



# NADEEM TEXTILE MILLS LIMITED

REPORT FOR THE NINE MONTHS ENDED  
MARCH 31, 2023

## 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	:	<a href="http://www.nadeem.com.pk">www.nadeem.com.pk</a>

## 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 nine months ended March 31, 2023.

The Company recorded a sales turnover of Rs. 7,737.24 million in the current period as compared to Rs. 10,525.17 million of the corresponding period of the previous year. The Company's net loss after tax is Rs. (452.38) million in the current period as compared to net profit after tax of Rs. 1,083.72 million in the comparative period.

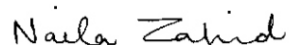
The country has been facing political instability during the period, which has resulted in several economic challenges, including a decrease in investment, a decline in consumers demand, and a slowdown in the pace of economic activities. The political instability has also massively affected the value of the local currency, leading to its severe devaluation. As a result, the cost of imports has increased, making it more expensive to acquire the raw materials necessary to operate. This, in turn, has led to higher prices for goods and services. The increasing rates of markups has made it more challenging to obtain financing which has further slowed the pace of economic growth.

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 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 periodically, 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



Karachi:  
April 28, 2023

**Naila Zahid**  
Chairperson

## چیئر مین کی جائزہ رپورٹ

محترم حصص یافتگان،

بورڈ آف ڈائریکٹرز کی جانب سے مجھے آپ کے سامنے ۳۱ مارچ ۲۰۲۳ کو اختتام پذیر ہونے والے نو ماہ کے عرصے کے لئے چیئر مین کی جائزہ رپورٹ پیش کرتے ہوئے مسرت ہو رہی ہے۔

کینیڈا دوران مدت 7,737.24 ملین روپے کی فروخت حاصل کر سکی جو کہ پچھلے سال کی اسی مدت کے دوران 10,525.17 ملین روپے تھا۔ تقابلی مدت کے 1,083.72 ملین روپے خالص منافع کے مقابلے میں موجودہ عرصے کے دوران بعد از ٹیکس خالص نقصان (452.38) ملین روپے رہا۔

ملک کو اس مدت کے دوران سیاسی عدم استحکام کا سامنا رہا ہے جس کے نتیجے میں سرمایہ کاری میں کمی، صارفین کی طلب میں کمی اور اقتصادی سرگرمیوں کی رفتار میں سست روی سمیت متعدد معاشی چیلنجز کا سامنا ہے۔ سیاسی عدم استحکام نے مقامی کرنسی کی قدر کو بھی بڑے پیمانے پر متاثر کیا ہے جس کی وجہ سے اس کی قدر میں شدید کمی واقع ہوئی ہے۔ اس کے نتیجے میں درآمدات کی لاگت بڑھ گئی ہے جس سے کام کرنے کے لئے ضروری خام مال کی قیمتوں میں اضافہ ہوا ہے۔ مارک اپ کی بڑھتی ہوئی شرح نے فنانسنگ کے حصول کو مزید مشکل کر دیا ہے جس نے اقتصادی ترقی کی رفتار کو مزید سست کر دیا ہے۔

کینیڈا کے بورڈ آف ڈائریکٹرز میں نو اراکین شامل ہیں جن کے پاس کینیڈا کے کاروبار سے متعلق بنیادی قابلیت، علم، مہارت اور تجربہ ہے۔ کینیڈا 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 کینیڈا ایکٹ 2017 اور لنڈن کیپٹول (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تمام متعلقہ تقاضوں کی تعمیل کرتی ہے۔

رپورٹنگ کی مدت کے دوران بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی کو مؤثر اور تسلی بخش قرار دیا گیا۔ یہ تشخیص اسٹریٹجک 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 کینیڈا 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 کینیڈا اپنے اہداف کو حاصل کرنے کی راہ پر گامزن ہے۔

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

منجانب بورڈ آف ڈائریکٹرز

Naila Zahid

نانلہ زاہد

چیئر پرسن

کراچی 28 اپریل 2023

## DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors hereby presents before you its report together with the Interim Financial Statements of the Company for the nine months ended March 31, 2023.

