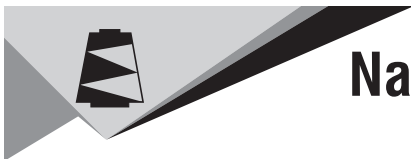


Annual Report 2023



NAZIR

COTTON MILLS LTD.



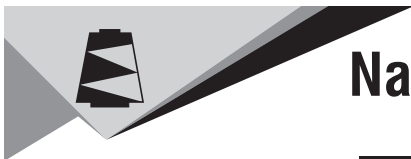
Nazir Cotton Mills Limited **Annual Report 2023**

**49th Annual Report and Accounts
For the year ended June 30,2022**

In the Name of Allah the merciful, the compassionate

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Nazir Cotton Mills Limited Annual Report 2023

COMPANY'S INFORMATION

Board of Director

Mian Shahzad Aslam	Chief Executive Officer
Mian Farrukh Naseem	
Mian Aamir Naseem	
Mr. Maqbool Hussain Bhutta	
Mr. Muhammad Abbas	
Mr. Asim Mahmood Bahti	Independent Director
Mr. Muhammad Irfan	Independent Director

Audit Committee:

Mr. Muhammad Irfan	Chairman
Mr. Muhammad Abbas	Member
Mr. Asim Mahmood Bahti	Member

HR & R Committee:

Mr. Asim Mahmood Bahti	Chairman
Mr. Muhammad Irfan	Member
Mr. Muhammad Abbas	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:

Habib Bank Limited
Muslim Commercial Bank Ltd.
Al-Baraka Bank Pakistan Ltd.

Share Registrar

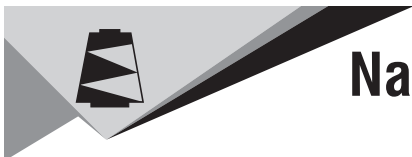
Corplink (Pvt) Ltd.
Wings Arcade 1-K Commercial Modal Town, Lahore.
Tel: 042-3561714, 35839182, 35916719

Registered Office:

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

Mill:

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

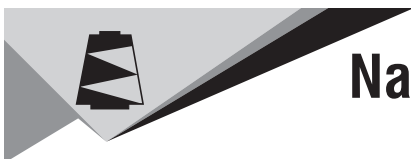


VISION STATEMENT

We aim at seeing our Mills to be a model manufacturing unit producing high quality yarn by complying with the requirements of Quality Management System and continuously improving its effectiveness for total customer's satisfaction. We wish to play a leading role in the spinning sector by keeping a substantial presence in the export and local markets.

MISSION STATEMENT

1. To install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive quality environment.
2. To make strenuous efforts to enhance profitability of the mills ensuring a fair return to the investors, shareholders and employees of the Company.
3. To exercise maximum care for improvement of quality of our products by employing a team of high skilled technicians and professional managers.
4. To strive hard to develop new markets for the sale of our products in export and local markets.
5. To improve customer's satisfaction level by adhering strictly to quality requirements of our customers in local and export markets and by improving communications with customers for receiving prompt feed backs about quality of our products.
6. To attend to the prompt resolution of customer's complaints by taking timely corrective measures to re-dress the quality complaints.
7. To improve logistic facilities for our customers dispatch programme and issue all shipments / delivery documents well in time.
8. To make comprehensive arrangement for the training of our workers/technicians.
9. To promote team work, sense of transparency and creativity in our professionals and technical people.



STATEMENTS OF ETHICS AND BUSINESS PRACTICES

NAZIR COTTON MILLS LIMITED has laid down the following business ethics and principles, the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's business in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these ethics is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

1. Conflict of interest

All staff members are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

- a) In effecting the purchase for the company and selling its products, the Directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or service to the company or buying its products.
- b) The staff members should not engage in any outside business while serving the company.
- c) Staff member's are not permitted to conduct personal business in company's premises or use company's facilities for the same.
- d) If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

2. Confidentially

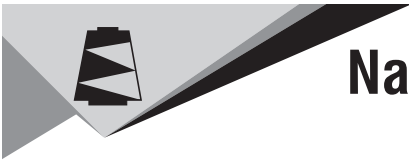
All staff members are required not to divulge any secrets / information of the company to any outside even after leaving the service of the company unless it is so required by a court of law. During the course of service in the company they should not disseminate any information relating to business secrets of the company without the consent of management.

3. Kickbacks

All staff members are strictly forbidden not to accept any favour, gifts or kickbacks from any organization dealing with the company. In case if such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

4. Proper Books of Accounts

All funds, receipt and disbursements should be properly recorded in the accounts books of the company. No false or fictitious entries should be made or misleading statement pertaining to the company or its operation should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.



5. Relationship with Government officials suppliers and agents etc.

The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult the management.

6. Health and Safety

Every staff members is required to take care of his health and safety and of those working with him. The management's responsibility for keeping its staff members insured government rules and regulations.

7. Environment

To preserve and protect the environment all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communicates, and strive contiguously to improve environmental awareness and protections.

8. Alcohol, Drugs

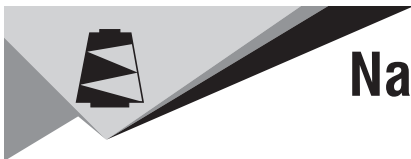
All types of gambling and betting at the company's work places strictly forbidden. Also taking of any alcohols or drugs inside the work place is not allowed and any member of the staff, not abiding by these prohibitions will attract disciplinary as well as penal action under the law.

9. Coordination among staff members to maintain Discipline

All staff members will work in close coordination with their co-workers, superiors and colleagues. Every member will cooperate with other members so that the company's work carried out effectively and efficiently. All case of non-cooperation among staff members should reported to the management for necessary and suitable action. Strict disciplinary action will be taken against those staff members who violate the rules and regulations of the company.

10. Workplace harassment

All members of the staff will provide an environment that free from harassment and in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.



Nazir Cotton Mills Limited **Annual Report 2023**

KEY OPERATING AND FINANCIAL DATA

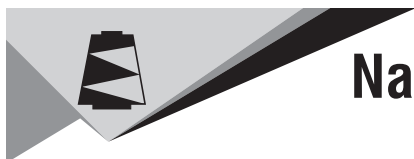
OPERATING

(Rupees in Thousands)

	2023	2022	2021	2020	2019	2018
Sale	4,161	3,795	12,677	2,449	1,300	-
Gross Profit / (Loss)	(5,686)	(11,221)	(1,890)	(2,089)	(644)	-
Operating Profit/(loss)	(7,147)	(7,426)	(22,606)	(23,666)	(16,694)	(19,504)
Profit/(Loss) before tax	(24,429)	(28,259)	0,322	(9,450)	(7,149)	(16,566)
Tax	710	26,270	2,434	2,203	(1,171)	(36)
Profit/(Loss) after tax	(23,718)	1,989	2,756	(7,246)	(8,320)	(16,602)
Total Assets	396,070	420,455	381,574	388,447	396,498	206,065
Current Liabilities	208,081	207,985	207,739	208,994	216,936	113,293
	187,989	212,470	173,835	179,453	179,562	92,772

REPRESENTED BY

Share Capital	230,000	230,000	230,000	230,000	230,000	(176,740)
Reserves	(306,683)	(30,881)	(83,584)	(80,590)	(85,914)	165,318
Equity	391,716	199,118	146,417	149,410	144,086	11,442
Long Term Loans & Leases	12,588	13,351	27,419	30,043	35,475	(104,194)
	187,989	212,470	173,835	179,453	179,562	(92,772)



Nazir Cotton Mills Limited Annual Report 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NAZIR COTTON MILLS LIMITED

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors Nazir Cotton Mills Limited for the year ended June 30, 2023, in accordance with the requirements of regulation 36 of the Regulations.

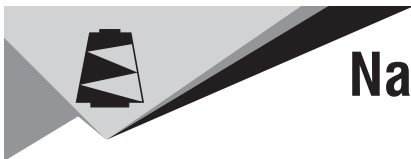
The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on Our Review, because of the significance of non-compliance to Regulation no. 6, 7, 18, 19, 27, 28 and 31, we believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

Reference of Regulation	Description	Explanation
6, 27 & 28	Independent Directors are not from the database as notified.	Independent Directors are to be appointed from the database as notified under the relevant regulations, and independent director is to be the chairman of Audit, Hr & Remuneration Committee



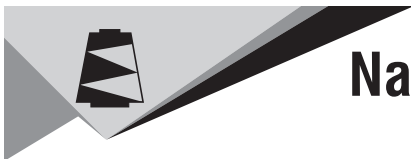
Nazir Cotton Mills Limited **Annual Report 2023**

7	There is no Female Director in the Company.	According to Regulation Every Company Must have at least one female director.
18,19	The required number of Directors have not participated in the Director Training Program.	According to Regulation by June 30, 2022 all directors on the panel of Board of directors must have gone through Director Training Program.
31	There is no internal audit function.	According to Regulation, every Company must have an internal audit function.

We have also expressed an adverse opinion in our audit report to the financial statements for the year ended 30 June 2023.

KAMRAN & CO
CHARTERED ACCOUNTANTS

LAHORE
OCTOBER 05, 2023
CR202310181ljfUVJ3Ng



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 48th Annual General Meeting of the Shareholders of NAZIR COTTON MILLS LIMITED will be held at Company's Registered Office, 61-K Gulberg III, Lahore on October 27, 2023 (Friday) at 10:00 AM to transact the following business:-

Ordinary Business:

1. To confirm the minutes of the Annual General Meeting of the Company held on December 22, 2022
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2023 together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors and fix their remuneration for the year ended June 30, 2024
4. To consider any other business which may be placed before the meeting with the permission of the Chair

By Order of the Board

Lahore:

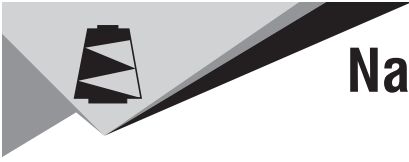
Dated: October 05, 2023

(MIAN SHAHZAD ASLAM)

Chief Executive

Notes:

1. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective, must be received at 61-K Gulberg III, Lahore the Registered Office of the Company not later than 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.
2. The Share Transfer Books of the Company will remain closed from October 21, 2023 to October 27, 2023 (both days inclusive).
3. Members are requested to immediately notify the change in their addresses, if any.
4. Accounts holders and sub-account holders holding book entry securities in respect of the company in Central Depository Company of Pakistan Limited, who wish to attend the Annual General Meeting are requested to bring original Computerized National Identity Card for identification purpose.
5. Video Conference Facility
Pursuant to the provisions of the Companies Act, 2017, the members residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide them facility of video link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address mentioned above, at least 10 days prior to the date of the meeting on the Standard Form available on the company's website: www.nazircottonmills.com



CHAIRMAN'S REVIEW

I am pleased to present the report on the overall performance of the Board of Directors and effectiveness of the role in achieving the objects of the Company.

