

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Results for quarter under review show a loss after tax amounting to rupees 5.482 Million after accounting for administrative expenses of Rs. 5.770 Million including depreciation of Rs. 2.404 million and other operating expenses were Rs. Nil and financial cost was also Nil.

During the quarter period ended September 30, 2024, the operation of the mills remained Closed. However, the business of dairy remains operative. During the period under consideration, sales proceeds were Rs. 392,015. The management is considering the extension of its dairy business.

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 revive the operation of mills.

The Management is also trying to restore 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
October 29, 2024

NAZIR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT 30 SEPTEMBER 2024

	Note	September 30, 2024 (Un-audited)	June 30, 2024 (Audited)
----- Rupees -----			
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital: 25,000,000 (June 30, 2024 : 25,000,000) ordinary shares of Rs. 10/- each		250,000,000	250,000,000
Issued, Subscribed and Paid up Capital 23,000,000 (June 30, 2024: 23,000,000) ordinary shares of Rs. 10/- each		230,000,000	230,000,000
Capital reserve			
-Surplus On Revaluation Of Property, Plant And Equipment		278,841,905	280,845,693
-Deficit On Remeasurement Of Available For Sale Investments		(479,125)	(479,125)
-Capital Reserve		434,000	434,000
Revenue Reserve			
Accumulated Loss		(421,047,970)	(417,569,803)
Revenue Reserve - General		45,829,500	45,829,500
		133,578,310	139,060,265
Non Current Liabilities			
Deferred Taxation		4,339,002	4,339,002
Current Liabilities			
Trade And Other Payables		2,265,595	2,725,561
Short-term Borrowings	5	207,866,985	207,866,985
Income Tax Liability		273,717	273,717
		210,406,297	210,866,263
Contingencies And Commitments			
	6	-	-
		348,323,609	354,265,530
Assets			
Non Current Assets			
Property, Plant & Equipment	7	321,398,197	323,802,473
Biological Assets		1,757,000	1,757,000
Investments		3,838,000	3,838,000
		326,993,197	329,397,473
Current Assets			
Stores & Spares		750,688	750,688
Trade Debts		16,924	16,924
Advances, Prepayments & Other Receivables		13,699,318	13,725,031
Cash & Bank Balances		6,863,482	10,375,414
		21,330,412	24,868,057
		348,323,609	354,265,530

The annexed notes form an integral part of these financial statements.



CHEIF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

NAZIR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE 1ST QUARTER ENDED SEPTMBER 30, 2024

	September 30, 2024	September 30, 2023
	----- Rupees -----	
Sales	392,015	6,336,490
Cost of sales	(252,890)	(5,520,144)
Gross profit	139,125	816,346
Operating expenses:		
- Selling and distribution	-	-
- Administrative expenses	(5,769,753)	(3,776,410)
	(5,769,753)	(3,776,410)
Operating loss	(5,630,628)	(2,960,064)
Bank charges	-	(696)
Other income	148,673	6,604
	148,673	5,908
Loss before taxation	(5,481,955)	(2,954,156)
Taxation	-	-
Net loss for the period	(5,481,955)	(2,954,156)
Loss per share	(0.24)	(0.13)



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NAZIR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2024

	September 30, 2024	September 30, 2023
	---- Rupees ----	
Net Loss for the Period	(5,481,955)	(2,954,156)
Other Comprehensive Income for the Period		
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
Total Comprehensive Loss for the Period	<u>(5,481,955)</u>	<u>(2,954,156)</u>

The annexed notes form an integral part of these financial statements.



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NAZIR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2024

	September 30, 2024	September 30, 2023
----- Rupees -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(5,481,955)	(2,954,156)
Adjustment for:		
- Depreciation	2,404,276	3,084,421
- Bank charges	-	696
- Other Income	(148,673)	(6,604)
	2,255,603	3,078,513
Operating (loss) / profit before working capital changes	(3,226,352)	124,357
Decrease in current assets		
Stores and spares	-	-
Trade debts	-	(50,000)
Advances, deposits, prepayments and other receivables	25,713	91,754
	25,713	41,754
Decrease in current liabilities		
Creditors, accrued and other liabilities	(459,966)	-
Cash (Used in)/ generated from operations	(3,660,605)	166,111
Income tax paid	-	-
Other Income	148,673	6,604
Bank charges paid	-	(696)
Net cash (used in)/ generated from operating activities	(3,511,932)	172,019
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for the Acquisition of Biological Equipment	-	(1,980,253)
Net cash used in investing activities	-	(1,980,253)
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash (used in)/ generated from financing activities	-	-
Decrease in cash and cash equivalents	(3,511,932)	(1,808,234)
Cash and cash equivalents at the beginning of period	10,375,414	8,644,771
Cash and cash equivalents at the end of period	6,863,482	6,836,538



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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2024

