

Annual Report

2021

NAZIR

COTTON MILLS LTD.



**47th Annual Report and Accounts
For the year ended June 30,2020**

In the Name of Allah the merciful, the compassionate

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COMPANY'S INFORMATION

Board of Director

Mian Shahzad Aslam	Chief Executive Officer
Mian Farrukh Naseem	
Mian Aamir Naseem	
Mr. Maqbool Hussain Bhutta	
Mr. Muhammad Abbas	
Mr. Asim Mahmood Bahti	Independent Director
Mr. Muhammad Irfan	Independent Director

Audit Committee:

Mr. Muhammad Irfan	Chairman
Mr. Muhammad Abbas	Member
Mr. Asim Mahmood Bahti	Member

HR & R Committee:

Mr. Asim Mahmood Bahti	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:

Habib Bank Limited
Muslim Commercial Bank Ltd.
Al-Baraka Bank Pakistan Ltd.

Share Registrar

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

Registered Office:

61-K, Gulberg III, Lahore.
Ph: 042-35763736 Fax: 042-35763768

Mill:

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



VISION STATEMENT

We aim at seeing our Mills to be a model manufacturing unit producing high quality yarn by complying with the requirements of Quality Management System and continuously improving its effectiveness for total customer's satisfaction. We wish to play a leading role in the spinning sector by keeping a substantial presence in the export and local markets.

MISSION STATEMENT

- 1. To install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive quality environment.**
- 2. To make strenuous efforts to enhance profitability of the mills ensuring a fair return to the investors, shareholders and employees of the Company.**
- 3. To exercise maximum care for improvement of quality of our products by employing a team of high skilled technicians and professional managers.**
- 4. To strive hard to develop new markets for the sale of our products in export and local markets.**
- 5. To improve customer's satisfaction level by adhering strictly to quality requirements of our customers in local and export markets and by improving communications with customers for receiving prompt feed backs about quality of our products.**
- 6. To attend to the prompt resolution of customer's complaints by taking timely corrective measures to re-dress the quality complaints.**
- 7. To improve logistic facilities for our customers dispatch programme and issue all shipments / delivery documents well in time.**
- 8. To make comprehensive arrangement for the training of our workers/technicians.**
- 9. To promote team work, sense of transparency and creativity in our professionals and technical people.**



STATEMENTS OF ETHICS AND BUSINESS PRACTICES

NAZIR COTTON MILLS LIMITED has laid down the following business ethics and principles, the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's business in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these ethics is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

1. Conflict of interest

All staff members are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

- a) In effecting the purchase for the company and selling its products, the Directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or service to the company or buying its products.
- b) The staff members should not engage in any outside business while serving the company.
- c) Staff member's are not permitted to conduct personal business in company's premises or use company's facilities for the same.
- d) If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

2. Confidentially

All staff members are required not to divulge any secrets / information of the company to any outside even after leaving the service of the company unless it is so required by a court of law. During the course of service in the company they should not disseminate any information relating to business secrets of the company without the consent of management.

3. Kickbacks

All staff members are strictly forbidden not to accept any favour, gifts or kickbacks from any organization dealing with the company. In case if such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

4. Proper Books of Accounts

All funds, receipt and disbursements should be properly recorded in the accounts books of the company. No false or fictitious entries should be made or misleading statement pertaining to the company or its operation should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

**5. Relationship with Government officials suppliers and agents etc.**

The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult the management.

6. Health and Safety

Every staff members is required to take care of his health and safety and of those working with him. The management's responsibility for keeping its staff members insured government rules and regulations.

7. Environment

To preserve and protect the environment all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communicates, and strive contiguously to improve environmental awareness and protections.

8. Alcohol, Drugs

All types of gambling and betting at the company's work places strictly forbidden. Also taking of any alcohols or drugs inside the work place is not allowed and any member of the staff, not abiding by these prohibitions will attract disciplinary as well as penal action under the law.

9. Coordination among staff members to maintain Discipline

All staff members will work in close coordination with their co-workers, superiors and colleagues. Every member will cooperate with other members so that the company's work carried out effectively and efficiently. All case of non-cooperation among staff members should reported to the management for necessary and suitable action. Strict disciplinary action will be taken against those staff members who violate the rules and regulations of the company.

10. Workplace harassment

All members of the staff will provide an environment that free from harassment and in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.

**KEY OPERATING AND FINANCIAL DATA****OPERATING****(Rupees in Thousands)**

	2021	2020	2019	2018	2017	2016
Sale	12,677	2,449	1,300	-	-	-
Gross Profit / (Loss)	(1,890)	(2,089)	(644)	-	-	-
Operating Profit/(loss)	(22,606)	(23,666)	(16,694)	(19,504)	(23,404)	-
Profit/(Loss) before tax	0,322	(9,450)	(7,149)	(16,566)	(21,420)	(114,113)
Tax	2,434	2,203	(1,171)	(36)	-	-
Profit/(Loss) after tax	2,756	(7,246)	(8,320)	(16,602)	(21,420)	(114,113)
Total Assets	381,574	388,447	396,498	206,065	223,202	225,188
Current Liabilities	207,739	208,994	216,936	113,293	21,110	114,131
	<u>173,835</u>	<u>179,453</u>	<u>179,562</u>	<u>92,772</u>	<u>202,092</u>	<u>141,057</u>

REPRESENTED BY

Share Capital	230,000	230,000	230,000	(176,740)	(159,481)	(136,418)
Reserves	(83,584)	(80,590)	(85,914)	165,318	165,318	165,318
Equity	146,417	149,410	144,086	11,442	(5,837)	(28,900)
Long Term Loans & Leases	27,419	30,043	35,475	(104,194)	(196,255)	112,,157
	<u>173,835</u>	<u>179,453</u>	<u>179,562</u>	<u>(92,772)</u>	<u>(202,092)</u>	<u>(141,057)</u>



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nazir Cotton Mills Limited

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **NAZIR COTTON MILLS LIMITED** ("the Company") for the year ended June 30, 2021, in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph Reference	Description
---------------------	-------------

- | | |
|---|---|
| 1 | The Board does not consists of any female director. |
| 2 | Regulation 6 of the Regulations requires that the independent directors of each listed company shall not be less than two members or one third of the total members of the board, whichever is higher. However, there is only one independent director on the Board of Directors of the Company. |
| 3 | Regulation 31 of the Regulations requires that there shall be an internal audit function in every company. The head of internal audit shall functionally report to the audit committee and administratively to the chief executive officer and his performance appraisal shall be done jointly by the Chairman of the audit committee and the chief executive officer. However, there is no internal audit function in the Company. |
| 4 | The Board has not arranged any Director's training program nor was the exemption certificate obtained from Commission (Where applicable). |

Date: November 06, 2021
Lahore

HASNAIN ALI & CO
Chartered Accountants
Audit Engagement Partner: Hasnain Adam Ali



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 48th Annual General Meeting of the Shareholders of **NAZIR COTTON MILLS LIMITED** will be held at Company's Registered Office, **61-K Gulberg III, Lahore** on November 27, 2021 (Saturday) at 10:00 AM to transact the following business:-

Ordinary Business :

1. To confirm the minutes of the Annual General Meeting of the Company held on October 27, 2020
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2021 together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors and fix their remuneration for the year ended June 30, 2022
4. To consider any other business which may be placed before the meeting with the permission of the Chair

By Order of the Board

Lahore:
Dated: November 06, 2021

(MIAN SHAHZAD ASLAM)
Chief Executive Officer

Notes:

1. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective, must be received at **61-K Gulberg III, Lahore** the Registered Office of the Company not later than 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.
2. The Share Transfer Books of the Company will remain closed from November 21, 2021 to November 27, 2021 (both days inclusive).
3. Members are requested to immediately notify the change in their addresses, if any.
4. Accounts holders and sub-account holders holding book entry securities in respect of the company in Central Depository Company of Pakistan Limited, who wish to attend the Annual General Meeting are requested to bring original Computerized National Identity Card for identification purpose.
5. **Video Conference Facility**

Pursuant to the provisions of the Companies Act, 2017, the members residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide them facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address mentioned above, at least 10 days prior to the date of the meeting on the Standard Form available on the company's website: www.nazircottonmills.com



CHAIRMAN'S REVIEW

I am pleased to present the report on the overall performance of the Board of Directors and effectiveness of the role in achieving the objects of the Company.

During the year, the Board focused on the future restructuring. The Board regularly tracked the progress against the business plan. The committee of the Board worked diligently and focused on their terms of reference during the year under review.

The company is facing problem due to the close of its operation since 2009. The company has change the main line of business. The directors played their role in this regard efficiently. But the management still trying to obtain electricity connection and resume the main line of business company.

The Board has carried out review of its effectiveness and performance which is satisfactory. The Board evaluation during the year 2021 robustly considered in all aspects of the Board including the performance of the individual director, Board Committees and the Board as a whole.

I am happy to report that your Board continues to function effectively and is focused on priorities of the Company's business.

Maqbool Husain Bhutta

(Chairman)

Lahore: November 06, 2021



DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of your company welcome you to the Annual General Meeting and are pleased to present the company's audited financial statements for the year ended June 30, 2021.

Performance Review

The year under review shows that the company has earned net profit of Rs. 0.322 Million after accounting for administrative expenses of Rs. 20.716 Million including depreciation of Rs.(12.316) Million as compared to last corresponding year's net loss of Rs.(9,450) Million.

Due to the unfavourable market condition ,the operation of the mill remained closed during the year under consideration. However, the new business of Dairy has been started.

The management is in opinion that if the unit cost of electricity become Rs. 8 per unit i.e. equal to the unit rate in the neighbor countries, then company will be able to restart it's commercial production. However, the management is in option that demand of Halal Food in the world, Due to the present situation caused by the covid 19 has been increased. So, there is bright chance of the groom the dairy business.