During the year, the Board focused on the future restructuring. The Board regularly tracked the progress against the business plan. The committee of the Board worked diligently and focused on their terms of reference during the year under review.

The company is facing problem due to the close of its operation since 2009. The company has change the main line of business. The directors played their role in this regard efficiently. But the management still trying to obtain electricity connection and resume the main line of business company.

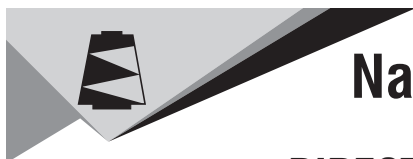
The Board has carried out review of its effectiveness and performance which is satisfactory. The Board evaluation during the year 2022 robustly considered in all aspects of the Board including the performance of the individual director, Board Committees and the Board as a whole.

I am happy to report that your Board continues to function effectively and is focused on priorities of the Company's business.

Maqbool Husain Bhutta

(Chairman)

Lahore: October 05, 2023



Nazir Cotton Mills Limited Annual Report 2023

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of your company welcome you to the Annual General Meeting and are pleased to present the company's audited financial statements for the year ended June 30, 2023.

Performance Review

The year under review shows that the company has incurred net loss of Rs. (23,718) Million after accounting for administrative expenses of Rs. 20,202 Million including depreciation of Rs. (13,770) Million as compared to last corresponding year's net loss of Rs.(1,989) Million.

Due to the unfavourable market condition ,the operation of the mill remained closed during the year under consideration. However, the new business of Dairy has been started.

The management is in opinion that if the company is succeeded to secure the electricity connection, the company will resume its commercial production of spun yarn.

Financial Results

The year under review was not good as the textile industry in Pakistan is still facing difficult period. The financial results of the company for the year under the review are as under:

	2023 Rupees	2022 Rupees
Operating Profit/(Loss)	(20,202,776)	(29,111,299)
Financial charges	406	(806)
Other income	1,460,387	853,038
(Loss)/Profit before taxation	(24,429,009)	(28,259,467)
Taxation	710,675	26,270,605
(Loss)/Profit after taxation	23,718,334	1,988,862
Accumulated loss brought forward		(399,024,418)
Loss available for appropriation	(23,718,334)	(401,013,280)

Earning / (Loss) per share

Based on net loss for the year ended June 30, 2023, is Rs. (1.03) as compared to the profit per share of Rs. (0.09) in the preceding year ended June 30, 2022.

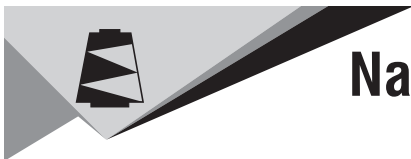
Dividend

No dividend has been declared by the company during the year due to loss

Auditors' Report

Auditors' has raised their observation about going concern of company. In assessing the going concern status of the Company, management has carefully assessed a number of factors covering the operational performance of the business, the ability to implement a significant debt restructuring of the Company's existing debts and the appetite of directors & associates to continue financial support.

Based on the analysis of these, and key management efforts and decisions as mentioned above, management is comfortable that the Company will be able to continue as a going concern in the foreseeable future.



Nazir Cotton Mills Limited Annual Report 2023

Based on analysis of theses, key management decisions as mentioned in 'future outlook' the management is comfortable that the Company will be able to continue as a going concern in the foreseeable future.

The company has started the business of dairy. During the year under consideration, sales proceed was rupees 4.161 million the management in trying to extend the dairy business. The Management also trying to secure electric connection to resume its main line of business i.e spinning.

The Adverse Opinion of the auditor is based on the Following Points, which has been discussed below:-

REPLY TO AUDITORS QUALIFICATION:

- a) The company intends to recommence operations, for which they are trying to arrange funds.
- b) It is pending before Honorable Courts and every likelihood that will be decided in the favour of the company
- c) Revaluation was carried out and adjustment has been provided in the financial statements
- d) Resolution shall be placed before members for impairment in Sajjad textile mills Limited. The members shall discuss the impairment next year.
- e) The return filed is deemed assessment u/s 120 of ITO 2001
- f) We are hopeful cases shall be decided in our favour
- g) As the company is striving to generate some profits, hence it's difficult to fulfil procedural requirements that cost undue funds. However, we are cognizant of our responsibility and shall try to fulfill our statutory obligations.
- h) Resolution shall be placed before members for impairment in CWIP, stores & trade debts. The members shall discuss the impairment next year.
- i) We shall get the cash count on time next year and ensure replies are received from the Banks
- j) Sale of biological assets are related to dairy farming business and hence presented as sales
- k) The company has only minimal staff required to operate the dairy operations and security and are remunerated properly
- l) Biological assets have been disclosed in the financial statements

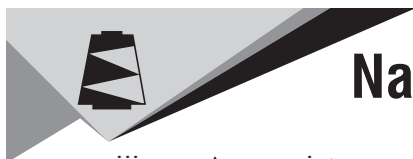
Future Prospects

The management is fully aware of present challenges facing the textile industry specially spinning and making their efforts to revive the operation of mills subject to support of banks restoration of

Corporate Governance

As required by the Code of Corporate Governance, directors are pleased to report that:

- i. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- ii. Proper books of accounts of the Company have been maintained.



Nazir Cotton Mills Limited Annual Report 2023

- iii. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- iv. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- v. The system of internal control is sound in design and has been effectively implemented and monitored.
- vi. Management feels that there is no significant doubt on the Company's ability to continue as going concern. We had already provided our reply on Auditors' Observation in this report and mitigating factors are also disclosed in detail.
- vii. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations. Company has also constituted Audit Committee and HR & R Committee and its members are disclosed in annual report.
- viii. The detail of trading in shares of the Company, if any, carried out by the directors, CEO, CFO, and Company Secretary and their spouses and minor children is provided in pattern of shareholding annexed with this report.
- ix. No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relate and the date of Directors' report.
- x. Key operating and financial data for last six years is annexed.
- xi. The pattern of shareholding is also annexed.
- xii. The Company has fulfilled its major statutory and financial obligations.
- xiii. No dividend or bonus shares are declared because of loss during the year.
- xiv. Company has arranged in house training programs for its directors; however, most of directors meet criteria as laid down in code of corporate governance regarding directors' training implemented and monitored.

Board of directors meeting

During the year, four (5) Meeting of the Board of Directors were held. Attendance by each Director at the Board Meetings as under:-

Name of the Directors	No. of Meetings Attended		AC
	BOD	HR	
Mian Shahzad Aslam	5	-	-
Mian Faruukh Naseem	5	-	-
Mian Aamir Naseem	5	-	-
Maqbool Hussain Bhutta	5	-	-
Mr. Asim Mehmood Bahti	5	4	4
Mr. Muhammad Abbas	5	4	4
Mr. Muhammad Irfan	5	4	4

Directors who could not attend Board Meeting due to illness or some other engagements were granted leave of absence in accordance with law.

Audit committee

The Board of Directors in compliance of Code of Corporate Governance has established an Audit Committee and the following Directors are its members.

Mr. Muhammad Irfan	Chairman
Mr. Muhammad Abbas	Member
Mr. Asim Mehmood Bahti	Member

Acknowledgement

The directors would like to place on record their appreciation for services rendered by the employees of the company who have contributed their optimum skills and hope that the same spirit of devotion will continue in future. In addition, we thank our stakeholders for trusting us.

Lahore
Dated: October 05, 2023

For and on behalf of the Board
(MIAN SHAHZAD ASLAM)
Chief Executive



ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز نے 30 جون، 2023 کو اختتام پذیر ہونے والے مالی سال کے لئے، کمپنی کی سالانہ رپورٹ، آڈیٹڈ فائنل رپورٹ کے ہمراہ پیش کیے ہیں۔

کمپنی پرفارمنس:

رواں مالی سال کے دوران کمپنی کا نقصان (23,717) ملین رہا جس میں انتظامی اخراجات 20,202 اور مشینوں کی گھسائی 13,707 ملین ہے جبکہ پچھلے سال کا نقصان (1.989) ملین تھا۔

رواں مالی سال میں نامناسب مارکیٹ حالات کی وجہ سے کمپنی کا کاروبار بند رہا

مالی نتائج	2022	2023
	روپے (ہزاروں میں)	روپے (ہزاروں میں)
آپریٹنگ نقصان	(29,112)	(20,203)
مالیاتی اخراجات	(1)	(0.406)
متفرق آمدنی	853	1,460
(نفع نقصان) ٹیکس سے پہلے	(28,259)	(24,429)
ٹیکس	(26,270)	(0.711)
(نفع نقصان) ٹیکس کے بعد	(1,989)	(23,718)
(گزشتہ مجموعی نفع نقصان)	(399,024)	
طے شدہ نفع نقصان	(401,013)	(23,718)
فی شیئر نفع نقصان	(0.09)	(1.03)

مختلف آپریشنل مشکلات (انرجی اور گیس کی قیمتوں میں اضافے اور پرافٹ مارجن میں کمی) کی وجہ سے مل بدستور بند رہی۔ کمپنی کی انتظامیہ آپریشنل ڈھانچہ کی تنظیم نو کر رہی ہے تاکہ موجودہ مشینری کی وجہ سے جو آپریشنل نقصانات ہو رہے ہیں ان کو کم کیا جاسکے۔

مستقبل کے تناظر میں:

انتظامیہ کو موجودہ مشکلات کا پورا انداز ہے جو کہ ٹیکسٹائل کی صنعت خصوصاً سپلنگ سیکٹر کو درپیش ہیں اور اسی کوشش میں کہ مل دوبارہ کس طرح شرع کی جائے۔ کمپنی نے ڈیری کا کام شروع کر دیا ہے مجودہ سال میں 4.161 ملین کی وصولی ہوئی انتظامیہ اس کاروبار کو پڑھانے کی کوشش کر رہی ہے اس کے ساتھ ساتھ بجلی کا کنکشن بھی حاصل کرنے کی کوشش کی جا رہی ہے تاکہ کمپنی اپنا اصل کام شروع کر سکے

