company. The members performed effectively according to their roles and responsibilities assigned to them for achieving corporate objectives.

The COVID Pandemic related relief measures introduced by the Government and State Bank of Pakistan which include a reduction in markup rates, deferral of payment of long term loans and refinance to pay salaries have started showing their results. Profitability is expected to further improve due to reduction in borrowing costs and relatively stable exchange rates.

I, along with the Board, wish to acknowledge the contribution of all our employees in the success of the Company. I also wish to thank our shareholders, customers, suppliers, bankers and other stakeholders for their continued confidence and support.

On Behalf of the Board of Directors



**NAILA ZAHID**  
Chairperson

Karachi  
Dated: February 26, 2021

## چیئر مین کی جائزہ رپورٹ

محترم حصہ یافتگان،

کمپنی کے مقاصد کے حصول میں بورڈ کی مجموعی کا کردار اور موثر کردار کے بارے میں اسی دسمبر ۲۰۲۰ء کو ختم ہونے والے نصف سال کے لئے چیئر مین جائزہ رپورٹ آپ کے سامنے پیش کرتے ہوئے میں خوش محسوس کرتی ہوں۔

COVID-19 وباً مرض کی وجہ سے پیدا ہونے والے بڑے خطرات کے باعث زیر جائزہ مدت بہت دشوار تھی۔ تاہم کمپنی کی انتظامیہ کمپنی کے تسلیل کو برقرار رکھنے اور منافع کو قیمتی بنانے کے ساتھ ساتھ ملازمین کی حفاظت، سلامتی اور حجت کے تحفظ کے لئے اپنی پوری کوششیں کی ہیں۔

کوڈ آف کار پوریٹ گورننس اور کمپنیز ایکٹ، ۲۰۲۱ کے تحت بورڈ اور اس کی کمیٹیوں کے خود تشخیصی عمل کو قیمتی بنا یا گیا ہے۔ اس تشخیص کا مقصد بورڈ کی کارکرداری کمپنی کے کار پوریٹ مقاصد اور گورننس کے تقاضوں کے تقاضوں کے تنازع میں جانچنا ہے۔ ممبران نے کار پوریٹ مقاصد کے حصول کے لئے ان کو تفویض کرہ کردا اور ذمہ دار یوں کے مطابق موثر کارکرداری کا مظاہرہ کیا ہے۔

حکومت اور اسٹیٹ بینک آف پاکستان کے ذریعے متعارف کروائے گئے کوویڈ وباً مرض سے متعلق امدادی اقدامات جن میں شرح سود میں کی، طویل مدتی قرضوں کی ادائیگی کو موخر کرنا اور تنفس ہوں کی ادائیگی کے لئے دعے جانے والے قرض شامل ہیں نے اپنے مندرجہ ظاہر کرنا شروع کر دیے ہیں۔ تو قہ کہ قرض کے اخراجات میں کمی اور نسبتاً مختتم شرح ت拔دہ کے باعث منافع میں مزید بہتری آئے گی۔

میں بورڈ کی جانب سے کمپنی کی کامیابی میں اپنے تمام ملازمین کی شرکت کو تسلیم کرنا چاہتی ہوں۔ میں اپنے حصہ یافتگان، صارفین، سپلائی کنندگان، بینکرزا اور دیگر اسٹیٹیک ہولڈرز کے اعتماد اور حمایت کے لئے ان کا شکریہ بھی ادا کرتی ہوں۔

من جانب بورڈ آف ڈائریکٹر

Natalia Zahid

نائلہ زاہد

چیئر پرسن

کراچی 26 فروری 2021

## DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased in presenting before you its report together with the Reviewed Interim Financial Statements of the Company for the half year ended December 31, 2020.

### **FINANCIAL RESULTS**

Following is the comparison of key financial results of the company for the half year ended December 31, 2020, with the corresponding period of last year:

	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>
	<b>Rs. In Million</b>	<b>Rs. In Million</b>
Sales – net	4,196.79	3,790.86
Gross Profit	471.92	363.47
Gross Profit %	11.24%	9.59%
Profit / (Loss) before Tax	252.18	123.08
Profit / (Loss) after tax	156.53	85.98
Profit / (Loss) after tax %	3.72%	2.26%
Earning per share	Rs. 7.28	Rs. 4.48

Despite of the difficult business situation due to the COVID-19 pandemic, the company managed to achieve a sales turnover of Rs. 4,196.79 million during the half as compared Rs. 3,790.86 million of the corresponding period of last year showing an increase of 10.70%. Resultantly, the profits after tax of the Company have increased by 82.07% as compared to the corresponding period of last year.

