

## 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 before you the Chairman Review Report for the half year ended December 31, 2022.

The Company recorded a sales turnover of Rs. 5,031.62 million in the current period, which is Rs. 1,635.38 million lower than the Rs. 6,667.01 million achieved in the corresponding period of the previous year. The Company's net loss after tax is Rs. (128.30) million in the current period compared to net profit after tax of Rs. 758.62 million in the comparative period.

The High Court of Sindh at Karachi vide its Order dated 12-12-2022 under JCM No. 01 of 2022 has approved the merger of Group Company Nadeem Power Generation (Pvt.) Limited with and into Nadeem Textile Mills Limited, effective from 1st July 2022.

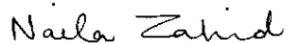
The Board of Directors of the Company comprises of nine members who have core competences, knowledge, skills, and experience related to the Company's business. The Company follows the best corporate governance practices and complies with all relevant requirements of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 regarding the composition, meetings, and procedures of the Board of Directors and its Committees.

The country has been facing political instability for last few months which has led to a number of economic challenges, including a decrease in investment, a decline in consumer confidence, and a slowdown in the pace of economic activities. The political instability has also affected the value of the local currency. The devaluation of the currency has led to an increase in the cost of imports, making it more expensive for businesses to purchase the raw materials they need to operate. This, in turn, has led to higher prices for goods and services, which has further reduced consumer demand. The recent increase in interest rates has made it more difficult for businesses to obtain the financing which has further slowed the pace of economic growth.

The statement is indicating that the overall performance and effectiveness of the Board of Directors were evaluated as satisfactory during the reporting period. The assessments are based on the efficiency of strategic planning, policymaking, resource management, and business operations. A self-assessment of the board and its committees is conducted, which is a way to determine if the Board is meeting the company's overall business goals and governance structure. This evaluation process is aimed at ensuring that the Board is performing well and that the company is on track to achieve its goals.

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



**Naila Zahid**  
Chairperson

Karachi:  
February 27, 2023

## چیئر مین کی جائزہ رپورٹ

محترم حصص یافتگان،

بورڈ آف ڈائریکٹرز کی جانب سے مجھے آپ کے سامنے ۳۱ دسمبر ۲۰۲۲ کو اختتام پذیر ہونے والی ششماہی کے لئے چیئر مین کی جائزہ رپورٹ پیش کرتے ہوئے مسرت ہو رہی ہے۔

کمپنی دوران مدت 5,031.62 ملین روپے کی فروخت حاصل کر سکی جو کہ پچھلے سال کی اسی مدت کے 6,667.01 ملین روپے کے مقابلے میں 1,635.38 ملین روپے کم ہے۔ تقابلی مدت کے 758.62 ملین روپے خالص منافع کے مقابلے میں موجودہ عرصے کے دوران بعد از ٹیکس خالص نقصان (128.30) ملین روپے رہا۔

سندھ ہائی کورٹ کراچی نے 2022 کے JCM No. 01 کے تحت مورخہ ۱۲ دسمبر ۲۰۲۲ کے اپنے آرڈر کے ذریعے گروپ کمپنی ندیم پاور جنریشن (پرائیوٹ) لمیٹڈ کے ندیم ٹیکسٹائل ملز لمیٹڈ کے ساتھ کیم جوائنٹی سے انضمام کی منظوری دے دی ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز میں نو اراکین شامل ہیں جن کے پاس کمپنی کے کاروبار سے متعلق بنیادی قابلیت، علم، مہارت اور تجربہ ہے۔ کمپنی بہترین کارپوریٹ گورننس کے طریقوں کی پیروی کرتی ہے اور بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل، میٹنگز، اور طریقہ کار سے متعلق کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تمام متعلقہ تقاضوں کی تعمیل کرتی ہے۔

ملک کو گزشتہ چند ماہ سے سیاسی عدم استحکام کا سامنا ہے جس کی وجہ سے سرمایہ کاری میں کمی، صارفین کے اعتماد میں کمی اور معاشی سرگرمیوں کی رفتار میں سست روی سمیت متعدد معاشی چیلنجز کا سامنا ہے۔ سیاسی عدم استحکام نے مقامی کرنسی کو بھی متاثر کیا ہے۔ کرنسی کی قدر میں کمی سے درآمدات کی لاگت میں اضافہ ہوا ہے جس سے کاروبار کے لئے ضروری خام مال خریدنا زیادہ مہنگا ہو گیا ہے۔ اس کے نتیجے میں اشیاء اور خدمات کی قیمتوں میں اضافہ ہوا ہے جس سے صارفین کی مانگ میں مزید کمی آئی ہے۔ شرح سود میں حالیہ اضافے نے کاروباری اداروں کے لئے مالیات کا حصول مزید مشکل بنا دیا ہے جس کی وجہ سے معاشی ترقی کی رفتار مزید سست ہو گئی ہے۔