آڈیٹرز کے مشاہدات / اہلیت پر تبصرے

موجودہ پیشکش مفروضہ جات

کمپنی کے آڈیٹرز نے کمپنی کی موجودہ صورت حال کو سامنے رکھتے ہوئے۔ خدشہ ظاہر کیا ہے کہ کمپنی مستقبل میں اپنے جاری وجود کو برقرار نہ رکھ پائے گی۔ جس کا جواب درج ذیل ہے۔



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آئیٹیز کی اہلیت کا جواب دیں:
کمپنی دوبارہ کام شروع کرنے کا ارادہ رکھتی ہے، جس کے لیے وہ فنڈز کا بندوبست کرنے کی کوشش کر رہی ہے۔
یہ معزز عدالتوں کے سامنے زیر التوا ہے اور ہر اس امکان کے حق میں فیصلہ کیا جائے گا کمپنی

دوبارہ تشخیص کی گئی تھی اور مالیاتی گوشواروں میں ایڈجسٹمنٹ فراہم کی گئی ہے۔
سجاد ٹیکسٹائل ملز لمیٹڈ میں خرابی کے لیے اراکین کے سامنے قرارداد پیش کی جائے گی۔ دیار اکیٹن اگلے سال کی خرابی پر بحث کریں
جمع کرانی گئی واپسی کو (8)۔

کے ۱۲۰ کے تحت تشخیص سمجھا جاتا ہے۔ ITO 2001
ہمیں امید ہے کہ مقدمات کا فیصلہ ہمارے حق میں ہو گا۔ چونکہ کمپنی کچھ منافع کمانے کی کوشش کر رہی ہے، اس لیے طریقہ کار
کو پورا کرنا مشکل ہے۔ ضرورتیں جن پر غیر ضروری فنڈز خرچ ہوتے ہیں۔ تاہم، ہم اپنی ذمہ داری سے آگاہ ہیں اور کریں گے۔ اپنی قانونی
ذمہ داریوں کو پورا کرنے کی کوشش کریں۔

اراکین کے سامنے
اسٹورز اور تجارتی قرضوں میں خرابی کے لیے قرارداد پیش کی جائے گی۔ دیار اکیٹن اگلے سال کی خرابی پر بحث کریں گے۔ CWIP
ہمیں اگلے سال وقت پر کیش گنتی مل جائے گی اور
بینکوں سے جواب موصول ہونے کو یقینی بنائیں گے۔

حیاتیاتی اثاثوں کی فروخت کا تعلق ڈیری فارمنگ کے کاروبار سے ہے اور اس لیے اسے فروخت کے طور پر پیش کیا جاتا ہے۔
مالیاتی (کمپنی کے پاس ڈیری آپریشنز اور سیکیورٹی کو چلانے کے لیے صرف کم سے کم عملہ درکار ہے مناسب معاوضہ دیا جاتا ہے۔
بیانات میں حیاتیاتی اثاثوں کا انکشاف کیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کارپوریٹ گورننس کے کوڈ کے تناظر میں، ہمارے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیانات ذیل میں ہیں:

- 1- کمپنی کی انتظامیہ کی طرف سے تیار مالی بیانات، موجودہ امور، کاروباری معاملات کے نتائج، نقدی بہاؤ کے نتائج اور تبدیلیوں کو منصفانہ طور پر بیان کرتا ہے۔ مالی بیانات میں
اٹاچمنٹ اور ذمہ داریاں تحدید تھیل پر پیش کئے گئے ہیں۔
- 2- کمپنی کے اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا گیا ہے۔
- 3- مالی بیانات اور اکاؤنٹنگ اندازوں کی تیاری مناسب اکاؤنٹنگ پالیسیوں کو لاگو کیا گیا ہے، اور یہ پالیسیاں مناسب اور آئٹنڈانہ فیصلوں پر مبنی ہیں۔
- 4- پاکستان میں قابل بین الاقوامی اکاؤنٹنگ کے معیارات کی معیارات کی مالی بیانات کی تیاری میں پیروی کی گئی ہے، اور ان پالیسیوں سے انحراف بھی ظاہر کر دیا گیا ہے۔
- 5- اندرونی کنٹرول کے نظام کی موثر طریقے سے عملدرآمد کی اور گرائی کی گئی ہے۔
- 6- مینجمنٹ کو محسوس ہوتا ہے حالیہ تشریش کے باوجود کمپنی کی صلاحیت پر کوئی قابل ذکر شک نہیں ہے۔ ہم نے پہلے ہی اس رپورٹ میں آڈیٹرز کے مشاہدات پر جواب داخل کرادیے
ہیں۔
- 7- لسٹنگ کے ضابطے میں کارپوریٹ گورننس کے بہترین طریقوں میں کوئی واضح انحراف موجود نہیں۔ سے تفصیلی طور پر، اضافہ ہو رہا ہے۔ کمپنی نے آڈٹ کمیٹی اور
HR & R کمیٹی تشکیل دی ہے اور اس کے اراکین کے نام سالانہ رپورٹ میں ظاہر ہیں۔
- 8- کمپنی کے حصص میں ٹریڈنگ کی تفصیل، اگر کوئی ہے تو، ڈائریکٹرز، CEO، CFO اور کمیٹی ممبر کی پیری اور ان کے اہل و عیال کی تفصیل شیئر ہولڈنگ رپورٹ میں پیٹرن کے
مطابق فراہم کی جا چکی ہے۔

9- اس مالی سال کے آخر اور اس مالی سال کے درمیان، جس سے یہ مالی بیانات اور ڈائریکٹرز کی رپورٹ تعلق رکھتے ہیں، کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی خاطر خواہ
تبدیلیاں اور وعدے واقع نہیں ہوئے۔

10- اہم آپریٹنگ اور گزشتہ چھ سال کا مالیاتی ڈیٹا آن ریکارڈ ہے۔

11- شیئر ہولڈنگ کا پیٹرن بھی آن ریکارڈ ہے۔

12- کمپنی نے اہم قانونی اور مالی ذمہ داریوں کو پورا کیا ہے

13- رواں مالی سال خسارے کے باعث، کوئی مفعاتی یا بونس شیئر جاری نہیں ہوئے۔

14- کمپنی نے ڈائریکٹرز کے لئے ”مرتب کئے ہیں، تاہم اکثر ڈائریکٹرز اس ٹریڈنگ کے معاملے میں کارپوریٹ گورننس کے معیار پر پورا اترتے ہیں۔

15- رواں مالی سال کے دوران کسی ڈائریکٹر نے کارپوریٹ گورننس کی ٹریڈنگ حاصل نہیں کی



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بورڈ آف ڈائریکٹرز کی سالانہ تشخیص:

بورڈ کمپنی میں تین اہم امور سرانجام دیتا ہے۔ یہ سمت فراہم کرتا ہے۔ (یعنی کمپنی کی اسٹریٹجک سمت کا تعین کرتا ہے)۔ یہ کنٹرول کرتا ہے (یعنی انتظام پر نظر رکھتا ہے) اور یہ مدد اور مشورہ فراہم کرتا ہے۔ بورڈ نے ایک اندرونی کارکردگی کی تشخیص کا طریقہ کار وضع کیا ہے جو عام طور پر ان کرداروں اور ان کے نتیجے میں آنے والی لازمی ذمہ داریوں کا جائزہ لیتا ہے

اور نظر رکھتا ہے کہ کتنے موثر طریقے سے ان ذمہ داریوں کو ادا کیا گیا ہے۔ بورڈ کی کارکردگی کے جائزے میں بنیادی طور پر یہ دیکھا جاتا ہے کہ درج ذیل امور کو کیسے سرانجام دیا ہے۔

(ا) بورڈ کی ساخت، اس کی تشکیل، اس کا آئین، تنوع اور کمیٹیاں، اراکین کی مہارت، بورڈ اور کمپنی کے چارٹر (قوانین) اور اجلاسوں کی تعداد اور طریقہ کار۔

(ب) بورڈ کے محرکات اور کام کاج، بورڈ کا سالانہ کیلنڈر، معلومات کی دستیابی، سی ای او اور سینئر افسروں کے ساتھ گفت و شنیں اور مواصلات، بورڈ کا ایجنڈا، بورڈ کے اجلاس میں

میل جول اور شرکت کے معیار۔

(پ) کاروباری حکمت عملی کا نظم و ضبط، کمپنی کی حکمت عملی میں بورڈ کا کردار

(ت) مالیاتی رپورٹنگ کا عمل، اندرونی جانچ پڑتال اور کنٹرول، متعلقہ پارٹیوں کے ساتھ غیر منصفانہ لین دین کے پیش نظر مالی اور دیگر کنٹرول کے نظام کی سالمیت، متحرک طریقہ کار

اور خطرات سے بچنا۔

(ث) نگرانی کا کردار: پالیسیوں، حکمت عملی کا نفاذ اور نگرانی۔

(ث) امدادی اور مشاورتی کردار۔

بورڈ اور آڈٹ کمیٹی کے اجلاس

بورڈ آف ڈائریکٹرز، بورڈ آڈٹ کمیٹی (BAC) اور HR&R کمیٹی میں سے ہر ایک کے ڈائریکٹر کی طرف سے اجلاس میں حاضری، حسب ذیل ہے:

BOB	حاضری	AC	HR&R	منعقد ملاقاتوں کی تعداد
5	-	-	-	1- میاں شہزاد اسلم
5	-	-	-	2- میاں فرخ نسیم
5	-	-	-	3- میاں عامر نسیم
5	-	-	-	4- مقبول حسین بھٹہ
5	4	4	4	5- عاصم محمود بھٹی
5	4	4	4	6- محمد عباس
5	4	4	4	7- محمد عرفان

آڈیٹرز

کمپنی کے آڈیٹر ریٹائرڈ ہوئے اور اگلے سال دوبارہ تعیناتی کے لئے اہل ہیں۔ آڈٹ کمیٹی حسینین اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی آئندہ سال کے لئے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کی سفارش کی ہے۔

اعترافیہ

بورڈ آف ڈائریکٹرز بیگیوں اور مالیاتی اداروں کی امداد اور تعاون کے ساتھ ساتھ تمام ملازمین اور کمپنی کے ٹھیکیداروں کی کوششوں، لگن اور عزم اور تقسیم کاروں، ڈیلرز، سپلائرز اور اسٹیک ہولڈرز کے تعاون کا شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

جناب میاں شہزاد اسلم

سی۔ای۔او

لاہور۔ دسمبر 01، 2022



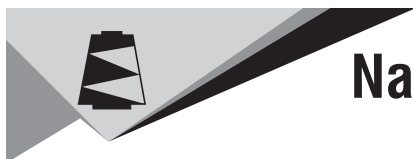
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STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2017

The Nazir Cotton Mills Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2017 ("the Regulations") in the following manner:

1. The total number of directors is Seven as per the following.
 - a. Male: Seven
 - b. Female: None
2. The composition of the Board of Directors (the Board) is as follows:
 - a. Category Independent Mr. Muhammad Irfan
Asim Mehmood Bhatti
 - b. Director Executive Directors Mian Shahzad Aslam
 - c. Non-Executive Directors Mian Farrukh Naseem
Mian Amir Naseem
Maqbool Husain Bhutta
Mr. Muhammad Abbas
3. Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board remained fully compliant with the provision with regard to their training program. The majority of the Board members have the prescribed qualifications and experience required for exemption from training program of directors pursuant to regulation 20 of the Regulations.
10. The Board has approved appointment of CFO and Company Secretary, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.