### **OVERVIEW**

Amongst the challenging business situations prevailing globally due to the COVID-19 outbreak, the textile industry of Pakistan has emerged successfully through increasing its output and meeting its export demands. However, as the number of COVID-19 cases is increasing day by day, there is still a risk that it may impact the global economy with the second wave of COVID-19 infections. Although Pakistan has substantially controlled the pandemic, yet it is required to adopt all safety measures to survive from the second wave as successfully as we came out of the first wave.

### **PRESENT AND FUTURE OUTLOOK**

The Government's initiatives to perk up the economy have started showing their results. The decision of reducing the policy rates will also have a positive impact to boost the economic activities. The Pak Rupee has appreciated during the period, and it is expected that it will remain stable in near future.

Owing to the continuous decline in the annual cotton crop, Pakistan has to import about 7 million bales of cotton this year to meet its local demand. The government must take immediate actions to improve cotton crop through the acquisition of high yield cotton seeds and provision of better research facilities.

The management of the Company has always made strong efforts to optimize its costs through maximum capacity utilization, cost rationalization, and efficient procurement. The directors of the company are determined to improve profitability through further improvement in technology, plant operations, commercial operations, and financial management.

The management of the company is determined to capture both local and international markets more rigorously through aggressive marketing strategies.

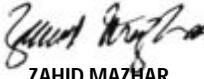
### **ACKNOWLEDGEMENT**

The Board of directors would like to place on record their appreciation to the efforts of its employees, and the continuous support of customers, suppliers, and bankers.

On behalf of Board of Directors

Karachi:  
February 26, 2021

  
**OMER BIN ZAHID**  
Director

  
**ZAHID MAZHAR**  
Chief Executive

ڈاٹ آر یکٹر زر پورٹ

مختار حصہ یافتگان،  
بورڈ آف ڈائریکٹر ۲۰۲۱ دسمبر ۲۰۲۰ کو ختم ہونے والے نصف سال کے لئے کمپنی کے نظر ثانی شدہ عبوری مالیاتی ستائیگ اپنی رپورٹ کے ساتھ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی نتائج

۲۰۲۰ء کا نتیجہ کا موافق نگزشتہ سال کی اسی مدت کے نتائج کے ساتھ درج ذیل ہے۔

روپے ملین میں	روپے ملین میں	خالص فروخت
3,790.86	4,196.79	مجموعی منابع
363.47	471.92	مجموعی منابع
9.59%	11.24%	% منابع قبل ازکیں
123.08	252.18	منابع بعد ازکیں
85.98	156.53	منابع بعد ازکیں
2.26%	3.72%	منابع بعد ازکیں
Rs. 4.48	Rs. 7.28	نیٽھن آمدن

COVID-19 دبائی مرٹ کی وجہ سے دشوار کاروباری صورتحال کے باوجود کمپنی گزشتہ سال کی اسی مدت کے دوران کی جانے والی 3,790.86 ملین روپے کی فروخت کے مقابلے میں 4,196.79 ملین روپے کی فروخت کے حصوں میں کامیاب رہی جو کہ 10.70 فیصد اضافے کو ظاہر کرتا ہے۔ اس نتیجے میں گزشتہ سال کی ای عرصے کے مقابلے میں کمپنی کے بارے میں اضافہ 82.07 فیصد کا اضافہ فراہمو ہے۔

حائزہ

عامی سطح پر COVID-19 وابی مرض کے پھیلاؤ کی وجہ سے دشوار کار و باری حالات کے باوجود پاکستان کی شکننگ اسکل کی صنعت نے اپنی پیداوار میں اضافے اور ہر ماںی طلب کو روفت پورا اکبر کے کامیابی کے ساتھ اس صورتحال کا سامنا کیا ہے۔ COVID-19 کے متاثرین کی تعداد میں دن بدن اضافے کے باعث اس بات کا ممکن ہے کہ اس افیڈشن کی دوسری لہر عالمی معیشت کو مرمیت میٹھر کرنے کے لئے اگرچہ پاکستان نے اس وابی مرض پر کافی حد تک قابو لایا ہے، پھر بھی دوسری لہر سے پختے کے لئے خانہ خیل اقدامات کوچت سے اپنانے کے ضرورت ہے تاکہ دوسری لہر سے اس ہی طرح حکومتی ہیں جیسا کہ جیل اور سے کامیابی سے باہر آگئے۔