رپورٹنگ کی مدت کے دوران بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی کو مؤثر اور تسلی بخش قرار دیا گیا۔ یہ تشخیص اسٹریٹجیک منصوبہ بندی، پالیسی سازی، وسائل کے انتظام اور کاروباری کارروائیوں کی کارکردگی پر مبنی ہیں۔ بورڈ اور اس کی کمیٹیوں کا خود جائزہ لیا جانا اس بات کا تعین کرنے کا ایک طریقہ ہے کہ آیا بورڈ کمپنی کے مجموعی کاروباری اہداف اور گورننس کے تقاضوں کو پورا کر رہا ہے۔ تشخیص کے اس عمل کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ اچھی کارکردگی کا مظاہرہ کر رہا ہے اور کمپنی اپنے اہداف کو حاصل کرنے کی راہ پر گامزن ہے۔

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

منجانب بورڈ آف ڈائریکٹرز

Naila Zahid

نائلہ زاہد

چیئر پرسن

کراچی 27 فروری 2023

## DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present before you its report together with the Reviewed Interim Financial Statements of the Company for the half year ended December 31, 2022.

### FINANCIAL RESULTS

The company is presenting financial highlights for the half year ended December 31, 2022, and also providing comparative figures from the same period in the previous year as follows:

	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>
	<b>Rs. in Million</b>	<b>Rs. in Million</b>
Sales net	5,031.62	6,667.01
Gross Profit	441.18	1,217.21
Gross Profit %	8.77%	18.26%
Profit / (Loss) before Tax	(90.25)	799.85
Profit / (Loss) after tax	(128.30)	758.62
Profit / (Loss) after tax %	(2.55%)	11.49%
Earnings per share	Rs. (7.16)	Rs. 35.27

### OVERVIEW

Despite the economic slowdown and political instability prevalent in the country, the company managed to earn a sales turnover of Rs. 5,031.62 million during the half year ended on December 31, 2022, as compared to Rs. 6,667.01 million during the corresponding period of the last year. The company's after-tax loss is Rs. (128.30) million.

The company's management is determined to achieve the best possible results by rigorously increasing its market share in both the domestic and international markets through aggressive marketing strategies.

### PRESENT AND FUTURE OUTLOOK

The textile industry of Pakistan is currently facing difficult situation due to a significant increase in expenses, raw materials, and interest rates. Additionally, global recession has reduced demand for textile products. The current political instability in the country has slowed economic growth, leading to a severe devaluation of the Pakistani rupee, a drastic increase in markup rates, and a rising inflation trend. These factors are expected to have a negative impact on Pakistan's overall economy.

The country's cotton crop was severely affected by the floods. The textile industry requires 14 million bales of cotton but the country has produced only 5 million bales locally. The only solution to fulfill the raw material requirements was to import from other countries, however, due to the foreign exchange crisis the textile industry is facing difficulties in opening import LCs for raw materials.

### MERGER OF GROUP COMPANY

The Scheme of Arrangement filed by the Company for merger was sanctioned by the High Court of Sindh at Karachi vide its Order dated December 12, 2022 under JCM No. 01 of 2022 through which, Nadeem Power Generation (Pvt.) Limited stood merged with and into Nadeem Textile Mills Limited with effect from July 01, 2022.

The merger will rationalize the inter-dependent business structure; combine the assets of the two companies into a single merged entity that will result in reduction in the cost of doing business, improved management, stronger capital base, better financial management and a more robust combined Balance Sheet position.

### EXPANSION AND MODERNIZATION

The company's management continues to maintain its policy of investing in mills expansion and BMR (Balancing, Modernization, and Replacement). The company has recently imported 14 sets of Saurer High Production Carding machines and two gas-efficient generators of 1,500 KW each through LTFF (Long-Term Financing Facility).

