



3rd Quarter Accounts
for the Period ended
March
31, 2023



NAZIR
COTTON MILLS LTD.

NAZIR COTTON MILLS LTD.

COMPANY'S INFORMATION

Board of Director Mian Shahzad Aslam Chief Executive Officer
Mian Farrukh Naseem
Mian Aamir Naseem
Mr. Maqbool Hussain Bhutta
Mr. Asim Mehmood Bhatti
Mr. Muhammad Abbas
Mr. Muhammad Irfan

Audit Committee: Mr. Muhammad Irfan Chairman
Mr. Muhammad Abbas Member
Mr. Asim Mehmood Bhatti Member

HR & R Committee: Mr. Asim Mehmood Bhatti Chairman
Mr. Muhammad Irfan Member
Mr. Muhammad Abbas Member

Chief Financial Officer: Mr. Maqbool Hussain Bhutta

Company Secretary: Mr. Ahsan Raza

Auditors: Husnain Ali & Co.
Chartered Accountants
Room # 103, Frist Floor, Regency Plaza Mini Market Gulberg II, Lahore.

Bankers: National Bank Of Pakistan
Habib Bank Limited
Muslim Commercial Bank Ltd.

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

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

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

NAZIR COTTON MILLS LTD.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Results for quarter under review show a loss after tax amounting to rupees 6.368 Million after accounting for administrative expenses of Rs. 4.474 Million including depreciation of Rs. 3.442 million and other operating expenses were Rs. Nil and financial cost was also Nil.

During the quarter period ended March 31, 2023, the operation of the mills remained Closed. The company has started the business of dairy. During the period under consideration, sales proceed was rupees 582,495. The management is trying to extend the dairy business.

The Management is also trying to secure electric connection to resume its main line of business i.e. spinning.

The management is doing its best efforts to settle all the cases with Banks and is doing negotiation with banks and making all efforts to review the operation of mills.

Moreover, the management had decided to change the main line of business from Textile to Dairy and Real Estate. In this regard a business has been initiated.

The Management is also trying to obtain electricity connection to restart the production process of the mill.

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

For and on behalf of the Board of Directors

Chief Executive officer

Lahore.
April 30, 2023

NAZIR COTTON MILLS LTD.

CODENCED INTERIM STATEMENT OFFINANCIAL POSITION AS AT 31 MARCH 2023

	UN-AUDITED 3/31/2023	AUDITED 6/30/2022
Notes	Book Value Rupees	Book value Rupees
<u>EQUITY AND LIABILITIES</u>		
Authorized Capital:		
25,000,000 (June, 2020 : 25,000,000) ordinary shares of Rs. 10/- each	250,000,000	250,000,000
Issued, subscribed and paid up capital	230,000,000	230,000,000
Capital reserve	434,000	434,000
Deficiet on remeasurement of available for sale investments	(479,125)	(479,125)
Revenue reserve - general	45,829,500	45,829,500
Surplus on revaluation of operating fixed assets	308,775,394	315,050,789
Accumulated loss	(403,313,804)	(391,716,397)
	181,245,966	199,118,767
<u>NON CURRENT LIABILITIES</u>		
Deferred tax liability	12,970,316	13,351,661
<u>CURRENT- LIABILITIES</u>		
Short term financing	206,896,985	206,896,985
Trade and other payables	1,010,014	960,014
Provision for taxation - net	127,522	127,522
	208,034,521	207,984,521
CONTINGENCIES & COMMITMENTS		
Contingencies & Commitments	-	-
	402,250,802	420,454,949
ASSETS		
<u>NON-CURRENT ASSETS</u>		
Property, plant & equipment	365,420,095	375,748,312
Capital Work in Progress	3,019,890	3,019,890
Biological Assets	3,070,900	1,884,000
Long term investments	3,838,000	3,838,000
	375,348,885	384,490,202
<u>CURRENT ASSETS</u>		
Store & spares	-	1,534,873
Trade debts	-	1,066,924
Deposits, Prepayments and Other Receivables	12,736,000	12,604,817
Cash & bank balances	14,165,917	20,758,133
	26,901,917	35,964,747
	402,250,802	420,454,949

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive

Director

NAZIR COTTON MILLS LTD.

