

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. 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	:	www.nadeem.com.pk

CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

I am pleased to present before you the Chairman Review Report for the nine months ended March 31, 2021 on the overall performance and effectiveness of the Board in achieving the Company's objectives.

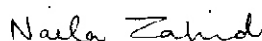
The Board of Directors is performing its duties in accordance with law and in the best interest of the company and its shareholders. As required under the Code of Corporate Governance, a self-evaluation process of the board and its committees is conducted. The purpose of this evaluation is to ensure that the Board's performance is measured in the context of the overall corporate objectives and governance structure of the Company.

For the period under review, the Board's overall performance and effectiveness have been assessed as satisfactory. The evaluation was based on strategic planning, formulation of policies, resource management, and efficiency in carrying out the business. The Company complies with all the requirements set out in the Law with respect to the composition, procedures, and meetings of the Board of Directors and its committees. The Board has exercised all its powers in accordance with relevant laws and regulations and the non-executive and independent directors are equally involved in important decisions of the board.

Despite of difficult business situation due to COVID-19 challenges, the Company performed very well during the period. The management of the company has made its best efforts to ensure continuity and profitability of the Company besides safeguarding employee's safety, security and health.

On behalf of the Board, I wish to acknowledge the contribution of all our employees to 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

A handwritten signature in black ink, reading "Naila Zahid".

NAILA ZAHID
Chairperson

Karachi:
April 28, 2021

چیئر مین کی جائزہ رپورٹ

محترم حصص یافتگان،

کمپنی کے مقاصد کے حصول کے لئے بورڈ کی مجموعی کارکردگی اور مؤثر کردار کے بارے میں ۳۱ مارچ ۲۰۲۱ء کو ختم ہونے والے نو ماہ کی مدت کے لئے چیئر مین جائزہ رپورٹ آپ کے سامنے پیش کرتے ہوئے میں خوشی محسوس کرتی ہوں۔

بورڈ آف ڈائریکٹرز اپنے فرائض قانون کے مطابق اور کمپنی اور اس کے حصص یافتگان کے بہترین مفاد میں انجام دے رہا ہے۔ کوڈ آف کارپوریٹ گورننس کے تحت بورڈ اور اس کی کمیٹیوں کے خود تشخیصی عمل کو یقینی بنایا گیا ہے۔ اس تشخیص کا مقصد بورڈ کی کارکردگی کو کمپنی کے مجموعی کارپوریٹ مقاصد اور گورننس کے ڈھانچے کے تناظر میں جانچنا ہے۔

زیر جائزہ مدت کے لئے بورڈ کی مجموعی کارکردگی کو تسلی بخش قرار پایا گیا۔ تشخیص کا یہ عمل حکمت عملی، پالیسیوں کی تشکیل، وسائل کے انتظام، اور کاروباری کارکردگی پر مبنی تھا۔ یہ ادارہ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل، طریقہ کار اور اجلاسوں کے سلسلے میں قانون میں طے شدہ تمام تقاضوں پر عمل کرتا ہے۔ بورڈ نے اپنے تمام اختیارات متعلقہ قوانین اور ضوابط کے تحت استعمال کئے ہیں۔ بورڈ کے اہم فیصلوں میں نان ایگزیکٹو اور آزاد ڈائریکٹرز برابر کے شریک ہیں۔

COVID-19 کی وجہ سے مشکل کاروباری صورتحال کے باوجود کمپنی نے دوران مدت عمدہ کارکردگی کا مظاہرہ کیا۔ کمپنی کی انتظامیہ نے ملازمین کی حفاظت، سلامتی اور صحت کے تحفظ کے علاوہ کمپنی کے تسلسل اور منافع کو یقینی بنانے کے لئے اپنی پوری کوششیں کی ہیں۔

میں بورڈ کی جانب سے کمپنی کی کامیابی میں ادارے کے تمام ملازمین کی شراکت کو تسلیم کرنا چاہتی ہوں۔ میں اپنے حصص یافتگان، صارفین، سپلائی کنندگان، بینکرز اور دیگر اسٹیک ہولڈرز کے اعتماد اور حمایت کے لئے ان کی شکرگزار ہوں۔

منجانب بورڈ آف ڈائریکٹرز

Nadeem Zahid

ناکملہ زاہد

چیئر پرسن

کراچی 28 اپریل 2021

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased in presenting before you its report together with the unaudited Interim Financial Statements of the Company for the nine months ended March 31, 2021.

