

COMPANY INFORMATION

| | | |
|------------------------------------|---|--|
| Board of Directors | : | Mr. Zahid Mazhar (Chief Executive) Mr. Omer Bin Zahid (Executive Director) Mr. Hassan Bin Zahid (Executive Director) Mrs. Naila Zahid (Chairperson) Mrs. Anam Omer Mrs. Shafia Hassan Mr. Waqar Hassan Siddiqui Mr. Nadeem Ahmed Mr. Noor Muhammad |
| Chief Financial Officer | : | Mr. Omer Bin Zahid |
| Company Secretary | : | Mr. Abdul Amin |
| Audit Committee | : | Mr. Waqar Hassan Siddiqui (Chairman) Mrs. Anam Omer (Member) Mrs. Shafia Hassan (Member) |
| H. R. & Remuneration Committee | : | Mr. Nadeem Ahmed (Chairman) Mrs. Anam Omer (Member) Mrs. Shafia Hassan (Member) |
| Auditors | : | M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants |
| Legal Advisor | : | Mr. Abdul Ghani Khan (Advocate) |
| Bankers | : | Habib Bank Limited Bank Al-Falah Limited Soneri Bank Limited Habib Metropolitan Bank Limited J. S. Bank Limited Samba Bank Limited Askari Bank Limited Dubai Islamic Bank Pakistan Limited |
| Head Office / Registered Office | : | A 801-804, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi - Pakistan. Phone : (92-21) 35220481-8 Fax : (92-21) 35220495-6 |
| Share Registrar | : | M/s Hameed Majeed Associates (Pvt.) Ltd. 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi. Phone : 32424826-32412754 Fax : 32424835 E-mail : majeed@hmaconsultants.com |
| Mills | : | Unit 1: A-265, S.I.T.E., Nooriabad, District Jamshoro, Sindh. Unit 2: E-11, S.I.T.E, Kotri, District Jamshoro, Sindh. |
| URL | : | www.nadeem.com.pk |

CHAIRMAN REVIEW REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Chairman's Review Report for the half year ended December 31, 2023.

The Company registered a sales turnover of Rs. 6,555.77 million during the period under review, representing an increase of 30.29% compared to Rs. 5,031.62 million achieved in the corresponding period of the previous year. However, the net loss after tax of Rs. (245.55) million for the current period, is primarily attributable to the challenging economic environment and ever increasing operational costs.

The Board of Directors, comprising nine members with diverse expertise and experience aligned with the Company's operations, actively prioritizes best practices in corporate governance. We remain fully compliant with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, ensuring transparency, accountability, and ethical conduct in all our endeavors.

The macroeconomic landscape continues to present significant challenges. Political instability has adversely impacted business sentiment, leading to decreased investment, declining consumer confidence, and a slowed economic pace. Consequently, inflation has risen, further dampening consumer demand. Very high interest rates have also posed financing hurdles for businesses, impacting growth potential.

The Board underwent a rigorous self-assessment during the reporting period, evaluating its effectiveness in strategic planning, policymaking, resource management, and overall business oversight. The assessment, aimed at aligning the Board with our long-term goals and governance structure. We remain committed to continuous improvement and adaptation to ensure the Company's success.

On behalf of the Board of Directors, I would like to acknowledge that all employees have contributed to the success of the company. I would also like to thank our shareholders, customers, suppliers, bankers, and other stakeholders for their continued trust and support.

On behalf of the Board of Directors

A handwritten signature in black ink that reads "Naila Zahid".

Karachi:
March 30, 2024

Naila Zahid
Chairperson

چیئر مین کی جائزہ رپورٹ

محترم حصص یافتگان،

بورڈ آف ڈائریکٹرز کی جانب سے آپ کے سامنے ۳۱ دسمبر ۲۰۲۳ کو اختتام پذیر ششماہی کے لئے چیئر مین کی جائزہ رپورٹ پیش کرنا میرے لئے باعث مسرت ہے۔

زیر جائزہ مدت کے دوران کمپنی نے 6,555.77 ملین روپے کی فروخت کا حصول کیا جو کہ پچھلے سال کے اسی عرصے میں حاصل شدہ 5,031.62 ملین روپے کے مقابلے میں %30.29 اضافے کو ظاہر کرتا ہے۔ تاہم موجودہ مدت کا (245.55) ملین روپے کا بعد از ٹیکس نقصان بنیادی طور پر چیلنجنگ معاشی حالات اور آپریشنل اخراجات میں مسلسل اضافے کے باعث ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز میں نو اراکین شامل ہیں جن کے پاس کمپنی کے کاروبار سے متعلق مہارت اور تجربہ رکھتے ہیں اور کارپوریٹ گورننس کے طریقوں کی بہترین طریقے سے پیروی کرتے ہیں۔ ہم کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تمام متعلقہ تقاضوں کی پابندی کرتے ہیں اور اپنی تمام شفافیت، جوابدہی، اور اخلاقی طرز عمل کو یقینی بناتے ہیں۔

