



3rd Quarter Accounts

for the Period ended

March

31, 2022

NAZIR
COTTON MILLS LTD.



NAZIR COTTON MILLS LTD.

COMPANY'S INFORMATION

Board of Director	Mian Shahzad Aslam Mian Farrukh Naseem Mian Aamir Naseem Mr. Maqbool Hussain Bhutta Mr. Asim Mehmood Bhatti Mr. Muhammad Abbas Mr. Muhammad Irfan	Chief Executive Officer
Audit Committee:	Mr. Muhammad Irfan Mr. Muhammad Abbas Mr. Asim Mehmood Bhatti	Chairman Member Member
HR & R Committee:	Mr. Asim Mehmood Bhatti Mr. Muhammad Irfan Mr. Muhammad Abbas	Chairman Member Member
Chief Financial Officer:	Mr. Maqbool Hussain Bhutta	
Company Secretary:	Mr. Ahsan Raza	
Auditors:	Husnain Ali & Co. Chartered Accountants Room # 103, Frist Floor, Regency Plaza Mini Market Gulberg II, Lahore.	
Bankers:	National Bank Of Pakistan Habib Bank Limited Muslim Commercial Bank Ltd.	
Share Registrar	Corplink (Pvt) Ltd. 1-K Commercial Modal Town, Lahore. Tel: 042-3561714, 35839182, 35916719	
Registered Office:	61-K, Gulberg III, Lahore. Ph: 042-35763736 Fax: 042-35763768	
Mill:	8-Km, Faisalabad Road, Aslamabad, Khaareyanwala, Sheikhpura. Ph: 056-3544053	

NAZIR COTTON MILLS LTD.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Results for quarter under review show a loss after tax amounting to rupees 4.885 Million after accounting for administrative expenses of Rs. 5.065 Million including depreciation of Rs. 2.845 million and other operating expenses were Rs. Nil and financial cost was Rs. 0.000 million.

During the quarter period ended March 31, 2022, the operation of the mills remained Closed.

The Management is trying to obtain electricity connection to restart the production process of the mill and it is expected that the electricity connection will be restored in the near future.

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

For and on behalf of the Board of Directors

Chief Executive officer

Lahore.
May 23, 2022

NAZIR COTTON MILLS LTD.

CODENCED INTERIM STATEMENTOFFINANCIAL POSITION AS AT 31 MARCH 2022

		UN-AUDITED Mar 31, 2022 Book Value Rupees	AUDITED Jun 30, 2021 Book value Rupees
	Notes		
<u>EQUITY AND LIABILITIES</u>			
Authorized Capital:			
25,000,000 (June, 2020 : 25,000,000) ordinary shares of Rs. 10/- each		250,000,000	250,000,000
Issued, subscribed and paid up capital		230,000,000	230,000,000
Capital reserve		434,000	434,000
Deficiet on remeasurement of available for sale investments		(479,125)	(479,125)
Revenue reserve - general		45,829,500	45,829,500
Surplus on revaluation of operating fixed assets		264,935,338	269,656,698
Accumulated loss		(408,659,934)	(399,024,418)
		132,059,779	146,416,655
<u>NON CURRENT LIABILITIES</u>			
Deferred tax liability		27,418,585	27,418,585
<u>CURRENT- LIABILITIES</u>			
Short term financing	3	206,896,985	206,896,985
Trade and other payables		425,780	771,777
Provision for taxation - net		19,544	70,591
		207,342,309	207,739,353
CONTINGENCIES & COMMITMENTS			
Contingencies & Commitments	4	-	-
		366,820,673	381,574,593
ASSETS			
<u>NON-CURRENT ASSETS</u>			
Property, plant & equipment	5	318,587,578	327,123,034
Biological Assets		6,112,942	6,388,942
Long term investments		3,838,000	3,838,000
		328,538,520	337,349,976
<u>CURRENT ASSETS</u>			
Store & spares		1,534,873	1,534,873
Trade debts		1,066,924	1,066,924
Deposits, Prepayments and Other Receivables		12,515,184	12,515,184
Cash & bank balances		23,165,172	29,107,636
		38,282,153	44,224,617
		366,820,673	381,574,593
		-	-

Chief Executive

Chief Financial Officer

Director

NAZIR COTTON MILLS LTD.