FINANCIAL RESULTS

Financial highlights of the Company for the nine months ended March 31, 2021, along with the comparative figures of last year are as under:

	March 31, 2021 Rs. In Million	March 31, 2020 Rs. In Million
Sales net	6,824.87	5,629.12
Gross Profit	819.95	608.88
Gross Profit %	12.01%	10.82%
Profit / (Loss) before Tax	476.08	201.19
Profit / (Loss) after tax	356.20	122.99
Profit / (Loss) after tax %	5.22%	2.18%
Earning per share	Rs. 16.56	Rs. 6.4

Sales of the company for the period were recorded as Rs. 6,824.87 million during the nine months of the current financial year as compared to Rs. 5,629.12 million during the corresponding period of last year, registering an increase of 21.24%. The Company earned after tax profit of Rs. 356.20 million as compared to Rs. 122.99 million for the corresponding period of last year showing an increase of 189.61%.

Mr. Mehmood Siddiqui resigned from the Board during the period and Mr. Noor Muhammad was appointed as director to fill the causal vacancy.

OVERVIEW

The textile industry of Pakistan has emerged successfully amongst the challenging business situations due to the COVID-19 outbreak, 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. In order to survive from the second wave, Pakistan is required to adopt strict safety measures.

Over the past few years, the cotton crop of the country has been declining and in this season it is going to touch around 6 million bales which is the lowest witnessed in the last three decades. The Government must adopt immediate measures to reverse this decline and to meet the demand of the industry of 15 million bales every year.

In order to give a level playing field to the textile industry of Pakistan, the Government must ensure to provide regionally competitive rates of gas and electricity to the textile industry. The Government should formulate growth friendly economic policies and bring down the interest rate to around 5% which will also be helpful in increasing employment and taxes.

PRESENT AND FUTURE OUTLOOK

The Government's initiatives to perk up the economy have started showing their results. The Pak Rupee has appreciated during the period, and it is expected that it will remain stable in near future.

The management of the company continues to invest in the expansion and BMR of its mills. The company has imported and successfully installed additional 5,676 spindles. Due to this expansion, the profitability of the company will be further improved with reduced cost and improved quality of production.

The Company is continuously making efforts to get maximum returns from the resources available and to increase its earning capacity.


The management of the company is determined to increase its share in 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 the Board of Directors


Omer Bin Zahid
Director


Zahid Mazhar
Chief Executive

Karachi:
April 28, 2021

ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

بورڈ آف ڈائریکٹرز ۳۱ مارچ ۲۰۲۱ کو ختم ہونے والی تیسری سہ ماہی کے لئے کمپنی کے عبوری مالیاتی نتائج اپنی رپورٹ کے ساتھ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی نتائج

۳۱ مارچ ۲۰۲۱ کو اختتام پذیر ہونے والی تیسری سہ ماہی کے لئے کمپنی کے اہم مالیاتی نتائج کا موازنہ گزشتہ سال کی اسی مدت کے نتائج کے ساتھ درج ذیل ہے۔

31 مارچ 2020

31 مارچ 2021

روپے ملین میں	روپے ملین میں	
5,629.12	6,824.87	خالص فروخت
608.88	819.95	مجموعی منافع
10.82%	12.01%	مجموعی منافع %
201.19	476.08	منافع قبل از ٹیکس
122.99	356.20	منافع بعد از ٹیکس
2.18%	5.22%	منافع بعد از ٹیکس
Rs. 6.40	Rs. 16.56	فی حصص آمدن