### 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



**Omer Bin Zahid**  
Director



**Zahid Mazhar**  
Chief Executive

Karachi:  
February 27, 2023

## ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

بورڈ آف ڈائریکٹرز ۳۱ دسمبر ۲۰۲۲ کو اختتام پذیر ششماہی کے لئے کمپنی کے نظر ثانی شدہ عبوری مالیاتی نتائج اپنی رپورٹ کے ساتھ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی نتائج

کمپنی ۳۱ دسمبر ۲۰۲۲ کو اختتام پذیر ششماہی کے لئے اہم مالیاتی نتائج پیش کر رہی ہے اور پچھلے سال کی اسی مدت کے تقابلی اعداد و شمار بھی فراہم کر رہی ہے۔

31 دسمبر 2021	31 دسمبر 2022	
روپے ملین میں	روپے ملین میں	
6,667.01	5,031.62	خالص فروخت
1,217.21	441.18	مجموعی منافع
18.26%	8.77%	مجموعی منافع %
799.85	(90.25)	منافع / (نقصان) قبل از ٹیکس
758.62	(128.30)	منافع / (نقصان) بعد از ٹیکس
11.38%	(2.55%)	منافع / (نقصان) بعد از ٹیکس
Rs. 35.27	Rs. (7.16)	فی حصص آمدن

جائزہ

ملک میں معاشی سست روی اور سیاسی عدم استحکام کے باوجود کمپنی نے ۳۱ دسمبر ۲۰۲۲ کو ختم ہونے والے ششماہی کے دوران 5,031.62 ملین روپے کا نیٹرن اور دراصل کیا جو کہ گزشتہ سال کی اسی مدت کے دوران 6,667.01 ملین روپے تھا۔ کمپنی کا بعد از ٹیکس نقصان (128.30) ملین روپے رہا۔ کمپنی کی انتظامیہ چارجمان مارکیٹنگ کی حکمت عملیوں کے ذریعے مقامی اور بین الاقوامی دونوں منڈیوں میں اپنے مارکیٹ شیئر کو تیزی سے بڑھا کر بہترین ممکنہ نتائج حاصل کرنے کے لئے پرعزم ہے۔

موجودہ اور مستقبل کا نقطہ نظر

پاکستان کی ٹیکسٹائل انڈسٹری کو اس وقت اخراجات، خام مال اور شرح سود میں نمایاں اضافے کی وجہ سے مشکل صورتحال کا سامنا ہے۔ مزید برآں، عالمی کساد بازاری نے ٹیکسٹائل مصنوعات کی مانگ کو کم کر دیا ہے۔ ملک میں موجود سیاسی عدم استحکام نے اقتصادی ترقی کو سست کر دیا ہے، جس کے نتیجے میں پاکستانی روپے کی قدر میں شدید کمی، شرح سود میں زبردست اضافہ اور افراط زر کی شرح میں اضافہ ہوا ہے۔ ان عوامل سے پاکستان کی مجموعی معیشت پر منفی اثرات مرتب ہونے کی توقع ہے۔ سیلاب سے ملک میں کپاس کی فصل شدید متاثر ہوئی ہے۔ ٹیکسٹائل کی صنعت کو کپاس کی 14 ملین کantzوں کی ضرورت ہوتی ہے لیکن ملک میں مقامی طور پر صرف 5 ملین کantzیں پیدا ہوئی ہیں۔ خام مال کی ضروریات پوری کرنے کا واحد حل دوسرے ممالک سے درآمد کرنا ہے تاہم زرمبادلہ کے بحران کے باعث ٹیکسٹائل کی صنعت کو خام مال کے لئے درآمدی L/C کھولنے میں مشکلات کا سامنا ہے۔

گروپ کمپنی کا انضمام

انضمام کے لئے کمپنی کی جانب سے دائر کردہ انتظامات کی ایکسکیم کو سندھ ہائی کورٹ کراچی نے 12 دسمبر 2022 کے اپنے حکم نامے JCM No. 01 of 2022 کے تحت منظور کیا تھا جس کے ذریعے 01 جولائی 2022 سے تدبیر پار جزیشن (پرائیوٹ) لمیٹڈ کو تدبیر ٹیکسٹائل ملز لمیٹڈ میں ضم کیا گیا تھا۔ انضمام کا یہ عمل ایک دوسرے پر منحصر کاروباری ڈھانچے کو بہتر بنانے کا اور دونوں کمپنیوں کے اثاثوں کو ایک واحد منظم ادارے میں یکجا کرنے کا جس کے نتیجے میں کاروبار کرنے کی لاگت میں کمی، بہتر انتظام، مضبوط سرمایہ کاری کی بنیاد، بہتر مالیاتی انتظام اور زیادہ مضبوط مشترکہ بیزنس شیٹ پوزیشن حاصل ہوگی۔