CODENCED INTERIM STATEMENTOFFINANCIAL POSITION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2022

	<u>For the Quarter</u>		<u>Accumulated upto</u>	
	Jan - Mar	Jan - Mar	Jul - Mar	Jul - Mar
	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees
Sales - Net	607,645	2,787,000	2,171,180	11,374,120
Cost of Sales	<u>1,645,888</u>	<u>3,760,999</u>	<u>4,522,288</u>	<u>14,368,905</u>
Gross (Loss) / Profit	(1,038,243)	(973,999)	(2,351,108)	(2,994,785)
Operating Expenses				
Administrative	<u>4,026,693</u>	<u>4,479,923</u>	<u>13,909,897</u>	<u>14,850,739</u>
Selling and Distribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,026,693</u>	<u>4,479,923</u>	<u>13,909,897</u>	<u>14,850,739</u>
Operating Loss	(5,064,936)	(5,453,922)	(16,261,005)	(17,845,524)
Capital Gain				
Other Income	179,862	2,304	475,646	38,446
Financial and other Charges	(325)	(35)	(325)	(2,500)
(LOSS)/Before Taxation	<u>(4,885,399)</u>	<u>(5,451,653)</u>	<u>(15,785,684)</u>	<u>(17,809,578)</u>
Taxation	-	-	(1,428,808)	(128,808)
(LOSS)/ After Taxation	<u><u>(4,885,399)</u></u>	<u><u>(5,451,653)</u></u>	<u><u>(14,356,876)</u></u>	<u><u>(17,680,770)</u></u>
Basic Earning /(loss) per share	<u><u>(0.21)</u></u>	<u><u>(0.24)</u></u>	<u><u>(0.62)</u></u>	<u><u>(0.77)</u></u>

Chief Executive

Chief Financial Officer

Director

NAZIR COTTON MILLS LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION (CASH FLOW STATEMENT) FOR THE PERIOD ENDED MARCH 31, 2022 (Un-Audited)

	Mar 31, 2022 Rupees	Mar 31, 2021 Rupees
Cash Flow from Operating Activities		
Profit / (Loss) before taxation	(14,356,876)	(17,680,770)
Adjustment for:		
Depreciation	8,535,456	10,534,111
Fixed Assets	-	-
Financial Charges	325	2,500
	<u>8,535,781</u>	<u>10,536,611</u>
Operating Profit before working capital changes	(5,821,095)	(7,144,159)
Adjustments for working capital changes:		
(Increase) / Decrease in Current Assets		
Stores and Spares	-	-
Stock in trade	-	-
Trade Debts	-	(574,291)
Advances, deposits and other receivables	-	(1,293,498)
	-	(1,867,789)
(Decrease) / Increase In Current Liabilities		
Short term financing	-	(340,101)
Advance from customer against sale of machinery	-	22,620,000
Trade and other payables	(345,997)	(874,905)
Accrude mark up on loan	-	-
Provision for taxation - net	-	(727,968)
	<u>(345,997)</u>	<u>20,677,026</u>
Cash Generated from Operations	(6,167,092)	12,315,670
Income Tax paid	(51,047)	-
Financial charges paid	(325)	(2,500)
Net Cash in flow/(out flow) from operating activities	<u>(6,218,464)</u>	<u>12,313,170</u>
Cash Flow from Financing Activities		
Long Term Laon From Banking Companies	-	-
Deffered Sponsor's Loan	-	-
Capital Expenditure	276,000	(1,561,090)
Net Cash (out flow) from investing activities	<u>276,000</u>	<u>(1,561,090)</u>
Net (out flow) / in flow of cash	(5,942,464)	10,752,080
Cash and cash equivalents at beginning of the year	29,107,636	165,304
Cash and cash equivalents at end of the period	<u><u>23,165,172</u></u>	<u><u>10,917,384</u></u>

Chief Executive

Chief Financial Officer

Director

NAZIR COTTON MILLS LTD.

STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED MARCH 31, 2022

	SHARE CAPITAL	CAPITAL RESERVES	RESERVE/(DEFICIT) ON REMEASUREMENT OF AVAILABLE FOR SALE INVESTMENT	REVENUE RESERVE - GENERAL	SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	ACCUMULATED () LOSS	TOTAL
Rupees-----							
Balance as at June 30, 2019	230,000,000	434,000	(3,928,825)	45,829,500	300,719,061	(428,967,382)	144,086,354
(Loss) for the year after Taxation	-	-	-	-	-	(7,246,359)	(7,246,359)
Other Comprehensive Income			9,199,200			3,370,768	12,569,968
			9,199,200		-	(3,875,591)	5,323,609
Incremental depreciation-net of Deferred Tax					(8,252,569)	8,252,569	
Surplus Realized during the year on disposal					(8,654,112)	8,654,112	
Balance as at June 30, 2020	230,000,000	434,000	5,270,375	45,829,500	283,812,380	(415,936,292)	149,409,963
Balance as at June 30, 2020	230,000,000	434,000	5,270,375	45,829,500	283,812,380	(415,936,292)	149,409,963
(Loss) for the year after taxation	-	-	-	-	-	2,756,193	2,756,193
Other comprehensive income	-	-	(5,749,500)	-	-	(5,749,500)	(5,749,500)
	-	-	(5,749,500)	-	-	2,756,193	(2,993,307)
Incremental depreciation-net of deferred tax					(6,994,607)	6,994,607	
Surplus Realised on disposal					(7,161,074)	7,161,074	-
Balance as at June 30, 2021	230,000,000	434,000	(479,125)	45,829,500	269,656,699	(399,024,418)	146,416,656
Balance as at June 30, 2021	230,000,000	434,000	(479,125)	45,829,500	269,656,699	(399,024,418)	146,416,656
(Loss) for 9 months ended March 31, 2022	-	-	-	-	-	(14,356,876)	(14,356,876)
Other comprehensive income			(5,059,560)			(5,059,560)	(5,059,560)
Incremental Depreciation net of deferred Cost	-	-	-	-	(4,721,360)	4,721,360	-
Balance as at March 31, 2022	230,000,000	434,000	(5,538,685)	45,829,500	264,935,340	(408,659,934)	127,000,220