Financial Results

The year under review was not good as the textile industry in Pakistan is still facing difficult period. The financial results of the company for the year under the review are as under:

	2021	2020
	Rupees	Rupees
Operating Profit/(Loss)	(22,606,256)	(23,666,028)
Financial charges	(2,978)	(8,879)
Other income	22,931,389	14,225,102
(Loss)/Profit before taxation	(322,155)	(9,234,934)
Taxation	2,434,038	2,203,436
(Loss)/Profit after taxation	2,756,193	7,040,367
Accumulated loss brought forward	(420,014,474)	(422,770,667)
Loss available for appropriation	(399,024,418)	(415,730,300)

Earning / (Loss) per share

Based on net profit for the year ended June 30, 2021, is Rs. 0.12 as compared to the loss per share of Rs. (0.32) in the preceding year ended June 30, 2020.

Dividend

No dividend has been declared by the company during the year due to loss

Auditors' Report

Auditors' has raised their observation about going concern of company. In assessing the going concern status of the Company, management has carefully assessed a number of factors covering the operational performance of the business, the ability to implement a significant debt restructuring of the Company's existing debts and the appetite of directors & associates to continue financial support.

Based on the analysis of these, and key management efforts and decisions as mentioned above, management is comfortable that the Company will be able to continue as a going concern in the foreseeable future.



Based on analysis of theses, key management decisions as mentioned in 'future outlook' the management is comfortable that the Company will be able to continue as a going concern in the foreseeable future.

The company has started the business of dairy. During the year under consideration, sales proceed was rupees 12.6877 million the management in trying to extend the dairy business. The Management also trying to secure electric connection to resume its main line of business i.e spinning.

The Adverse Opinion of the auditor is based on the Following Points, which has been discussed below:-

1. The Auditor has shown his attention about the ability of the company to be a Going Concern which has been discussed above.
2. In auditor's opinion, Mark-up should be charge on the loan of From Islamic Investment Bank. in the point of view of the management, the amount of loan has not been decided by the court, so the calculation of mark up is not possible. Moreover, the loan is based on Islamic mode i.e. profit and loss sharing. So question of Mark-up dose not arise
3. The auditor has raised point about impairment of the value of investment in the Shares of Sajjad Textile Mills Ltd amounting to 3.833 Million. In this context it is stated that it is not in the control of company and company cannot any thing in this regard.
4. I the auditor has pointed out that there should be a provision amounting to 15 million regarding the decrease in value of Pant and M|achinery and Store and Spares due to idle time of these assets. in this regard it is stated that the management will consider this point in next board meeting.
5. The auditor has objected the legal Advisers reply regarding silence about future outcome of the cases pending in courts. In this regard it is stated that the proceedings was slow in these cases last year. That's why legal advisor did not any words about the force able future of these cases,
6. Regarding non-responsive ness of corporate advisor by the auditor, it is stated that the auditor did not made any approach to management of the Company.

Future Prospects

The management is fully aware of present challenges facing the textile industry specially spinning and making their efforts to revive the operation of mills subject to support of banks.

The company has started the business of dairy. During the year under consideration, sales proceed was rupees 12.6877 million the management in trying to extend the dairy business. The Management also trying to secure electric connection to resume its main line of business i.e spinning.

Corporate Governance

As required by the Code of Corporate Governance, directors are pleased to report that:

- i. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- ii. Proper books of accounts of the Company have been maintained.



- iii. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- iv. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- v. The system of internal control is sound in design and has been effectively implemented and monitored.
- vi. Management feels that there is no significant doubt on the Company's ability to continue as going concern. We had already provided our reply on Auditors' Observation in this report and mitigating factors are also disclosed in detail.
- vii. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations. Company has also constituted Audit Committee and HR & R Committee and its members are disclosed in annual report.
- viii. The detail of trading in shares of the Company, if any, carried out by the directors, CEO, CFO, and Company Secretary and their spouses and minor children is provided in pattern of shareholding annexed with this report.
- ix. No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relate and the date of Directors' report.
- x. Key operating and financial data for last six years is annexed.
- xi. The pattern of shareholding is also annexed.
- xii. The Company has fulfilled its major statutory and financial obligations.
- xiii. No dividend or bonus shares are declared because of loss during the year.
- xiv. Company has arranged in house training programs for its directors; however, most of directors meet criteria as laid down in code of corporate governance regarding directors' training implemented and monitored.

Board of directors meeting

During the year, four (5) Meeting of the Board of Directors were held. Attendance by each Director at the Board Meetings as under:-

Name of the Directors	No. of Meetings Attended		
	BOD	HR	AC
Mian Shahzad Aslam	5	-	-
Mian Faruukh Naseem	5	-	-
Mian Aamir Naseem	5	-	-
Maqbool Hussain Bhutta	5	-	-
Mr.muhammad Asghar	5	4	4
Mr.Muhammad Abbas	5	4	4
Mr.Muhammad Irfan	5	4	4

Directors who could not attend Board Meeting due to illness or some other engagements were granted leave of absence in accordance with law.

Audit committee

The Board of Directors in compliance of Code of Corporate Governance has established an Audit Committee and the following Directors are its members.

Mr. Muhammad Irfan	Chairman
Mr. Muhammad Abbas	Member
Mr. Asim Mehmood Bahti	Member

Acknowledgement

The directors would like to place on record their appreciation for services rendered by the employees of the company who have contributed their optimum skills and hope that the same spirit of devotion will continue in future. In addition, we thank our stakeholders for trusting us.

Lahore
Dated: November 06, 2021

For and on behalf of the Board
(MIAN SHAHZAD ASLAM)
Chief Executive



ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز نے 30 جون، 2021 کو اختتام پذیر ہونے والے مالی سال کے لئے، کمپنی کی سالانہ رپورٹ، آڈیٹڈ فائنل رپورٹ کے ہمراہ پیش کیے ہیں۔

کمپنی پر فارمنس:

رواں مالی سال کے دوران کمپنی کا نفع 0.322 ملین رہا جس میں انتظامی اخراجات 20.716 اور مشینوں کی گھسائی (12.316) ملین ہے جبکہ پچھلے سال کا نقصان (9,450) ملین تھا۔

رواں مالی سال میں نامناسب مارکیٹ حالات کی وجہ سے کمپنی کا کاروبار بند رہا

مالی نتائج	2020	2020
	روپے (ہزاروں میں)	
آپریٹنگ نقصان	(23,666)	(22,606)
مالیاتی اخراجات	(9)	(3)
متفرق آمدنی	14,225	22,931
(نفع نقصان) ٹیکس سے پہلے	(9,450)	(322)
ٹیکس	(2,203)	(2434)
(نفع نقصان) ٹیکس کے بعد	(7,246)	(2756)
(گزشتہ مجموعی نفع نقصان)	(428,967)	(420,014)
طے شدہ نفع نقصان	(415,936)	(399,024)
فی شیئر نفع نقصان	(0.32)	0.12

مختلف آپریٹنگ مشکلات (انرجی اور گیس کی قیمتوں میں اضافے اور پرافٹ مارجن میں کمی) کی وجہ سے مل بدستور بند رہی۔ کمپنی کی انتظامیہ آپریٹنگ ڈھانچہ کی تنظیم نو کر رہی ہے تاکہ موجودہ مشینری کی وجہ سے جو آپریٹنگ نقصانات ہو رہے ہیں ان کو کم کیا جاسکے۔

مستقبل کے تناظر میں:

انتظامیہ کو موجودہ مشکلات کا پورا انداز ہے جو کہ ٹیکسٹائل کی صنعت خصوصاً سپلائی سیکٹر کو درپیش ہیں اور اسی کوشش میں کہ مل دوبارہ کس طرح شرع کی جائے۔

کمپنی نے ڈیری کا کام شروع کر دیا ہے مجودہ سال میں 12.688 ملین کی وصولی ہوئی انتظامیہ اس کاروبار کو پڑھانے کی کوشش کر رہی ہے اس کے ساتھ ساتھ بجلی کا کنکشن بھی حاصل کرنے کی کوشش کی جا رہی ہے تاکہ کمپنی اپنا اصل کام شروع کر سکے

آڈیٹرز کے مشاہدات / اہلیت پر تبصرے

موجودہ تشریحات مفروضہ جات

کمپنی کے آڈیٹرز نے کمپنی کی موجودہ صورت حال کو سامنے رکھتے ہوئے۔ خدشہ ظاہر کیا ہے کہ کمپنی مستقبل میں اپنے جاری وجود کو برقرار نہ رکھ پائے گی۔ جس کا جواب درج ذیل ہے۔



- (1) آڈیٹر کے خیال میں کمپنی مستقبل میں اپنی کاروباری سرگرمیاں جاری نہیں رکھ سکتی۔ جس کا جواب اوپر بحث کیا گیا ہے
- (2) آڈیٹر نے اعتراض کیا ہے کہ کمپنی نے اپنے قرضوں پر مارک اپ نہیں لگایا۔ انتظامیہ کے خیال میں جو قرضہ جات تنازع کے باعث عدالت میں کیس چل رہا ہوں مارک اپ نہیں چارج ہوتا۔ مزید بہتر آں اسلاک انوسٹمنٹ بنک کے ساتھ قرضہ نفع نقصان کی بنیاد پر ہے جس پر مارک اپ نہیں ہے
- (3) آڈیٹر نے سجاد ٹیکسٹائل ملز میں انوسٹمنٹ کی مالیت گر جانے پر اعتراض کیا ہے
- انتظامیہ کے خیال میں یہ معاملہ کمپنی کے دائرہ اختیار میں نہیں آتا
- (4) آڈیٹر کے خیال میں کمپنی کے مشینری اور فالتو پرزہ جات کی ویلیو کا رو بار بند ہونے کی وجہ سے کم ہو چکی ہے لہذا 15.5 ملین اس کے لیے مختص کئے جائے
- انتظامیہ کے مطابق اس معاملے کو بورڈ میٹنگ میں اٹھایا جائے گا۔
- (5) آڈیٹر نے اعتراض کیا ہے کہ کمپنی کے قانونی مشیر نے کمپنی کے عدالتی کیسوں کے مستقبل کے بارے میں رائے نہیں دی
- انتظامیہ کے خیال میں کیونکہ کیسوں کے بارے میں پچھلے سال کوئی پیش رفت نہیں ہوئی لہذا آئندہ سال کے بارے میں بھی پیش گوئی نہیں کی جاسکتی۔
- (6) آڈیٹر نے کمپنی کے کارپوریٹ مشیر کے سر دروپیہ کے بارے میں اعتراض کیا ہے۔
- جبکہ انتظامیہ کا کہنا ہے آڈیٹر نے اس بارے میں انتظامیہ سے رابطہ ہی نہیں کیا