توسیع اور جدت

کمپنی کی انتظامیہ ملز کی توسیع اور BMR میں سرمایہ کاری کی اپنی پالیسی کو جاری رکھے ہوئے ہے۔ کمپنی نے ایل ٹی ایف ایف کے ذریعے ساؤر رہائی پروڈکشن کارڈنگ مشینوں کے 14 سیٹ اور 1,500 گلووات کے دو گیس جنریٹرز درآمد کئے ہیں۔

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

*Said Majeed*

زابد مظہر  
چیف ایگزیکٹو

*عمر بن زاہد*

عمر بن زاہد  
ڈائریکٹر

کراچی 27 فروری 2023



**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, 2022 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.

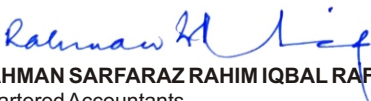
As part of our engagement, we were only required to review the cumulative figures for the six-month period ended December 31, 2022. Accordingly, we have not reviewed the figures in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three-month period ended December 31, 2022.

**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**.

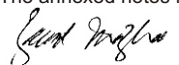
Karachi  
Date: February 27, 2023

  
**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants  
UDIN: RR202210213lo3vcDn15

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

	NOTE	Un-Audited Dec. 31, 2022 RUPEES	Audited Jun. 30, 2022 RUPEES
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	3	3,694,844,110	3,437,590,070
Long term deposits		26,262,288	21,119,188
		<u>3,721,106,398</u>	<u>3,458,709,258</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		232,193,210	148,838,619
Stock in trade	4	2,397,242,003	1,875,031,314
Trade debts		2,448,193,217	2,641,925,967
Loans, advances and prepayments		248,206,311	118,404,750
Other receivables		186,631,415	151,944,456
Tax refunds due from government		105,568,287	42,437,110
Cash and bank balances		155,116,409	173,991,392
		<u>5,773,150,852</u>	<u>5,152,573,608</u>
<b>TOTAL ASSETS</b>		<u><b>9,494,257,250</b></u>	<u><b>8,611,282,866</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized capital</b>			
30,000,000 ordinary shares of Rs. 10/- each		300,000,000	300,000,000
Issued, subscribed and paid-up capital	5	179,074,850	215,119,850
Shares to be issued pursuant to merger	5	33,592,500	-
<b>Capital reserve</b>			
Surplus on revaluation of property, plant & equipment		1,268,785,976	1,278,283,722
Share premium		388,683,536	274,197,289
		<u><b>1,657,469,512</b></u>	<u><b>1,552,481,011</b></u>
<b>Revenue reserve</b>			
Unappropriated profits		2,111,901,513	2,359,779,547
		<u>3,982,038,375</u>	<u>4,127,380,408</u>
Contribution from associated undertaking	6	340,000,000	-
		<u>4,322,038,375</u>	<u>4,127,380,408</u>
<b>NON CURRENT LIABILITIES</b>			
Long term financing		580,940,914	366,765,949
Deferred liabilities		156,426,847	148,627,376
Loan from related parties		-	404,205,204
Deferred income - Government grant		-	1,638,146
		<u>737,367,761</u>	<u>921,336,675</u>
<b>CURRENT LIABILITIES</b>			
Loan from directors		119,600,000	10,000,000
Trade and other payables		1,431,870,304	1,443,401,894
Accrued interest		105,849,679	64,077,060
Short term borrowings	7	2,628,137,493	1,866,383,279
Unclaimed dividend		1,506,408	1,491,024
Current portion of long term financing		95,937,200	122,212,526
Current portion of loan from related party		51,950,000	55,100,000
		<u>4,434,851,114</u>	<u>3,562,665,783</u>
<b>Contingencies and Commitments</b>	8	-	-
<b>Total equity and liabilities</b>		<u><b>9,494,257,250</b></u>	<u><b>8,611,282,866</b></u>