میکرو اکنامک منظر نامہ نمایاں چیلنجز کو ظاہر کرتا ہے۔ سیاسی عدم استحکام نے کاروباری ماحول کو بری طرح متاثر کیا ہے، جس کے نتیجے میں سرمایہ کاری، صارفین کے اعتماد اور معاشی رفتار میں کمی واقع ہوئی ہے جس کے نتیجے میں افراط زر میں اضافہ ہوا ہے جس سے صارفین کی طلب میں مزید کمی واقع ہوئی ہے۔ بہت زیادہ شرح سود نے کاروبار کے لئے مالیاتی رکاوٹیں کھڑی کی ہیں جس سے ترقی کی صلاحیت متاثر ہوئی ہے۔

بورڈ رپورٹنگ کی مدت کے دوران ایک سخت خود تشخیصی عمل سے گزرا جس میں اسٹریٹیجک منصوبہ بندی، پالیسی سازی، وسائل کے انتظام اور مجموعی کاروباری نگرانی اور اس کی تاثیر کا جائزہ لیا گیا۔ اس تشخیص کا مقصد بورڈ کو ہمارے طویل مدتی اہداف اور حکمرانی کے ڈھانچے کے ساتھ ہم آہنگ کرنا ہے۔ ہم کمپنی کی کامیابی کو یقینی بنانے کے لئے مسلسل بہتری اور موافقت کے لئے پرعزم ہیں۔

میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی کامیابی میں اپنے تمام ملازمین کی شرکت کو تسلیم کرنا چاہتی ہوں۔ میں انیشیئر ہولڈرز، صارفین، سپلائرز، بینکرز اور دیگر اسٹیک ہولڈرز کے مسلسل اعتماد اور ان کے تعاون کے لئے ان کا بھی شکریہ ادا کرتی ہوں۔

مخائب بورڈ آف ڈائریکٹرز

Naila Zahid

ناکلہ زاہد

چیئر پرسن

کراچی 30 مارچ 2024

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors presents its report along with the Reviewed Interim Financial Statements of the Company for the half year ended December 31, 2023.

FINANCIAL RESULTS

The company is presenting financial highlights for the half year ended December 31, 2023, and also providing comparative figures from the same period in the previous year as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|-----------------------------|-----------------------|-----------------------|
| | Rs. In Million | Rs. In Million |
| Sales net | 6,555.77 | 5,031.62 |
| Gross Profit | 299.32 | 441.18 |
| Gross Profit % | 4.57% | 8.77% |
| Profit / (Loss) before Tax | (221.14) | (90.25) |
| Profit / (Loss) after tax | (245.55) | (128.30) |
| Profit / (Loss) after tax % | (3.75%) | (2.55%) |
| Earnings per share | Rs. (11.55) | Rs. (7.16) |

OVERVIEW

While appreciating the sales growth, the Board acknowledges the continued economic challenges and political instability impacting the industry. The management of the company is actively implementing rigorous marketing strategies to expand domestic and international market share and drive future profitability.

PRESENT AND FUTURE OUTLOOK

The textile industry of Pakistan is facing difficult situation, including rising production costs, raw material prices, ever increasing energy prices and very high interest rates. Global recession and domestic political uncertainty have further dampened demand and economic growth.

A promising cotton crop of 8.5 to 10 million bales has been estimated this year which will provide potential for improved raw material availability. However, the incoming government must prioritize developing and implementing robust strategies to minimize crop losses and maximize the crop acreage and yield.

EXPANSION AND MODERNIZATION

The company's management continues to maintain its policy of investing in mills expansion and BMR (Balancing, Modernization, and Replacement).

ACKNOWLEDGEMENT

The Board of Directors would like to express their appreciation for the efforts of the company's employees, as well as the ongoing support from customers, suppliers, and bankers.

On behalf of the Board of Directors

Karachi:
March 30, 2024


Omer Bin Zahid
Director


Zahid Mazhar
Chief Executive

ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

بورڈ آف ڈائریکٹرز ۳۱ دسمبر ۲۰۲۳ کو اختتام پذیر ششماہی کے لئے کمپنی کے نظر ثانی شدہ عبوری مالیاتی نتائج اپنی رپورٹ کے ساتھ پیش کرتا ہے۔
مالیاتی نتائج

۳۱ دسمبر ۲۰۲۳ کو اختتام پذیر ششماہی کے لئے کمپنی کے اہم مالیاتی نتائج کا موازنہ گزشتہ سال کے تقابلی اعداد و شمار کے ساتھ درج ذیل ہے۔

| 31 دسمبر 2022 | 31 دسمبر 2023 | |
|---------------|---------------|---------------------|
| روپے بلین میں | روپے بلین میں | |
| 5,031.62 | 6,555.77 | خالص فروخت |
| 441.18 | 299.32 | مجموعی منافع |
| 8.77% | 4.57% | مجموعی منافع |
| (90.25) | (221.14) | منافع قبل از ٹیکس |
| (128.30) | (245.55) | منافع بعد از ٹیکس |
| (2.55%) | (3.75%) | منافع بعد از ٹیکس % |
| Rs. (7.16) | Rs. (11.55) | فی حصص آمدن |

جائزہ

بورڈ کمپنی کی فروخت میں اضافے کو سراہنے کے ساتھ ساتھ اقتصادی چیلنجز اور سیاسی عدم استحکام کے صنعت پر اثرات کا اعتراف بھی کرتا ہے۔ کمپنی کی انتظامیہ مقامی اور بین الاقوامی مارکیٹ شیئر کو بڑھانے اور مستقبل کے منافع کو بڑھانے کے لئے مارکیٹنگ کی سخت حکمت عملیوں کو فعال طور پر نافذ کر رہی ہے۔