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کارپوریٹ گورننس کے کوڈ کے تناظر میں، ہمارے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیانات ذیل میں ہیں:
- 1- کمپنی کی انتظامیہ کی طرف سے تیار مالی بیانات، موجودہ امور، کاروباری معاملات کے نتائج، نقدی بہاؤ کے نتائج اور تبدیلیوں کو منصفانہ طور پر بیان کرتا ہے۔ مالی بیانات میں اثاثہ جات اور ذمہ داریاں تخمینہ تحلیل پر پیش کئے گئے ہیں۔
 - 2- کمپنی کے اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا گیا ہے۔
 - 3- مالی بیانات اور اکاؤنٹنگ اندازوں کی تیاری مناسب اکاؤنٹنگ پالیسیوں کو لاگو کیا گیا ہے، اور یہ پالیسیاں مناسب اور آئندہ فیصلوں پر مبنی ہیں۔
 - 4- پاکستان میں قابل بین الاقوامی اکاؤنٹنگ کے معیارات کی معیارات کی مالی بیانات کی تیاری میں پیروی کی گئی ہے، اور ان پالیسیوں سے انحراف بھی ظاہر کر دیا گیا ہے۔
 - 5- اندرونی کنٹرول کے نظام کی موثر طریقے سے عملدرآمدگی اور نگرانی کی گئی ہے۔
 - 6- مینجمنٹ کو محسوس ہوتا ہے حالیہ تشویش کے باوجود کمپنی کی صلاحیت پر کوئی قابل ذکر شک نہیں ہے۔ ہم نے پہلے ہی اس رپورٹ میں آڈیٹر کے مشاہدات پر جواب داخل کرادیئے ہیں۔
 - 7- لسٹنگ کے ضابطے میں کارپوریٹ گورننس کے بہترین طریقوں میں کوئی واضح انحراف موجود نہیں۔ سے تفصیلی طور پر، اضافہ ہو رہا ہے۔ کمپنی نے آڈٹ کمیٹی اور HR & R کمیٹی تشکیل دی ہے اور اس کے اراکین کے نام سالانہ رپورٹ میں ظاہر ہیں۔
 - 8- کمپنی کے حصص میں ٹریڈنگ کی تفصیل، اگر کوئی ہے تو، ڈائریکٹرز، CEO، CFO اور کمپنی سیکریٹری اور ان کے اہل و عیال کی تفصیل شیئر ہولڈنگ رپورٹ میں پیٹرن کے مطابق فراہم کی جا چکی ہے۔
 - 9- اس مالی سال کے آخر اور اس مالی سال کے درمیان، جس سے یہ مالی بیانات اور ڈائریکٹرز کی رپورٹ تعلق رکھتے ہیں، کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی خاطر خواہ تبدیلیاں اور وعدے واقع نہیں ہوئے۔
 - 10- اہم آپریٹنگ اور گزشتہ چھ سال کا مالیاتی ڈیٹا آن ریکارڈ ہے۔
 - 11- شیئر ہولڈنگ کا پیٹرن بھی آن ریکارڈ ہے۔
 - 12- کمپنی نے اہم قانونی اور مالی ذمہ داریوں کو پورا کیا ہے
 - 13- رواں مالی سال خسارے کے باعث، کوئی منفعاتی یا بونس شیئرز جاری نہیں ہوئے۔
 - 14- کمپنی نے ڈائریکٹرز کے لئے ”مرتب کئے ہیں، تاہم اکثر ڈائریکٹرز اس ٹریڈنگ کے معاملے میں کارپوریٹ گورننس کے معیار پر پورا اترتے ہیں۔
 - 15- رواں مالی سال کے دوران کسی ڈائریکٹر نے کارپوریٹ گورننس کی ٹریڈنگ حاصل نہیں کی



بورڈ آف ڈائریکٹرز کی سالانہ تہنیں:

بورڈ کمپنی میں تین اہم امور سرانجام دیتا ہے۔ یہ سمت فراہم کرتا ہے۔ (یعنی کمپنی کی اسٹریٹجک سمت کا تعین کرتا ہے)۔ یہ کنٹرول کرتا ہے (یعنی انتظام پر نظر رکھتا ہے) اور یہ مدد اور مشورہ فراہم کرتا ہے۔ بورڈ نے ایک اندرونی کارکردگی کی تہنیں کا طریقہ کار وضع کیا ہے جو عام طور پر ان کرداروں اور ان کے نتیجے میں آنے والی لازمی ذمہ داریوں کا جائزہ لیتا ہے اور نظر رکھتا ہے کہ کتنے موثر طریقے سے ان ذمہ داریوں کو ادا کیا گیا ہے۔ بورڈ کی کارکردگی کے جائزے میں بنیادی طور پر یہ دیکھا جاتا ہے کہ درج ذیل امور کو کیسے سرانجام دیا ہے۔

(ا) بورڈ کی ساخت، اس کی تشکیل، اس کا آئین، تنوع اور کمینیاں، اراکین کی مہارت، بورڈ اور کمپنی کے چارٹر (قوانین) اور اجلاسوں کی تعداد اور طریقہ کار۔

(ب) بورڈ کے محرکات اور کام کاج، بورڈ کا سالانہ کیلنڈر، معلومات کی دستیابی، سی ای او اور سینئر افسروں کے ساتھ گفت و شنیں اور مواصلات، بورڈ کا ایجنڈا، بورڈ کے اجلاس میں میل جول اور شرکت کے معیار۔

(پ) کاروباری حکمت عملی کا نظم و ضبط، کمپنی کی حکمت عملی میں بورڈ کا کردار

(ت) مالیاتی رپورٹنگ کا عمل، اندرونی جانچ پڑتال اور کنٹرول، متعلقہ پارٹیوں کے ساتھ غیر منصفانہ لین دین کے پیش نظر مالی اور دیگر کنٹرول کے نظام کی سالمیت، متحرک طریقہ کار اور خطرات سے بچنا۔

(ث) نگرانی کا کردار: پالیسیوں، حکمت عملی کا نفاذ اور نگرانی۔

(ث) امدادی اور مشاورتی کردار۔

بورڈ اور آڈٹ کمیٹی کے اجلاس

بورڈ آف ڈائریکٹرز، بورڈ آڈٹ کمیٹی (BAC) اور HR&R کمیٹی میں سے ہر ایک کے ڈائریکٹر کی طرف سے اجلاس میں حاضری، حسب ذیل ہے:

BOB	حاضری	AC	HR&R	منعقد ملاقاتوں کی تعداد
5	-	-	-	1- میاں شہزاد اسلم
5	-	-	-	2- میاں فرخ نسیم
5	-	-	-	3- میاں عامر نسیم
5	-	-	-	4- مقبول حسین بھٹہ
5	4	4	4	5- محمد اصغر
5	4	4	4	6- محمد عباس
5	4	4	4	7- محمد عرفان

آڈیٹرز

کمپنی کے آڈیٹر ریٹائرڈ ہوئے اور اگلے سال دوبارہ تعیناتی کے لئے اہل ہیں۔ آڈٹ کمیٹی حسنین اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی آئندہ سال کے لئے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کی سفارش کی ہے۔

اعتراف

بورڈ آف ڈائریکٹرز بینکوں اور مالیاتی اداروں کی امداد اور تعاون کے ساتھ ساتھ تمام ملازمین اور کمپنی کے ٹھیکیداروں کی کوششوں، بگن اور عزم اور تقسیم کاروں، ڈیلرز، سپلائرز اور اسٹیک ہولڈرز کے تعاون کا شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

جناب میاں شہزاد اسلم

سی۔ ای۔ او

لاہور۔ نومبر 06، 2021



STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2017

The Nazir Cotton Mills Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2017 ("the Regulations") in the following manner:

1. The total number of directors is Seven as per the following.
 - a. Male: Seven
 - b. Female: None
2. The composition of the Board of Directors (the Board) is as follows:
 - a. Category Independent Mr. Muhammad Irfan
Asim Mehmood Bhatti
 - b. Director Executive Directors Mian Shahzad Aslam
 - c. Non-Executive Directors Mian Farrukh Naseem
Mian Amir Naseem
Maqbool Husain Bhutta
Mr. Muhammad Abbas
3. Directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board remained fully compliant with the provision with regard to their training program. The majority of the Board members have the prescribed qualifications and experience required for exemption from training program of directors pursuant to regulation 20 of the Regulations.
10. The Board has approved appointment of CFO and Company Secretary, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.



11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a. Audit Committee

Mr. Muhammad Irfan	(Chairman)
Mr. Muhammad Abbas	(Member)
Mr. Asim Mahmood Bhatti	(Member)

We have appoint independent director as Chairman of the Audit Committee in due course.

b. HR and Remuneration Committee

Mr. Asim Mahmood Bhatti	(Chairman)
Mr. Muhammad Abbas	(Member)
Mr. Muhammad Irfan	(Member)

We have appointed independent director as member of HR and Remuneration Committee in due course.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the aforesaid committees were as per following:

- a. Audit Committee: Four meetings during the financial year ended 30 June 2021
- b. HR and Remuneration Committee: one meeting during the financial year ended 30 June 2021.

15. The board has not set up an internal audit function because the operation of the company has been suspended since last many years.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.