### FINANCIAL RESULTS

The financial highlights of the company for the nine months that ended on March 31, 2023, along with comparative figures from the corresponding period of the previous year, are presented as follows:

	Mar. 31, 2023	Mar. 31, 2022
	Rs. In Million	Rs. In Million
Sales net	7,737.24	10,525.17
Gross Profit	376.76	1,844.32
Gross Profit %	4.87%	17.52%
Profit / (Loss) before Tax	(406.84)	1,186.97
Profit / (Loss) after tax	(452.38)	1,083.72
Profit / (Loss) after tax %	(5.85%)	10.30%
Earnings per share	Rs. (21.27)	Rs. 50.38

### OVERVIEW

The economic conditions of the country have been very tough during the period due to the prevailing political instability, depreciation of currency and high rate of inflation in the country. Despite these challenges, the company managed to earn a sales turnover of Rs. 7,737.24 million during the nine months ended on March 31, 2023 as compared to Rs. 10,525.17 million during the corresponding period of the previous year.

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

### PRESENT AND FUTURE OUTLOOK

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

The floods last year also affected the country's cotton crop severely, resulting in an acute shortage. The only solution to meet 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 which has further aggravated the shortage of raw materials.

### EXPANSION AND MODERNIZATION

The company's management has established a policy of investing in mills expansion and BMR as and when required. This policy is designed to ensure that the company's mills remain competitive in the market and continue to meet the changing needs of customers.

### 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:  
April 28, 2023

  
**Omer Bin Zahid**  
Director

  
**Zahid Mazhar**  
Chief Executive

## ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

بورڈ آف ڈائریکٹرز ۳۱ مارچ ۲۰۲۳ کو اختتام پذیر نو ماہ کے لئے کمپنی کے عبوری مالیاتی نتائج اپنی رپورٹ کے ساتھ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

مالیاتی نتائج

کمپنی ۳۱ مارچ ۲۰۲۳ کو اختتام پذیر نو ماہ کی مدت 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 مارچ 2022	31 مارچ 2023	
روپے ملین میں	روپے ملین میں	
10,525.17	7,737.24	خالص فروخت
1,844.32	376.76	مجموعی منافع
17.52%	4.87%	مجموعی منافع %
1,186.97	(406.84)	منافع / (نقصان) قبل از ٹیکس
1,083.72	(452.38)	منافع / (نقصان) بعد از ٹیکس
10.30%	(5.85%)	منافع / (نقصان) بعد از ٹیکس
Rs. 50.38	Rs. (21.27)	فی حصص آمدن

جائزہ

ملک میں موجودہ سیاسی عدم استحکام، کرنسی کی قدر میں کمی اور مزید بگاڑی بلند شرح کی وجہ سے اس عرصے کے دوران ملک کو انتہائی نامساعد معاشی حالات کا سامنا رہا۔ ان چیلنجز کے باوجود کمپنی نے ۳۱ مارچ ۲۰۲۳ کو ختم ہونے والے نو ماہ کے عرصے کے دوران 7,737.24 ملین روپے کا سیلز ٹرن اور حاصل کیا جو کہ گزشتہ سال کی اسی مدت کے دوران 10,525.17 ملین روپے تھا۔ کمپنی کی انتظامیہ مارکیٹنگ کی جارحانہ 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 میں ٹیکسٹائل کی صنعت کو اس وقت اخراجات، خام مال کی قیمتوں اور شرح سود میں نمایاں اضافے کی وجہ سے مشکل صورت حال کا سامنا ہے۔ عالمی کساد بازاری نے ملک کی ٹیکسٹائل مصنوعات کی مانگ میں بھی کمی کر دی ہے۔ مزید برآں ملک میں موجودہ

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 میں اضافے کا رجحان بڑھا ہے۔ یہ عوامل پاکستان کی مجموعی معیشت پر منفی اثرات مرتب کر رہے ہیں۔