Chief Executive

Chief Financial Officer

Director

NAZIR COTTON MILLS LTD.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2022

1. THE COMPANY & ITS OPERATIONS

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

1.2 Going concern assumption

The Company has incurred after tax loss for the period ended March 31, 2021 (March 2020: Loss of Rs. 10,344 million) and its accumulated losses at the end of the period stood at Rs. 437,750 million (June 2020: Rs. 428,967 million). The Company's current liabilities exceed its current assets at reporting date by Rs. 206,496 million. Furthermore, the Company has temporarily closed down its business operations and the production remained suspended throughout the year. These condition along with others indicate the existence of material uncertainty that may cause significant doubt about the company's ability to continue as going concern and the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

2. SUMMARY OF SIGNIFICANT

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of preceding audited annual published financial statements of the Company for the year ended June 30, 2020

2.1 Basis of preparation

2.1.1 Statement of compliance

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

This condensed interim financial information has, however, been subjected to limited scope review by the statutory auditors of the Company as required by the Code of Corporate Governance, and should be read in conjunction with the company's audited annual financial Statements for the year ended June 30, 2021.

2.1.2 Critical accounting estimates & judgments

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

During the preparation of this condensed interim financial information's, significant judgments made by the management in applying the Company policies and the key sources of the estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended June 30, 2021.

3. SHORT TERM FINANCING

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
		Rupees	Rupees
Financing from banking institutions - Secured	3.1	84,722,211	84,722,211
Deferred sponsors' Loan - Unsecured	3.2	121,940,774	121,940,774
		<u>206,662,985</u>	<u>206,662,985</u>
3.1 <u>Financing from banking institutions - Secured</u>			
Habib Bank Limited	3.1.1	13,258,000	13,258,000
Islamic Investment Bank Limited	3.1.2	71,464,211	71,464,211
		<u>84,722,211</u>	<u>84,722,211</u>

- 3.1.1 The loan is secured against equitable mortgage charge on all the entire present and future fixed assets, hypothecation charge on all the present and future current assets and personal guarantees of all the directors 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 then the agreement would stand cancelled and the bank would be entitled to recover the original outstanding amount without any reduction. However, the Company failed to repay the installments and the Bank filed a case for recovery of its original liability. This loan does not carry any further markup as the Bank is only entitled to recover its original outstanding liability without any further markup, hence no markup has been provided.

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

- 3.2 This represents unsecured and interest free loan obtained from sponsors of the Company to meet the Company's B.M.R. plans and liquidity problem. These are payable on ease of the company's liquidity problems. There is no fixed tenure for repayment of these liabilities. In the absence of the availability of a defined repayment schedule, the fair value of these loans is not determinable.

NAZIR COTTON MILLS LTD.

4 CONTINGENCIES & COMMITMENTS

Contingencies

- 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 before the Banking Court No. II, Lahore. The appeal is filed by Nazir Cotton Mills Limited against the order dated March 16, 2015 passed by Banking Court No. II, Lahore in Execution No. 231-E/2007. The management is hopeful that there is substantial likelihood of the judgement in their favor.
- 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 (M) and that the matter is pending in the Peshawar High Court, hence, no markup is payable.
- WAPDA had filed a suit against the company for recovering of arrears amounting to Rs. 12.4 (M). The Lahore High Court had decided the case in favor of WAPDA. The company had deposited Rs. 12.4 (M) with WAPDA for electricity case as per orders of the Lahore High Court and has filed an appeal for recovery of the said amount from WAPDA in the Supreme Court. The management is hopeful of a decision in their favors.

Commitments

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

5 PROPERTY, PLANT AND EQUIPMENT

	(Un-audited) March 31, 2022 Rupees	(Audited) June 30, 2021 Rupees
Opening Cost/Revalued amount	368,792,065	375,643,275
Addition during the year	-	550,000
Disposal		(7,401,210)
Closing net book value	368,792,065	368,792,065
Accumulated Depreciation charged during the year		
Opening	41,669,031	29,353,150
Depreciation charged during the period	8,535,456	12,315,881
Closing net book value	50,204,487	41,669,031
Net Book Value	318,587,578	327,123,034

Land, building and plant & machinery of the company was revalued in the financial year ended June 30, 2019 by M/S Al-Noor consultants & evaluators, resulting in surplus of Rs. 211.00 million over its book value of Rs. 165.57 million.

6 TRANSACTION WITH ASSOCIATED COMPANIES

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

Loan Repaid to Silver Fiber Spinning Mills Limited during the period amounting to rupees.	-	340,101
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7 CORRESPONDING FIGURES

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

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

8 FINANCIAL RISK MANAGEMENT

The companies financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended June 30, 2021.

9 DATE OF AUTHORIZATION

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on May 23, 2022

10 GENERAL

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

Chief Executive

Chief Financial Officer

Director

BOOK POST

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