INDEPENDENT AUDITOR'S REPORT

To the members of Nazir Cotton Mills Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of **Nazir Cotton Mills Limited** ("the Company"), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations except for the points V and VI in the basis of adverse opinion paragraph which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the effects of the matters discussed in the basis for adverse opinion paragraph the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at June 30, 2021 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- I. We draw attention to Note 2 in the financial statements, which indicates that the company has earned profit before taxation of Rs. 0.322 million (2020: loss before taxation of Rs. 9.449 million) and its accumulated losses stood at Rs. 399.024 million (2020: Rs. 415.936 million) as at June 30, 2021. The company's current liabilities exceeded current assets by Rs. 163.515 million (2020: Rs. 191.027 million). Furthermore, the company has closed down its business operations and the production remained suspended throughout the year. The company has been unable to arrange fresh financing for working capital and other purposes. The management of the company did provide us its assessment of going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the company. However, the management has been unable to satisfy us with respect to:
 - a. the willingness of litigant financial institutions to restructure the term and conditions of their existing loans.
 - b. Letter of support as well as financial ability of sponsors and related parties for further cash injection.
 - c. Hiring of specialized staff for commencing the operations of the company.
 - d. Lack of progress on negotiations with new financial institutions for working capital requirements as well as BMR activities.
- II. The company has not accrued mark-up on the outstanding balances of loans with financial institutions commencing from the date when the company went into litigation with these financial institutions. As per the confirmation received from financial institutions, markup amounting to Rs. 14.009 million has not been fully charged in the financial statements. Had this amount been taken into account, the company's profit before taxation of Rs. 0.322 million would have resulted into (loss before taxation) amounting to Rs. 13.687 million and its current liabilities would increase to Rs. 221.748 million at the balance sheet date.



- III. As disclosed in Note 7.1, the company made an investment in Sajjad Textile Mills Limited which opted for voluntary delisting from Pakistan Stock Exchange Limited. Furthermore, as disclosed in the financial statements for the period ended March 31, 2020, the company's equity is negative. No impairment has been recognized in the financial statement against such investment. Had the impairment been recognized in the financial statement, the company equity would have been reduced by Rs. 3.833 million with similar decrease in long term investments.
- IV. The company's operations have remained closed for the past many years. Similarly, plant and machinery remained idle during these years. Resultantly, it is expected that there will be an allowance for obsolescence as there has been no movement in the quantities of stores, spares and loose tools. We believe that a provision for obsolescence amounting to Rs. 1.535 million be recognized in the financial statements. Had this provision been recognized in the financial statements, the company's profit before taxation would have resulted into (loss before taxation) amounting to Rs. 1.212 million with similar decrease in current assets which would have been reflected at Rs. 42.689 million at the reporting date.
- Because of the circumstances and events as mentioned in preceding paragraphs we consider that the use of going concern assumption for the preparation of these financial statements is inappropriate and accordingly the financial statements should have been prepared on non going concern basis.
- V. As for the cases disclosed in Note 18 of the financial statements, the opinion of legal advisor is silent on the outcome of cases.
- VI. Due to non responsiveness of corporate advisor we are unable to determine monetary impact of financial violation of Pakistan Stock Exchange Limited.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of current period. These matters were addressed in the context of audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended June 30, 2021, but does not include the financial statements and our auditor's report thereon.

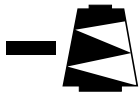
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) Because of the possible effects of the matters discussed in the Basis for Adverse Opinion section of our report, proper books of account have not been kept by the company as required by the Companies Act, 2017 (XIX of 2017);
- b) because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017). However these are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Hasnain Adam Ali.

Lahore

Date: Hasnain Ali & Co.

Chartered Accountants

In case of any discrepancy on the company's website, the auditors shall only be responsible in respect of the information contained in the hard copies of the audited financial statements available at the company's registered office.



NAZIR COTTON MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

ASSETS	Note	2021 Rupees	2020 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	5	327,123,034	346,290,125
Biological assets	6	6,388,942	14,602,600
Long term investments	7	3,838,000	9,587,500
		<u>337,349,976</u>	<u>370,480,225</u>
CURRENT ASSETS			
Stores, spares and loose tools	8	1,534,873	1,534,873
Trade debts	9	1,066,924	995,684
Deposits, prepayments and other receivables	10	12,515,184	12,621,620
Cash and bank balances	11	29,107,636	2,814,651
		<u>44,224,617</u>	<u>17,966,829</u>
TOTAL ASSETS		<u><u>381,574,593</u></u>	<u><u>388,447,054</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
25,000,000 (2020: 25,000,000)			
-ordinary shares of Rs. 10/- each		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up capital	12	230,000,000	230,000,000
Capital reserve		434,000	434,000
(Deficit) / surplus on remeasurement of available for sale investments	13	(479,125)	5,270,375
Revenue reserve - general		45,829,500	45,829,500
Revaluation surplus on property, plant and equipment	14	269,656,698	283,812,379
Accumulated loss		<u>(399,024,418)</u>	<u>(415,936,292)</u>
		146,416,655	149,409,962
NON - CURRENT LIABILITY			
Deferred taxation	15	27,418,585	30,042,783
CURRENT LIABILITIES			
Short term borrowings	16	206,896,985	208,162,985
Trade and other payables	17	771,777	831,324
Provision for taxation		70,591	-
		<u>207,739,353</u>	<u>208,994,309</u>
CONTINGENCIES AND COMMITMENTS			
	18	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>381,574,593</u></u>	<u><u>388,447,054</u></u>

The annexed notes, from 1 to 38, form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



NAZIR COTTON MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Net sales	19	12,677,304	2,449,035
Cost of sale	20	<u>(14,567,817)</u>	<u>(4,538,266)</u>
Gross (loss)		(1,890,514)	(2,089,231)
Administrative expenses	21	<u>(20,715,742)</u>	<u>(21,576,797)</u>
Operating (loss)		(22,606,256)	(23,666,028)
Other income	22	<u>22,931,389</u>	<u>14,225,102</u>
		325,133	(9,440,926)
Finance cost	23	<u>(2,978)</u>	<u>(8,869)</u>
Profit / (loss) before taxation		322,155	(9,449,795)
Taxation	24	<u>2,434,038</u>	<u>2,203,436</u>
Profit / (loss) after taxation		<u><u>2,756,193</u></u>	<u><u>(7,246,359)</u></u>
Earning / (loss) per share-basic	25	<u><u>0.12</u></u>	<u><u>(0.32)</u></u>

The annexed notes, from 1 to 38, form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



NAZIR COTTON MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Profit / (loss) after taxation		2,756,193	(7,246,359)
Other comprehensive income for the year			
Items that may be reclassified to statement of profit or loss:			
(Deficit) / surplus arising on measurement of available for sale			
-investments to fair value	13.1	(5,749,500)	9,199,200
Items that will not be reclassified to statement of profit or loss:			
Deferred tax in respect of incremental depreciation		-	3,370,768
		(5,749,500)	12,569,968
Total comprehensive (loss) / profit for the year		(2,993,307)	5,323,609

The annexed notes, from 1 to 38, form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



NAZIR COTTON MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	SHARE CAPITAL	CAPITAL RESERVES	RESERVE/(DEFICIT) ON REMEASUREMENT OF AVAILABLE FOR SALE INVESTMENT	REVENUE RESERVE - GENERAL	SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	ACCUMULATE D (LOSS)	TOTAL
	-----Rupees-----						
Balance as at July 01, 2019	230,000,000	434,000	(3,928,825)	45,829,500	300,719,061	(428,967,382)	144,086,353
Total comprehensive income							
(Loss) for the year	-	-	-	-	-	(7,246,359)	(7,246,359)
Other comprehensive income	-	-	9,199,200	-	-	3,370,768	12,569,968
Incremental depreciation-net of deferred tax	-	-	9,199,200	-	-	(3,875,591)	5,323,609
Surplus realised during the year on disposal	-	-	-	-	(8,252,569)	8,252,569	-
	-	-	-	-	(8,654,112)	8,654,112	-
Balance as at June 30, 2020	230,000,000	434,000	5,270,375	45,829,500	283,812,379	(415,936,292)	149,409,962
Balance as at July 01, 2020	230,000,000	434,000	5,270,375	45,829,500	283,812,379	(415,936,292)	149,409,962
Total comprehensive loss							
Profit for the year	-	-	-	-	-	2,756,193	2,756,193
Other comprehensive income	-	-	(5,749,500)	-	-	-	(5,749,500)
Incremental depreciation-net of deferred tax	-	-	(5,749,500)	-	-	2,756,193	(2,993,307)
Surplus realised during the year on disposal	-	-	-	-	(6,994,607)	6,994,607	-
	-	-	-	-	(7,161,074)	7,161,074	-
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

The annexed notes, from 1 to 38, form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



NAZIR COTTON MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the year		322,155	(9,449,795)
Adjustment for non cash income and expense:			
Depreciation of property, plant and equipment		12,315,881	14,584,163
Gain on disposal of property, plant & equipment		(20,098,790)	(230,770)
Surplus on revaluation of biological assets		(1,087,883)	(3,637,185)
Liability written off		(1,500,000)	(9,248,965)
Finance cost		2,978	8,869
		<u>(10,367,814)</u>	<u>1,476,112</u>
		(10,045,659)	(7,973,683)
Changes in working capital:			
Trade debts		(71,240)	(379,924)
Trade and other payables		(59,547)	(824,786)
		<u>(130,787)</u>	<u>(1,204,710)</u>
Cash (outflow) from operations		(10,176,446)	(9,178,393)
Income taxes paid		(13,132)	(193,354)
Financial charges paid		(2,978)	(8,869)
Net cash (outflow) from operating activities		<u>(10,192,556)</u>	<u>(9,380,616)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		27,500,000	19,230,770
Proceeds from disposal of biological assets		12,261,041	-
Payments for the acquisition of biological assets		(2,959,500)	(6,975,815)
Payments for the acquisition of property, plant & equipment		(550,000)	(3,084,890)
Net cash inflow in investing activities		<u>36,251,541</u>	<u>9,170,065</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings from sponsors		234,000	3,200,000
Repayment of borrowings from related party		-	(340,101)
Net cash inflow from financing activities		<u>234,000</u>	<u>2,859,899</u>
Net increase in cash and cash equivalents		26,292,985	2,649,348
Cash and cash equivalents at the beginning of the year		2,814,651	165,304
Cash and cash equivalents at the end of the year	11	<u><u>29,107,636</u></u>	<u><u>2,814,651</u></u>

The annexed notes, from 1 to 38, form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



NAZIR COTTON MILLS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1 THE COMPANY AND ITS OPERATIONS

Nazir Cotton Mills Limited is a Public Limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and its shares are listed on the Pakistan Stock Exchange Limited. The Company is engaged in manufacturing, selling, buying and dealing in Yarn of all types. The registered office of the Company is situated at 61-K, Gulberg III, Lahore. Park Lahore Cantt. The manufacturing unit is located at 8-KM, Faisalabad Road, Aslamabad, Khareanwala, Sheikhpura.