گزشتہ سال سیلاب نے بھی ملک کی کپاس کی فصل کو شدید متاثر کیا تھا جس کے نتیجے میں کپاس کی شدید قلت پیدا ہوئی تھی۔ خام مال کی ضروریات پوری کرنے کا واحد حل دوسرے ممالک سے درآمد کرنا تھا۔ تاہم زرمبادلہ کے بحران کے باعث ٹیکسٹائل انڈسٹری کو خام مال کے لئے درآمدی ایل سی کھولنے میں مشکلات کا سامنا ہے جس سے خام مال کی قلت میں مزید اضافہ ہو گیا ہے۔

توسیع اور جدت

کمپنی کی انتظامیہ ملوں کی توسیع اور BMR میں سرمایہ کاری کی اپنی پالیسی کو جاری رکھے ہوئے ہے۔ یہ پالیسی اس بات کو یقینی بنانے کے لئے بنائی گئی ہے کہ کمپنی کی ملز مارکیٹ میں مسابقتی رہیں اور صارفین کی بدلتی ہوئی ضروریات کو پورا کرتی رہیں۔

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

*Said Mughal*

زاہد مظہر  
چیف ایگزیکٹو

*ندیم*

عمر بن زاہد  
ڈائریکٹر

کراچی 28 اپریل 2023

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

		Un-Audited Mar. 31, 2023 RUPEES	Audited Jun. 30, 2022 RUPEES
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	3	3,646,489,459	3,437,590,070
Long term deposits		26,262,288	21,119,188
		<u>3,672,751,747</u>	<u>3,458,709,258</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		239,016,132	148,838,619
Stock in trade	4	2,047,717,516	1,875,031,314
Trade debts		2,395,440,380	2,641,925,967
Investments		156,036,128	112,113,452
Loans and advances		463,688,259	118,404,750
Other receivables		17,879,105	39,831,004
Tax refunds due from Government		65,708,682	42,437,110
Cash and bank balances		3,321,107	173,991,392
		<u>5,388,807,309</u>	<u>5,152,573,608</u>
		<u>9,061,559,057</u>	<u>8,611,282,866</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised Capital: 33,000,000 ordinary shares of Rs. 10 each		330,000,000	300,000,000
Issued, subscribed and paid-up capital	5	212,667,350	215,119,850
Surplus on revaluation of property, plant & equipment		1,264,075,058	1,278,283,722
Share premium		388,683,536	274,197,289
		1,652,758,594	1,552,481,011
Unappropriated profits		1,792,536,327	2,359,779,547
		<u>3,657,962,272</u>	<u>4,127,380,408</u>
Contribution from associated undertaking		344,900,000	-
<b>NON CURRENT LIABILITIES</b>			
Long term financing		619,095,247	366,765,952
Deferred liabilities		143,398,348	148,627,376
Loan from related parties		-	404,205,204
Deferred income - Government grant		-	1,638,146
		<u>762,493,595</u>	<u>921,236,678</u>
<b>CURRENT LIABILITIES</b>			
Loan from director		101,800,000	10,000,000
Trade and other payable		1,455,744,190	1,443,401,894
Accrued mark-up		132,703,008	64,077,060
Short term borrowings - secured	7	2,480,220,699	1,866,383,279
Unclaimed dividend		1,506,408	1,491,024
Current portion of long term financing		82,878,886	122,212,523
Current portion of loan from related parties		41,350,000	55,100,000
		<u>4,296,203,191</u>	<u>3,562,665,780</u>
Contingencies and Commitments	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>9,061,559,057</b></u>	<u><b>8,611,282,866</b></u>