موجودہ اور مستقبل کا نقطہ نظر

میثت کی بہتری کے لئے حکومت کے اقدامات کے متاثر نہ شروع ہو گئی ہیں۔ شرح سود میں کمی کرنے کے حکومتی فیصلے سے معاف سرگرمی میں بہت اشتراحت مرتب ہوں گے۔ اس عرصے کی درود ان پاکستانی روپیے کی قدر میں بھی اضافہ نظر آیا اور تو قعہ کے مقابلہ میں مختصر رہے گا۔ کپاس کی سالانہ فضل میں مسلسل کمی کی باعث یا کستان کو اپنی مقامی طلب پوری کرنے کے لئے روایاں سال کا پاس کی ترقیاں 70 لاکھ میلہ در آمد کرنا پڑے گی۔ اعلیٰ پیداوار دینے والے بیویوں کے حصول اور تحقیق کی بہترین کامیابی کی فرمائیں گے۔ کپاس کی فضل کو بہتر بنانے کے لئے حکومت کو فروزی اقدامات اختیار

چانچی کی انتظامیہ نے اپنی بیداری صالحیتوں کے بہترین استعمال اور موثر خیریاری کے ذریعے پیداواری لاغت میں کمی کے لئے بیش بہترین کوششیں کی ہیں۔ کمپنی کے دائرہ کمیٹیز ریکٹھنکا لوگوں، ملائیں آریشن، پتھاری، کلارکی، کلارکی اور مالی انتظامیہ میں جو مد بحث تھی کے ذریعے منافع میں بہتری کے لئے کام کی کوششیں ہیں۔

بِنَانَاتِشْ

بورو آف فلائے کیٹھ زین مائن شین کا کوششا اور صافیہ، سائے اول پیکنک، کمبل لیکوڈ، سیکھتے ہیں۔

منجانیه بوڈا فٹائے کھنڈ:

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

• 101

زاید مظہر  
حفظ ایکٹو

عمر بن زاہد  
ڈائریکٹ

2021.6.36.315



**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF M/S. NADEEM TEXTILE MILLS LIMITED  
Report on Review of Condensed Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **M/s. Nadeem Textile Mills Limited** ("the Company") as at **December 31, 2020** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes thereto for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

**Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended December 31, 2020. Accordingly, we have not reviewed the figures in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three-month period ended December 31, 2020.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **Mr. Muhammad Rafiq Dosani**.

Karachi:  
February 26, 2021

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

	Note	Un-Audited Dec. 31, 2020 RUPEES	Audited June 30, 2020 RUPEES
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	1,780,152,348	1,762,441,100
Long term deposits		13,608,488	13,608,488
		1,793,760,836	1,776,049,588
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		102,119,396	88,790,763
Stock in trade	7	1,260,985,916	1,785,459,086
Trade debts		1,585,419,945	1,441,559,793
Investments - amortized cost		74,167,432	59,971,390
Loans and advances		219,189,483	55,740,641
Other receivables		24,001,020	25,233,182
Tax refunds due from government		6,869,641	24,329,869
Cash and bank balances		160,755,427	125,710,539
		3,417,499,958	3,606,835,263
<b>TOTAL ASSETS</b>		<b>5,211,260,794</b>	<b>5,382,884,851</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
25,000,000 ordinary shares of Rs. 10/- each		250,000,000	250,000,000
<b>Issued, subscribed and paid up capital</b>			
21,511,985 (June 30, 2020: 19,211,985) ordinary shares of Rs. 10/- each		215,119,850	192,119,850
Advance against issue of shares		-	119,600,000
<b>Capital Reserve</b>			
Share premium		274,197,289	177,597,289
Surplus on revaluation of property, plant & equipment		295,144,507	300,440,266
<b>Revenue Reserve</b>			
Unappropriated profits		692,807,167	530,976,171
		1,477,268,813	1,320,733,576
<b>NON CURRENT LIABILITIES</b>			
Long term financing		253,702,571	272,185,047
Deferred liabilities		149,643,069	104,804,153
Loan from associates		369,580,204	359,855,204
Deferred grant		8,918,082	6,802,278
		781,843,926	743,646,682
<b>CURRENT LIABILITIES</b>			
Loan from director		36,700,000	36,700,000
Trade and other payables		962,531,696	1,116,293,057
Accrued mark up		39,533,985	55,335,461
Short term borrowings	8	1,716,811,163	1,995,506,941
Unclaimed dividend		1,485,472	1,485,472
Current portion of long term financing		122,085,739	40,183,662
Current portion of loan from related parties		73,000,000	73,000,000
Contingencies and commitments	9	2,952,148,055	3,318,504,593
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,211,260,794</b>	<b>5,382,884,851</b>