CODENCED INTERIM STATEMENT OFFINANCIAL POSITION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2023

	For the Quarter		Accumulated upto	
	Jan - Mar 2023 Rupees	Jan - Mar 2022 Rupees	Jul - Mar 2023 Rupees	Jul - Mar 2022 Rupees
Sales - Net	582,495	607,645	3,387,990	2,171,180
Cost of Sales	<u>2,521,779</u>	<u>1,645,888</u>	<u>7,826,121</u>	<u>4,522,288</u>
Gross (Loss) / Profit	(1,939,284)	(1,038,243)	(4,438,131)	(2,351,108)
Operating Expenses				
Administrative	4,473,635	4,026,693	14,356,839	13,909,897
Selling and Distribution	-	-	-	-
	<u>4,473,635</u>	<u>4,026,693</u>	<u>14,356,839</u>	<u>13,909,897</u>
Operating Loss	(6,412,919)	(5,064,936)	(18,794,970)	(16,261,005)
Capital Gain				
Other Income	43,973	179,862	541,229	475,646
Financial and other Charges	-	(325)	(406)	(325)
(LOSS)/Before Taxation	<u>(6,368,946)</u>	<u>(4,885,399)</u>	<u>(18,254,147)</u>	<u>(15,785,684)</u>
Taxation	-	-	(381,345)	(1,428,808)
(LOSS)/ After Taxation	<u><u>(6,368,946)</u></u>	<u><u>(4,885,399)</u></u>	<u><u>(17,872,802)</u></u>	<u><u>(14,356,876)</u></u>
Basic Earning /(loss) per share	<u><u>(0.28)</u></u>	<u><u>(0.21)</u></u>	<u><u>(0.78)</u></u>	<u><u>(0.62)</u></u>

Chief Executive

Chief Financial Officer

Director

NAZIR COTTON MILLS LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION (CASH FLOW STATEMENT) FOR THE PERIOD ENDED MARCH 31, 2023 (Un-Audited)

	Mar 31, 2023 Rupees	Mar 31, 2022 Rupees
Cash Flow from Operating Activities		
Profit / (Loss) before taxation	(17,872,802)	(14,356,876)
Adjustment for:		
Depreciation	10,328,217	10,534,111
Deffered Tax Liability	(381,345)	-
Financial Charges	406	325
	<u>9,947,278</u>	<u>10,534,436</u>
Operating Profit before working capital changes	(7,925,524)	(3,822,440)
Adjustments for working capital changes:		
(Increase) / Decrease in Current Assets		
Stores and Spares	1,534,873	-
Stock in trade	-	-
Trade Debts	1,066,924	(574,291)
Advances, deposits and other receivables	(131,183)	(1,293,498)
	2,470,614	(1,867,789)
(Decrease) / Increase In Current Liabilities		
Short term financing	-	(340,101)
Advance from customer against sale of machinery	-	22,620,000
Trade and other payables	50,000	(874,905)
Accrude mark up on loan	-	-
Provision for taxation - net	-	(727,968)
	<u>50,000</u>	<u>20,677,026</u>
Cash Generated from Operations	(5,404,910)	12,315,670
Income Tax paid	-	-
Financial charges paid	(406)	(325)
Net Cash in flow/(out flow) from operating activities	<u>(5,405,316)</u>	<u>12,315,345</u>
Cash Flow from Financing Activities		
Long Term Loan From Banking Companies	-	-
Deffered Sponsor's Loan	-	-
Capital Expenditure	(1,186,900)	(1,561,090)
Net Cash (out flow) from investing activities	<u>(1,186,900)</u>	<u>(1,561,090)</u>
Net (out flow) / in flow of cash	(6,592,216)	10,754,255
Cash and cash equivalents at beginning of the year	20,758,133	165,304
Cash and cash equivalents at end of the period	<u>14,165,917</u>	<u>10,919,559</u>

Chief Financial Officer

Director

NAZIR COTTON MILLS LTD.

STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED MARCH 31, 2023

	SHARE CAPITAL	CAPITAL RESERVES	RESERVE/(DEFICIT) ON REMEASUREMENT OF AVAILABLE FOR SALE INVESTMENT	REVENUE RESERVE - GENERAL	SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	ACCUMULATED (LOSS)	TOTAL
-----Rupees-----							
Balance as at June 30, 2020	230,000,000	434,000	5,270,375	45,829,500	283,812,379	(415,936,292)	149,409,962
Profit for the year after Taxation	-	-	-	-	-	2,756,193	2,756,193
Other Comprehensive Income	-	-	(5,749,500)	-	-	-	(5,749,500)
Incremental depreciation-net of Deferred Tax Surplus Realized during the year on disposal	-	-	(5,749,500)	-	-	2,756,193	(2,993,307)
Balance as at June 30, 2021	230,000,000	434,000	(479,125)	45,829,500	269,656,698	(399,024,418)	146,416,655
Balance as at June 30, 2021	230,000,000	434,000	(479,125)	45,829,500	269,656,698	(399,024,418)	146,416,655
(Loss) for the year after taxation	-	-	-	-	-	(1,988,862)	(1,988,862)
Other comprehensive income	-	-	-	-	-	-	-
Incremental depreciation-net of deferred tax Surplus Realised on disposal	-	-	-	-	-	(1,988,862)	(1,988,862)
Balance as at June 30, 2022	230,000,000	434,000	(479,125)	45,829,500	315,050,789	(391,716,397)	199,118,767
Balance as at June 30, 2022	230,000,000	434,000	(479,125)	45,829,500	315,050,789	(391,716,397)	199,118,767
(Loss) for 9 months ended March 31, 2023	-	-	-	-	-	(17,872,802)	(17,872,802)
Other comprehensive income	-	-	-	-	-	-	-
Incremental Depreciation net of deferred Cost	-	-	-	-	(6,275,396)	6,275,396	-
Balance as at March 31, 2023	230,000,000	434,000	(479,125)	45,829,500	308,775,394	(403,313,804)	181,245,965

Chief Executive

Chief Financial Officer

Director

NAZIR COTTON MILLS LTD.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2023

1. THE COMPANY & ITS OPERATIONS

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

1.2 Going concern assumption

The Company has incurred after tax loss for amounting to Rs. 17.872 million for the period ended March 31, 2023 (March 2022: Loss of Rs. 14.357 million) and its accumulated losses at the end of the period stood at Rs. 403.313 million (June 2022: Rs. 391.716 million). The Company's current liabilities exceed its current assets at reporting date by Rs. 181.134 million. Furthermore, the Company has temporarily closed down its business operations and the production remained suspended throughout the year. These condition along with others indicate the existence of material uncertainty that may cause significant doubt about the company's ability to continue as going concern and the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

2. SUMMARY OF SIGNIFICANT

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of preceding audited annual published financial statements of the Company for the year ended June 30, 2022

2.1 Basis of preparation

2.1.1 Statement of compliance

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

This condensed interim financial information has, however, been subjected to limited scope review by the statutory auditors of the Company as required by the Code of Corporate Governance, and should be read in conjunction with the company's audited annual financial Statements for the year ended June 30, 2022.

2.1.2 Critical accounting estimates & judgments

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

During the preparation of this condensed interim financial information's, significant judgments made by the management in applying the Company policies and the key sources of the estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended June 30, 2022.