موجودہ اور مستقبل کا نقطہ نظر

پاکستان کی ٹیکسٹائل انڈسٹری کو مشکل صورتحال کا سامنا ہے، جس میں بڑھتی ہوئی پیداواری لاگت، خام مال کی قیمتیں، مسلسل بڑھتی ہوئی توانائی کی قیمتیں اور بہت زیادہ شرح سود شامل ہیں۔ عالمی کساد بازاری اور ملکی سیاسی غیر یقینی صورتحال نے طلب اور معاشی نمو کو مزید کم کر دیا ہے۔

اس سال پاس کی 8.5 سے 10 ملین گانٹھوں کی امید افزا فصل کا تخمینہ لگایا گیا ہے جو خام مال کی بہتر دستیابی کا باعث ہوگا۔ تاہم نئی حکومت کو فصلوں کے نقصانات کو کم کرنے اور فصل کے رقبہ اور پیداوار کو زیادہ سے زیادہ بڑھانے کے لئے مضبوط حکمت عملی تیار کرنے اور ان پر عمل درآمد کو ترجیح دینی چاہئے۔

توسیع اور جدت

کمپنی کی انتظامیہ ملوں کی توسیع اور بی ایم آر میں سرمایہ کاری کی اپنی پالیسی کو جاری رکھے ہوئے ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز اپنے ملازمین کی کاوشوں کے ساتھ ساتھ صارفین، سپلائرز اور بینکرز کے مسلسل تعاون کو قدر کی نگاہ سے دیکھتا ہے اور ان کا شکر گزار ہے۔

مناجب بورڈ آف ڈائریکٹرز

زابد مظہر

چیف ایگزیکٹو

عمر بن زاہد

ڈائریکٹر

کراچی 30 مارچ 2024



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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of M/s. Nadeem Textile Mills Limited ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes thereto for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

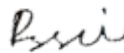
We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial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

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended December 31, 2023. Accordingly, we have not reviewed the figures in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three-month period ended December 31, 2023.

Conclusion

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

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



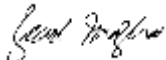
RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
UDIN: -----

Karachi
Date: March 30, 2024

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

| | NOTE | Un-Audited Dec. 31, 2023 RUPEES | Audited Jun. 30, 2023 RUPEES |
|--|------|---------------------------------------|------------------------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 3 | 3,649,594,909 | 3,646,539,872 |
| Long term deposits | | 33,031,245 | 33,031,245 |
| Deferred Taxation - net | | 88,779,714 | 47,289,353 |
| | | <u>3,771,405,868</u> | <u>3,726,860,470</u> |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 246,211,398 | 225,979,175 |
| Stock in trade | 4 | 1,554,165,669 | 2,131,080,589 |
| Trade debts - net | | 2,329,757,291 | 1,661,921,437 |
| Investments | | 163,807,921 | 158,867,171 |
| Loans, advances and prepayments | | 135,588,687 | 76,090,504 |
| Other receivables | | 38,355,447 | 34,645,635 |
| Tax refunds due from government | 5 | 223,351,063 | 112,544,688 |
| Cash and bank balances | | 127,321,504 | 150,111,183 |
| | | <u>4,818,558,980</u> | <u>4,551,240,382</u> |
| TOTAL ASSETS | | <u>8,589,964,848</u> | <u>8,278,100,852</u> |
| EQUITY AND LIABILITIES | | | |
| Authorized capital | | | |
| 33,000,000 (June 30, 2023: 33,000,000) ordinary shares of Rs. 10/- each | | 330,000,000 | 330,000,000 |
| Issued, subscribed and paid-up capital | | 212,667,350 | 212,667,350 |
| Capital reserve | | | |
| Surplus on revaluation of property, plant & equipment - net of deferred tax | | 1,268,561,875 | 1,260,116,348 |
| Share premium | | 388,683,536 | 388,683,536 |
| Contribution from associated undertaking | | 340,000,000 | 340,000,000 |
| | | 1,997,245,411 | 1,988,799,884 |
| Revenue reserve | | | |
| Unappropriated profits | | 1,412,649,929 | 1,666,651,399 |
| Total equity | | 3,622,562,690 | 3,868,118,633 |
| NON CURRENT LIABILITIES | | | |
| Long term financing - secured | | 513,746,334 | 602,365,548 |
| Deferred liabilities - staff gratuity | | 126,289,928 | 112,653,943 |
| | | 640,036,262 | 3,868,118,633 |
| CURRENT LIABILITIES | | | |
| Loan from directors | | 139,300,000 | 97,800,000 |
| Trade and other payables | 6 | 1,780,083,548 | 1,261,544,922 |
| Accrued markup | | 137,083,128 | 130,953,689 |
| Short term borrowings - secured | | 2,106,447,220 | 2,085,566,551 |
| Unclaimed dividend | | 1,506,408 | 1,506,408 |
| Current portion of long term financing | | 122,395,592 | 79,391,158 |
| Current portion of loan from related party | | 40,550,000 | 38,200,000 |
| | | <u>4,327,365,896</u> | <u>3,694,962,728</u> |
| Contingencies and Commitments | 7 | - | - |
| Total equity and liabilities | | <u>8,589,964,848</u> | <u>8,278,100,852</u> |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive
March 30, 2024