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



**Chief Executive**  
April 28, 2023



**Director**



**Chief Financial Officer**




## NADEEM TEXTILE MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

	NINE MONTHS ENDED		QUARTER ENDED	
	31-Mar-23 RUPEES	31-Mar-22 RUPEES	31-Mar-23 RUPEES	31-Mar-22 RUPEES
Sales (net)	7,737,240,839	10,525,170,064	2,705,621,629	3,858,162,162
Cost of Sales	<u>(7,360,479,836)</u>	<u>(8,680,849,506)</u>	<u>(2,770,042,278)</u>	<u>(3,231,050,214)</u>
Gross Profit	<b>376,761,003</b>	1,844,320,558	<b>(64,420,649)</b>	627,111,948
Administrative expenses	<b>(145,851,162)</b>	(103,538,775)	<b>(42,614,229)</b>	(35,026,823)
Distribution costs	<b>(126,359,585)</b>	(175,756,164)	<b>(44,916,691)</b>	(61,955,234)
	<u>(272,210,747)</u>	<u>(279,294,939)</u>	<u>(87,530,920)</u>	<u>(96,982,057)</u>
Operating profit	<b>104,550,256</b>	1,565,025,619	<b>(151,951,569)</b>	530,129,891
Finance costs	<b>(492,343,230)</b>	(308,668,223)	<b>(167,426,192)</b>	(121,098,186)
Other operating (expenses)/income	<b>(19,050,146)</b>	(69,387,395)	<b>2,787,276</b>	(21,913,120)
	<u>(511,393,376)</u>	<u>(378,055,618)</u>	<u>(164,638,916)</u>	<u>(143,011,306)</u>
(Loss) / Profit before taxation	<b>(406,843,120)</b>	1,186,970,001	<b>(316,590,485)</b>	387,118,585
<b>Taxation</b>				
Current	<b>(64,829,768)</b>	(101,481,266)	<b>(9,712,288)</b>	(40,032,553)
Prior	<b>20,149,535</b>	(6,718,784)	<b>80</b>	(7,319,784)
Deferred	<b>(856,621)</b>	4,953,403	<b>2,226,586</b>	6,320,060
	<u>(45,536,853)</u>	<u>(103,246,646)</u>	<u>(7,485,621)</u>	<u>(41,032,277)</u>
(Loss) / Profit after taxation	<b>(452,379,973)</b>	1,083,723,355	<b>(324,076,106)</b>	346,086,308
<b>Earning per share</b>				
Basic and diluted	<b>(21.27)</b>	50.38	<b>(15.24)</b>	16.09

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

  
**Chief Executive**  
 April 28, 2023


  
**Director**

  
**Chief Financial Officer**

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	NINE MONTHS ENDED		QUARTER ENDED	
	31-Mar-23 RUPEES	31-Mar-22 RUPEES	31-Mar-23 RUPEES	31-Mar-22 RUPEES
Profit / (loss) for the period	(452,379,973)	1,083,723,355	(324,076,106)	346,086,308
Other comprehensive income	-	-	-	-
Total comprehensive income	(452,379,973)	1,083,723,355	(324,076,106)	346,086,308
For the period	(452,379,973)	1,083,723,355	(324,076,106)	346,086,308

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

  
**Chief Executive**  
 April 28, 2023

  
**Director**

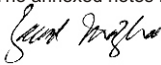
  
**Chief Financial Officer**

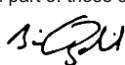
## NADEEM TEXTILE MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