3. SHORT TERM FINANCING

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	Rupees
Financing from banking institutions - Secured	3.1	84,722,211	84,722,211
Deferred sponsors' Loan - Unsecured	3.2	122,174,774	122,174,774
		<u>206,896,985</u>	<u>206,896,985</u>
3.1 Financing from banking institutions - Secured			
Habib Bank Limited	3.1.1	13,258,000	13,258,000
Islamic Investment Bank Limited	3.1.2	71,464,211	71,464,211
		<u>84,722,211</u>	<u>84,722,211</u>

3.1.1 The loan is secured against first E/M charge for PKR 69.325 million on land measuring 35 Kanals 12 Marlas, together with factory building, plant & machinery located at 11 K.M. Sheikhpura, Faisalabad Road Kharianwala, Distt. Sheikhpura and hypothecation charge of PKR 243.860 million on current assets of the Company. This loan was earlier settled by the State Bank of Pakistan in December 29, 2004 which had resulted in reduction of the liability by Rs. 3.580 million with no further markup to be provided subject to provisions that if the Company failed to repay any of the installment than the agreement would stand cancelled and the bank would be entitled to recover the original outstanding amount without any reduction. The Company failed to repay the installments and the Bank filed a suite for recovery of its original liability for Rs. 39,741,015 on October 22, 1999 which was consent decreed for PKR 40,080,000 on January 26, 2001. The management believes that Bank is only entitled to recover its original outstanding liability without any further markup, hence no markup has been provided.

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

NAZIR COTTON MILLS LTD.

4 CONTINGENCIES & COMMITMENTS

Contingencies

- Execution petition No. 231-E/2007 titled Habib Bank Limited vs. Nazir Cotton Mills Limited for recovery of Decretal amount of Rs. 39,741,015 filed by Habib Bank Limited against Nazir Cotton Mills Limited and others on January 12, 2007 before the Banking Court No. II, Lahore. The appeal is filed by Nazir Cotton Mills Limited before the Lahore High Court Lahore against the order dated March 16, 2015 passed by Banking Court No. II, Lahore in Execution No. 231-E/2007. The management is hopeful that there is substantial like hood of the judgement in their favor.
- Islamic Investment Bank (in liquidation) and case has been shifted from Lahore High Court to Peshawar High Court because, the liquidation process will be completed in Peshawar. This loan and mark-up account are secured by Personal guarantees of directors except nominee director and mortgage of fixed assets to the tune of Rs.20.0 million. The liquidator of Islamic Investment Bank has been appointed. The management is of the opinion that as the bank is a shareholder in the profit/(losses), therefore, the company has filed a suit against the bank to recover the share of losses amounting to Rs. 110.0 million and that the matter is pending in the Peshawar High Court, hence, no markup is payable. Now case is transferred to Lahore High Court.
- WAPDA had filed a suit against the company for recovering of arrears amounting to Rs. 12.4 (M). The Lahore High Court had decided the case in favor of WAPDA. The company had deposited Rs. 12.4 (M) with WAPDA for electricity case as per orders of the Lahore High Court and has filed an appeal for recovery of the said amount from WAPDA in the Supreme Court. The management is hopeful of a decision in their favors.

Commitments

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

5 PROPERTY, PLANT AND EQUIPMENT

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Rupees	Rupees
Opening Cost/Revalued amount	432,723,762	365,772,175
Addition during the year-Revaluation	-	66,951,587
Disposal	-	-
Closing net book value	<u>432,723,762</u>	<u>432,723,762</u>
Accumulated Depreciation charged during the year		
Opening	56,975,450	41,669,031
Depreciation charged during the period	10,328,217	15,306,419
Closing net book value	<u>67,303,667</u>	<u>56,975,450</u>
Net Book Value	<u>365,420,095</u>	<u>375,748,312</u>

Land, building and plant & machinery of the company was revalued in the financial year ended June 30, 2021 by M/S AI-Noor consultants & evaluators, resulting in surplus of Rs. 315.00 million over its book value of Rs. 25.87 million.

6 TRANSACTION WITH ASSOCIATED COMPANIES

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

7 CORRESPONDING FIGURES

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

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

8 FINANCIAL RISK MANAGEMENT

The companies financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended June 30, 2022.

9 DATE OF AUTHORIZATION

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 30, 2023

10 GENERAL

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

Chief Executive

Chief Financial Officer

Director

BOOK POST

If undelivered, please return to

NAZIR COTTON MILLS LTD.

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