The Company has been authorised by the members in an extra ordinary general meeting to enter into a new line of business of dairy farming.

2 GOING CONCERN ASSUMPTION

The Company has incurred profit before taxation of Rs. 0.322 million (2020: loss before taxation Rs. 9.449 million) and its accumulated losses stood at Rs. 399.024 million (2020: Rs. 415.936 million) as at June 30, 2021. The Company's current liabilities exceeded current assets by Rs. 163.515 million (2020: Rs. 191.027 million). Furthermore, the Company has 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 companies 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 year. Furthermore, 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.

3 BASIS OF PREPARATION

3.1 Statement of Compliance

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

- i) International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017;
- ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

3.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements:



Standards or interpretation

Effective date
(accounting periods beginning on or
after)

Amendments to IFRS 9 'Financial Instruments interest rate benchmarks'	January 01, 2021
Amendments to IAS 16 'Property, Plant and Equipment', prohibiting a company from deducting from the cost of	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' regarding the costs to include	January 01, 2022
Narrow scope amendments to IFRS 3	January 01, 2022
IFRS 17 - Insurance Contracts	January 01, 2023
Classification of liabilities as current or non-current – Amendments to IAS 1	January 01, 2023
Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors'	January 01, 2023
IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	

The above standards, amendments and interpretations are not expected to have a material impact on the Company's financial statements when they become effective.

3.2.3 Standard, amendments to approved accounting standards and interpretations that are not yet effective and are not considered relevant

There are other new accounting standards, amendments to approved accounting standards and interpretations that are mandatory for future years. However, these are not expected to affect materially the financial statements of the Company.

3.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

3.4 Functional and presentation currency

These financial statements have been prepared in Pak Rupees ('Rs.') which is the Company's functional currency. All financial information has been rounded to the nearest rupee, except when otherwise indicated.

3.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which from the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods affected.

Significant areas requiring the use of management estimates in the financial statements are stated below;

Useful lives, residual values and depreciation method of property, plant and equipment (refer notes 5 and 5.7)

Fair value of biological assets (refer notes 6 & 6.2)

Provision for impairment of inventories and stores, spares & loose tools (refer notes 8)

Estimation of contingent liabilities (refer note 18)

Estimation of provisions (refer note 4.3)

Trade debts, loans, advances, deposits, prepayments and other receivables. (refer note 9 & 10)

Revenue recognition (refer note 4.1)

Provision for expected credit losses (refer note 9)

Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) (refer note 24)

3.6 Provision for taxation

Where there is uncertainty in income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment, the impact of the uncertainty is measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty as explained in note 4.4



3.7 Provisions and contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the reporting date.

3.8 Summary of significant transactions during the year

The company made following significant transactions during the year

- a) The company sold freeholds land during the year for Rupees 27.50 million having cost of Rs. 7.40 million and earned gain of Rupees 20.09 million.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Revenue Recognition

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements. The normal credit period is 30 days.

Revenue is to be recognised in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognize the revenue when (or as) the entity satisfies a performance obligation.

4.2 Financial instruments

4.2.1 Classification and measurement of financial instruments

The Company classifies its financial assets in the following measurement categories:

- (i) those to be measured subsequently at fair value either through Other Comprehensive Income (FVOCI), or through profit or loss (FVTPL); and
- (ii) those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- (i) It is held within business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain on derecognition is recognised in statement of profit or loss.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. Dividend income is recognized in profit or loss.

4.2.2 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.



4.2.3 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in unconsolidated statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, long term deposits, loan and advances, mark up accrued, trade debts and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in unconsolidated statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to unconsolidated statement of profit or loss. However, the Company has no such instrument at the reporting date.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to unconsolidated statement of profit or loss.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in unconsolidated statement of profit or loss

Financial assets – Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- i- contingent events that would change the amount or timing of cash flows;
- ii- terms that may adjust the contractual coupon rate, including variable-rate features;
- iii- prepayment and extension features; and
- iv- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).



Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

4.2.4 Impairment

Financial assets

- The Company recognizes loss allowances for ECLs on:
 - financial assets measured at amortized cost;
 - debt investments measured at FVOCI; and
 - contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The Company measured its long term advances and related markup to subsidiary and associated companies under the General approach.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.2.5 Trade debts, deposits and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.2.6 Derecognition Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

4.2.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.3 Provisions

Provision are recognized when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made to the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.



4.4 Taxation

Current:

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred:

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination; and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

4.5 Property, plant and equipment

The Company reviews the useful lives, residual values, depreciation method and rates for each item of property, plant and equipment on regular basis by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period unto which the such benefits are expected to be available. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Property, plant & equipment is stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land, building on freehold land and plant and machinery. Freehold land is stated at revalued amount. Building on freehold land and plant and machinery are stated at revalued amounts less accumulated depreciation and impairment losses, if any. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Cost of these assets consists of historical cost and directly attributable costs of bringing the assets to working condition. Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognized. Borrowing costs pertaining to the construction and erection are capitalized up to the date of completion. Depreciation on property, plant & equipment is charged to statement of profit or loss account on reducing balance method at the rates specified in note No.5.1 to the accounts to write off the cost over their estimated useful lives. Depreciation on addition and deletion is charged on the basis of number of days the asset remains in use of the company. Assets' residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate, at each reporting date. Any impairment loss, or its reversal, is also charged to statement of profit or loss. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the assets' carrying amount less the residual value over its estimated useful life. Normal repair and maintenance is charged to statement of profit or loss account as and when incurred. Major renewals and improvements are capitalized.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefit are expected from its use or disposal. Any gain and losses on disposal or de-recognition (calculated at the difference between the net disposal proceeds and carrying amount of the asset) is taken to statement of profit or loss account.

Increases in the carrying amounts arising on revaluation of operating fixed assets are recognized, net of deferred income tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of deferred income tax, is reclassified from surplus on revaluation of operating fixed assets to unappropriated profit.

Capital work-in-progress is stated at cost accumulated up to the statement of financial position date less accumulated impairment losses, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for intended use.

4.6 Biological assets

Livestock are measured at their fair value less costs to sell. Fair value of livestock is determined by an independent valuer on the basis of best available estimate for livestock of similar attributes. Milk is initially measured at its fair value less costs to sell at the time of milking. The fair value of milk is determined based on market prices in the local area.

Gains or losses arising from changes in fair value less costs to sell of livestock and milk are recognized in the profit and loss account.



4.7 Leases

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the lease are accounted for as liabilities. Financial charges are allocated to the accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liabilities. Depreciation on these assets is charged in line with normal depreciation policy adopted for assets owned by the company.

4.8 Investments

All investments are initially recognized at cost, being fair value of the consideration given including acquisition charges associated with investments and are classified as either held for trading or available for Sale. After initial recognition, investments held for trading or available for Sale are measured at fair value.

Gains and losses on investments held for trading are recognized in income. Gains and losses on investments available for sale are recognized as separate component of equity until investments are sold, disposed off or determined to be impaired, at which time the accumulated gain/loss previously reported in equity is included in income.

4.9 Stores, spares and loose tools

These are valued at weighted average cost. Items in transit are valued at cost comprising invoice value and other incidental charges thereon.

4.10 Stocks-in-trade

4.10 Stocks-in-trade

These are value at lower of cost or net realizable value. Cost is calculated as follows

Raw materials	- at lower of weighted average cost
Work in process	- at direct material cost plus appropriate proportion of production overheads
Finished goods	- at estimated manufacturing cost
Wastes	- at net realizable value

Net realizable value signifies the prevailing market prices in the ordinary course of business less selling and distribution expenses incidental to sales.

Raw materials in transit are valued at cost comprising invoice value plus incidental charges paid thereon.

4.11 Trade and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method. Impairment of receivable balances is carried out in line with note 4.2.5.

4.12 Trade and other payable

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.13 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.



4.14 Impairment

Non- financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.15 Cash and bank balances

Cash and bank balances are carried in the statement of financial position at cost. For the purpose of statement of cash flow, it comprises cash in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.16 Related party transactions

All transactions with related parties have been carried out in the normal course of business which have been disclosed in the financial statements under relevant note.

4.17 Earnings per share ('EPS')

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.18 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.19 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

4.20 Dividend Distribution

Dividend is recognized as a liability in the period in which it is declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

4.21 Contract liabilities

A contract liability is the obligation of the company to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

	Note	2021 Rupees	2020 Rupees
5 PROPERTY PLANT AND EQUIPMENT			
Operating fixed assets	5.1	<u>327,123,034</u>	<u>346,290,125</u>
	Note	2021 Rupees	2020 Rupees
5.5 Movement in capital work-in-progress			
Civil work during the year	5.5.1	<u>3,019,890</u>	<u>3,019,890</u>
Closing balance		<u>3,019,890</u>	<u>3,019,890</u>



Annual rate of depreciation	10%	10%	10%	15%	15%	15%	20%	20%	20%
	-	10%	10%	15%	15%	15%	20%	20%	20%
Had there been no revaluation the carrying value of revalued assets as at June 30, would have been as under:									
	2021	2020							
	Rupees	Rupees							
Freehold land	6,931,554	7,171,690							
Buildings on freehold land	1,229,793	1,366,436							
Plant and machinery	19,837,574	22,041,749							
	27,998,921	30,579,876							

5.3 Buildings and plant and machinery are located at freehold land measuring 18.618 Acres located at 8 K.M., Faisalabad Road, Near Khareanwala, Tehsil & District Sheikhpura. Punjab.

5.4 The depreciation for the year has been allocated to administrative expense.



5.5.1 This represents payment made in respect of dairy equipments, and other related expenses in respect of construction of dairy farm.