رواں مالی سال کے نو ماہ کی مدت کے دوران 6,824.87 ملین روپے کی فروخت ریکارڈ کی گئی جو کہ گزشتہ سال کی اسی مدت کے 5,629.12 ملین روپے کی فروخت کے مقابلے میں %21.24 زیادہ ہے۔ کمپنی کے بعد از ٹیکس 356.20 ملین روپے کا منافع گزشتہ سال کے 122.99 ملین روپے کے مقابلے میں %189.61 زیادہ ہے۔

دوران مدت جناب محمود صدیقی نے بورڈ سے استعفی دے دیا اور جناب نور محمد کو عہدے کی اسامی پر کرنے کے لئے ڈائریکٹر مقرر کیا گیا۔

جائزہ

پاکستان کی ٹیکنائیل کی صنعت نے COVID-19 کے باعث دشوار کاروباری حالات کے باوجود اپنی پیداوار میں اضافے اور برآمداتی طلب کو بروقت پورا کر کے کامیابی کے ساتھ اس صورتحال کا سامنا کیا ہے۔ COVID-19 کے متاثرین کی تعداد میں دن بدن اضافہ ہو رہا ہے اور اب بھی یہ خطرہ موجود ہے کہ اس انفیکشن کی دوسری اہر عالمی معیشت کو مزید متاثر کر سکتی ہے۔ وبائی مرض کی اس دوسری لہر سے بچنے کے لئے پاکستان کو سخت حفاظتی اقدامات اپنانے کی ضرورت ہے۔

پچھلے کچھ سالوں سے ملک میں روئی کی پیداوار میں واضح کمی ہوئی ہے اور موجودہ سیزن میں یہ تقریباً 6 ملین گانٹھوں کو چھو رہی ہے جو کہ گزشتہ تین دہائیوں کی کم ترین سطح ہے۔ حکومت کو کپاس کی اس کمی کو دور کرنے اور سال 15 ملین گانٹھوں کی صنعتی طلب کو پورا کرنے کے لئے فوری اقدامات اپنانے کی ضرورت ہے۔

پاکستان کی ٹیکسٹائل انڈسٹری کو اپنا مسابقتی کردار ادا کرنے کے لئے حکومت کو ٹیکسٹائل کی صنعت کو گیس اور بجلی کے علاقائی مسابقتی نرخوں کی فراہمی کو یقینی بنانا ہوگا۔ حکومت کو دوستانہ معاشی پالیسیاں مرتب کرنا ہوں گی اور سود کی شرح کو تقریباً 5 فیصد تک لانا ہوگا جو کہ ملک میں ملازمتوں اور ٹیکسوں میں اضافے میں بھی مددگار ثابت ہوگا۔

موجودہ اور مستقبل کا نقطہ نظر

معیشت کی بہتری کے لئے حکومت کے اٹھائے جانے والے اقدامات کے نتائج نظر آنا شروع ہو چکے ہیں۔ دوران مدت پاکستانی روپے کی قدر میں بھی اضافہ نظر آیا اور توقع ہے کہ یہ مستقبل قریب میں مستحکم رہے گا۔

کمپنی کی انتظامیہ اپنی ملوں کی توسیع اور BMR میں سرمایہ کاری کرتی رہتی ہے۔ کمپنی نے مزید 5,676 اسپنڈل درآمد کر کے کامیابی کے ساتھ نصب کئے ہیں۔ اس توسیع کی وجہ سے کم لاگت اور پیداوار کے معیار میں بہتری کے ساتھ کمپنی کے منافع میں مزید بہتری آئے گی۔

کمپنی اپنے دستیاب وسائل سے زیادہ سے زیادہ منافع حاصل کرنے اور اپنی کمائی کی صلاحیت میں اضافہ کرنے کے لئے مستقل کوششیں کر رہی ہے۔