Director



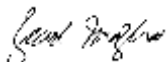
Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

| | Note | For the half year ended December 31, 2023 | | For the quarter ended December 31, 2022 | |
|---|------|---|----------------------|---|----------------------|
| | | Rupees | | | |
| Sales - net | 8 | 6,555,768,769 | 5,031,619,210 | 3,070,048,077 | 1,954,496,759 |
| Cost of sales | | (6,256,446,144) | (4,590,437,561) | (3,088,463,795) | (1,948,982,257) |
| Gross profit / (loss) | | 299,322,625 | 441,181,649 | (18,415,718) | 5,514,502 |
| Administrative expenses | | (93,287,319) | (103,236,933) | (44,996,449) | (58,021,348) |
| Distribution costs | | (102,343,484) | (81,442,894) | (49,251,716) | (28,109,333) |
| | | (195,630,803) | (184,679,827) | (94,248,165) | (86,130,681) |
| Operating profit / (Loss) | | 103,691,822 | 256,501,822 | (112,663,883) | (80,616,179) |
| Finance costs | | (354,867,413) | (324,917,038) | (177,830,784) | (180,528,582) |
| Other income | | 41,762,636 | 40,034,829 | 33,021,416 | 103,746,429 |
| Other expenses - net | | (11,728,052) | (61,872,251) | (10,806,315) | (67,031,828) |
| | | (324,832,829) | (346,754,460) | (155,615,683) | (143,813,981) |
| (Loss) before taxation | | (221,141,007) | (90,252,638) | (268,279,566) | (224,430,160) |
| Taxation - net | 10 | (24,414,936) | (38,051,232) | 17,380,421 | 9,352,604 |
| (Loss) / profit after taxation | | (245,555,943) | (128,303,870) | (250,899,145) | (215,077,556) |
| Earnings per share - basic and diluted | | (11.55) | (7.16) | (11.80) | (13.53) |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Chief Executive
March 30, 2024

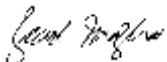

Director


Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

| | For the half year ended December 31, 2023 | | For the quarter ended December 31, 2023 | |
|--|---|---------------|---|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rupees | | | |
| (Loss) after taxation | (245,555,943) | (128,303,870) | (250,899,145) | (215,077,556) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss - for the period | (245,555,943) | (128,303,870) | (250,899,145) | (215,077,556) |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Chief Executive
 March 30, 2024

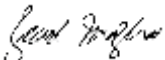

Director


Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

| | Note | DEC. 31, 2023 RUPEES | DEC. 31, 2022 RUPEES |
|---|-----------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| (Loss) after taxation | | (221,141,007) | (90,252,638) |
| Adjustment for non-cash and other items: | | | |
| Depreciation on operating fixed assets | | 123,297,756 | 115,930,850 |
| Provision for gratuity | | 28,047,046 | 24,610,538 |
| Provision for gas tariff difference | | 78,282,447 | 11,790,689 |
| Provision for slow moving stores and spares | | 570,500 | 756,122 |
| Provision for expected credit losses | | 1,080,179 | 17,716,847 |
| Interest on term deposit receipts | | (12,210,536) | (9,729,219) |
| Interest on saving accounts | | (14,260,315) | - |
| Interest on Workers' Profit Participation Fund | | 65,446 | 7,593,545 |
| Bad debts recovered | | (400,000) | - |
| Gain / (Loss) on disposal of operating fixed assets | | (971,929) | (4,702,934) |
| Finance costs | | 354,867,413 | 273,234,417 |
| | | <u>558,368,007</u> | <u>437,200,855</u> |
| Cash generated from operating activities before working capital changes | | 337,227,000 | 346,948,217 |
| Effect on cash flow due to working capital changes | | | |
| (Increase) or decrease in current assets | | | |
| Stores, spares and loose tools | | (20,802,723) | (80,005,556) |
| Stock in trade | | (576,914,920) | (522,210,689) |
| Trade debts | | (668,516,033) | 194,880,105 |
| Loans and advances | | (59,498,183) | (129,682,739) |
| Sales tax refundable | | (145,502,484) | (16,171,346) |
| Other receivables | | (1,000,000) | (15,630,700) |
| | | <u>(318,404,503)</u> | <u>(568,820,925)</u> |
| (Decrease) / Increase in current liabilities | | | |
| Trade and other payables | | 489,630,308 | (40,836,824) |
| Net cash generated from / (used in) operations | | 508,452,805 | (262,709,532) |
| Income taxes paid | | (31,209,192) | (79,216,334) |
| Long term deposits placed | | - | (8,997,015) |
| Worker's welfare fund paid | | (27,214,487) | (3,434,675) |
| Worker's profit participation fund paid | | (1,558,475) | - |
| Interest on worker's participation fund paid | | (65,446) | - |
| Gas tariff difference paid | | (20,601,163) | - |
| Gratuity paid | | (14,411,061) | (34,657,982) |
| Finance cost paid | | (348,737,974) | (231,461,798) |
| | | <u>(443,797,798)</u> | <u>(357,767,804)</u> |
| Net cash generated from / (used in) operating activities | | 64,655,007 | (620,477,336) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | | (134,039,864) | (366,378,520) |
| Proceeds from disposal of operating fixed assets | | 8,659,000 | 33,244,946 |
| Profit received on saving accounts and TDRs | | 23,761,039 | 10,310,850 |
| Short term investments made | | (4,940,750) | - |
| Net cash and cash equivalents received pursuant to merger | | - | 2,277,750 |
| Net cash used in investing activities | | <u>(106,560,575)</u> | <u>(320,544,974)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | - | (129,056,526) |
| Loan obtained from director | | 53,000,000 | 109,600,000 |
| Loan repaid to director | | (11,500,000) | - |
| Long term loan repaid | | (45,614,780) | (65,311,160) |
| Long term loan obtained | | - | 253,210,799 |
| Loan obtained from associated undertaking | | 11,700,000 | - |
| Loan repaid to associated undertaking | | (9,350,000) | (8,050,000) |
| Short term borrowings (excluding running finance) - net | | (9,027,463) | 86,468,609 |
| Net Cash generated from financing activities | | (10,792,243) | 246,861,722 |
| Net (Decrease) / increase in Cash & Cash Equivalents | | (52,697,811) | (694,160,588) |
| Cash & cash equivalents at the beginning of the period | | (334,784,546) | (470,900,014) |
| Cash & cash equivalents at the end of the period | 11 | (387,482,357) | (1,165,060,602) |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive
March 30, 2024