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

Chief Executive  
Karachi: February 26, 2021

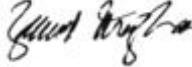
Director

Chief Financial Officer

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	For the half year ended		For the quarter ended	
	31-Dec-20 RUPEES	31-Dec-19 RUPEES	31-Dec-20 RUPEES	31-Dec-19 RUPEES
Sales - net	4,196,793,370	3,790,862,847	2,310,955,264	2,033,347,847
Cost of sales	(3,724,874,105)	(3,427,388,779)	(1,990,542,849)	(1,822,674,730)
<b>Gross Profit</b>	<b>471,919,265</b>	<b>363,474,068</b>	<b>320,412,415</b>	<b>210,673,117</b>
Administrative expenses	(57,535,261)	(53,249,523)	(32,800,204)	(27,573,167)
Distribution costs	(26,952,799)	(36,125,591)	(16,450,384)	(17,849,240)
	(84,488,060)	(89,375,114)	(49,250,588)	(45,422,407)
Operating profit	387,431,205	274,098,954	271,161,827	165,250,710
Finance costs	(136,287,507)	(155,423,054)	(70,470,331)	(78,771,006)
Other operating (expenses)/income	1,037,073	4,399,529	686,631	(3,021,234)
	(135,250,434)	(151,023,525)	(69,783,700)	(81,792,240)
<b>Profit before taxation</b>	<b>252,180,771</b>	<b>123,075,429</b>	<b>201,378,127</b>	<b>83,458,470</b>
<i>Taxation</i>				
Current	(55,457,144)	(46,750,748)	(29,344,203)	(27,586,567)
Prior	-	5,289,912	-	5,289,912
Deferred	(40,188,390)	4,360,656	(32,003,892)	(13,054,910)
	(95,645,534)	(37,100,180)	(61,348,095)	(35,351,565)
Profit after taxation	156,535,237	85,975,249	140,030,032	48,106,905
Earnings per share basic and diluted	7.28	4.48	6.51	2.50

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

  
Chief Executive  
Karachi: February 26, 2021

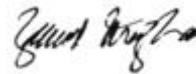
  
Director

  
Chief Financial Officer

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR HALF YEAR ENDED DECEMBER 31, 2020**

	For the half year ended	For the quarter ended		
	31-Dec-20 RUPEES	31-Dec-19 RUPEES	31-Dec-20 RUPEES	31-Dec-19 RUPEES
Profit for the period	156,535,237	85,975,249	140,030,032	48,106,905
Other Comprehensive income	-	-	-	-
<b>Total Comprehensive income for the period</b>	<b>156,535,237</b>	<b>85,975,249</b>	<b>140,030,032</b>	<b>48,106,905</b>