کمپنی کی انتظامیہ مارکیٹنگ کی بہتری حکمت عملی کے ذریعہ مقامی اور بین الاقوامی دونوں مارکیٹوں میں اپنا حصہ بڑھانے کے لئے پرعزم ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز اپنے ملازمین کی کاوشوں اور صارفین، سپلائرز اور بینکرز کے مسلسل تعاون کو قدر کی نگاہ سے دیکھتی ہے۔

منجانب بورڈ آف ڈائریکٹرز

Samir Jaffer

زابد مظہر

چیف ایگزیکٹو

امجد علی

عمر بن زاہد

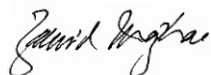
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کراچی 28 اپریل 2021

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

		Un-Audited Mar. 31, 2021 RUPEES	Audited Jun. 30, 2020 RUPEES
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,890,424,688	1,762,441,100
Long term deposits		13,608,488	13,608,488
		1,904,033,176	1,776,049,588
CURRENT ASSETS			
Stores, spares and loose tools		127,421,147	88,790,763
Stock in trade		1,383,908,238	1,785,459,086
Trade debts		1,737,136,903	1,441,599,793
Investments - amortized cost		80,943,482	59,971,390
Loan and advance		311,023,781	55,740,641
Other receivables		22,128,968	25,233,182
Tax refunds due from government		9,014,126	24,329,869
Cash and bank balances		180,204,689	125,710,539
		3,851,781,333	3,606,835,264
TOTAL ASSETS		5,755,814,509	5,382,884,851
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
25,000,000 ordinary shares of Rs. 10/- each		250,000,000	250,000,000
Issued, subscribed and paid up capital			
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
Unappropriated profits		895,382,732	530,976,171
Revaluation surplus on property, plant and equipment		292,237,074	300,440,266
Share premium		274,197,289	177,597,289
		1,676,936,946	1,320,733,576
NON CURRENT LIABILITIES			
Long term financing		294,000,569	272,185,047
Deferred liabilities		146,550,185	104,804,153
Loan from related parties		375,500,204	359,855,204
Deferred grant		7,801,996	6,802,278
		823,852,954	743,646,682
CURRENT LIABILITIES			
Loan from director		36,700,000	36,700,000
Trade and other payable		884,012,267	1,116,293,057
Accrued mark-up		42,989,411	55,335,461
Short term borrowings	7	2,060,976,782	1,995,506,941
Unclaimed dividend		1,485,472	1,485,472
Current portion of long term financing		155,860,678	40,183,662
Current portion of loan from related parties		73,000,000	73,000,000
		3,255,024,610	3,318,504,593
Contingencies and commitments	8		
TOTAL EQUITY AND LIABILITIES		5,755,814,509	5,382,884,851

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



Chief Executive
Karachi: April 28, 2021



Director



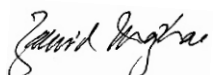
Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	NINE MONTHS ENDED		QUARTER ENDED	
	31-Mar-21 RUPEES	31-Mar-20 RUPEES	31-Mar-21 RUPEES	31-Mar-20 RUPEES
Sales (net)	6,824,869,394	5,629,122,211	2,628,076,024	1,838,259,364
Cost of sales	(6,004,924,279)	(5,020,242,874)	(2,280,050,174)	(1,592,854,093)
Gross profit	819,945,115	608,879,337	348,025,850	245,405,271
Administrative expenses	(83,833,807)	(78,772,208)	(26,298,546)	(25,522,685)
Distribution cost	(53,320,429)	(54,484,237)	(26,367,630)	(18,358,646)
	(137,154,236)	(133,256,445)	(52,666,176)	(43,881,331)
Operating profit	682,790,879	475,622,892	295,359,674	201,523,940
Finance cost	(199,079,868)	(235,682,340)	(62,792,361)	(80,259,286)
Other operating expenses	(7,626,624)	(38,751,064)	(8,663,696)	(43,150,593)
	(206,706,492)	(274,433,404)	(71,456,057)	(123,409,879)
Profit before taxation	476,084,387	201,189,488	223,903,616	78,114,061
Taxation				
Current	(85,250,483)	(70,300,864)	(29,793,340)	(23,550,116)
Prior	(762,204)	5,289,912	(762,204)	-
Deferred	(33,868,330)	(13,192,255)	6,320,060	(17,552,912)
	(119,881,018)	(78,203,207)	(24,235,484)	(41,103,027)
Profit after taxation	356,203,370	122,986,280	199,668,133	37,011,033
Earning per share - Basic and diluted	16.56	6.40	9.28	1.93