5.6 Detail of disposals of property, plant and equipment

The details of property, plant and equipment disposed of during the year are as follows:

Asset	2021				Particulars of buyer	Mode of disposal	Relationship with buyer
	Cost/Revalued amount	Carrying amount	Sale proceed	Gain			
Freehold Land 5.16 Kanals	7,401,210	7,401,210	27,500,000	20,098,790	Pervaiz Akhtar	Negotiation	None
	<u>7,401,210</u>	<u>7,401,210</u>	<u>27,500,000</u>	<u>20,098,790</u>			

5.7 Fair value measurements under revaluation model for property, plant and equipment

Freehold land, building on free hold land and plant & machinery are carried at valuation. Latest valuation on the basis of market values, has been carried out by independent valuers "M/S Al-Noor Consultants and Evaluators" on June 30, 2019, resulting in surplus of Rs. 211.001 million. Previously revaluation was carried out on June 30, 2015.

As per the valuation report of independent valuer as of June 30, 2019, the forced sales value of freehold land, building on freehold land and plant & machinery has been assessed at Rs. 176,830,400, Rs. 70,470,862 and Rs. 63,750,000 respectively.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2)
- Unobservable inputs for the asset or liability (level 3)

5.8 SECURITY

Freehold land, buildings and plant and machinery with aggregate carrying amount of Rs.69.325 million are subject to a first charge against the loan of Rs. 13.258 million obtained from Habib Bank Limited . This charge existed at June 30, 2021. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Freehold land, buildings and plant and machinery with aggregate carrying amount of Rs.20 million are subject to a first charge against the loan of Rs. 17.70 million obtained from Islamic Investment Bank Limited . This charge existed at June 30, 2021. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

6 BIOLOGICAL ASSETS

Buffalos	3,938,629	3,324,100
Cows	582,040	821,500
Calfs	1,653,274	10,307,000
Bull	215,000	150,000
	<u>6,388,942</u>	<u>14,602,600</u>

At June 30, 2021, livestock comprised 29 Buffalos, 7 Cows, 26 Calfs and 1 Bull (2020: 20 Buffalos, 7 Cows, 158 Calfs and 1 Bull) including 14 immature Buffalos and 5 immature Cows (2020: including 6 immature Buffalos, 3 immature Cows). During the year 2021, the mangement sold 6 Buffalo, 3 Cows and 159 Calfs.

6.1 Reconciliation of changes in carrying amount

Carrying amount at beginning of the year	14,602,600	3,989,600
Increase due to purchases	2,959,500	6,975,815
Decrease due to disposal	(12,261,041)	-
Changes in fair value less cost to sell:		
Due to price changes	1,087,883	3,367,185
Due to physical changes	-	270,000
Carrying amount at end of the year	<u>6,388,942</u>	<u>14,602,600</u>



6.2 Measurement of the fair value of biological assets

The fair value measurements of livestock have been categorised as Level 2 fair values based on observable market sales data. The fair value of cattle is determined using a market comparison technique under which market price is based on the market price of the livestock of similar age, weight and market values.

7 LONG TERM INVESTMENTS	Note	2021 Rupees	2020 Rupees
Available for sale			
Quoted:			
Sajjad Textile Mills Limited			
383,300 (2020: 383,300) Ordinary shares of Rs.10/- each	7.1	3,833,000	9,582,500
Unquoted:			
Sargodha Industrial Urban Development Co-operative Society Limited		5,000	5,000
50 (2020: 50) Ordinary shares of Rs. 100/- each.		<u>3,838,000</u>	<u>9,587,500</u>

7.1 The company holds 1.802% (2020: 1.802%) share holding in Sajjad Textile Mills Limited and account for this investment on face value.

8 STORES, SPARES AND LOOSE TOOLS

Stores, spares and loose tools	1,805,733	1,805,733
Less: Provision for obsolete stores, spare parts and loose tools	<u>(270,860)</u>	<u>(270,860)</u>
	<u>1,534,873</u>	<u>1,534,873</u>

9 TRADE DEBTS

Considered good :			
Others		1,066,924	995,684
		1,066,924	995,684
Considered doubtful :			
Other		164,890	145,362
Less: Provision for expected credit losses	9.1	<u>(164,890)</u>	<u>(145,362)</u>
		<u>1,066,924</u>	<u>995,684</u>

9.1 The movement in provision for impairment of receivables is as follows:

Opening balance	145,362	-
Balance recovered during the year	(145,362)	-
Add: charge for the year	164,890	145,362
Closing balance	<u>164,890</u>	<u>145,362</u>

9.2 Trade debts are non-interest bearing and are generally settled in 15-30 days. As at 30 June, the ageing analysis of trade debts is as follows:

Not past due	126,830	110,800
Past due		
1 - 90 days	940,094	884,884
91-180 days	164,890	145,362
	<u>1,231,814</u>	<u>1,141,046</u>

10 DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES

Deposit with WAPDA	12,418,302	12,418,302
Security deposits	73,500	73,500
Advance income tax	-	106,436
Other receivables	23,382	23,382
	<u>12,515,184</u>	<u>12,621,620</u>

11 CASH & BANK BALANCES

Cash on hand	5,189,564	1,112,970
Cash at banks:		
-Current accounts	312,969	257,544
- Saving accounts	23,605,103	1,444,137
	<u>23,918,072</u>	<u>1,701,681</u>
	<u>29,107,636</u>	<u>2,814,651</u>



- 11.1** The saving accounts earns interest at floating rate of interest based on daily bank deposit rates ranging from 7.25% to 12.50% (2020: 6.50% to 11.25%) per annum. The weighted average effective interest rate for short term deposits is 9.37% (2020: 8.88%) per annum.

12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

20,312,530 (2020: 20,312,530) ordinary shares of Rs. 10/- each		
-fully paid up in cash	203,125,300	203,125,300
370,000 (2020: 370,000) ordinary shares of Rs. 10/- each		
-issued as fully paid up in consideration of Property, and assets of Sargodha Textile Mills Limited as per bifurcation scheme approved by the Honorable High Court in 1974.	3,700,000	3,700,000
2,317,470 (2020: 2,317,470) ordinary shares of Rs. 10/- each		
-issued as bonus shares	23,174,700	23,174,700
	<u>230,000,000</u>	<u>230,000,000</u>

13 DEFICIT ON REMEASUREMENT OF AVAILABLE FOR SALE INVESTMENTS

Note

Fair value reserve	13.1	(479,125)	5,270,375
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This represents the unrealized (loss) / gain on remeasurement of available for sale investments at fair value and is not available for distribution. This will be transferred to the statement of comprehensive income on realization.

13.1 Reconciliation of 'fair value reserve is as under:

Opening balance	5,270,375	(3,928,825)
Fair value adjustment during the year	(5,749,500)	9,199,200
Closing balance	<u>(479,125)</u>	<u>5,270,375</u>

14 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

The revaluation surplus represents net cumulative increase in the carrying amount as a result of revaluation of property, plant and equipment carried at revalued amount.

Revaluation surplus at beginning of the year	283,812,379	300,719,061
Transferred to equity on account of:		
- incremental depreciation charged during the year	(6,994,607)	(8,252,569)
Realised during the year on disposal	(7,161,074)	(8,654,112)
Revaluation surplus at end of the year	<u>269,656,698</u>	<u>283,812,379</u>

- 14.1** The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

15 DEFERRED TAXATION

The deferred tax assets and deferred tax liabilities relate to income tax in the same jurisdiction and laws allows net settlement. Therefore, they have been offset in the statement of financial position.

Deferred tax arising in respect of timing differences relating to:

Taxable temporary difference

Surplus on revaluation of fixed assets	25,712,569	32,104,299
Accelerated tax depreciation on fixed assets	1,706,015	(2,061,516)
	<u>27,418,585</u>	<u>30,042,783</u>
Opening balance of deferred taxation	30,042,783	35,475,067
Surplus on revaluation of fixed assets	(6,391,730)	(3,370,768)
Accelerated tax depreciation on fixed assets	3,767,532	(2,061,516)
Closing balance of deferred taxation	<u>27,418,585</u>	<u>30,042,783</u>

Deferred tax asset amounting to Rs. 8.77 million (2020: Rs. 14.56 million) in respect of unused tax losses amounting to Rs. 30.26 million (2020: Rs. 50.22 million) has not been recognized because it is not probable that future taxable profits will be available against which the Company can utilize the deferred tax assets. Unused tax losses amounting to Rs. 2.106 million and Rs. 13.93 million will expire in 2024 and 2025 respectively. Deferred tax assets and liabilities are temporary differences are measured at 29%.

The deferred tax asset recognised in profit or loss amounts to rupees 2,624,198/-



16 SHORT TERM BORROWINGS

Financing from banking companies - secured	16.1	84,722,211	84,722,211
Sponsors loan	16.2	122,174,774	121,940,774
Loans from related parties - unsecured	16.3	-	1,500,000
		<u>206,896,985</u>	<u>208,162,985</u>

16.1 Financing from banking companies - secured

Habib Bank Limited	16.1.1	13,258,000	13,258,000
Islamic Investment Bank Limited	16.1.2	71,464,211	71,464,211
		<u>84,722,211</u>	<u>84,722,211</u>

16.1.1 Habib Bank Limited

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. Sheikhpura, Faisalabad Road Kharianwala, Distt. Sheikhpura 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.

16.1.2 Islamic Investment Bank Limited	Note	2021 Rupees	2020 Rupees
Principal		17,698,386	17,698,386
Frozen markup		20,354,000	20,354,000
Accrued markup		33,411,825	33,411,825
		<u>71,464,211</u>	<u>71,464,211</u>

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.

16.2 This represents unsecured and interest free loan obtained from sponsors of the Company to meet the Company's past B.M.R. plans and liquidity problems, this loan is repayable on demand. The maximum aggregate amount due at the end of any month during the year was Rs. 122.17 million (2020: Rs. 121.94 million).

16.3 Loans from related parties - Unsecured

Sargodha Textile Mills Limited	16.3.1	-	1,500,000
		<u>-</u>	<u>1,500,000</u>

16.3.1 This represents unsecured, interest free and repayable on demand. The maximum aggregate amount due at the end of any month during the year was 1.5 million (2020: Rs 1.5 million).

17 TRADE AND OTHER PAYABLES

Accrued liabilities	218,537	653,745
Other liabilities	553,240	177,579
	<u>771,777</u>	<u>831,324</u>

18 CONTINGENCIES & COMMITMENTS

- 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 favour.



