

**Condensed Interim
Un-Audited
Financial Statements
For the
1st Quarter Ended
30th September 2023**



NAZIR
COTTON MILLS LTD.

NAZIR COTTON MILLS LTD.

COMPANY'S INFORMATION

Board of Director	Mian Shahzad Aslam Mian Farrukh Naseem Mian Aamir Naseem Mr. Maqbool Hussain Bhutta Mr. Asim Mehmood Bhatti Mr. Muhammad Abbas Mr. Muhammad Irfan	CEO / Director Director Director Director Director Director Director
Audit Committee:	Mr. Muhammad Irfan Mr. Muhammad Abbas Mr. Asim Mehmood Bhatti	Chairman Member Member
HR & R Committee:	Mr. Asim Mehmood Bhatti Mr. Muhammad Irfan Mr. Muhammad Abbas	Chairman Member Member
Chief Financial Officer:	Mr. Maqbool Hussain Bhutta	
Company Secretary:	Mr. Ahsan Raza	
Auditors:	Kamran & Co. Chartered Accountants Apartment # A/2, Ingola Apartments 24 Jail Road, 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 2.954 Million after accounting for administrative expenses of Rs. 3.776 Million including depreciation of Rs. 3.084 million and other operating expenses were Rs. Nil and financial cost was also Nil.

During the quarter period ended September 30, 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 6.336 Million. 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
November 11, 2023

NAZIR COTTON MILLS LTD.

PROFIT AND LOSS ACCOUNT
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2023
(UN AUDITED)

	UN-AUDITED September 30, 2023 Rupees	UN-AUDITED September 30, 2022 Rupees
	Note	
Sales - net	6,336,490	2,191,490
Cost of sales	(5,520,144)	(2,475,445)
	<hr/>	<hr/>
GROSS PROFIT/(LOSS)	816,346	(283,955)
Operating expenses:		
Administrative	(3,776,410)	(5,114,839)
Selling and distribution	-	-
	<hr/>	<hr/>
OPERATING PROFIT / (LOSS)	(2,960,064)	(5,398,794)
Financial charges	(696)	-
Other income	6,604	252,039
	<hr/>	<hr/>
PROFIT / (LOSS) BEFORE TAXATION	(2,954,156)	(5,146,755)
Taxation	-	-
	<hr/>	<hr/>
PROFIT / (LOSS) AFTER TAXATION AND	(2,954,156)	(5,146,755)
Accumulated Loss Brought forward	(407,067,537)	(391,716,397)
	<hr/>	<hr/>
	(410,021,693)	(396,863,152)
EARNING PER SHARE	(0.13)	(0.22)

Cheif Executive

Chief Financial officer

Director

NAZIR COTTON MILLS LTD.

CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2023 (UN AUDITED)

	September 30, 2023 Rupees	September 30, 2022 Rupees
Cash Flow from Operating Activities		
Profit / (Loss) before taxation	(2,954,156)	(5,146,755)
Adjustment for:		
Depreciation	3,084,421	1,985,733
Financial charges	696	-
Other Income	(6,604)	(252,039)
Loan Written Off	-	-
	<u>3,078,513</u>	<u>1,733,694</u>
Operating profit before working capital changes	124,357	(3,413,061)
(Increase)/decrease in current assets		
Stores and spares	-	-
Trade debts	(50,000)	-
Advances, deposits, prepayments and other receivables	91,754	(40,000)
	41,754	(40,000)
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	-	-
Cash generated from operations	<u>166,111</u>	<u>(3,453,061)</u>
Income tax paid		1,857
Other Income	6,604	252,039
Financial charges paid	(696)	-
Net cash from/(used in) operating activities	172,019	(3,199,165)
Cash Flow from Investing Activities	-	-
Payment for the Acquisition of Biological Assets	(1,980,253)	-
Payment for the Acquisition of Biological Equipments		(334,000)
Net cash from/(used in) investing activities	(1,980,253)	(334,000)
Cash Flow from Financing Activities		
Fixed Assets	-	-
Short Term Loan Paid	-	-
Loan From Related parties	-	-
Share Deposit Money	-	-
Net cash (used in)/from financing activities	-	-
Increase in cash and cash equivalents	(1,808,234)	(3,533,165)
Cash and cash equivalents at the beginning of Period	<u>8,644,771</u>	<u>20,758,133</u>
Cash and cash equivalents at the end of year	<u>6,836,538</u>	<u>17,224,968</u>

Chief Executive

Chief Financial officer

Director

NAZIR COTTON MILLS LTD.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 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, selling, buying and dealing of Yarn of all types. The registered office of the Company is situated at 61-K, Gulberg III, Lahore. Park Lahore Cantt. The manufacturing unit is located at 8-KM, Faisalabad, Aslamabad, Kharianwala, Sheikhpura.