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


Chief Executive
Karachi: April 28, 2021


Director



Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	NINE MONTHS ENDED		QUARTER ENDED	
	31-Mar-21 RUPEES	31-Mar-20 RUPEES	31-Mar-21 RUPEES	31-Mar-20 RUPEES
Profit for the period	356,203,370	122,986,280	199,668,133	37,011,033
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>356,203,370</u>	<u>122,986,280</u>	<u>199,668,133</u>	<u>37,011,033</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


Chief Executive
Karachi: April 28, 2021


Director

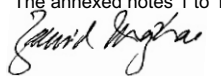

Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED

CONDENSED INTERIM CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	31-Mar-21 RUPEES	31-Mar-20 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	476,084,387	201,189,488
Adjustment for non cash and other items:		
Depreciation expense	115,037,701	102,452,472
Provision for gratuity	25,465,338	27,481,551
Loss /(gain) on disposal on property, plant & equipment	(6,014,278)	2,779,101
Provision for worker's profit participation fund	25,568,442	10,805,021
Provision for worker's welfare fund	9,716,008	4,105,908
Finance cost	199,079,868	235,682,340
	<u>368,853,078</u>	<u>383,306,393</u>
Operating profit before working capital changes	844,937,465	584,495,881
(Increase) / Decrease in Current Assets		
Stores, spares and loose tools	(38,630,384)	(7,231,026)
Stock in trade	401,550,848	(943,529,935)
Trade debts	(295,537,110)	(336,301,366)
Loans and advances	(276,255,232)	126,221,621
Other receivables	3,104,214	115,708,889
	<u>(205,767,664)</u>	<u>(1,045,131,817)</u>
Increase / (Decrease) in Current Liabilities		
Trade and other payables	(238,303,584)	442,534,175
Net cash generated from Operation	400,866,218	(18,101,761)
Payments for:		
Gratuity	(17,587,636)	(22,077,475)
Worker's profit participation fund paid	(28,261,944)	-
Taxes paid	(70,696,944)	(72,553,002)
Financial charges paid	(211,425,918)	(221,517,273)
	<u>(327,972,442)</u>	<u>(316,147,750)</u>
Net cash generated / (used) from operating activities	72,893,776	(334,249,511)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(247,843,230)	(260,000,182)
Long term deposit	-	16,864
Proceeds from disposal of property, plant and equipment	10,836,225	7,450,000
Net cash used in investing activities	(237,007,005)	(252,533,318)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained / (repaid) - net	137,492,538	80,389,752
Dividend paid	-	(24,245,362)
Loan from director	-	151,000,000
Loan from associate - net	15,645,000	20,734,832
	<u>153,137,538</u>	<u>227,879,222</u>
Net cash (used in) / generated from financing activities	(10,975,691)	(358,903,607)
Net increase / (decrease) in cash & cash equivalents		
Cash & cash equivalents at the beginning of the period	(1,869,796,402)	(1,454,872,000)
Cash & cash equivalents at the end of the period	<u>(1,880,772,093)</u>	<u>(1,813,775,607)</u>
Cash and cash equivalent comprise of:		
Cash and bank balances	180,204,689	172,510,392
Short term borrowings - secured	(2,060,976,782)	(1,986,285,999)
	<u>(1,880,772,093)</u>	<u>(1,813,775,607)</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