Director

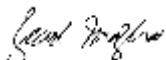


Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

| | Issued subscribed and paid-up capital | Unappropriated profit | Share premium | Revaluation surplus on property, plant & equipment | Contribution from associated undertaking | Total |
|---|--|--------------------------|--------------------|--|--|----------------------|
| RUPEES | | | | | | |
| Balance as at June 30, 2022 (audited) | 215,119,850 | 2,359,779,547 | 274,197,289 | 1,278,283,722 | - | 4,127,380,408 |
| Transactions pursuant to the merger of NPGL with & into the Company | | | | | | |
| - Shares held as treasury shares | (36,045,000) | - | - | - | - | (36,045,000) |
| - Increase in share premium | - | - | 114,486,247 | - | - | 114,486,247 |
| | (36,045,000) | - | 114,486,247 | - | - | 78,441,247 |
| Contribution from associated undertaking | - | - | - | - | 340,000,000 | 340,000,000 |
| Total comprehensive income for the period ended December 31, 2022 | | | | | | |
| - Loss after taxation | - | (128,303,870) | - | - | - | (128,303,870) |
| - Other comprehensive income | - | - | - | - | - | - |
| | - | (128,303,870) | - | - | - | (128,303,870) |
| Transfer to unappropriated profit on account of incremental depreciation - net of deferred tax | - | 9,497,746 | - | (9,497,746) | - | - |
| Transfer with owners | | | | | | |
| Final dividend @ 60% for the year ended June 30, 2022 | - | (129,071,910) | - | - | - | (129,071,910) |
| Balance as at Dec. 31, 2022 (unaudited) | 179,074,850 | 2,111,901,513 | 388,683,536 | 1,268,785,976 | 340,000,000 | 4,288,445,875 |
| Balance as at June 30, 2023 (audited) | 212,667,350 | 1,666,651,399 | 388,683,536 | 1,260,116,348 | 340,000,000 | 3,868,118,633 |
| Total comprehensive income for the period ended December 31, 2023 | | | | | | |
| - Loss after taxation | - | (245,555,943) | - | - | - | (245,555,943) |
| - Other comprehensive income | - | - | - | - | - | - |
| | - | (245,555,943) | - | - | - | (245,555,943) |
| Transfer to unappropriated profit on account of incremental depreciation - net of deferred tax | - | (8,445,527) | - | 8,445,527 | - | - |
| Balance as at December 31, 2023 | 212,667,350 | 1,412,649,929 | 388,683,536 | 1,268,561,875 | 340,000,000 | 3,622,562,690 |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Chief Executive
 March 30, 2024


Director


Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

1 INTRODUCTION

1.1 Legal status of the company

Nadeem Textile Mills Limited ('the Company') was incorporated in Pakistan on July 15, 1984 as a public limited company under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and its shares are listed on Pakistan Stock Exchange Limited.

1.2 Location of the registered office and the manufacturing facilities

Registered office:

The registered office of the Company is situated at 801-804, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi.

Manufacturing facilities:

The Company's manufacturing facilities are situated as follows:

- Unit-1: A-265, S.I.T.E., Nooriabad, District Dadu, Sindh
- Unit-2: E-11, S.I.T.E., Kotri, District Dadu, Sindh

1.3 Principal business activity

The main business of the Company is manufacturing and sale of yarn.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statements (here-in-after referred to as the 'interim financial statements') have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statement do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2023.

2.2 Basis of Measurement

Items in these financial statements have been measured at their historical cost except for leasehold land, factory building and office premises which are carried at revalued amounts less accumulated depreciation therein.

2.3 Functional and presentation currency

Items included in these interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency, unless otherwise stated.

2.4 Material accounting policies

The material accounting policies adopted in the preparation of these interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2023.

2.5 Judgements and sources of estimation uncertainty

In preparing the interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended June 30, 2023.