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11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a. Audit Committee

Mr. Muhammad Irfan	(Chairman)
Mr. Muhammad Abbas	(Member)
Mr. Asim Mahmood Bhatti	(Member)

We have appoint independent director as Chairman of the Audit Committee in due course.

b. HR and Remuneration Committee

Mr. Asim Mahmood Bhatti	(Chairman)
Mr. Muhammad Abbas	(Member)
Mr. Muhammad Irfan	(Member)

We have appointed independent director as member of HR and Remuneration Committee in due course.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the aforesaid committees were as per following:

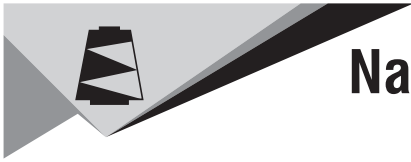
- a. Audit Committee: Four meetings during the financial year ended 30 June 2022
- b. HR and Remuneration Committee: one meeting during the financial year ended 30 June 2022.

15. The board has not set up an internal audit function because the operation of the company has been suspended since last many years.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF NAZIR COTTON MILLS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

ADVERSE OPINION

We have audited the annexed financial statements of **M/S NAZIR COTTON MILLS LIMITED (the company)**, which comprises the statement of financial position as at June 30, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanation given to us, because of the significance of the matters as discussed in basis for adverse opinion section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give information required by Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

BASIS FOR ADVERSE OPINION

- a) As explained in note 4 to the financial statements, the Company has ceased its textile manufacturing operations. The Company without any adjustments for points below incurred loss during the year amounting to Rs 23.718 million (2022: 1.98 million) resulting in accumulated losses of Rs. 407.067 million (2022: Rs. 391.716 million) at the close of the year ended 30 June 2023. The Company's current liabilities exceed its current assets by Rs. 184.148 million (2022: Rs. 172.020 million). Moreover, short term borrowings from financial institutions remained unpaid along with accrued markup which is in litigation. The Company has been unable to arrange fresh financing for working capital and other purposes. The management of the Company did not provide us its assessment for going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the Company. Moreover, the management has been unable to satisfy us with respect to:
- the willingness of the litigant financial institutions to restructure the terms and conditions and repayments of their existing loans. These conditions indicate the existence of material uncertainty which cast a significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course of business. However, the financial statements, are prepared on going concern basis. Had the financial statements been prepared on a non-going concern basis of accounting, we believe that it would have had a significant negative effect on the Company's financial position and financial performance
 - letter of support as well as financial ability of sponsors and related parties for further cash injection
 - hiring of specialized staff for recommencing of operations
 - progress on negotiations with new financial institutions for working capital and BMR activities



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Based on the audit evidence obtained, we believe that the Company will not be able to meet its obligations in the ordinary course of business. Accordingly, we do not agree with management's preparation and presentation of the financial statements on a going concern basis. However, the financial statements, are prepared on going concern basis. Had the financial statements been prepared on a non-going concern basis of accounting, we believe that it would have had a significant negative effect on the Company's financial position and financial performance

- b) The Company has not provided for mark-up on loans from financial institutions owing to the dispute with financial institutions since the litigation, and no provision for cost of funds had been accounted for in the financial statements. In the absence of detailed working and the opinion of legal counsel (sought directly) of the Company in this regard we were unable to determine the amount of provision required on account of accrued mark-up.
- c) The Company revalued its certain fixed assets on June 30, 2021, however Company incorporated the revaluation adjustment in year 2022. Moreover, the Company has not properly accounted for the revaluation surplus in prior years based on previous revaluation report as well and accordingly fixed assets, revaluation surplus, depreciation expense and deferred tax has not been properly accounted for in the financial statements during the year as well in prior years. We are unable to quantify the impact of the same due to limited information available.
- d) The company made an investment in Sajjad Textile Mills Limited which has negative equity of Rs 388.749 million as at June 30, 2022. The Company has still shown this investment in long term investments in current as well in prior years. In our opinion this amount should have been impaired in prior years as equity is negative. No impairment has been recognized in the financial statement against such investment in current year as well. Had the impairment been recognized in the financial statement, the company equity would have been reduced by Rs. 3.833 million with similar decrease in long term investments.
- e) The Company's filed its annual income tax return for the last year without charging minimum tax as provided for in the financial statements and hence does not reconcile. Moreover, in our opinion the tax depreciation schedule as per income tax return does not match. However, due to absence of confirmation from tax advisor of the Company, we are unable to quantify the difference and also confirm the status of any tax litigations.
- f) We have not received confirmation from legal advisor of the Company, and hence unable to comment on the contingencies and various cases against the company. Moreover, Company has booked arrears paid to WAPDA amounting to Rs 12.418 million as per the decision of Lahore High Court and booked the same as advance. We are of the opinion, that in the absence of any stay order from competent authority, the amount may be disclosed in the financial statements but should not be recognized. However, we have not received any confirmation from the legal advisor of the Company.
- g) The Company is not in compliance with certain requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and rules of Pakistan Stock Exchange which may entail certain penalties, and we have issued an adverse review report on the statement of compliance. We are unable to determine any financial implication of the same.
- h) The Company gave advance in respect of dairy equipment and other related expenses for construction of dairy farm, however we have not received any direct confirmation from the party. This amount is appearing since 2020 without any movement, and in our opinion should be written off. Had the impairment been recognized in the financial statement, the company equity would have been reduced by Rs. 3.019 million with similar decrease in capital work in progress.



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- i) The company's operations have remained closed for the past many years. Similarly, plant and machinery remained idle during these years. Resultantly, it is expected that there will be an allowance for obsolescence as there has been no movement in the quantities of stores, spares and loose tools. We believe that a provision for obsolescence amounting to Rs. 1.535 million be recognized in the financial statements in prior years. Had this provision been recognized in the financial statement, the company equity would have been reduced by Rs. 1.535 million with similar decrease in stores, spares and loose tools.
- j) The Company have trade debts amounting to Rs 1.066 million with minimal movement since 2019, however we have not received any direct confirmation from the debtors. In our opinion this should be written off in prior years. Had the provision been recognized in the financial statement, the company equity would have been reduced by Rs. 1.066 million with similar decrease in trade debts.
- k) We did not conduct physical count of cash in hand as at year end. Moreover, we have not received any direct bank confirmation from the financial institutions and hence unable to confirm closing cash and bank balances in the financial statements.
- l) The Company has presented sale of calves in sales, with associated cost in cost of sales instead of classifying the net amount as other income.
- m) The Company has not provided for employee retirement benefits and other labour laws requirement, and we are unable to quantify any financial impact of the same.
- n) The cash flow statement for the prior year shows cash inflow of Rs 12.26 million from sale of biological assets, whereas the same amount was derecognized from the biological assets as appearing in note 14 to the financial statements. The amount derecognized should have been the fair value of the biological assets sold. Accordingly, fair value gain booked is not accurate. In the absence of related information, we are unable to quantify the difference.
- o) We have not been provided with adequate information regarding nature of capital & revenue reserve appearing in the financial statements.
- p) The Company has sponsor loan of Rs 122.175 million payable on demand and recognized as current liability, however the Company does not have sufficient current assets to repay such liability on demand.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountant* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matter described in the Basis for Adverse opinion section, we have determined that there are no Key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard, except certain non-compliances of statement of compliance on listed companies (code of corporate governance) regulations 2019 as mentioned in review report on the statement of compliance.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Acts, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Boards of directors are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of user taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional Judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related



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disclosure in the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of financial statements, including the disclosures and whether the financial statements represent the underlying transaction and events in a manner that achieve fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion because of the significance of matter stated in basis of adverse opinion section of our report above:

- a) Proper books of account have not been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) The statements of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and, are not in agreement with the books of account and return;
- c) Investment made, expenditure incurred and guarantees extended during the year were for the purpose of company's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kamran Fatah (FCA).

KAMRAN & CO
CHARTERED ACCOUNTANTS

LAHORE
05th October 2023
AR202310181FleEm8iot



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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	30 June 2023 Rupees	30 June 2022 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	6	230,000,000	230,000,000
Capital reserve			
-Surplus on revaluation of property, plant and equipment	7	306,683,595	315,050,789
-(Deficit) / surplus on remeasurement of available for sale investments	8	(479,125)	(479,125)
-Capital reserve		434,000	434,000
Revenue reserve			
Accumulated loss		(407,067,537)	(391,716,397)
Revenue reserve - general		45,829,500	45,829,500
		<u>175,400,433</u>	<u>199,118,767</u>
Non-current liabilities			
Deferred taxation	9	12,588,971	13,351,661
Current liabilities			
Trade and other payables	10	1,004,764	960,014
Short-term borrowings	11	206,896,985	206,896,985
Income tax liability		179,537	127,522
		<u>208,081,286</u>	<u>207,984,521</u>
Contingencies and commitments	12	-	-
Total equity and liabilities		<u><u>396,070,690</u></u>	<u><u>420,454,949</u></u>
ASSETS			
Non-current assets			
Property, plant and equipment	13	361,977,354	375,748,312
Capital work in progress		3,019,890	3,019,890
Biological assets	14	3,302,307	1,884,000
Long term investment	15	3,838,000	3,838,000
		<u>372,137,551</u>	<u>384,490,202</u>
Current assets			
Stores, spare parts and loose tools	16	1,534,873	1,534,873
Trade debts	17	1,016,924	1,066,924
Deposits, prepayments and other receivables	18	12,736,571	12,604,817
Cash and bank balances	19	8,644,771	20,758,133
		<u>23,933,139</u>	<u>35,964,747</u>
Total assets		<u><u>396,070,690</u></u>	<u><u>420,454,949</u></u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer
Lahore.