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

  
**Chief Executive**  
February 27, 2023

  
**Director**


  
**Chief Financial Officer**

## NADEEM TEXTILE MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	For the half year ended December 31,		For the quarter ended December 31,	
	2022	2021	2022	2021
Rupees				
Sales - net	5,031,619,210	6,667,007,902	1,954,496,759	3,576,604,206
Cost of sales	(4,590,437,561)	(5,449,799,292)	(1,956,969,540)	(2,919,140,178)
<b>Gross profit</b>	<b>441,181,649</b>	<b>1,217,208,610</b>	<b>(2,472,781)</b>	<b>657,464,028</b>
Administrative expenses	(103,236,933)	(68,511,951)	(56,741,599)	(34,692,985)
Distribution costs	(81,442,894)	(113,800,930)	(28,109,333)	(63,586,238)
	(184,679,827)	(182,312,881)	(84,850,932)	(98,279,223)
Operating profit	256,501,822	1,034,895,729	(87,323,713)	559,184,805
Finance costs	(324,917,038)	(187,570,037)	(180,334,024)	(116,048,380)
Other operating income/(expenses)	(21,837,422)	(47,474,274)	15,955,192)	(25,076,472)
	(346,754,460)	(235,044,311)	(164,378,832)	(141,124,852)
(Loss) / profit before taxation	(90,252,638)	799,851,418	(251,702,545)	418,059,953
<b>Taxation</b>				
Current	(55,117,480)	(61,448,713)	(25,651,873)	(25,727,411)
Prior	20,149,455	601,000	20,317,281	601,000
Deferred	(3,083,207)	19,618,555)	14,687,196	(43,021,789)
	(38,051,232)	(41,229,158)	9,352,604	(68,148,200)
(Loss) / profit after taxation	(128,303,870)	758,622,260	(242,349,941)	349,911,753
Earnings per share				
- basic and diluted	(7.16)	35.27	(13.53)	16.27

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

  
**Chief Executive**  
 February 27, 2023

  
**Director**


  
**Chief Financial Officer**



**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	For the half year ended December 31, 2022		For the quarter ended December 31, 2022	
	2021	2021	2021	2021
	Rupees			
(Loss) / profit after taxation	(128,303,870)	758,622,260	(242,349,941)	349,911,753
Other comprehensive income	-	-	-	-
Total comprehensive income - for the period	(128,303,870)	758,622,260	(242,349,941)	349,911,753

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

  
**Chief Executive**  
 February 27, 2023

  
**Director**

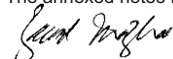
  
**Chief Financial Officer**

# NADEEM TEXTILE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	DEC. 31, 2022 RUPEES	DEC. 31, 2021 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit after taxation	(90,252,638)	799,851,418
<b>Adjustment for non-cash and other items:</b>		
Depreciation on operating fixed assets	115,930,850	88,702,416
Provision for gratuity	24,610,538	19,050,270
Provision for gas tariff difference	11,790,689	-
Provision for slow moving stores and spares	756,122	-
Provision for expected credit losses	17,716,847	-
Interest on term deposit receipts	(9,729,219)	-
(Gain) / Loss on disposal on disposal of operating fixed assets	(4,702,934)	(651,942)
Interest on Workers' Profit Participation Fund	7,593,545	46,213,491
Contribution to Worker's Welfare Fund	-	16,440,796
Finance costs	273,234,417	181,321,431
	<u>437,200,855</u>	<u>351,076,462</u>
Operating profit before working capital changes	346,948,217	1,150,927,880
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(80,005,556)	(13,634,466)
Stock in trade	(522,210,689)	(1,332,594,541)
Trade debts - unsecured, considered good	194,880,105	(623,060,670)
Loans and advances	(129,682,739)	(3,798,457)
Sales tax refundable	(16,171,346)	(185,741,879)
Other receivables	(15,630,700)	3,940,094
	<u>(568,820,925)</u>	<u>(2,154,889,919)</u>
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	(40,836,824)	(87,462,202)
<b>Net cash generated from / (used in) operations</b>	<u>(262,709,532)</u>	<u>(1,091,424,241)</u>
Taxes paid	(79,216,334)	(66,386,102)
Long term deposits	(8,997,015)	(300,000)
Worker's Welfare Fund paid	(3,434,675)	-
Gratuity paid	(34,657,982)	(14,998,347)
Finance cost paid	(231,461,798)	(150,813,563)
	<u>(357,767,804)</u>	<u>(232,498,012)</u>
<b>Net cash used in operating activities</b>	<u>(620,477,336)</u>	<u>(1,323,922,253)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(366,378,520)	(143,319,111)
Proceeds from disposal of operating fixed assets	33,244,946	10,343,305
Interest income received	10,310,850	-
Investment	-	(20,673,970)
Net cash and cash equivalent received pursuant to merger	2,277,750	-
Net cash (used in) /generated from investing activities	<u>(320,544,974)</u>	<u>(153,649,776)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(129,056,526)	(64,535,955)
Loan from directors - net	109,600,000	(10,000,000)
Long term loan obtained / (repaid) - net	187,899,639	(43,993,673)
Loan from associated undertaking - net	(8,050,000)	14,050,000
<b>Net Cash generated from financing activities</b>	<u>160,393,113</u>	<u>(104,479,628)</u>
<b>Net Decrease in Cash &amp; Cash Equivalents</b>	<u>(780,629,197)</u>	<u>(1,582,051,657)</u>
Cash & cash equivalents at the beginning of the period	<u>(1,692,391,887)</u>	<u>(1,142,163,234)</u>
<b>Cash &amp; cash equivalents at the end of the period</b>	<u>(2,473,021,084)</u>	<u>(2,724,214,891)</u>
<b>Cash and cash equivalents comprise of:</b>		
Cash and bank balance	155,116,409	139,656,298
Short term borrowings	(2,628,137,493)	(2,863,871,189)
	<u>(2,473,021,084)</u>	<u>(2,724,214,891)</u>