3. PROPERTY, PLANT AND EQUIPMENT

- Operating fixed assets
- Capital work in progress

| | Un-Audited Dec. 31, 2023 | Audited June 30, 2023 |
|-----|-----------------------------|--------------------------|
| | Rupees | |
| 3.1 | 3,580,371,389 | 3,576,148,224 |
| 3.2 | 69,223,520 | 70,391,648 |
| | 3649,594,909 | 3,646,539,872 |

3.1 Operating fixed assets

| | Note | Period ended Dec. 31, 2023 (Un-Audited) | | Year ended June 30, 2023 (Audited) | |
|------------------------|-------|--|--------------------|---------------------------------------|--------------------|
| | | Additions/transfers | Disposal at NBV | Additions/transfers | Disposal at NBV |
| | | -----Rupees----- | | | |
| Factory building | | - | - | 16,237,833 | - |
| Plant & machinery | 3.1.1 | 124,081,544 | 7,194,480 | 683,076,571 | 34,822,645 |
| Office equipment | | - | - | 325,839 | - |
| Computer equipment | | - | - | 1,643,617 | - |
| Furniture and fixtures | | 963,448 | - | 1,447,691 | - |
| Vehicles | | 10,163,000 | 492,591 | 15,090,000 | 2,803,711 |
| | | 135,207,992 | 7,687,071 | 717,821,551 | 37,626,356 |

3.1.1 This include transfer from capital work in progress amounting to Rs. 69.087 million (June 30, 2023 Rs. 521.378 million)

3.2 Capital work in progress

| | Plant and Machinery | Civil Works | Total |
|--|------------------------|-------------|---------------|
| Movement during the year ended June 30, 2022 | | | |
| Opening balance | 134,606,341 | 1,972,503 | 136,578,844 |
| Additions during the period | 455,191,663 | - | 455,191,663 |
| | 589,798,904 | 1,972,503 | 591,770,507 |
| Transfer to operating fixed assets | (521,378,859) | - | (521,378,859) |
| Balance as at June 30, 2023 | 68,419,145 | 1,972,503 | 70,391,648 |
| Movement during the period ended December 31, 2023 | | | |
| Opening balance | 68,419,145 | 1,972,503 | 70,391,648 |
| Additions during the period | 67,919,482 | - | 67,919,482 |
| | 136,338,627 | 1,972,503 | 138,311,130 |
| Transfer to operating fixed assets | (69,087,610) | - | (69,087,610) |
| Balance as at December 31, 2023 | 67,251,017 | 1,972,503 | 69,223,520 |

| | Note | Un-Audited Dec. 31, 2023 | Audited June 30, 2023 |
|--------------------------|------|-----------------------------|--------------------------|
| | | -----Rupees----- | |
| 4. STOCK IN TRADE | | | |
| Raw material in hand | | 459,282,811 | 585,319,746 |
| Raw material in transit | | 106,268,694 | 175,971,767 |
| | | 565,551,505 | 761,291,513 |
| Work in process | | 135,890,824 | 98,450,984 |
| Finished goods | | 805,109,103 | 1,220,096,730 |
| Waste material | | 47,614,237 | 51,241,362 |
| | 4.1 | 1,554,165,669 | 2,131,080,589 |

4.1 This includes stock amounting to Rs. 1,159 million (June 30, 2023: Rs. 1,130 million) pledged with banks as security against financing facilities.

5. TAX REFUNDS DUE FROM GOVERNMENT

| | | |
|-----------------------|--------------------|--------------------|
| Income tax refundable | 21,166,922 | 55,863,031 |
| Sales tax refundable | 202,184,141 | 56,681,657 |
| | 223,351,063 | 112,544,688 |

| 6. TRADE AND OTHER PAYABLES | Note | Un-Audited | Audited |
|---|------|----------------------|----------------------|
| | | Dec. 31, 2023 | June 30, 2023 |
| | | Rupees | |
| Creditors | | | |
| - local | | 1,063,388,313 | 692,442,806 |
| - foreign | | 105,778,362 | 95,862,105 |
| | | <u>1,169,166,675</u> | <u>788,304,911</u> |
| Accrued expenses | | 284,823,325 | 188,273,513 |
| Provision for gas tariff difference | 6.1 | 247,875,703 | 190,194,419 |
| Provision against excise and taxation charges | | 10,017,753 | 10,017,753 |
| Provision against anti dumping duty | | 19,053,287 | 19,053,287 |
| Advance from customer | | 13,119,416 | 14,227,836 |
| Withholding income tax payable | | 31,332,256 | 18,309,846 |
| Withholding sales tax payable | | 3,096,598 | 2,791,856 |
| Worker's profit participation fund payable | | - | 1,558,479 |
| Worker's welfare fund payable | | 1,598,535 | 28,813,022 |
| | | <u>1,780,083,548</u> | <u>1,261,544,922</u> |

6.1 The movement in the provision for gas tariff difference is as follows:

| | | | |
|---------------------------------------|-------|--------------------|--------------------|
| Opening balance | | 190,194,419 | 131,186,064 |
| Provision during the period / year | 6.1.1 | 78,282,447 | 59,008,355 |
| Payment made during the period / year | 6.1.2 | (20,601,163) | - |
| Closing balance | | <u>247,875,703</u> | <u>190,194,419</u> |

6.1.1 On November 07, 2023, the OGRA issued S.R.O. No. 10-3-(8)/2023 whereby, with effect from November 01, 2023, the sale price of natural gas for the 'export oriented power' class of gas consumers was increased to Rs. 2,400 per MMBTU (as against the previously applicable tariff of Rs. 1,100 per MMBTU). The said notification was widely challenged by companies operating in the textile industry (including the Company vide Suit No. 2535 of 2023) before the Sindh High court. It was prayed that the fixation of sale price is illegal, arbitrary, malafide, without jurisdiction and ultravirous of the OGRA Ordinance, 2002, Natural Tariff Rules and section 230 of Election act, 2017.