- 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 million before the Lahore High Court Lahore. The Lahore High Court had decided the case in favor of WAPDA. The company had deposited Rs. 12.4 million 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 favour.
- d) Pakistan Stock Exchange had placed the Company in defaulter's segment due to non compliances with the regulations of Pakistan Stock Exchange.

Commitments

There are no commitments at the year end.

	Note	2021 Rupees	2020 Rupees
19 NET SALES			
Sale of milk		1,335,630	2,449,035
Sale of biological assets		11,341,674	-
		<u>12,677,304</u>	<u>2,449,035</u>
20 COST OF SALE			
Salaries, wages and benefits		612,451	805,673
Utilities		579,279	675,736
Other direct expenses		4,446,232	3,056,857
Sale of biological assets		8,929,855	-
		<u>14,567,817</u>	<u>4,538,266</u>
21 ADMINISTRATIVE EXPENSES			
Director's remuneration		2,400,000	2,400,000
Salaries, wages and benefits		3,113,312	2,550,035
Traveling and conveyance		91,833	150,258
Printing and stationery		59,281	50,190
Postage, telephone and telex		50,110	54,428
Repair and maintenance		234,807	122,220
Entertainment		49,729	30,898
Rent, rates and taxes		210,750	152,000
Electricity, water and gas		272,795	332,475
Fees and subscription		684,457	389,808
Legal and professional		303,000	61,744
Auditors' remuneration	21.1	205,000	187,500
Newspapers and periodicals		22,220	24,378
Advertisement		40,575	104,978
Provision for bad debts	9.1	164,890	145,362
Miscellaneous expenses		497,102	236,360
Depreciation on property, plant and equipment	5.4	12,315,881	14,584,163
		<u>20,715,742</u>	<u>21,576,797</u>
21.1 Auditors' remuneration			
Annual statutory audit		140,000	125,000
Interim review and other certification		65,000	62,500
		<u>205,000</u>	<u>187,500</u>



22 OTHER INCOME

Profit on bank deposits		99,354	1,085,432
Gain on sale of property, plant and equipment	5.6	20,098,790	230,770
Gain on fair value measurements of biological assets	6.1	1,087,883	3,637,185
Liability written off		1,500,000	9,248,965
Reversal of expected credit loss allowance	9.1	145,362	-
Miscellaneous		-	22,750
		<u>22,931,389</u>	<u>14,225,102</u>

23 FINANCE COST

Bank charges		<u>2,978</u>	<u>8,869</u>
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24 TAXATION

- Current	24.1	190,160	36,736
- Prior year adjustment		-	(178,655)
- Deferred		(2,624,198)	(2,061,516)

24.1 Income tax for the year is calculated at minimum tax under section 113 at rate of 1.50% of turnover. No numerical calculation has been presented on account of minimum tax. Last year income tax was also calculated at minimum tax under section 113 at the rate of 1.50% of turnover.

25 LOSS PER SHARE - BASIC & DILUTED

	Note	2021 Rupees	2020 Rupees
Profit / (loss) after taxation		<u>2,756,193</u>	<u>(7,246,359)</u>
		Numbers	
Weighted average number of ordinary shares		<u>23,000,000</u>	<u>23,000,000</u>
		Rupees	
Profit / (loss) per share - basic		<u>0.12</u>	<u>(0.32)</u>

25.1 There is no dilution effect on the basic earning per share.

26 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for remuneration including all benefits to the chief executive and executives of the Company were as follows:

	2021			2020		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
Managerial Remuneration	2,400,000	-	-	2,400,000	-	-
House Rent	-	-	-	-	-	-
Medical	-	-	-	-	-	-
	<u>2,400,000</u>	<u>-</u>	<u>-</u>	<u>2,400,000</u>	<u>-</u>	<u>-</u>
Number of persons	1	-	-	1	-	-

26.1 No meeting fee has been paid to chief executive and any director during the year.

26.2 Executives are defined as employees with basic salary exceeding Rs. 1,200,000 per annum. No employee of the company qualifies as an executive.

**27 TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise subsidiaries, associated companies, companies where directors also hold directorship, retirement benefits fund and key management personnel. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Relationship with related party	Transactions during the year and year end balance	2021	2020
.....Rupees.....				
Sponsor loan	Director/Sponsors	Loan received	1,031,000	4,559,351
		Loan Repaid	797,000	
		Amount due at year end	122,174,774	121,940,774
Silver Fiber Spinning Mills Limited	Associate	Purchase of biological assets	2,959,500	-
		Loan repaid	-	340,101
		Amount due at year end	63,904	-
Sargodha Textile Mills Limited	Associate	Amount due at year end	-	1,500,000

28 FINANCIAL RISK MANAGEMENT**28.1 Financial risk factors**

The company is exposed to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the company's finance department under policies approved by the Board of Directors ('BOD'). The company's finance department evaluates and hedges financial risks based on principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the BOD. All treasury related transactions are carried out within the parameters of these policies.

The company's overall risk management procedures to minimise the potential adverse effects of financial market on the company's performance are as follows:

28.2 Risk management strategy relating to biological assets

The company exposed to the following risks relating to biological assets

(i) Regulatory and environmental risk

The company has established environmental policies and procedures aimed at compliance with local environmental and other laws.

(ii) Supply and demand risk

The company exposed to risk arising from fluctuations in the price and sales volumes of milk. Management performs regular industry trend analysis for projected volumes and pricing.

(iii) Climate and other risks

The company exposed to risk of damage from climate changes, diseases and other natural forces. The company has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections and perform industry disease surveys.

28.3 Market risk**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The company is not exposed to any significant currency risk.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company has no significant long-term interest-bearing assets. The company's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the company to cash flow interest rate risk. At the reporting date, the interest rate profile of the company's interest bearing financial instruments was:



		2021 Rupees	2020 Rupees
Fixed financial instruments			
Financial assets			
Bank balances-saving accounts	11.1	23,605,103	1,444,137
Financial liabilities		-	-
Net exposure		<u>23,605,103</u>	<u>1,444,137</u>
Floating rate instruments			
Financial assets			
Trade debts - overdue		-	-
Financial liabilities			
Short term borrowings - secured	16.1	(84,722,211)	(84,722,211)
Short term borrowings - unsecured	16.3	-	(1,500,000)
Sponsor loan	16.2	<u>(122,174,774)</u>	<u>(121,940,774)</u>
		<u>(206,896,985)</u>	<u>(208,162,985)</u>
Net exposure		<u>(183,291,882)</u>	<u>(206,718,848)</u>

28.4 Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the statement of financial position date would not affect profit or loss of the company.

28.5 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from deposits with banks, trade and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of these credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Trade debts	1,066,924	995,684
Deposits, prepayments and other receivables	12,515,184	12,621,620
Bank balances	<u>29,107,636</u>	<u>2,814,651</u>
	<u>42,689,744</u>	<u>16,431,955</u>
As of June 30, age analysis of trade debts was as follows:		
Neither past due nor impaired	126,830	110,800
Past due but not impaired:		
1 to 90 days	940,094	884,884
	<u>1,066,924</u>	<u>995,684</u>

28.6 Trade debts

The company applies the IFRS 9 general approach to measure expected credit losses. To measure the expected credit losses, trade receivables have been grouped on shared credit risk characteristics and days past due. On these basis loss allowance as at June 30, 2021 was determined as follows:

	Current	1-90	91-180	181-Above days	Total
June 30, 2021					
Expected loss rate	0%	0%	100%	0%	
Gross carrying amount	126,830	940,094	164,890	-	1,231,814
Loss allowance	-	-	164,890	-	1,066,924



28.7 Credit quality of financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party default rate:

	Rating		Rating Agency	2021	2020
	Short Term	Long Term			
Al-Baraka Bank (Pakistan) Limited	A1	A	JCR-VIS	23,605,534	1,633,864
MCB Bank Limited	A1+	AAA	PACRA	312,537	67,817
				23,918,071	1,701,681

28.8 Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Company's cash and cash equivalents (note 11 to these financial statements) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against regulatory requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than one year	One to five years	More than five years	Total contractual	Carrying amount
At June 30, 2021					
Trade and other payables	771,777	-	-	771,777	771,777
Short term borrowings	206,896,985	-	-	206,896,985	206,896,985
	207,668,762	-	-	207,668,762	207,668,762
	Less than one year	One to five years	More than five years	Total contractual	Carrying amount
At June 30, 2020					
Trade and other payables	831,324	-	-	831,324	831,324
Short term borrowings	208,162,985	-	-	208,162,985	208,162,985
	208,994,309	-	-	208,994,309	208,994,309

28.9 Financial instruments by categories

	At fair value through profit or loss	At amortised cost	At fair value through OCI	Total
At June 30, 2021				
Assets as per statement of financial position				
Trade debts	-	1,066,924	-	1,066,924
Deposits, prepayments and other receivables	-	12,515,184	-	12,515,184
Long term investments	-	-	3,838,000	3,838,000
Cash and bank balances	-	29,107,636	-	29,107,636
	-	42,689,744	3,838,000	46,527,744
	At fair value through profit or loss	At amortised cost	At fair value through OCI	Total
At June 30, 2020				
Assets as per statement of financial position				
Trade debts	-	995,684	-	995,684
Deposits, prepayments and other receivables	-	12,621,620	-	12,621,620
Long term investments	-	-	9,587,500	9,587,500
Cash and bank balances	-	2,814,651	-	2,814,651
	-	16,431,955	9,587,500	26,019,455
			Financial liabilities at amortized cost	
			2021	2020
Liabilities as per statement of financial				
Trade and other payables			771,777	831,324
Short term borrowings			206,896,985	208,162,985
			207,668,762	208,994,309



29 SENSITIVITY ANALYSIS

29.1 Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the company.

29.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

30 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, the Company's ability to continue as going concern is disclosed in note 2 to the financial statements, and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The gearing ratio as at June 30, 2021 and June 30, 2020 is as follows:

Borrowings - notes 16	206,896,985	208,162,985
Less: Cash and cash equivalents	(29,107,636)	(2,814,651)
Net debt	<u>177,789,349</u>	<u>205,348,334</u>
Total equity (includes surplus on revaluation on operating fixed assets)	<u>146,416,655</u>	<u>149,409,962</u>
Gearing ratio	<u>55%</u>	<u>58%</u>

In accordance with the terms of agreement with the lenders of finances (as referred to in note 16 to these financial statements), the Company is required to comply with certain financial covenants in respect of capital requirements which the Company has complied with throughout the reporting period.