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



**Chief Executive**  
February 27, 2023



**Director**




**Chief Financial Officer**

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Issued subscribed and paid-up capital	Share Premium	Unappropriated profit	Revaluation surplus on property, plant & equipment	Total
<b>RUPEES</b>					
<b>Balance as at July 01, 2021</b>	215,119,850	274,197,289	1,184,734,861	1,305,611,412	2,979,663,412
Total comprehensive income (July 01, 2021 to Dec. 31, 2021)	-	-	758,622,260	-	758,622,260
Dividend paid	-	-	(64,535,955)	-	(64,535,955)
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	10,261,666	(10,261,666)	-
<b>Balance as at Dec. 30, 2021</b>	<b>215,119,850</b>	<b>274,197,289</b>	<b>1,889,082,832</b>	<b>1,295,349,746</b>	<b>3,673,749,717</b>
Balance as at July 01, 2022	215,119,850	274,197,289	2,359,779,547	1,278,283,722	4,127,380,408
Shares held as Treasury shares pursuant to amalgamation	(36,045,000)	-	-	-	(36,045,000)
Increase in share premium pursuant to amalgamation	-	114,486,247	-	-	114,486,247
Total comprehensive income (July 01, 2022 to Dec. 31, 2022)	-	-	(128,303,870)	-	(128,303,870)
Final Dividend @ 60% for the year ended June 30, 2022	-	-	(129,071,910)	-	(129,071,910)
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	9,497,746	(9,497,746)	-
<b>Balance as at December 31, 2022</b>	<b>179,074,850</b>	<b>388,683,536</b>	<b>2,111,901,513</b>	<b>1,268,785,976</b>	<b>3,948,445,875</b>

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

  
**Chief Executive**  
February 27, 2023

  
**Director**

  
**Chief Financial Officer**

# NADEEM TEXTILE MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

### 1 STATUS AND NATURE OF BUSINESS

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

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

**Head Office:** The registered office of the Company is situated at 801-804, Lakson square building No. 3, Sarwar Shaheed Road, Karachi.

**Manufacturing Facilities:** The company's mills are located at A-265, S.I.T.E, Nooriabad district Jamshoro, Sindh and E-11, S.I.T.E, Kotri district Jamshoro, Sindh.

### 1.1 Amalgamation of Nadeem Power Generation (Pvt.) Ltd. into Nadeem Textile Mills Ltd.

During the period, on 13 December 2022, the Sindh High Court (SHC) sanctioned the Scheme of Arrangement for the merger ("the Merger Scheme") of Nadeem Power Generation (Private) Limited (NPGL), a related party, with and into the Company. The proposed scheme was earlier approved by the Board of Directors of respective Companies in their meetings held on 28 December 2021, and also by their respective shareholders in their extra ordinary general meetings held on 24 January 2022.

Consequently, in terms of the Scheme, the entire undertaking of NPGL stands merged with and into the Company and the entire business of NPGL including its properties, assets, liabilities and rights and obligations vested into the Company. As the NPGL was a related party, the merger has been accounted for as common control transaction and with effect from the effective date.

Further, in terms of the Scheme, in consideration for the transfer of the entire undertaking of NPGL, the Company shall issue 3,359,250 shares of Rs. 10/ each as fully paid up ordinary shares to the respective shareholders of NPGPL as per the swap ratio.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

These condensed 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 information does not include all the information and disclosures as require in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2022.

The comparative figures presented in these condensed interim financial statements have been extracted from the audited financial statements of the Company for the year ended June 30, 2022, whereas the comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows are extracted from the unaudited condensed interim financial statements for the six months period ended December 31, 2021.