In its interim order dated December 18, 2023 the Court held that, till further orders of the Court, the plaintiffs (i.e. the gas consumers) shall continue to deposit their monthly bills at the rate of Rs. 1,100 per MMBTU and the differential amount of Rs. 1,300 per MMBTU shall be deposited to the Nazir of the Court. Accordingly, for the period from November 2023 to December 2023, the Company has recognized a provision for the differential rate of Rs. 1,300 per MMBTU amounting to Rs. 78.28 million.

6.1.2 As reported in note 24.2 to the financial statements for the year ended June 30, 2023, the company had recorded provision 42.23 million, which represented the difference between the tariff chargeable under the category 'Captive Power consumer' at the rate 852 per MMBTU and the rate of Rs. 819 per MMBTU chargeable to 'Industrial gas consumer'. However, during the period the Company has started paying the said amount in monthly installments.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There has been no change in the status of contingencies as disclosed in annual financial statements for the year ended June 30, 2023 except as discussed below:

7.1.1 The Deputy Commissioner Inland Revenue (DCIR) vide its order, addressed to the associated Company M/s. Nadeem Power generation (Pvt) Limited (now merged with the Company), dated September 11, 2023, raised a demand of Rs. 31.567 million and penalty amounting to Rs. 50,000 for non production of sales tax record u/s 22 of the sales tax act 1990 for the tax period July-2017 to June-2018 and furthermore, 100% penalty was also imposed u/s 33.

In response to the said order, on February 23, 2024, the Company filed an appeal before the Commissioner Inland Revenue (Appeals-I) challenging the demand raised by the DCIR on the grounds that the order passed was bad in law and the DCIR has grossly erred in raising the demand that the Company did not maintain inventory of raw material an finished goods during sales tax audit. However, the associated company's business involved generation of electricity through gas engines and its supply to his buyer after charging due amount of sales tax. In this context, maintaining physical inventory of gas or electricity is not applicable in the instant case. As of the reporting date, the case is pending for adjudication before the CIR (Appeals-I). After due consultation with its legal advisor, the Company expects a favourable decision and, accordingly, has not made any provision in this regard.

7.1.2 The Deputy Commissioner Inland Revenue (DCIR) vide its order, had raised a demand of Rs. 62.299 million (including further tax amounting to Rs. 3.185 million along with default surcharge and penalty amounting to Rs. 30.266 million which is equal to 100% of the principal amount) on the grounds that the Company had made local zero-rated sales of "55-b-Yarn/Thread of Man-Made fibres" under SRO 1125(I)/2011 dated December 31, 2011 to one of buyer who was a non-existent/suspended unit in its sales tax return for the tax period of July-2016 to November 2020. Being aggrieved with the aforesaid order, the Company had preferred an appeal with the Commissioner Inland Revenue (Appeals-II) Karachi - CIR(A), challenging the said demand raised by the DCIR on the grounds that said buyer who subsequently declared black listed to the date of transaction.

On October 12, 2023, the CIR (Appeal-II) through its order disposed off the said appeal by determining that the buyer's status on the FBR eportal revealed blacklisting from the date of enrollment in sales tax, starting from March 29, 2002. As a result, the appellant's claim for zero rating facility under the mentioned SRO was deemed inadmissible.

Being aggrieved by the aforesaid order, the Company preferred an appeal with the Appellate Tribunal Inland Revenue (ATIR) on the grounds that order passed by learned CIR(A) was bad in law and against the facts of the case. As of the reporting date, the case was pending for adjudication before the ATIR. After due consultation with its legal advisor, the Company expects a favourable decision and, accordingly, has not made any provision in this regard.