	MAR. 31, 2023 RUPEES	MAR. 31, 2022 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	(406,843,120)	1,186,970,001
<b>Adjustment for non-cash and other items:</b>		
Depreciation on operating fixed assets	179,205,645	135,651,253
Provision for gratuity	38,798,554	28,575,405
Loss /(gain) on disposal of property, plant & equipment	(5,257,472)	(12,156,029)
Contribution to Workers' Profits Participation Fund	-	63,747,046
Contribution to Workers' Welfare Fund	-	24,223,878
Finance cost	492,343,230	299,590,693
	705,089,957	539,632,246
Operating profit before working capital changes	298,246,837	1,726,602,247
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(90,177,513)	(19,174,489)
Stock in trade	(172,686,202)	(1,382,118,659)
Trade debts - unsecured, considered good	246,485,587	(1,003,605,527)
Loans and advances	(345,283,509)	(13,870,921)
Other receivables	21,951,899	(81,294,434)
	(339,709,738)	(2,500,064,030)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	154,359,849	67,576,332
<b>Net cash generated from / (used in) operations</b>	<b>112,896,948</b>	<b>(705,885,451)</b>
<b>Gratuity paid</b>		
Taxes paid	(44,884,203)	(26,074,497)
Financial charges paid	(99,558,379)	(82,285,082)
	(423,717,282)	(254,686,622)
	(568,159,864)	(363,046,201)
<b>Net cash generated / (used in) from operating activities</b>	<b>(455,262,916)</b>	<b>(1,068,931,652)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(418,915,331)	(321,263,594)
Long term deposits	(5,143,100)	300,000
Investments	(43,922,676)	-
Proceeds from disposal of plant & equipment	36,067,774	31,985,305
Net cash (used in) /generated from investing activities	(431,913,333)	(288,978,289)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loan obtained / (repaid) - net	212,995,658	48,281,592
Dividend paid	(129,071,910)	(64,535,955)
Loan from director	91,800,000	(20,400,000)
Loan from associates - net	(73,055,204)	12,355,000
	102,668,544	(24,299,363)
<b>Net Cash flow (used)/ generated from financing activities</b>	<b>(784,507,705)</b>	<b>(1,382,209,304)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>		
Cash & cash equivalents at the beginning of the period	(1,692,391,887)	(1,142,163,234)
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>(2,476,899,592)</b>	<b>(2,524,372,538)</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash and bank balances	3,321,107	170,689,275
Short term borrowings - secured	(2,480,220,699)	(2,695,061,813)
	<b>(2,476,899,592)</b>	<b>(2,524,372,538)</b>

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

  
**Chief Executive**  
April 28, 2023


  
**Director**  
10

  
**Chief Financial Officer**

**NADEEM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	Issued subscribed and paid-up capital	Unappropriated Profit	Share Premium	Surplus on revaluation of property, plant & equipment	Total
<b>RUPEES</b>					
<b>Balance as at June 30, 2021</b>	215,119,850	1,184,734,861	274,197,289	1,305,611,412	2,979,663,412
Other comprehensive income for the nine months ended March 31, 2022	-	1,083,723,355	-	-	1,083,723,355
Incremental depreciation transferred from surplus on revaluation of fixed fixed assets - net deferred tax	-	22,328,188	-	(22,328,188)	-
Dividend paid	-	(64,535,955)	-	-	(64,535,955)
<b>Balance as at March 31, 2022</b>	<b>215,119,850</b>	<b>2,226,250,449</b>	<b>274,197,289</b>	<b>1,283,283,224</b>	<b>3,998,850,812</b>
Balance as at June 30, 2022	215,119,850	2,359,779,547	274,197,289	1,278,283,722	4,127,380,408
Shares held as treasury shares pursuant amalgamation	(36,045,000)	-	-	-	(36,045,000)
Shares issued to NPGPL shareholders pursuant to amalgamation	33,592,500	-	-	-	33,592,500
Share premium	-	-	114,486,247	-	14,486,247
Comprehensive income for the nine months ended March 31, 2023	-	(452,379,973)	-	-	(452,379,973)
Incremental depreciation transferred from surplus on revaluation of fixed fixed assets - net deferred tax	-	14,208,664	-	(14,208,664)	-
Dividend paid	-	(129,071,910)	-	-	(129,071,910)
<b>Balance as at March 31, 2023</b>	<b>212,667,350</b>	<b>1,792,536,327</b>	<b>388,683,536</b>	<b>1,264,075,058</b>	<b>3,657,962,272</b>

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

  
**Chief Executive**  
 April 28, 2023

  
**Director**

  
**Chief Financial Officer**

# NADEEM TEXTILE MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

### 11 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 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, 2022.

The comparative figures presented in these condensed interim financial statements as at March 31, 2023 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 nine months period ended March 31, 2022.