Director

Chief Financial Officer



Nazir Cotton Mills Limited Annual Report 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 Rupees	30 June 2022 Rupees
Sales - net	20	4,161,170	3,795,401
Cost of sales	21	9,847,384	11,221,300
Gross loss		(5,686,214)	(7,425,899)
Other operating income	22	1,460,387	853,038
Administrative and general expenses	23	20,202,776	21,685,800
Finance cost	24	406	806
		20,203,182	21,686,606
Loss before taxation		(24,429,009)	(28,259,467)
Taxation	25	710,675	26,270,605
Loss after taxation		(23,718,334)	(1,988,862)
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss</i>			
(Deficit) / surplus arising on measurement of available for sale		-	-
-investments to fair value		-	-
		-	-
Revaluation surplus pertaining to property, plant and equipment		-	66,951,587
Related deferred tax		-	(12,260,613)
		-	54,690,974
Total comprehensive (loss) / income for the year		(23,718,334)	52,702,112
Loss per share (basic and anti-dilutive)	26	(1.03)	(0.09)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Lahore. Chief Executive Officer

Director

Chief Financial Officer



Nazir Cotton Mills Limited Annual Report 2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 Rupees	30 June 2022 Rupees
A CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(24,429,009)	(28,259,467)
Old liabilities written back	22	-	-
Gain on disposal of property plant and equipment	22	-	-
(Gain) / loss on disposal of biological assets		(23,940)	2,807,792
Surplus on revaluation of biological assets	22	(915,360)	(128,350)
Adjustment for depreciation on property, plant and equipment	13	13,770,958	15,306,419
Finance cost	24	406	806
Operating loss before working capital changes		(11,596,945)	(10,272,800)
Working capital changes			
Decrease / (increase) in current assets			
Trade debts		50,000	-
Deposits, prepayments and other receivables		(50,000)	17,000
Increase in trade and other payables		44,750	188,236
		44,750	205,236
Cash used in operating activities		(11,552,195)	(10,067,564)
Income taxes paid	18	(81,754)	(106,633)
Finance cost paid		(406)	(806)
Net cash used in operating activities		(11,634,355)	(10,175,003)
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	-	-
Proceeds from disposal of property, plant and equipment		-	-
Proceeds from sale of biological assets		2,143,500	1,825,500
Payment for acquisition of biological assets	14	(2,622,507)	-
Cash generated from investing activities		(479,007)	1,825,500
C CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowing (net)		-	-
Cash generated from financing activities		-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(12,113,362)	(8,349,503)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	19	20,758,133	29,107,636
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	19	8,644,771	20,758,133

The annexed notes from 1 to 36 form an integral part of these financial statements.

Lahore.
Chief Executive Officer

Director

Chief Financial Officer

	Reserves					Total equity	
	Capital			Revenue			
	Share capital	Capital reserves	-(Deficit) / surplus on remeasurement of available for sale investments	Surplus on revaluation of assets	Revenue reserve - General		Accumulated loss
As at 30 June 2021							
Profit for the year	230,000,000	434,000	(479,125)	269,656,698	45,829,500	(399,024,418)	146,416,655
- Other Comprehensive Income	-	-	-	54,690,974	-	(1,988,862)	(1,988,862)
Incremental depreciation on revaluation of assets for the year (net of tax)	-	-	-	(9,296,883)	-	9,296,883	-
Surplus realised during the year on disposal	-	-	-	-	-	-	-
As at 30 June 2022	230,000,000	434,000	(479,125)	315,050,789	45,829,500	(391,716,397)	199,118,767
Profit for the year	-	-	-	-	-	(23,718,334)	(23,718,334)
- Other Comprehensive Income	-	-	-	-	-	-	-
Incremental depreciation on revaluation of assets for the year (net of tax)	-	-	-	(8,367,194)	-	8,367,194	-
As at 30 June 2023	230,000,000	434,000	(479,125)	306,683,595	45,829,500	(407,067,537)	175,400,433

Lahore.

Chief Financial Officer



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1 STATUS AND ACTIVITIES

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. Following is the detail of addresses of the Company.

Description	Location
Registered office	61 K, Gulberg III, Lahore
Manufacturing facility	8 KM, Faisalabad Road, Aslamabad, Kharianwala, Sheikhpura

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Initial application of International Financial Reporting Standards (IFRSs), interpretations and amendments to published approved accounting standards that are effective in the current year:

There were certain amendments in accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or have any significant impact on the Company's financial reporting and therefore have not been disclosed in these financial statements.

3.2 IFRSs, IFRIC interpretations and accounting standards not yet effective and have not been early adopted by the Company:

There were certain amendments in accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and therefore have not been disclosed in these financial statements.

4 BASIS OF PREPARATION

4.1 Measurement

These financial statements have been prepared under historical cost convention except for modifications stated elsewhere in these financial statements.

4.2 Significant accounting judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

a)	assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property and equipment;	(notes 5.1 and 13)
b)	Fair value of biological assets	notes 5.14 & 14)
c)	assumptions and estimates used in determining the provision for slow moving stores, spares and loose tools;	(notes 5.17 and 16)
d)	assumptions and estimates used in disclosure and assessment of provision for contingencies; and	(notes 5.12, 12 and 5.21)
e)	assumptions and estimates used in determining current income under relevant tax law and decisions of appellate authorities issued in past.	(notes 5.3 and 25)

Estimates and judgments are continually evaluated, are based on historical experience / other factors, including expectation of future events that are believed to be reasonable under circumstances.

4.3 Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is Company's functional and presentation currency.

4.4 Going concern assumption

The financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates realization of assets and liquidation of liabilities in normal course of business. The Company has incurred net loss of Rs. 23.718 (2022: 1.989) million resulting in accumulated losses of Rs. 407.068 million (2022: Rs. 391.716) million at close of the year ended 30 June 2023. The Company's current liabilities exceed its current assets by Rs. 184.148 (2022: Rs.

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

5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparation of these financial statements are set out below:

5.1 Property, plant and equipment

Items of property, plant and equipment are stated at cost / revalued amounts less accumulated depreciation and impairment losses, if any. Free hold land is stated at revalued amount less impairment loss, if any. Cost comprises purchase price, including duties and non-refundable purchase taxes, after deducting trade discounts and rebates and includes other costs directly attributable to the acquisition or construction including expenditures on material, labor and overheads directly relating to construction, erection and installation of items of property, plant and equipment. Assets' residual values, if significant and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. When parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment. Subsequent costs are recognized as a part of asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Depreciation is charged by applying the reducing balance method over estimated useful life at the rates specified in note 13 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the date at which they are available for use while no depreciation is charged for the date at which it is disposed off. The useful lives and depreciation methods are reviewed on periodic intervals to ensure that the methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on sale of an item of property, plant and equipment are determined by comparing the proceeds from sale with the carrying amount of property, plant and equipment, and are recognized in statement of profit or loss. All other repair and maintenance costs are charged to the income during the period in which they are incurred.

5.2 Surplus on revaluation of fixed assets

Increase in carrying amounts arising on revaluation of property, plant and equipment are recognized, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same assets are first recognized in other comprehensive income to the extent of remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Differences between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property plant and equipment to unappropriated profit.

5.3 Taxation

Income tax expense comprise current and deferred tax. Income tax is recognized in profit and loss account except to the extent that it relates to items recognized directly in 'profit and loss account / statement of comprehensive income' or 'equity', in which case it is recognized in 'profit and loss account / statement of comprehensive income' or 'equity'.

a) **Current**

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalized during the year.

b) **Deferred**

Deferred taxation if applicable, is provided using liability method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amount for financial reporting purposes. In this regard effects on deferred tax of the portion of income subject to final tax regime is also considered in accordance with the requirements of "TR27" of ICAP. Deferred tax liability is recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized. Deferred tax assets and liabilities are measured at rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged in the profit and loss account, except in the case of items credited or charged to equity, in that case it is included in equity.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

5.4 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowings on an effective interest basis.

5.5 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss. Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

5.6 Financial assets

a) Initial measurement

The Company classifies its financial assets in the following categories:

- (i) at fair value through profit or loss
- (ii) at fair value through comprehensive income
- (iii) measured at amortized cost

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition.

b) Subsequent measurement

The financial assets are subsequently measured as follows:

- | | |
|--|---|
| (i) Financial assets at fair value through profit and loss | These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss. |
| (ii) Financial assets measured at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. |
| (iii) Debt investments at fair value through other comprehensive income | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss. |
| (iv) Equity investments at fair value through other comprehensive income | These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit or loss unless dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss. |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

c) De-recognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

5.7 Cash and cash equivalents

Cash and cash equivalents are carried in the financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks and short-term deposits which are held to maturity.

5.8 Trade debts and other receivables

a) Financial assets

These are classified at 'amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, trade debts and other receivables are recognized and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. Provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Significant financial difficulties of debtors, probability that the debtor will enter bankruptcy or financial reorganization, default or delinquency in payments are considered indicators that trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

b) Financial assets

These on initial recognition are measured at cost.

5.9 Trade and other payables

a) Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

b) Non-financial liabilities

These on initial recognition are measured at cost.

5.10 Dividend distribution

a) Dividend distributions

Dividend is recognized as liability in the period in which it is declared.

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed, in the Company's financial statements in the year in which the dividends are approved by Company's shareholders.

b) Appropriations

Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

5.11 Borrowing cost

Borrowing costs relating to the acquisition, construction or production of a qualifying asset are recognized as part of the cost of that asset. All other borrowing costs are recognized as an expense in the period in which these are incurred.

5.12 Provisions

A provision is recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as provision reflects best estimate of expenditure required to settle present obligation at end of reporting period. Provisions are reviewed at each reporting date and adjusted to reflect best estimates.