| | For the half year ended | | For the quarter ended | |
|--|-------------------------|----------------------|-----------------------|------------------------|
| | December 31, | | December 31, | |
| | 2023 | 2022 | 2023 | 2022 |
| | Rupees | | | |
| Local sales - net | 3,071,132,781 | 1,335,964,819 | 783,148,632 | 341,096,848 |
| Export sales - indirect | 3,076,216,978 | 3,514,997,197 | 2,108,671,930 | 1,548,917,000 |
| Export sales - direct | 321,702,389 | 113,321,420 | 137,820,219 | 27,637,690 |
| Raw material and wastage sales - net | 86,716,621 | 67,335,774 | 40,407,296 | 36,845,221 |
| | <u>6,555,768,769</u> | <u>5,031,619,210</u> | <u>3,070,048,077</u> | <u>1,954,496,759</u> |
| 9 COST OF SALES | | | | |
| Opening stock finished goods and waste | 1,271,338,092 | 633,249,911 | 1,008,718,235 | 919,374,330 |
| Cost of goods manufactured 9.1 | 5,837,831,392 | 5,342,235,689 | 2,932,468,900 | 2,414,655,966 |
| | 7,109,169,484 | 5,975,485,600 | 3,941,187,135 | 3,334,030,296 |
| Closing stock of finished goods and waste | (852,723,340) | (1,385,048,039) | (852,723,340) | (1,385,048,039) |
| | <u>6,256,446,144</u> | <u>4,590,437,561</u> | <u>3,088,463,795</u> | <u>1,948,982,257</u> |
| 9.1 Cost of goods manufactured | | | | |
| Raw material consumed | 4,534,224,092 | 4,435,357,297 | 2,207,128,100 | 1,976,748,343 |
| Conversion costs incurred | 1,341,047,140 | 872,696,472 | 760,444,892 | 392,573,085 |
| | 5,875,271,232 | 5,308,053,769 | 2,967,572,992 | 2,369,321,428 |
| Change in work-in-process inventory: | | | | |
| - Opening Stock | 98,450,984 | 115,178,451 | 100,786,732 | 126,331,069 |
| - Closing Stock | (135,890,824) | (80,996,531) | (135,890,824) | (80,996,531) |
| | <u>(37,439,840)</u> | <u>34,181,920</u> | <u>(35,104,092)</u> | <u>45,334,538</u> |
| | <u>5,837,831,392</u> | <u>5,342,235,689</u> | <u>2,932,468,900</u> | <u>2,414,655,966</u> |
| 10 TAXATION - NET | | | | |
| Current | (65,905,297) | (55,117,480) | (24,109,940) | (25,651,873) |
| Prior | - | 20,149,455 | - | 20,317,281 |
| Deferred | 41,490,361 | (3,083,207) | 41,490,361 | 14,687,196 |
| | <u>(24,414,936)</u> | <u>(38,051,232)</u> | <u>17,380,421</u> | <u>9,352,604</u> |
| 11 CASH AND CASH EQUIVALENTS | | | Un-Audited | Un-Audited |
| | | | Dec. 31, 2023 | Dec. 31, 2022 |
| | | | Rupees | |
| Cash and cash equivalents comprise of the following items: | | | | |
| Cash and bank balances | | | 127,321,504 | 155,116,409 |
| Short term - running finances | | | (514,803,861) | (1,320,177,011) |
| | | | <u>(387,482,357)</u> | <u>(1,165,060,602)</u> |

12 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, key management personnel of the Company (including directors) and their close family members.

Transactions entered into and balance held, with related parties during the period / year, as follows:

| Transactions during the period | Basis of relationship with the party | Nature of the transaction | (Un-audited) | (Un-audited) |
|---|--|--|--------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| | | | ----- Rupees ----- | |
| Nadsem International (Private) Limited | Associated company by virtue of common directorship | Loan received | 11,700,000 | - |
| | | Loan repaid | 9,350,000 | 8,050,000 |
| | | Weight bridge expenses | 90,000 | 90,000 |
| | | Contribution from associated undertaking | - | 340,000,000 |
| Zahid Mazhar | Chief Executive Officer | Loan received | 13,000,000 | 72,000,000 |
| Omer Bin Zahid | Executive Director/CFO | Loan received | - | 9,800,000 |
| | | Loan repaid | - | 2,000,000 |
| Hasan Bin Zahid | Executive Director | Loan received | - | 9,800,000 |
| | | Loan repaid | 11,500,000 | - |
| Naila Zahid | Chairperson | Loan received | 40,000,000 | - |
| | | Loan repaid | - | 10,400,000 |

December 31, 2023 June 30, 2023
 — Rupees —

Balances outstanding as of the reporting date

| Name of the related party | Basis of relationship with the party | Nature of the balance outstanding | December 31, 2023 | June 30, 2023 |
|--|---|-------------------------------------|---------------------------|---------------------------|
| Nadeem International (Private) Limited | Associated company by virtue of common directorship | Loan payable Equity contribution | 40,550,000 340,000,000 | 38,200,000 340,000,000 |
| Zahid Mazhar | Chief Executive Officer | Loan payable | 95,000,000 | 82,000,000 |
| Hasan Bin Zahid | Executive Director | Loan payable | 4,300,000 | 16,800,000 |
| Naila Zahid | Chairperson | Loan payable | 40,000,000 | - |

13. OPERATING SEGMENTS

These interim financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single and integrated business strategy.

14. FAIR VALUE OF ASSETS AND LIABILITIES

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.

The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

Fair value hierarchy

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Presently, the only items in the interim financial statements that are carried at fair value are plant and machinery and electrical installations. The Company engages an independent external valuer to carry out a fresh revaluation of these operating fixed assets to ensure that their carrying amounts in financial statements do not differ materially from that which would be determined using fair value at the end of the reporting period. Such valuation usually involves the use of observable and unobservable inputs; however, the weightage of observable inputs used is considered as significant. Accordingly, the Company classifies the aforesaid classes of operating fixed assets within Level 2 of the fair value hierarchy.

The management considers that the carrying amount of all financial assets and liabilities recognised in the financial statements approximate their fair value.

15. CORRESPONDING FIGURES

Corresponding figures and balances have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison, the effects of which are not material.

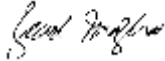
16. GENERAL

16.1 Level of rounding

Figures in these interim financial statements have been rounded off to the nearest rupee.

16.2 Date of authorization for issue

These interim financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on March 30, 2024.



Chief Executive
 March 30, 2024



Director



Chief Financial Officer



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