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
		Mar. 31, 2023	June 30, 2022
		----- Rupees-----	
Operating fixed assets	3.1	3,613,823,940	3,141,716,888
Capital work in progress	3.2	24,900,304	136,578,844
Machinery in transit		7,765,215	159,294,338
		3,646,489,459	3,437,590,070

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

	Period ended Mar. 31, 2023		Year ended June 30, 2022	
	(Un-Audited)		(Audited)	
	Additions/transfers	Disposal (at NBV)	Additions/transfers	Disposal (at NBV)
	-----Rupees-----		-----Rupees-----	
Building on freehold land	-	-	25,683,942	19,467,000
Plant and Machinery	649,225,567	(28,006,590)	401,468,980	33,245,557
Office equipment	325,839	-	245,213	-
Furniture and fixture	981,857	-	366,765	-
Computer equipment	1,526,897	-	784,807	-
Vehicles	13,825,000	(2,803,712)	22,114,082	3,831,065
	665,885,160	(30,810,302)	450,663,789	56,543,622

### 3.2 Capital work in progress

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

## 4 STOCK IN TRADE

Raw material	583,978,559	620,289,804
Work in process	90,355,749	115,178,451
Finished goods	1,333,166,610	612,505,201
Waste	40,216,599	20,744,709
Stock in transit	-	506,313,149
	<b>2,047,717,516</b>	<b>1,875,031,314</b>

**March 31, 2023**

**(Un-audited)**

<b>5 SHARE CAPITAL</b>	<b>Note</b>	<b>Number of shares</b>	<b>Amount</b>
Share capital of the Company as at 1 July 2022		21,511,985	215,119,850
Treasury shares held pursuant to amalgamation		(3,604,500)	(36,045,000)
Shares issued to NPGPL shareholders pursuant to amalgamation		3,359,250	33,592,500
Share capital of the Company as at 31 Mar. 2023		<b><u>21,266,735</u></b>	<b><u>212,667,350</u></b>

**6 CONTRIBUTION FROM ASSOCIATED UNDERTAKING**

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.

**7 SHORT TERM BORROWINGS - secured**

These represent short term working capital finance facilities secured against pledge of stocks (Cotton, Yarn and Polyester fiber), local trade debts of the Company and charge over current assets. The rate of mark-up for running finance and cash finance ranges @ KIBOR + 1.85% to 2.25% per annum (June 30, 2022: KIBOR + 1.85% to 2.25% per annum), KIBOR ranged from 1 month and 3 Months.

**8 CONTINGENCIES AND COMMITMENTS**

**8.1 Contingencies**

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.

**8.1.2** NPGL, 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 Mar. 31, 2023</b>	<b>Audited June 30, 2022</b>
Against letters of credit	381,666,956	476,920,459
Bank guarantee to Excise and Taxation department	126,175,753	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
			Mar. 31, 2023	Mar. 31, 2022
----Rupees----				
Nadeem International Private Limited	Associated company by virtue of common directorship	Weighbridge	135,000	135,000
		Loan received	-	-
		Loan repaid	13,750,000	11,300,000
		Balance outstanding	386,250,000	406,600,000
Nadeem Power Generation Private Limited	Associated company by virtue of common directorship	Electricity purchased	-	207,349,383
		Rental income	-	10,000
		Loan received	-	2,890,000
		Loan repaid/adjusted	54,150,204	5,245,000
		Balance outstanding	-	56,405,204
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	19,800,000	-
		Balance outstanding	-	-
Hassan Bin Zahid	Executive Director	Loan received	19,800,000	-
		Loan repaid	-	-
		Balance outstanding	19,800,000	-
Mrs. Naila Zahid	Director	Loan received	-	-
		Loan repaid	-	10,400,000
		Balance outstanding	-	-

## 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 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 April 28, 2023.

## 12 GENERAL

**12.1** The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of applicable financial reporting framework and for the purpose of comparison and better presentation.

**12.2** Figures have been rounded off to the nearest rupee.

  
**Chief Executive**  
 April 28, 2023

  
**Chief Financial Officer**

  
**Chief Financial Officer**





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