5.13 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set off the recognized amounts and the Company intends to settle on a net basis or realize the asset and settle the liability simultaneously.

5.14 Biological assets

Livestock are measured on initial recognition and at end of each reporting period at their fair value less costs to sell. Fair value of livestock is determined by an independent valuer on the basis of best available estimate for livestock of similar attributes. Costs to sell are incremental costs directly attributable to the disposal of an asset mainly comprise of transportation cost. Milk is initially measured at its fair value less costs to sell at the time of milking. The fair value of milk is determined based on market prices in the local area. Gains or losses arising from changes in fair value less costs to sell of livestock and milk are recognized in the statement of profit or loss.

5.15 Investments

All investments are initially recognized at cost, being fair value of the consideration given including acquisition charges associated with investments and are classified as either held for trading or available for Sale. After initial recognition, investments held for trading or available for Sale are measured at fair value.

Gains and losses on investments held for trading are recognized in income. Gains and losses on investments available for sale are recognized as separate component of equity until investments are sold, disposed off or determined to be impaired, at which time the accumulated gain/loss previously reported in equity is included in income.

5.16 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

5.17 Stores, spare parts and loose tools

These are normally held for internal use and valued at moving average cost less allowances for obsolete and slow moving items except stores in transit which are valued at invoice values plus other charges incurred thereon up to the balance sheet date. For items which are slow moving and/ or identified as surplus to the Company's requirements, adequate impairment is recognized. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

5.18 Stock-in-trade

Basis of valuations are as follows:

Particulars

Raw material

Work-in-process

Finished goods

Mode of Valuation

at lower of weighted average cost and net realizable value

at estimated manufacturing cost

at lower of cost and net realizable value

Cost in relation to work-in-process and finished goods represents average manufacturing cost which consists of prime cost and proportion of manufacturing overheads based on normal capacity. Net realizable value signifies selling price in ordinary course of business less estimated costs of completion and estimated cost necessary to make the sale.

5.19 Revenue recognition

Revenue is recognized when performance obligations are satisfied by transferring control of good or service to a customer and control transfers over time or at point in time. Revenue is measured at fair value of the consideration received or receivable excluding discounts, rebates and government levies.

5.20 Impairment

a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have negative effect on estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized as expense in statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount and loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.21 Contingents

a) Contingent liabilities - are disclosed when:

- (i) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (ii) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

b) Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of uncertain future events not wholly within the control of the Company. These are not recognized until their realization become certain.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

5.22 Earnings per share ("EPS")

The Company calculates both basic and diluted EPS in accordance with IAS 33 "Earnings per Share". Under IAS 33, basic EPS is computed using weighted average number of shares outstanding during the year. Diluted EPS is computed using weighted average number of shares outstanding plus dilutive effect of stock options outstanding during the year.

5.23 Related party transactions

Related party transactions are carried out on a mutually agreed basis. Pricing for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller. The accounting methods adopted for various types of transactions and balances with related parties are as follows:

a) *Sale of goods and services*

Revenue from sale of goods and services to related parties is recognized in accordance with the revenue recognition policy of the Company for such transactions. Receivables against sale of goods outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

b) *Purchases of goods and services*

Purchases of goods from related parties are recognized at actual cost to the Company. Payables against purchases from related parties outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

c) *Dividend distribution*

Distribution to related parties having shareholding in the Company is recognized in accordance with the accounting policy of the Company for dividend distribution to ordinary shareholders.

5.24 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises of all the components of statement of profit or loss and other comprehensive income.

Other comprehensive income comprises of all the items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards, and is presented in 'statement of profit or loss and other comprehensive income'.

5.25 Figures

Figures have been rounded off to the nearest of rupee.



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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	----- Number of shares -----		Rupees	Rupees
6 SHARE CAPITAL				
Authorized capital				
Ordinary shares of Rs. 10 each	<u>25,000,000</u>	<u>25,000,000</u>	<u>250,000,000</u>	<u>250,000,000</u>
Issued subscribed and paid up capital				
Ordinary shares of Rs. 10 each				
- fully paid in cash	20,312,530	20,312,530	203,125,300	203,125,300
- fully paid as bonus shares	2,317,470	2,317,470	23,174,700	23,174,700
- fully paid in consideration of Property and assets of Sargodha Textile Mills Limited as per bifurcation scheme approved by the Honorable High Court in 1974.	370,000	370,000	3,700,000	3,700,000
	<u>23,000,000</u>	<u>23,000,000</u>	<u>230,000,000</u>	<u>230,000,000</u>

6.1 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

	30 June 2023	30 June 2022
	Rupees	Rupees
7 -SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Surplus on revaluation		
At beginning of the year	349,226,653	295,369,267
Less: Surplus arisen during the year	-	66,951,587
Less: Surplus on disposal during the year	-	-
Less: Incremental depreciation for the year	(11,784,780)	(13,094,201)
At end of the year	337,441,873	349,226,653
Less: Related deferred tax		
At beginning of the year	34,175,864	25,712,569
Less: surplus arisen during the year	-	12,260,613
Less: Incremental depreciation for the year	(3,417,586)	(3,797,318)
At end of the year	30,758,278	34,175,864
Net surplus on revaluation	<u>306,683,595</u>	<u>315,050,789</u>

7.1 The Company, had revalued its freehold land, buildings on freehold land and plant and machinery on 30 June 2015 and 30 June 2019 and 30 June 2021 by independent valuers. The latest revaluation was carried out by independent valuer M/s. Alnoor Consultants and evaluators (who are on the list of approved valuers of Pakistan Banks' Association) and revaluation adjustments were incorporated accordingly during the year. The said revaluation exercises were carried-out to replace the carrying amounts of assets with the market values / depreciated market values.

7.2 The basis of revaluation are as under:

Freehold land	The value is based on inquiries in the activity of land and also information obtained from different sources in the area. (Forced Sale Value 2021: Rs. 214,479,360).
Buildings on freehold land	The value of building is based on information of construction details, covered areas and quality of constructions were noted and new rate of construction per square foot was determined based upon estimates of balance life to arrive at new construction value. (Forced Sale Value 2021: Rs. 78,207,968).
Plant machinery	The value is based on inquiries from the local market, market based comparisons and setting price of machinery to obtain prevalent replacement values of similar local and imported machinery items. (Forced Sale Value 2021: Rs. 48,000,000).



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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

		30 June 2023 Rupees	30 June 2022 Rupees		
8	-(DEFICIT) / SURPLUS ON REMEASUREMENT OF AVAILABLE FOR SALE INVESTMENTS				
	Fair value reserve - note 8.1	(479,125)	(479,125)		
		<u>(479,125)</u>	<u>(479,125)</u>		
8.1	This represents the unrealized (loss) / gain on remeasurement of available for sale investments at fair value and is not available for distribution. This will be transferred to the statement of comprehensive income on realization.				
8.2	Reconciliation of 'fair value reserve is as under:				
	Opening balance	(479,125)	(479,125)		
	Fair value adjustment during the year	-	-		
	Closing balance	<u>(479,125)</u>	<u>(479,125)</u>		
9	DEFERRED TAXATION				
	<i>Deferred tax liability on taxable temporary differences</i>				
	Accelerated tax depreciation on property, plant and equipment	(18,169,307)	(20,824,203)		
	Surplus on revaluation of property, plant and equipment	30,758,278	34,175,864		
		<u>12,588,971</u>	<u>13,351,661</u>		
	9.1 Movement in deferred tax due to taxable / (deductible) temporary differences -				
		<i>Opening balance</i>	<i>statement of profit or loss</i>	<i>statement of OCI</i>	<i>Closing balance</i>
	As at 30 June 2023				
	Accelerated depreciation	(20,824,203)	2,654,896	-	(18,169,307)
	Surplus on revaluation of fixed assets	34,175,864	(3,417,586)	-	30,758,278
		<u>13,351,661</u>	<u>(762,690)</u>	<u>-</u>	<u>12,588,971</u>
	9.2 Deferred tax asset amounting to Rs. 22.68 million (2022: Rs. 16.23 million) in respect of unused tax losses amounting to Rs. 78.20 million (2022: Rs. 55.98 million) has not been recognized because it is not probable that future taxable profits will be available against which the Company can utilize the deferred tax assets. Unused tax losses amounting to Rs. 2.106 million and Rs. 13.93 million will expire in 2024 and 2025 respectively.				
		30 June 2023 Rupees	30 June 2022 Rupees		
10	TRADE AND OTHER PAYABLES				
	Accrued liabilities	658,582	613,832		
	Other liabilities	346,182	346,182		
		<u>1,004,764</u>	<u>960,014</u>		
11	SHORT-TERM BORROWINGS				
	-From financial institutions				
	-Habib Bank Limited - note 11.1	13,258,000	13,258,000		
	-Islamic Investment Bank Limited - note 11.2	71,464,211	71,464,211		
	-From others				
	Sponsor's loan - note 11.3	122,174,774	122,174,774		
		<u>206,896,985</u>	<u>206,896,985</u>		



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

11.1 The loan is secured against first E/M charge for PKR69.325 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 PKR243.860 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 PKR40,080,000 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.

11.2 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.

11.3 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. The maximum aggregate amount due at the end of any month during the year was Rs. 122.17 million (2022: Rs. 122.17 million).

12 CONTINGENCIES AND COMMITMENTS

Contingencies and Commitments

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 likelihood of the judgement in their favour.

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.



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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

13.4 Particulars of immovable property in the name of the Company are as follows:

Manufacturing facility	Area
8 KM, Faisalabad Road, Aslamabad, Kharianwala, Sheikhpura	18.618 Acres
30 June 2023 Rupees	30 June 2022 Rupees

14 BIOLOGICAL ASSETS

Buffalos	- note 14.1	1,424,287	1,015,837
Cows		265,040	132,040
Calves		949,683	736,124
Goats		663,297	-
		3,302,307	1,884,000

14.1 Reconciliation of changes in carrying amount

Carrying amount at beginning of the year	1,884,000	6,388,942
Increase due to purchases	2,622,507	-
Decrease due to disposal	(2,119,560)	(4,633,292)
	2,386,947	1,755,650
Changes in fair value less cost to sell:		
Due to price changes	915,360	128,350
Carrying amount at end of the year	3,302,307	1,884,000

14.2 At June 30, 2023, livestock comprised 8 Buffalos, 2 Cows, 13 Calves and 17 Goats (2022: 8 Buffalos, 2 Cows, 13 Calves). During the year 2023, the management sold 56 Goats.