31 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in the financial statements are a reasonable approximation of their fair values.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure fair value of an instrument are based on observable market data, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no material Level 1, 2 or 3 assets or liabilities during the current and preceding year.



32 PLANT CAPACITY AND ACTUAL PRODUCTION		2021 Rupees	2020 Rupees
No. of spindles installed		28,800	28,800
No. of spindles worked		=	-
Installed capacity at 20's count based on number of shifts worked.	Kgs	-	-
Actual production of yarn on different counts.	Kgs	-	-
Actual production of yarn converted into 20's count	Kgs	=	-
Number of shifts worked		-	-
The company's operations remained suspended due to financial constraints and litigation with banks.			

33 NUMBER OF EMPLOYEES		2021 No. of Employees	2020 No. of Employees
Total number of employees as at June 30		17	15
Average number of employees during the year		16	14
Employees working in the company's factory as at June 30		15	13
Average employees working in the company's factory during the year		14	12

34 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved by the board of directors and authorised for issue on _____.

35 EVENTS AFTER THE END OF THE REPORTING DATE

There are no reportable subsequent events occurring after the reporting date.

36 IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. The company's operations were not affected as it fell under the exemption provided by the Government of Punjab to providers of essential services. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

37 CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect better presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification have been made during the year.

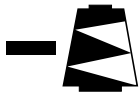
38 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



Annual Report 2021

Nazir Cotton Mills Limited

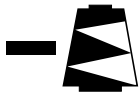
THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

FORM 34

1.1 Name of the Company **NAZIR COTTON MILLS LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at **30-06-2021**

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
50	1	100	883
192	101	500	92,473
97	501	1,000	96,011
263	1,001	5,000	812,151
114	5,001	10,000	918,412
43	10,001	15,000	555,236
25	15,001	20,000	474,250
16	20,001	25,000	378,600
10	25,001	30,000	285,499
7	30,001	35,000	232,340
4	35,001	40,000	152,140
3	40,001	45,000	125,665
4	45,001	50,000	200,000
1	50,001	55,000	54,000
1	55,001	60,000	60,000
1	60,001	65,000	64,500
1	75,001	80,000	77,000
1	85,001	90,000	88,500
3	95,001	100,000	300,000
1	100,001	105,000	102,500
3	105,001	110,000	329,070
2	115,001	120,000	235,500
2	125,001	130,000	255,689
3	140,001	145,000	432,076
1	145,001	150,000	146,500
1	155,001	160,000	156,200
2	175,001	180,000	353,154
2	185,001	190,000	371,106
1	195,001	200,000	196,000
1	200,001	205,000	205,000
1	210,001	215,000	212,000
3	260,001	265,000	791,582
1	270,001	275,000	275,000
1	280,001	285,000	283,000
1	350,001	355,000	350,440
1	410,001	415,000	410,720
1	415,001	420,000	419,000
1	490,001	495,000	490,719
1	495,001	500,000	500,000
1	525,001	530,000	527,720
1	580,001	585,000	581,900
1	620,001	625,000	625,000
1	645,001	650,000	649,220
1	655,001	660,000	657,554
1	675,001	680,000	677,500
1	720,001	725,000	725,000
1	865,001	870,000	866,888
1	1,315,001	1,320,000	1,320,000
1	2,270,001	2,275,000	2,273,302
1	2,610,001	2,615,000	2,613,000
877			23,000,000



2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	5,990,521	26.0457%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,000	0.0043%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	4,996,302	21.7231%
2.3.8 General Public		
a. Local	15,168,479	65.9499%
b. Foreign	27,500	0.1196%
2.3.9 Others (to be specified)		
1- Joint Stock Companies	1,812,500	7.8804%



Nazir Cotton Mills Limited
CATEGORIES OF SHAREHOLDERS
AS ON 30th June, 2021

ONLY FOR INFORMATION
NOT FOR PRINTING

S. No.	NAME	HOLDING	% AGE
<u>DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN</u>			
1	MR. SHAHZAD ASLAM	2,273,302	9.8839
	MIAN SHEHZAD ASLAM (CDC)	2,613,000	11.3609
	MIAN SHAHZAD ASLAM (CDC)	110,000	0.4783
2	MR. FARRUKH NASEEM (CDC)	500,000	2.1739
3	MR. AAMIR NASEEM (CDC)	490,719	2.1336
4	MR. MUHAMMAD ASGHAR	500	0.0022
5	MR. MUHAMMAD IRFAN	2,000	0.0087
6	MR. MUHAMMAD ABBAS	500	0.0022
7	MR. MAQBOOL HUSSAIN BHUTTA	500	0.0022
		5,990,521	26.0457
<u>ASSOCIATED COMPANIES</u>			
		0	0.0000
<u>NIT & ICP</u>			
		0	0.0000
<u>FINANCIAL INSTITUTION</u>			
1	INVEST CAPITAL INVESTMENT BANK LIMITED	1,000	0.0043
		1,000	0.0043
<u>MODARABA & MUTUAL FUNDS</u>			
		0	0.0000
<u>JOINT STOCK COMPANIES</u>			
1	SHAKARGANJ MILLS LIMITED	30,100	0.1309
2	HARVEST SMARTRENT SECURITIES (PVT.) LTD.	19,000	0.0826
3	HIGHLINK CAPITAL (PVT.) LTD.	14,000	0.0609
4	FAIR EDGE SECURITIES (PVT) LTD.	1,500	0.0065
5	MAZHAR HUSSAIN SECURITIES (PVT) LIMITED	8,000	0.0348
6	UNITED CAPITAL SECURITIES PVT. LTD.	31,000	0.1348
7	DARSON SECURITIES (PVT) LIMITED	110,000	0.4783
8	KAI SECURITIES (PVT) LIMITED	8,500	0.0370
9	DURVESH SECURITIES (PVT) LTD.	3,500	0.0152
10	HH MISBAH SECURITIES (PRIVATE) LIMITED (CDC)	10,000	0.0435
11	NCC - PRE SETTLEMENT DELIVERY ACCOUNT (CDC)	7,000	0.0304
12	SAAO CAPITAL (PVT) LIMITED (CDC)	1,500	0.0065
13	SALIM SOZER SECURITIES (PVT.) LIMITED (CDC)	581,900	2.5300
14	SARGODHA JUTE MILLS LIMITED (CDC)	677,500	2.9457
15	SHADAB INNOVATIONS (PRIVATE) LIMITED (CDC)	100,000	0.4348
16	TARIQ CAPITAL (PRIVATE) LIMITED (CDC)	4,000	0.0174
17	TARIQ CAPITAL (PRIVATE) LIMITED (CDC)	205,000	0.8913
		1,812,500	7.8804
<u>EXECUTIVE</u>			
		0	0.0000
<u>SHARES HELD BY THE GENERAL PUBLIC (LOCAL)</u>			
		15,168,479	65.9499
<u>SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)</u>			
		27,500	0.1196
		15,195,979	66.0695
<u>TOTAL:</u>			
		23,000,000	100.0000

**SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL**

S. No.	Name	Holding	% AGE
1	MR. SHAHZAD ASLAM	4,996,302	21.7231
		4,996,302	21.7231

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

S. No.	Name	Holding	% AGE
1	MR. SHAHZAD ASLAM	4,996,302	21.7231
2	SEEMA SAJJAD (CDC)	1,320,000	5.7391
		6,316,302	27.4622

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

S. No.	NAME	SALE	PURCHASE
1	MIAN SHAHZAD ASLAM	0	269,000
2	MR. FARRUKH NASEEM (CDC)	421,881	0
3	MR. AAMIR NASEEM (CDC)	263,861	0

Dear Sir, please check at your end



Nazir Cotton Mills Limited
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2021

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

Associated Companies, Undertakings and Related Parties (Name Wise Detail):

- -

Mutual Funds (Name Wise Detail)

- -

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MR. SHAHZAD ASLAM	4,996,302	21.7231
2	MR. FARRUKH NASEEM (CDC)	500,000	2.1739
3	MR. AAMIR NASEEM (CDC)	490,719	2.1336
4	MR. MUHAMMAD ASGHAR	500	0.0022
5	MR. MUHAMMAD IRFAN	2,000	0.0087
6	MR. MUHAMMAD ABBAS	500	0.0022
7	MR. MAQBOOL HUSSAIN BHUTTA	500	0.0022

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

1,000 0.0043

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	MR. SHAHZAD ASLAM	4,996,302	21.7231
2	SEEMA SAJJAD (CDC)	1,320,000	5.7391

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
1	MIAN SHAHZAD ASLAM	-	269,000
2	MR. FARRUKH NASEEM (CDC)	421,881	-
3	MR. AAMIR NASEEM (CDC)	263,861	-

Dear Sir, please check at your end

NAZIR COTTON MILLS LTD.

FORM OF PROXY

The Corporate Secretary ,
NAZIR COTTON MILLS LIMITED,
61-K, Gulberg III, Lahore.

I/We _____

of _____ being a member(s) of

NAZIR COTTON MILLS LIMITED, and holder of _____ ordinary shares

as per share Registered Folio No. _____ Hereby appoint

Mr./Mrs./Miss _____

of _____

(being a member of the Company) as my/our proxy to attend, act and vote for me/us and on my/our behalf, at the 43rd Annual General Meeting of the Company to be held at the Registered office, 61-K, Gulberg III, Lahore. on Saturday 27th November, 2021 at 10.00 a.m. and at every adjournment thereof.

As witness my hand this _____ day of _____ 2021.

Signed by the said in the presence of _____

Signature

Witness

Signature

Affix
Revenue Stamp

Note : (1) Proxies in order to be effective, must be received at the Company's Registered Office not less than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

(2) Signature must agree with the specimen signature registered with Company .

(3) No Person shall act as Proxy unless he/she is a member of the Company .

Registered Office: | 61-K, Gulberg III, Lahore.
| Ph: 042-35763736, 35773742 Fax: 042-35763768