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

#### 2.2 Basis of Measurement

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

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

#### 2.3 Functional and presentation currency

Items included in these interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency, unless otherwise stated. All figures have been rounded off to the nearest rupee.

#### 2.4 Significant accounting policies

The significant accounting policies adopted in the preparation of these interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2022.

#### 2.5 Accounting estimates and judgements

The preparation of these condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

#### 2.6 Judgement and sources of estimation uncertainty

In preparing the condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended June 30, 2022.

#### 2.7 Financial risk management

The company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2022.

3. PROPERTY PLANT & EQUIPMENT	Note	Un-Audited	Audited
		Dec. 31, 2022	June 30, 2022
		----- Rupees-----	
Operating fixed assets	3.1	3,662,526,113	3,141,716,888
Capital work in progress	3.2	24,900,304	136,578,844
Machinery in transit		7,417,693	159,294,338
		<u>3,694,844,110</u>	<u>3,437,590,070</u>

3.1 Following is the summary of class-wise addition to, or disposals from, operating fixed asset.

	Period ended Dec. 31, 2022		Year ended June 30, 2022	
	(Un-Audited)		(Audited)	
	Additions/transfers	Disposal (at NBV)	Additions/transfers	Disposal (at NBV)
	-----Rupees-----		-----Rupees-----	
Building on freehold land	7,775,128	-	25,683,942	19,467,000
Plant and Machinery	603,408,534	23,970,551	401,468,980	33,245,557
Office equipment	392,049	-	245,213	-
Furniture and fixture	110,600	-	366,765	-
Computer equipment	494,944	-	784,807	-
Vehicles	13,825,000	2,793,366	22,114,082	3,831,065
	<u>626,006,255</u>	<u>26,763,917</u>	<u>450,663,789</u>	<u>56,543,622</u>

#### 3.2 Capital work in progress

Civil works	1,980,304	1,972,503
Plant and machinery	22,920,000	134,606,341
	<u>24,900,304</u>	<u>136,578,844</u>

#### 4 STOCK IN TRADE

Raw material	931,197,433	620,289,804
Work in process	80,996,531	115,178,451
Finished goods	1,350,096,680	612,505,201
Waste	34,951,359	20,744,709
Stock in transit	-	506,313,149
	<u>2,397,242,003</u>	<u>1,875,031,314</u>

