

Condensed Interim
Un-Audited Financial Statements
For the 1st Quarter Ended
30th September 2021



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 the Quarter ended under review show a loss after tax amounting to Rs. 5.403 Million after accounting for administrative expenses of Rs. 4.851 Million including depreciation of Rs. 2.845 million and other operating expenses were Rs. Nil and financial cost was Rs. 0.0003 million.

During the quarter period ended September 30, 2021, the operation of the mills remained Closed, however the operation of Dairy was operative.

Although the management has change the main line of business from Textile to Dairy and Real Estate. But the Management is still trying to obtain electricity connection to restart the Main Line of Business i.e. the Spinning. In this regard, 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
February 28, 2022

NAZIR COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Notes	UN-AUDITED Sep 30, 2021 Book Value Rupees	AUDITED 30 Jun, 2021 Book Value Rupees
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipment	3	324,277,882	327,123,034
Biological Assets		5,878,942	6,388,942
Investments		3,838,000	3,838,000
		333,994,824	337,349,976
CURRENT ASSETS			
Stores & Spares		1,534,873	1,534,873
Trade Debts		1,066,924	1,066,924
Advances, Prepayments & Other Receivables		12,515,184	12,515,184
Cash & Bank Balances		27,059,209	29,107,636
		42,176,190	44,224,617
TOTAL ASSETS		376,171,014	381,574,593
EQUITY AND LIABILITIES			
Authorized Capital:			
25,000,000 (2016 : 25,000,000) ordinary shares of Rs. 10/- each		250,000,000	250,000,000
Issued, Subscribed & 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		269,656,698	269,656,698
Accumulated Loss		(404,427,997)	(399,024,418)
		141,013,076	146,416,655
NON CURRENT LIABILITIES			
Long Term Loansg			
Deffered Tax Liabilities		27,418,585	27,418,585
CURRENT LIABILITIES			
Short Term Financing	4	206,896,985	206,896,985
Trade and Other Payables		771,777	771,777
Provision For Taxation - Net		70,591	70,591
		207,739,353	207,739,353
CONTINGENCIES & COMMITMENTS	5	-	-
		-	-
		376,171,014	381,574,593
		-	-

Chief Executive

Chief Financial officer

Director

NAZIR COTTON MILLS LTD.

PROFIT AND LOSS ACCOUNT FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2021 (UN AUDITED)

	UN-AUDITED September 30, 2021 Rupees	AUDITED September 30, 2020 Rupees
	Note	
Sales - net	873,724	4,860,900
Cost of sales	(1,548,042)	(4,125,818)
GROSS PROFIT/(LOSS)	<u>(674,318)</u>	<u>735,082</u>
Operating expenses:		
Administrative	(4,851,006)	(5,744,317)
Selling and distribution	-	-
OPERATING PROFIT / (LOSS)	<u>(5,525,324)</u>	<u>(5,009,235)</u>
Financial charges	-	(638)
Other income	121,745	28,661
PROFIT / (LOSS) BEFORE TAXATION	<u>(5,403,579)</u>	<u>(4,981,212)</u>
Taxation	<u>-</u>	<u>-</u>
PROFIT / (LOSS) AFTER TAXATION AND	(5,403,579)	(4,981,212)
Accumulated Loss Brought forward	(399,024,418)	(415,936,292)
	<u>(404,427,997)</u>	<u>(420,917,504)</u>
EARNING PER SHARE	(0.23)	(0.22)

Chief Executive

Chief Financial officer

Director

NAZIR COTTON MILLS LTD.

CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2021 (UN AUDITED)

	September 30, 2021 Rupees	September 30, 2020 Rupees
Cash Flow from Operating Activities		
Profit / (Loss) before taxation	(5,403,579)	(4,981,212)
Adjustment for:		
Depreciation	2,845,152	3,058,345
Financial charges	-	638
Other Income	(121,745)	(28,661)
Loan Written Off	-	-
	<u>2,723,407</u>	<u>3,030,322</u>
Operating profit before working capital changes	(2,680,172)	(1,950,890)
(Increase)/decrease in current assets		
Stores and spares	-	-
Trade debts	-	(237,500)
Advances, deposits, prepayments and other receivables	-	(2,866)
	-	(240,366)
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	-	(107,213)
Cash generated from operations	<u>(2,680,172)</u>	<u>(2,298,469)</u>
Income tax paid	-	-
Other Income	121,745	28,661
Financial charges paid	-	(638)
Net cash from/(used in) operating activities	(2,558,427)	(2,270,446)
Cash Flow from Investing Activities	-	-
Payment for the Acquisition of Biological Assets	510,000	2,068,000
Payment for the Acquisition of Biological Equipments	-	(550,000)
Net cash from/(used in) investing activities	510,000	1,518,000
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	(2,048,427)	(752,446)
Cash and cash equivalents at the beginning of year	29,107,636	2,814,651
Cash and cash equivalents at the end of year	27,059,210	2,062,205

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, 2021

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. 9,563 million (December 2020: Rs. 5,007 million) and its accumulated losses at the end of the period stood at Rs. 405,440 million (June 2021: Rs. 399,024 million). The Company's current liabilities exceed its current assets at reporting date by Rs. 168,184 million (June 2021: Rs. 163,514 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 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 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, 2021.

3. PROPERTY PLANT AND EQUIPMENTS

	September 30, 2021 Rupees	June 30, 2021 Rupees
Opening Net Book Value	327,123,034	375,643,275
Addition During The Year	-	550,000
	-	550,000
Deletion During the Year	-	7,401,210
	-	7,401,210
Accumulated Depreciation	2,845,152	41,669,031
	2,845,152	41,669,031
Closing Net Book Value Value	324,277,882	327,123,034

4. SHORT TERM FINANCING

	September 30, 2021 Rupees	September 30, 2020 Rupees
4.1 Financing From Banking Companies - Secured	84,722,211	84,722,211
4.2 Sponsors Loan	121,940,774	118,740,774
4.3 Loan from related parties - Unsecured	-	1,500,000
	206,662,985	204,962,985

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
		84,722,211	84,722,211

NAZIR COTTON MILLS LTD.

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 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. 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

- 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.
- 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 (June 30, 2013: Nil).

6. TRANSACTION WITH ASSOCIATED COMPANIES

There is no transaction with associated companies during the period.

7 MOVEMENT IN OWNERS EQUITY

	Sep 30, 2021 (Un-audited) Rupees	June 30, 2021 (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	269,656,698	269,656,698
- Accumulated loss	(404,427,997)	(399,024,418)
	<u>(88,941,799)</u>	<u>(83,538,220)</u>
	<u>(88,986,924)</u>	<u>(83,583,345)</u>

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, 2021

These condensed interim financial informationStatements has been approved by the Board of Directors of the Company and authorized for issue on February 28, 2022

9 GENERAL

Figures have been rounded off to the nearest thousand rupee.

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If undelivered, please return to
NAZIR COTTON MILLS LTD.
61-K Gulberg III, Lahore
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