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

  
Chief Executive  
Karachi: February 26, 2021

  
Director

  
Chief Financial Officer

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	Dec. 31, 2020 RUPEES	Dec. 31, 2019 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	252,180,771	123,075,429
<b>Adjustments for non-cash and other items:</b>		
Depreciation on operating fixed assets	74,0345,411	66,897,821
Provision for gratuity	16,976,892	18,321,034
(Gain) /Loss on disposal of operating fixed assets	(35,833)	3,535,860
Contribution to Workers' Profit Participation fund	14,187,887	8,585,843
Contribution to Workers' Welfare Fund	5,391,397	2,633,582
Finance costs	136,287,507	155,423,054
	246,843,261	255,397,195
Operating profit before working capital changes	499,024,032	378,472,624
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(13,328,633)	279,878
Stock in trade	524,473,170	(1,023,813,454)
Trade debts – unsecured, considered good	(143,820,152)	(310,284,725)
Term deposits	(14,196,042)	(2,058,213)
Loans and advances	(147,440,540)	55,705,709
Other receivables	1,232,162	(7,472,204)
	206,919,965	(1,287,643,009)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	(147,714,219)	617,635,894
<b>Net cash generated / (used in) operations</b>	<b>558,229,778</b>	<b>(291,534,491)</b>
Taxes Paid	(37,996,923)	(25,499,596)
Long term deposits	-	(16,014)
Workers' Profit Participation Fund paid	(25,626,426)	-
Gratuity paid	(12,326,366)	(13,177,955)
Finance costs paid	(152,088,983)	(143,502,731)
	(228,038,698)	(182,196,296)
<b>Net cash generated from / (used in) operating activities</b>	<b>(330,191,080)</b>	<b>(473,730,787)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(92,047,044)	(75,252,557)
Proceeds from disposal of operating fixed assets	336,225	6,400,000
Proceeds from sales tax refunds	-	69,300,000
<b>Net cash used in investing activities</b>	<b>(91,710,819)</b>	<b>447,443</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(16,009,803)
Loan from director	-	151,000,000
Long term loan obtained / (repaid) – net	65,535,405	(39,669,998)
Loan acquired from associate - net	9,725,000	23,809,833
<b>Net cash generated from financing activities</b>	<b>75,260,405</b>	<b>119,040,032</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>303,740,666</b>	<b>(354,243,312)</b>
Cash and cash equivalent at beginning of the period	(1,869,796,402)	(1,454,872,000)
<b>Cash and cash equivalent at end of the period</b>	<b>(1,556,055,736)</b>	<b>(1,809,115,312)</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash and bank balances	160,755,427	155,795,762
Short term borrowings	(1,716,811,163)	(1,964,911,074)
	(1,556,055,736)	(1,809,115,312)

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

Chief Executive

Karachi: February 26, 2021

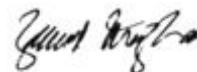
Director

Chief Financial Officer

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	<b>Issued, subscribed and paidup capital</b>	<b>Advance Against issue of shares</b>	<b>Share premium</b>	<b>Un-appro- priated profit</b>	<b>Revaluation surplus on property, plant &amp; equipment</b>	<b>TOTAL</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Balance as at July 01, 2019	192,119,850	-	177,597,289	538,359,167	312,229,122	1,220,305,428
Total comprehensive income for the half year ended (July 01, 2019 to December 31, 2019)	-	-	-	85,975,249	-	85,975,249
Incremental depreciation transferred from surplus on revaluation of fixed assets – net of deferred tax	-	-	-	5,927,086	(5,927,086)	-
Transactions with owners Final dividend at the rate of PKR 2.10/- per share for the year ended June 30, 2019	-	-	-	(40,345,165)	-	(40,345,165)
<b>Balance as at Dec. 31, 2019</b>	<b>192,119,850</b>	<b>-</b>	<b>177,597,289</b>	<b>589,916,337</b>	<b>306,302,036</b>	<b>1,265,935,512</b>
Balance as at July 1, 2020 Total comprehensive income for the half year ended (July 01, 2020 to December 31, 2020)	192,119,850	119,600,000	177,597,289	530,976,171	300,440,266	1,320,733,576
Issuance of shares other than right share	23,000,000	(23,000,000)	-	-	156,535,237	156,535,237
Share Premium	-	(96,600,000)	96,600,000	-	-	-
Incremental depreciation transferred from surplus on revaluation of fixed assets – net of deferred tax	-	-	-	5,295,759	(5,295,759)	-
<b>Balance as at Dec. 31, 2020</b>	<b>215,119,850</b>	<b>-</b>	<b>274,197,289</b>	<b>692,807,167</b>	<b>295,144,507</b>	<b>1,477,268,813</b>

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

  
**Chief Executive**  
Karachi: February 26, 2021

  
**Director**

  
**Chief Financial Officer**

**NADEEM TEXTILE MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

**1 STATUS AND NATURE OF BUSINESS**

Nadeem Textile Mills Limited ("the Company") was incorporated in Pakistan as public limited company on July 15, 1984 under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and is listed on Pakistan Stock Exchange Limited. The principle activity of the Company is manufacture and sales of yarn.