1.2 Going concern assumption

The Company has incurred after tax loss for the period ended of Rs. (2,954) million (Sep 30, 2022: Rs. 5,147 million) and its accumulated losses at the end of the period stood at Rs. 399,817 million (June 2023: Rs. 396,863 million). The Company's current liabilities exceed its current assets at reporting date by Rs. 181,039 million (June 2023: Rs. 184,885 million). Furthermore, the Company has temporarily closed down its business operations and the production remained suspended throughout the year. These conditions along with others indicate the existence of material uncertainty that may cause significant doubt about the company's ability to continue as a 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 ACCOUNTING POLICIES

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, 2021.

2.1 Basis of preparation

2.1.1 Statement of compliance

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

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

2.1.2 Critical accounting estimates & judgments

The preparation of this condensed interim financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the company's accounting policies. Estimates and judgments 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, 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, 2023

September 30, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
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3. PROPERTY PLANT AND EQUIPMENTS

Opening Net Book Value	361,977,354	375,748,312
Addition During The Year	-	-
Deletion During The Year	-	-
Accumulated Depreciation	3,084,421	13,770,958
	3,084,421	13,770,958
Closing Net Book Value	358,892,933	361,977,354

NAZIR COTTON MILLS LTD.

		September 30, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
4. SHORT TERM FINANCING			
4.1	Financing From Banking Companies - Secured	84,722,211	84,722,211
4.2	Sponsors Loan	122,174,774	122,174,774
4.3	Loan from related parties - Unsecured	-	-
		<u>206,896,985</u>	<u>206,896,985</u>
4.1 LOAN LIABILITIES - BANKING COMPANIES			
	Habib Bank Limited	4.1.1 13,258,000	13,258,000
	Islamic Investment Bank Limited	4.1.2 71,464,211	71,464,211
		<u>84,722,211</u>	<u>84,722,211</u>
4.1.1	The loan is secured against equitable mortgage charge on all the entire present and future fixed assets, hypothecation charge on all the present and future current assets and personal guarantees of all the directors of the Company. This loan was earlier settled by the State Bank of Pakistan in December 29, 2004 which had resulted in reduction of the liability by Rs. 3.580 million with no further markup to be provided subject to provision 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. However, the Company failed to repay the installments and the Bank filed a case for recovery of its original liability. This loan does not carry any further markup as the		
4.1.2	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 in opinion that as the bank is a shareholder in the profit/(losses) and that the matter is pending in the Peshawar High Court, therefore, no markup is payable. The company has filed a suit against the bank to recover the share of losses amounting to Rs. 110.0 (M).		
4.2 SPONSORS LOAN			
	Sponsors Loan - Deferred	121,940,774	121,940,774
		<u>121,940,774</u>	<u>121,940,774</u>
4.3 LOAN FROM ASSOCIATED UNDER TAKING			
	Loans from Associated Undertakings - Unsecured	-	1,500,000
		<u>-</u>	<u>1,500,000</u>
5. CONTINGENCIES & COMMITMENTS			
	Contingencies		
a)	Islamic Investment Bank (in liquidation) and case has been shifted from Lahore High Court to Peshawar High Court because, the liquidation process will be completed in Peshawar. This loan and mark-up account are secured by Personal guarantees of directors except nominee director and mortgage of fixed assets to the tune of Rs.20.0 million. The liquidator of Islamic Investment Bank has been appointed. The management is of the opinion that as the bank is a shareholder in the profit/(losses), therefore, the company has filed a suit against the bank to recover the share of losses amounting to Rs. 110.0 (M) and that the matter is pending in the Peshawar High Court, hence, no markup is payable.		
b)	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		
	Commitments		
a)	There were no commitments outstanding as at the balance sheet date (June 30, 2023: Nil).		
6. TRANSACTION WITH ASSOCIATED COMPANIES			
	There is no transaction with associated companies during the period.		
7 MOVEMENT IN OWNERS EQUITY		Sep 30, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
	Capital reserve		
	Investment revaluation reserve	434,000	434,000
	Revenue reserves:	(479,125)	(479,125)
	- General reserve	45,829,500	45,829,500
	- Surplus on Revaluation	306,683,595	306,683,595
	- Accumulated loss	(407,067,537)	(407,067,537)
		<u>(54,554,442)</u>	<u>(54,554,442)</u>
		<u>(54,599,567)</u>	<u>(54,599,567)</u>

NAZIR COTTON MILLS LTD.

8. FINANCIAL RISK MANAGEMENT

The companies financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the company as at and for the year ended June 30, 2023

These condensed interim financial information Statement has been approved by the Board of Directors of the Company and authorized for issue on November 11, 2023

9 GENERAL

Figures have been rounded off to the nearest thousand rupee.

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