Particulars	Share Capital	Reserves				Revenue reserves - General	Accumulated Loss	Total Equity	
		Capital reserves		Surplus on revaluation of property, plan & equipment	General				Revenue
		Capital Reserves	Surplus on remeasure- ment of available for sale						
----- Rupees -----									
Balance as at June 30, 2023	230,000,000	434,000	(479,125)	306,683,595	45,829,500	(407,067,537)	175,400,433		
Net profit for the period	-	-	-	-	-	(2,954,156)	(2,954,156)		
Other comprehensive income	-	-	-	-	-	-	-		
Total comprehensive income for the period	-	-	-	-	-	(2,954,156)	(2,954,156)		
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	-	-	-	-	-		
Surplus on revaluation of property, plant and equipment related to export	-	-	-	-	-	-	-		
Balance as at September 30, 2023	<u>230,000,000</u>	<u>434,000</u>	<u>(479,125)</u>	<u>306,683,595</u>	<u>45,829,500</u>	<u>(410,021,693)</u>	<u>172,446,277</u>		
Balance as at June 30, 2024	230,000,000	434,000	(479,125)	280,845,693	45,829,500	(417,569,803)	139,060,265		
Net loss for the period	-	-	-	-	-	(5,481,955)	(5,481,955)		
Other comprehensive income	-	-	-	-	-	-	-		
Total comprehensive loss for the period	-	-	-	-	-	(5,481,955)	(5,481,955)		
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	-	(2,003,788)	-	2,003,788	-		
Surplus on revaluation of property, plant and equipment related to export	-	-	-	-	-	-	-		
Balance as at September 30, 2024	<u>230,000,000</u>	<u>434,000</u>	<u>(479,125)</u>	<u>278,841,905</u>	<u>45,829,500</u>	<u>(421,047,970)</u>	<u>133,578,310</u>		



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NAZIR COTTON MILLS LIMITED

NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2024

Note 1

Status And Activities

- 1.1** Nazir Cotton Mills Limited (the "Company") was incorporated in Pakistan as a public limited company under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is quoted on Pakistan Stock Exchange.

The principle business of the Company is manufacturing and sale of yarn and the other related / allied operations. The members of the Company has authorised to enter into a new line of business of dairy farming.

Registered office of the Company is situated at 19-B, Off Zafar Ali Road, Gulberg V, Lahore. The manufacturing facility of the Company is located at 8 KM, Faisalabad Road, Aslamabad, Kharianwala, Sheikhpura.

1.2 Going concern assumption

The financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company incurred a net loss for the period ended of Rs. 5.482 million (September 30, 2023: Rs. 2.954 million) resulting in accumulated losses at the end of the period of Rs. 421.048 million (September 30, 2023: Rs. 410.022 million). The Company's current liabilities exceed its current assets at reporting date by Rs. 189.076 million (September 30, 2023: Rs. 185.998 million). The Company had ceased its operations from many years due to working capital. However, subsequent to the reporting date, the management is taking steps to recommence operations and are in negotiations with financial institutions to obtain funds to manage working capital requirements. The Company managed its liquidity constraints thru financing from its sponsors and its ability to continue as a going concern is dependent on continued financing from sponsors. Management is of view that the company will restart its commercial production in foreseeable future. Management's efforts for obtaining finances from financial institutions are not so far materialized, however, management is confident that efforts will be realized and that the Company will be able to continue as a going concern.

Note 2

Statement of compliance

This condensed interim financial statements are un-audited and have 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 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.

Note 3

Basis of Measurement

This condensed interim financial statements have been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial statements, except for the cash flow statements, all the transactions have been accounted for on accrual basis.

Note 4

Significant Accounting Policies

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial statements are the same as applied in preparation of preceding audited annual published financial statements of the Company for the year ended June 30, 2024

Note 5		September 30,	June 30,
		2024	2024
Short Term Financing		(Un-audited)	(Audited)
		----- Rupees -----	
	- From financial institutions		
	- Habib Bank Limited	5.1	13,258,000
	- Islamic Investment Bank Limited	5.2	71,464,211
	- From Others		
	Sponsor's Loan	5.3	123,144,774
			<u>123,144,774</u>
			<u>207,866,985</u>

5.1 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.

5.2	Break up of the loan is as follows,		
	Principal	17,698,386	17,698,386
	Frozen markup	20,354,000	20,354,000
	Accrued markup	33,411,825	33,411,825
		<u>71,464,211</u>	<u>71,464,211</u>

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.

5.3 This represents unsecured and interest free loan obtained from sponsors of the Company to meet the Company's past B.M.R. plans and liquidity problems, this loan is repayable on demand.

Note 6

Contingencies & Commitments

Contingencies

- 6.1 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.
- 6.2 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.

Note 7		September 30,	June 30,
		2024	2024
Property Plant And Equipments		(Un-audited)	(Audited)
		----- Rupees -----	
	Operating Fixed Assets	<u>321,398,197</u>	<u>323,802,473</u>
7.1	Operating fixed assets		
	Opening written down value	323,802,473	361,977,354
	Additions during the period / year (at cost)	-	-
		<u>323,802,473</u>	<u>361,977,354</u>
	Disposals during the period / year (at written down value)	-	-
		<u>323,802,473</u>	<u>361,977,354</u>
	Impairment charged	-	(28,650,120)
	Depreciation charged for the period / year	(2,404,276)	(9,524,761)
		<u>321,398,197</u>	<u>323,802,473</u>

Note 8

Transactions with related parties

There have been no transactions made with related parties and associated companies during the period

Note 9

Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual financial statements for the year ended June 30, 2024.

Note 10

Authorization For Issue

These financial statements have been approved by the board of directors of the Company and authorized for issue on October 29, 2024

Note 11

General

- 11.1 Comparative figures have been re-arranged, wherever necessary to the facilitation of comparison
- 11.2 No significant re-arrangement has been made in the condensed interim financial statements (un-audited)
- 11.3 Figures have been rounded off to the nearest of rupees



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