14.3 The valuation of livestock as at 30 June 2023 has been carried out by independent valuers. In this regard, the valuers examined the physical condition of the livestock, assessed the key assumptions and estimates and relied on the representations made by the Company as at 30 June 2023. Further, replacement values of similar livestock from active markets in local market have been used as basis of valuation by the independent valuers.

15 LONG TERM INVESTMENT

Un-quoted (Available for sale investment)

Sajjad Textile Mills Limited

383,300 (2022: 383,300) Ordinary shares of Rs.10/- each

Sargodha Industrial Urban Development Co-operative Society Limited

50 (2022: 50) Ordinary shares of Rs. 100/- each.

30 June 2023 Rupees	30 June 2022 Rupees
3,833,000	3,833,000
5,000	5,000
3,838,000	3,838,000

15.1 The company holds 1.802% (2022: 1.802%) share holding in Sajjad Textile Mills Limited and account for this investment on face value.

16 STORES, SPARE PARTS AND LOOSE TOOLS

Stores	1,805,733	1,805,733
Spare parts and loose tools	-	-
	1,805,733	1,805,733
Less: Provision for obsolete items	(270,860)	(270,860)
	1,534,873	1,534,873



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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	30 June 2023 Rupees	30 June 2022 Rupees
17 TRADE DEBTS		
Local - unsecured but considered good	1,016,924	1,066,924
Local - unsecured but considered doubtful	164,890	164,890
	<u>1,181,814</u>	<u>1,231,814</u>
Less: Provision for expected credit losses	<u>(164,890)</u>	<u>(164,890)</u>
	<u>1,016,924</u>	<u>1,066,924</u>
17.1 The movement in provision for impairment of receivables is as follows:		
Opening balance	164,890	164,890
Less: balance recovered during the year	-	-
Add: charge for the year	-	-
Closing balance	<u>164,890</u>	<u>164,890</u>
17.2 ageing analysis of trade debts is as follows:		
Not past due	90,860	126,830
Past due		
1 - 90 days	926,064	940,094
91-180 days	164,890	164,890
	<u>1,181,814</u>	<u>1,231,814</u>
18 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Deposit with WAPDA	12,418,302	12,418,302
Security deposits	73,500	73,500
Advance income tax	188,387	106,633
Other receivables	56,382	6,382
	<u>12,736,571</u>	<u>12,604,817</u>
19 CASH AND BANK BALANCES		
Cash in hand	5,393,404	5,174,915
With banks		
-Current accounts	66,658	61,542
-Saving accounts	3,184,709	15,521,676
	<u>3,251,367</u>	<u>15,583,218</u>
	<u>8,644,771</u>	<u>20,758,133</u>
19.1 Mark up rate in respect of savings accounts ranges from 19.5% to 19.75% (2022: 7.25% to 13.25%) per annum		
20 SALES - NET		
Sale of milk	2,017,670	1,969,901
Sale of biological assets	2,143,500	1,825,500
	<u>4,161,170</u>	<u>3,795,401</u>
21 COST OF SALES		
Salaries, wages and benefits	3,127,726	2,931,778
Utilities	850,967	1,416,826
Other direct expenses	3,749,131	2,239,404
Cost of biological assets and milk sold	2,119,560	4,633,292
	<u>9,847,384</u>	<u>11,221,300</u>



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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	30 June 2023 Rupees	30 June 2022 Rupees
22 OTHER OPERATING INCOME		
Profit on bank deposits	545,027	710,888
Gain on sale of property, plant and equipment	-	-
Gain on fair value measurements of biological assets	915,360	128,350
Liabilities written back	-	-
Reversal of expected credit loss allowance	-	-
Other income	-	13,800
	1,460,387	853,038
23 ADMINISTRATIVE AND GENERAL EXPENSES		
Director's remuneration	2,313,750	2,287,500
Salaries, wages and benefits	1,246,927	1,096,530
Traveling and conveyance	5,800	119,550
Printing and stationery	84,370	73,425
Postage, telephone and telex	24,510	45,830
Repair and maintenance	-	169,288
Entertainment	4,000	26,665
Rent, rates and taxes	188,000	238,450
Electricity, water and gas	373,904	439,108
Fees and subscription	1,575,829	759,169
Legal and professional	28,000	472,000
Auditors' remuneration	470,000	470,000
Newspapers and periodicals	23,070	7,820
Advertisement	33,000	89,000
Miscellaneous expenses	60,658	85,046
Depreciation on property, plant and equipment	13,770,958	15,306,419
	20,202,776	21,685,800
23.1 Auditors' remuneration		
Audit fee	420,000	420,000
Fee for interim review and other certifications	50,000	50,000
	470,000	470,000
24 FINANCE COST		
Bank charges	406	806
25 TAXATION		
Current	52,015	56,931
Deferred	(762,690)	(26,327,536)
	(710,675)	(26,270,605)
25.1 Current year		
Provision for current year's taxation has been made in accordance with the relevant provisions of the Income Tax Ordinance, 2001.		
25.2 Prior period assessments		
Income tax assessments of the Company have been finalized up to tax year 2022 in accordance with the deeming provisions under section 120 (1) of the Ordinance.		



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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

25.3 Numerical reconciliation of income tax expense

As the provision for current year's taxation is in accordance with the minimum taxation under section 113 of the Income Tax Ordinance 2001, hence no numerical reconciliation is presented in the financial statements.

		30 June 2023	30 June 2022
26 LOSS PER SHARE (BASIC AND ANTI-DILUTIVE)			
Profit attributable to ordinary equity holders of the Company	(Rupees)	(23,718,334)	(1,988,862)
Weighted average number of ordinary shares	(Number)	23,000,000	23,000,000
Profit per share - basic and anti dilutive	(Rupees)	(1.03)	(0.09)

26.1 There is no anti dilutive effect on the basic loss per share of the Company. Moreover, there are no anti dilutive potential ordinary shares outstanding as at 30 June 2023 and 2022.

		30 June 2023	30 June 2022
27 PLANT CAPACITY AND ACTUAL PRODUCTION			
Number of spindles installed		28,800	28,800
Installed capacity after conversion into 20 / S counts (kilograms)		7,776,000	7,776,000

27.1 The company's operations remained suspended due to financial constraints and litigations with banks.

		30 June 2023	30 June 2022
	Number of employees		
28 NUMBER OF EMPLOYEES			
Total number of employees at end of year		16	17
Average number of employees during the year		17	16

29 FINANCIAL RISK MANAGEMENT

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various sources of finance to minimize the finance related risks to the entity. The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk; b) Liquidity risk; and c) Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

29.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over-sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors of the Company.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

29.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

29.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	30 June 2023	30 June 2022
<i>At amortized cost</i>	Rupees	Rupees
Trade debts	1,016,924	1,066,924
Trade deposits	12,736,571	12,604,817
Bank balances	8,644,771	20,758,133
	22,398,266	34,429,874

29.2.2 Credit quality of financial assets

Based on above information, the Company is exposed to minimal credit risk.

29.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions.

For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

29.3.1 Exposure to liquidity risk

(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities of financial liabilities:

	Carrying	Contractual	Not later than	Later than 1
	Rupees			
as at 30 June 2023				
Short-term borrowings	206,896,985	206,896,985	206,896,985	-
Trade payables	1,004,764	1,004,764	1,004,764	-
	207,901,749	207,901,749	207,901,749	-
as at 30 June 2022				
Short-term borrowings	206,896,985	206,896,985	206,896,985	-
Trade payables	960,014	960,014	960,014	-
	207,856,999	207,856,999	207,856,999	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

29.4 Market risk

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

29.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to currency risk.

29.4.2 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at variable interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

- Fixed rate financial instruments

The Company do not have any financial instrument bearing fixed rate of interest (2022: Nil).

- Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore change in interest rates at reporting date would not affect profit and loss.

- Variable rate financial assets and liabilities

	30 June 2023		30 June 2022	
	Assets	Liabilities	Assets	Liabilities
	----- Rupees -----			
Short-term borrowings	-	206,896,985	-	206,896,985

- Cash flow sensitivity analysis for variable rate instruments

Change of 1% in interest rates at reporting date would have varied profit before tax as shown below. Analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Variation in basis points (% age)	Effect on profit before tax 30 June 2023 Rupees	30 June 2022 Rupees
- Variable rate financial instruments			
Short-term borrowings	1.00%	2,068,970	2,068,970

The above analysis is not necessarily indicative of effects on profit for the year, assets and liabilities.

29.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

30 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at measurement date. Investment in associates are carried using equity method. Carrying values of other financial assets/ liabilities reflected in these financial statements approximate their fair values. Underlying the definition of fair value is presumption that the Company is a going concern and there is no intention or requirement to curtail materially scale of its operation or to undertake transaction on adverse terms. A financial instrument is regarded as quoted in active market if quoted prices are readily and regularly available from an exchange dealer, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. IFRS 13 'Fair Value Measurement' requires entity to classify fair value measurements and hierarchy that reflects significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Company has not disclosed the fair values for some financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

31 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for maintenance of debt to equity ratio under the financing agreements.

	30 June 2023	30 June 2022
	----- rupees in '000 -----	
Total debt	206,897	206,897
Total equity and debt (including surplus on revaluation of operating assets)	175,607	199,326
Debt-to-equity ratio	118%	104%

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

32 TRANSACTIONS WITH RELATED PARTIES

32.1 Disclosure of transactions between the Company and related parties

The related parties of the Company comprise of associated undertakings, directors of the Company, key management personnel and entities under common directorship.

Outstanding balances are reported in respective notes to the financial statements.

Significant transactions with related parties other than disclosed elsewhere in the financial statements are as follows:

<i>Nature of relation</i>	<i>Nature of transactions</i>	30 June 2023 Rupees	30 June 2022 Rupees
Sponsors	Loan received	-	-
	Loan repaid	-	-
	Amount due at year end	122,174,774	122,174,774

32.2 Following is the detail of related parties, however, no transaction have been entered into by the Company with them during the current year.