The geographical location and address of company's business units, including plant are as under:

**Head 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 mills are located at A-265, S.I.T.E, Nooriabad district Jamshoro, Sindh and E-11, S.I.T.E, Kotri district Jamshoro, Sindh.

**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, 2020.

The comparative figures presented in these condensed interim financial statements as at December 31, 2020 has been extracted from the audited financial statements of the Company for the year ended June 30, 2020, whereas the comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows are extracted from the unaudited condensed interim financial statements for the six months period ended December 31, 2019.

These condensed interim financial statements is unaudited and is being submitted to the members of the Company as required under section 237 of the Companies Act, 2017 and the listing regulations of Pakistan Stock Exchange Limited as required by the Code of Corporate Governance.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except:

- Land and building carried at revaluation model;
- Provision for gratuity carried at fair value.

### **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. All figures have been rounded off to the nearest rupee.

### **3 SIGNIFICANT ACCOUNTING POLICIES**

- 3.1 The significant 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, 2020.

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

The preparation of these condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, 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. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

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, 2020.

### **5 FINANCIAL RISK MANAGEMENT**

The company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2020.

<b>6 PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>	<b>Un-Audited</b>	<b>Audited</b>
		<b>Dec. 31, 2020</b>	<b>June 30, 2020</b>
Property, plant & equipment	6.1	1,741,318,746	1,759,538,807
Capital work in progress	6.2	38,833,602	2,902,293
		<b>1,780,152,348</b>	<b>1,762,441,100</b>

- 6.1 During the six months period ended December 31 2020, the Company capitalized property, plant and equipment aggregating Rs. 56.12 million (December 31, 2019: Rs. 83.61 million) while property, plant and equipment with the carrying value of Rs. 0.80 million (December 31, 2019: Rs. 8.96 million) were disposed off during the same period.

<b>6.2 Capital work in progress</b>	<b>RUPEES</b>	<b>RUPEES</b>
Civil work	4,273,881	2,800,551
Plant and machinery	34,559,721	101,742
	<b>38,833,602</b>	<b>2,902,293</b>

<b>7 STOCK IN TRADE</b>	<b>RUPEES</b>	<b>RUPEES</b>
Raw material	639,742,213	840,779,847
Work in process	51,915,628	50,018,553
Finished goods	535,965,348	854,522,208
Waste	33,362,727	40,138,478
	<b>1,260,985,916</b>	<b>1,785,459,086</b>

### **8 SHORT TERM BORROWINGS - secured**

These represent short term working capital finance facilities secured against pledge of stocks (Cotton, Yarn and Polyester fiber), local trade debts of the Company and charge over current

assets. The rate of mark-up for running finance and cash finance ranges @ KIBOR + 1.85% to 2.25% per annum (June 30, 2020: KIBOR + 1.85% to 2.25% per annum), KIBOR ranged from 1 month and 3 months.

## **9 CONTINGENCIES AND COMMITMETNS**

### **9.1 Contingencies**

In December 2011, the Federal Government, for the first time, imposed the levy of Gas Infrastructure Development Cess (the cess) through the promulgation of the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011) which, subsequently, was widely challenged on several legal grounds. In June 2013, the Honourable High Court of Peshawar, in the case titled M/s. Ashraf Industries vs. Federation of Pakistan, passed a judgment whereby it struck down the GIDC Act, 2011 declaring the said law as unconstitutional. Against this an appeal was preferred to the Hon'ble Supreme Court of Pakistan by the Federal Government. Subsequent to this decision, the Gas Infrastructure Development Cess Ordinance, 2014 (GIDC Ordinance, 2014) was promulgated which expired in May 2015. In the same month, the Honourable Supreme Court of Pakistan dismissed the appeals filed by the Federation of Pakistan against the aforesaid judgment of the Honourable High Court of Peshawar, and thereby, upheld the said judgment. Following the judgment of the Apex Court, the GIDC Ordinance, 2014 received presidential assent after having been passed by both the houses of Parliament as Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015). The GIDC Act, 2015, provided for retrospective levy of cess to certain sectors for the period from January 2011 to May 2015 (as imposed under the struck down GIDC Act, 2011 and GIDC Ordinance, 2014) with different cess rates prescribed for each sector. The GIDC Act, 2015, was then again challenged on legal and other grounds by the Company along with several industrial concerns. In October 2016, the Honorable High Court of Sindh passed a judgment whereby it declared the GIDC Act, 2015 as unconstitutional and decreed Suits in favour of the Company. Only recently a time barred appeal has been filed against this decision (after a lapse of 4 years) which is pending in the Honorable High Court of Sindh. The Court has asked the Government to satisfy it as to how such a belated appeal is maintainable.