		<b>December 31, 2022</b>	
		<b>(Un-audited)</b>	
	<b>Note</b>	<b>Number of shares</b>	<b>Amount</b>
<b>5 SHARE CAPITAL</b>			
Share capital of the Company as at 1 July 2022		21,511,985	215,119,850
Treasury shares held pursuant to amalgamation	5.1	(3,604,500)	(36,045,000)
Share capital of the Company as at 31 Dec. 2022		<b><u>17,907,485</u></b>	<b><u>179,074,850</u></b>
<b>Shares to be issued to NPGPL shareholders</b>			
<b>Pursuant to amalgamation</b>			
Number of shares of NPGPL before merger		373,250	3,732,500
Swap ratio 1:9 (9 shares of NTML for every share held)			
Shares to be issued to NPGPL shareholders		3,359,250	33,592,500
<b>5.1</b>	During the period, pursuant to the Scheme of amalgamation, shares were agreed to be issued to the shareholders of NPGPL at a swap ratio of 9 shares for every one share held by them, at a par value of Rs. 10 per share. Moreover, the re-acquisition of shares from NPGPL has been recorded as Treasury shares.		
<b>6 CONTRIBUTION FROM ASSOCIATED UNDERTAKING</b>	During the period, the associated Company M/s Nadeem International (Pvt) Limited, and the Company has agreed that the loan is interest free and can be repaid to the associated company by the Company at its discretion. Hence, the loan has been treated as "Capital Contribution" with effect from December 2022 in accordance with Technical Release -32 issued by the Institute of Chartered Accountants of Pakistan.		
<b>7 SHORT TERM BORROWINGS - secured</b>	These represent short term working capital finance facilities secured against pledge of stocks (Cotton, Yarn and Polyester fiber), local trade debts of the Company and charge over current assets. The rate of mark-up for running finance and cash finance ranges @ KIBOR + 1.85% to 2.25% per annum (June 30, 2022: KIBOR + 1.85% to 2.25% per annum), KIBOR ranged from 1 month and 3 Months.		
<b>8 CONTINGENCIES AND COMMITMENTS</b>			
<b>8.1 Contingencies</b>	There has been no change in the status of contingencies as disclosed in annual audited financial statements of the year ended June 30, 2022, except for the below:		
	In 2022, the Federal Board of Revenue (FBR), vide Finance Act 2022, levied super tax on high earning persons u/s 4C of the Income Tax Ordinance, 2001. The Company along with several other petitioners filed constitutional petition before the Sindh High Court and the Honorable High Court held that the super tax shall be levied from the tax year 2022 and the 6% additional super tax on specified industries is discriminatory and accordingly super tax restricted to 4%. Subsequently, Federal Board of Revenue challenged the above judgement of the Honorable High Court before the Supreme Court of Pakistan. As at June 30, 2022, the Company recorded provision for super tax @ 10% in the annual financial statements. Subsequent to the year end, i-e 16 February 2023, the Supreme Court issued notices to respondents and directed to pay the full amount of super tax as per applicable rates upto 4%. In view of the above, the Company revised its annual return of income tax and paid / charged the super tax @ 4% and the differential amount of provision for super tax @ 6% amounting to Rs. 33 million has been reversed during the reporting period as the management is confident that additional tax liability of 6% will not arise, and accordingly, this has been disclosed as a contingent liability.		
<b>8.1.2</b>	NPGPL, alongwith other petitioners was contesting the levy of Gas Infrastructure Development Cess (GIDC) under the GIDC Act, 2015, constitutionality of which was upheld by the Supreme Court (SC) vide its judgment dated August 13, 2020 and clarified that its retrospective applicability is to be decided by the High Courts. NPGPL filed petitions in Sindh High Court that it is not liable to pay any amount in respect of GIDC via Suit No. 1343/2020 contesting that it has not passed on the burden of GIDC to its customers, and Suit No. 1338/2020 that the time period given to government by the Supreme Court for laying the gas pipeline has lapsed, in which case the GIDC Act would be deemed to have become in operational. Accordingly, liability for GIDC amounting to Rs.134 million was not recognized in the books of NPGPL, and the same continues to be disclosed as a contingent liability in these financial statements.		
<b>8.2 Commitments</b>		<b>Un-Audited</b>	<b>Audited</b>
		<b>Dec. 31, 2022</b>	<b>June 30, 2022</b>
Against letters of credit		1,139,918,261	476,920,459
Bank guarantee to Excise and Taxation department		121,375,753	92,375,753
Revolving letter of credit to SSGC		59,598,010	59,598,010

## 9 TRANSACTIONS WITH RELATED PARTIES

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

Name of the related party	Relationship	Transactions during the period and period end balances	Un-audited	Un-audited
			Dec. 31, 2022	Dec. 31, 2021
---- Rupees ----				
Nadeem Power Generation Private Limited	Associated company by virtue of common directorship	Electricity purchased	-	141,669,126
		Rental income	-	10,000
		Loan received	-	24,800,000
		Loan repaid/adjusted (refer note 1.1)	54,150,204	3,400,000
		Balance outstanding	-	54,150,204
Nadeem International Private Limited	Associated company by virtue of common directorship	Weighbridge	90,000	90,000
		Loan received	-	-
		Loan repaid	8,050,000	7,350,000
		Balance outstanding	391,950,000	410,550,000
Zahid Mazhar	Chief Executive Officer	Loan received	72,000,000	-
		Loan repaid	-	10,000,000
		Balance outstanding	82,000,000	40,300,000
Omer Bin Zahid	Executive Director	Loan received	19,800,000	-
		Loan repaid	2,000,000	-
		Balance outstanding	17,800,000	-
Hassan Bin Zahid	Executive Director	Loan received	19,800,000	-
		Loan repaid	-	-
		Balance outstanding	19,800,000	-

## 10 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.

## 11 GENERAL

### 11.1 Reclassification of corresponding figures

In these condensed interim financial statements the following corresponding figures have been reclassified, wherever considered necessary for the purposes of comparison and better presentation. The effect of these reclassifications is not considered to be material.

Reclassified from component	Reclassified to component	Rupees
Commission on export sales (Sales-net)	Commission on export (Distribution Expense)	13,779,556
Commission on local sales (Sales-net)	Commission on local sales (Distribution expenses)	45,076,409
Premium on discounting of export bills (Sales-net)	Premium on discounting of export bills (Finance costs)	6,248,606
Investments (Investment)	Other receivables (Other receivables)	112,113,452

### 11.2 Level of rounding

Figures have been rounded off to the nearest rupee.

## 12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on February 27, 2023.



**Chief Executive**  
February 27, 2023



**Director**



**Chief Financial Officer**

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\*Mobile apps are also available for download for android and ios devices