Chief Executive
Karachi: April 28, 2021


Director

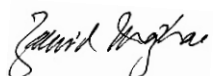

Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Issued, Subscribed And paidup Capital	Advance Against issue of shares	Un-appro priated profit	Share Premium	Revaluation Surplus on property, plant & Equipment	TOTAL
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at June 30, 2019	192,119,850	-	538,359,167	177,597,289	312,229,122	1,220,305,428
Other comprehensive income for the nine months ended March 31, 2020	-	-	122,986,280	-	-	122,986,280
Incremental depreciation transferred from surplus on revaluation of fixed assets-net deferred tax	-	-	9,275,092	-	(9,275,092)	-
Transaction 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)
Balance as at March 31, 2020	192,119,850	-	630,275,374	177,597,289	302,954,030	1,302,946,543
Balance as at June 30, 2020	192,119,850	119,600,000	530,976,171	177,597,289	300,440,266	1,320,733,576
Issue of shares other than right share	23,000,000	(23,000,000)	-	-	-	-
Share premium	-	(96,600,000)	-	96,600,000	-	-
Comprehensive income for the half year ended March 31, 2021	-	-	356,203,370	-	-	356,203,370
Incremental depreciation transferred from surplus on revaluation of fixed assets-net deferred tax	-	-	8,203,192	-	(8,203,192)	-
Balance as at March 31, 2021	215,119,850	-	895,382,732	274,197,289	292,237,074	1,676,936,946

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


Chief Executive
Karachi: April 28, 2021


Director


Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

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 March 31, 2021 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 nine months ended March 31, 2020.

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.

	Note	Un-audited March 31, 2021 RUPEES	Audited June 30, 2020 RUPEES
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	1,880,582,947	1,759,538,807
Capital work in process		9,841,741	2,902,293
		<u>1,890,424,688</u>	<u>1,762,441,100</u>

6.1 During the nine months period ended March 31 2021, the Company capitalized property, plant and equipment aggregating Rs. 240.90 million (March 31, 2020: Rs. 259.16million) while property, plant and equipment with the carrying value of Rs. 4.82 million (March 31, 2020: Rs. 10.23 million) were disposed off during the same period.

7 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.

8 CONTINGENCIES AND COMMITMENTS

8.1 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 Honourable 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 Honourable 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 leviable 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.

8.2 Commitments

	Un-audited March 31, 2021 RUPEES	Audited June 30, 2020 RUPEES
Against letter of credit	597,633,251	277,944,693
Bank guarantee to Excise and Taxation department	64,375,753	52,875,753
Revolving letter of credit to SSGC	53,923,889	34,983,987
Bank guarantee to HESCO	2,502,000	2,502,000
FBP outstanding	96,227,804	93,371,408
Civil contractor	2,309,961	2,879,627

9 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:

Transactions during the period	Nature of relationship	Un-audited March 31, 2021 RUPEES	Un-Audited March 31, 2020 RUPEES
Electricity purchased	Associated undertaking	230,453,673	199,202,770
Rental income	Associated undertaking	10,000	10,000
Weigh bridge	Associated undertaking	135,000	135,000
Loan received	Associated undertaking	31,400,000	35,800,000
Loan repaid	Associated undertaking	15,755,000	15,065,167
Balance outstanding			
Nadeem International (Pvt.) Ltd.		429,850,000	420,000,000
Nadeem Power Generation (Pvt.) Ltd.		18,650,204	13,730,204
Loan from director		36,700,000	31,000,000

10 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.


11 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 28, 2021.

12 GENERAL

12.1 The corresponding figures have been re-arranged and re-classified, wherever considered necessary, to comply with the requirements of applicable financial reporting framework and for the purpose of comparison; and

12.2 Figures have been rounded off to the nearest rupee.


Chief Executive
Karachi: April 28, 2021


Director


Chief Financial Officer

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