On August 13, 2020, the Supreme Court of Pakistan ('the Apex Court') seized of appeals arising out of the judgment passed by the Hon'ble Peshawar High Court as against the GIDC Act 2015 announced its judgment with respect to the constitutionality of the GIDC Act 2015 whereby it has upheld the Act including its retrospective application from the year 2011 (subject to certain conditions). Moreover, in para 37 of the above judgment, the Honorable Supreme Court has held that the Cess under GIDC Act, 2015 is leivable to those customers of natural gas who on account of their industrial or commercial dealings pass on its burden to their customer and the Apex Court has restrained the Federal Government from charging further Cess from the date of the judgment.

Thereafter, the Company filed Suit 1343/2020 in the Honorable High Court of Sindh along with several other petitioners on the ground that the Company falls within the category of gas consumers, who have neither collected GIDC from their clients / customers and even not passed on to the customers through addition in the cost of goods and accordingly, the Company is not liable to pay any amounts pursuant to the above judgment of the Supreme Court. It was further contended that the Company is not liable to retrospective levy of cess and in any event would not be liable to any cess till such time as its decree was not nullified. The Honorable High Court has granted stay to the Company and other petitioners for payment of GIDC. Moreover, the Company along with several other petitioners also is of the view that the Honorable Supreme Court of Pakistan will have to clarify or direct the government to audit, vet, scrutinize and there after implement only if the company and respective consumer qualify or fall in the ambit of the applicability of the GIDC (In lines with the directions of the Honorable Supreme Court) including the amount to be recovered, also the method to be recovered.

In view of the above, the Company continues to disclose the GIDC amounting to Rs. 234.6 million (June 2020: 230.8 million) as a contingent liability.

	Un-Audited Dec. 31, 2020 RUPEES	Audited June 30, 2020 RUPEES
<b>9.2 Commitments</b>		
Against letters of credit	763,721,444	277,944,693
Bank guarantee to ETO	59,375,753	52,875,753
Revolving letter of credit to SSGC	50,375,789	34,983,987
Bank guarantee to HESCO	2,502,000	2,502,000
FBP outstanding	191,529,175	93,371,408
Civil contractor	5,190,997	2,879,627
Post dated cheques	91,881,560	91,881,560

## 10 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, other associated undertakings, directors and key management personnel. Transactions between the Company and the related parties are as follows:

	Un-Audited Dec. 31, 2020 RUPEES	Un-Audited Dec. 31, 2019 RUPEES
<b>9.2 Commitments</b>		
<b>Transactions during the period</b>	<b>Nature of relationship</b>	
Electricity purchased	Associated undertaking	154,047,051
Rental income	Associated undertaking	10,000
Weight bridge	Associated undertaking	90,000
Loan received	Associated undertaking	21,400,000
Loan repaid	Associated undertaking	11,675,000
<b>Balance outstanding</b>		
Nadeem International (Private) Limited		432,000,000
Nadeem Power Generation (Private) Limited		10,580,204
Loan from director		36,700,000

## 11 OPERATING SEGMENT

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.

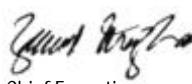
## 12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized by the Board of Directors of the Company for issue in their meeting held on February 26, 2021.

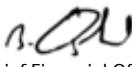
## 13 GENERAL

**13.1** The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of applicable financial reporting framework and for the purpose of comparison and better presentation.

**13.2** Figures have been rounded off to the nearest rupee.

  
Chief Executive  
Karachi: February 26, 2021

  
Director

  
Chief Financial Officer

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