<i>Company Name</i>	<i>Basis of relationship</i>
Sargodha Textile Mills Limited	Common directorship
Sajjad Textile Mills Limited	Common directorship
Silver Fiber Spinning Mills Limited	Common directorship

33 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

During the year the Company has only paid Rs. 2,313,750 in lieu of salary (2022: 2,287,500) to the chief executive and no remuneration has been paid to the directors. Moreover, no fee had been paid to directors for attending meetings of the board of directors.

No employee falls under the definition of executive as per Companies Act, 2017.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

34 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment.

- All the sales of the Company are made to customers located inside Pakistan.
- All non-current assets of the Company at 30 June 2023 are located in Pakistan.

35 RECLASSIFICATIONS AND RE-ARRANGEMENTS

Corresponding figures have been re-classified and re-arranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-classification and re-arrangements are made in the financial statements.

36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on 05 October 2023.

Lahore.

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Carrying Amount			Fair Value				
	Fair value through OCI	Amortized cost	Other liabilities	Total	Level 1	Level 2	Level 3	Total
Financial instruments on reporting date								
as at 30 June 2023								
Financial assets / liabilities measured at fair value								
Long term investment	3,838,000	-		3,838,000	-	3,838,000	-	3,838,000
Financial assets not measured at fair value								
Trade debts		1,016,924	-	1,016,924	-	1,016,924	-	1,016,924
Trade deposits		12,736,571	-	12,736,571	-	12,736,571	-	12,736,571
Bank balances		8,644,771	-	8,644,771	-	8,644,771	-	8,644,771
	-	22,398,266	-	22,398,266	-	22,398,266	-	22,398,266
Financial liabilities not measured at fair value								
Short term borrowings	-	-	206,896,985	206,896,985	-	-	-	-
Trade payables	-	-	1,004,764	1,004,764	-	-	-	-
	-	-	207,901,749	207,901,749	-	-	-	-
as at 30 June 2022								
Financial assets / liabilities measured at fair value								
Long term investment	3,838,000	-	-	3,838,000	-	3,838,000	-	3,838,000
Financial assets not measured at fair value								
Trade debts	-	1,066,924	-	1,066,924	-	1,066,924	-	1,066,924
Trade deposits	-	12,604,817	-	12,604,817	-	12,604,817	-	12,604,817
Bank balances	-	20,758,133	-	20,758,133	-	20,758,133	-	20,758,133
	-	34,429,874	-	34,429,874	-	34,429,874	-	34,429,874
Financial liabilities not measured at fair value								
Short term borrowings	-	-	206,896,985	206,896,985	-	-	-	-
Trade payables	-	-	960,014	960,014	-	-	-	-
	-	-	207,856,999	207,856,999	-	-	-	-

Rupees

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

WAPDA had filed a suit against the company for recovering of arrears amounting to Rs. 12.4 million before the Lahore High Court Lahore. The Lahore High Court had decided the case in favor of WAPDA. The company had deposited Rs. 12.4 million with WAPDA for electricity cases 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 favour.

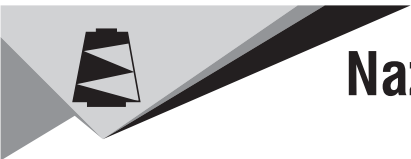
Pakistan Stock Exchange had placed the Company in defaulter's segment due to non compliances with the regulations of Pakistan Stock Exchange.

Other than above, there is no known contingent liability and commitments as on year end (2022: Nil).

13 Reconciliation of carrying values at beginning of the year - 30 June 2023

PARTICULARS	COST / REVALUED AMOUNTS			DEPRECIATION		BOOK VALUE		Annual rate of dep. % age
	As at 1/July/2022	Revaluation for the year	As at 30/June/2023	As at 1/July/2022	Charge for the year	As at 30/June/2023	As at 30/June/2023	
Rupees -----								
Freehold land								
Cost	6,931,554	-	6,931,554	-	-	-	6,931,554	-
Revaluation	231,378,846	-	231,378,846	-	-	-	231,378,846	-
	238,310,400	-	238,310,400	-	-	-	238,310,400	
Building on freehold land								
Cost	1,366,437	-	1,366,437	259,623	110,681	370,304	996,133	10
Revaluation	104,032,402	-	104,032,402	22,330,778	8,170,162	30,500,940	73,531,462	10
	105,398,839	-	105,398,839	22,590,401	8,280,843	30,871,244	74,527,595	
Plant and machinery								
Cost	22,041,749	-	22,041,749	4,187,932	1,785,382	5,973,314	16,068,435	10
Revaluation	50,308,251	-	50,308,251	14,162,068	3,614,618	17,776,686	32,531,565	10
	72,350,000	-	72,350,000	18,350,000	5,400,000	23,750,000	48,600,000	
Electric installations	9,108,541	-	9,108,541	9,001,759	16,017	9,017,776	90,765	15
Laboratory equipment	2,207,748	-	2,207,748	2,190,392	2,603	2,192,995	14,753	15
Office Equipment	1,094,571	-	1,094,571	692,314	60,339	752,653	341,918	15
Air conditioner	156,699	-	156,699	155,213	297	155,510	1,189	20
Fire Fighting equipment	1,053,552	-	1,053,552	1,048,466	763	1,049,229	4,323	15
Fans	228,154	-	228,154	227,302	128	227,430	724	15
Furniture and fixtures	915,829	-	915,829	889,842	2,599	892,441	23,388	10
Tube well	966,025	-	966,025	961,384	666	962,080	3,945	15
Arms and ammunition	29,885	-	29,885	28,557	133	28,690	1,195	10
Computers	368,983	-	368,983	306,978	6,201	313,179	55,804	10
Motor vehicles	534,536	-	534,536	532,842	339	533,181	1,355	20
Total - 30/June/2023	432,723,762	-	432,723,762	56,975,450	13,770,958	70,746,408	361,977,354	
The depreciation for the year has been allocated to administrative expense.								

13.1 The depreciation for the year has been allocated to administrative expense.



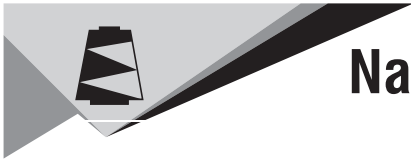
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

13.2 Reconciliation of carrying values at beginning of the year - 30 June 2022

PARTICULARS	COST / REVALUED AMOUNTS			DEPRECIATION		BOOK VALUE		Annual rate of dep. % age
	As at 1/July/2021	Revaluation for the year	As at 30/June/2022	As at 1/July/2021	Charge for the year	As at 30/June/2022	As at 30/June/2022	
	Rupees -----							
Freehold land								
Cost	6,931,554	-	6,931,554	-	-	-	6,931,554	-
Revaluation	206,705,236	24,673,610	231,378,846	-	-	-	231,378,846	-
	213,636,790	24,673,610	238,310,400	-	-	-	238,310,400	-
Building on freehold land								
Cost	1,366,437	-	1,366,437	136,644	122,979	259,623	1,106,814	10
Revaluation	69,104,425	34,927,977	104,032,402	13,252,820	9,077,958	22,330,778	81,701,624	10
	70,470,862	34,927,977	105,398,839	13,389,464	9,200,937	22,590,401	82,808,438	10
Plant and machinery								
Cost	22,041,749	-	22,041,749	2,204,175	1,983,757	4,187,932	17,853,817	10
Revaluation	42,958,251	7,350,000	50,308,251	10,145,825	4,016,243	14,162,068	36,146,183	10
	65,000,000	7,350,000	72,350,000	12,350,000	6,000,000	18,350,000	54,000,000	10
Electric installations	9,108,541	-	9,108,541	8,982,915	18,844	9,001,759	106,782	15
Laboratory equipment	2,207,748	-	2,207,748	2,187,329	3,063	2,190,392	17,356	15
Office Equipment	1,094,571	-	1,094,571	621,327	70,987	692,314	402,257	15
Air conditioner	156,699	-	156,699	154,842	371	155,213	1,486	20
Fire Fighting equipment	1,053,552	-	1,053,552	1,047,568	898	1,048,466	5,086	15
Fans	228,154	-	228,154	227,152	150	227,302	852	15
Furniture and fixtures	915,829	-	915,829	886,954	2,888	889,842	25,987	10
Tube well	966,025	-	966,025	960,565	819	961,384	4,641	15
Arms and ammunition	29,885	-	29,885	28,409	148	28,557	1,328	10
Computers	368,983	-	368,983	300,088	6,890	306,978	62,005	10
Motor vehicles	534,536	-	534,536	532,418	424	532,842	1,694	20
Total - 30/June/2022	365,772,175	66,951,587	432,723,762	41,669,031	15,306,419	56,975,450	375,748,312	

13.3 Had there been no revaluation the carrying value of revalued assets as at June 30, would have been as under:

	30 June 2023	30 June 2022
Freehold land	6,931,554	6,931,554
Building - on freehold land	996,133	1,106,814
Plant and machinery	16,068,435	17,853,817
	23,996,122	25,892,185



Nazir Cotton Mills Limited Annual Report 2023

FORM 34

**THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING**

1.1 Name of the Company **NAZIR COTTON MILLS LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2023

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
63	1	100	898
184	101	500	88,527
91	501	1,000	90,011
239	1,001	5,000	721,384
91	5,001	10,000	740,912
34	10,001	15,000	449,736
23	15,001	20,000	440,050
16	20,001	25,000	377,100
6	25,001	30,000	172,999
6	30,001	35,000	197,340
6	35,001	40,000	233,640
3	40,001	45,000	127,165
8	45,001	50,000	391,000
2	50,001	55,000	103,000
1	55,001	60,000	60,000
2	60,001	65,000	126,000
3	65,001	70,000	205,505
2	70,001	75,000	150,000
1	75,001	80,000	76,000
1	85,001	90,000	88,500
2	95,001	100,000	200,000
1	100,001	105,000	102,000
3	105,001	110,000	329,070
1	115,001	120,000	117,000
1	125,001	130,000	128,689
1	140,001	145,000	144,088
1	150,001	155,000	153,000
2	155,001	160,000	312,200
1	160,001	165,000	162,000
3	175,001	180,000	531,654
2	180,001	185,000	364,500
2	185,001	190,000	371,106
1	205,001	210,000	210,000
1	210,001	215,000	212,500
3	260,001	265,000	791,582
1	275,001	280,000	276,553
1	285,001	290,000	287,000
1	305,001	310,000	309,500
1	410,001	415,000	410,720
1	485,001	490,000	486,793
1	495,001	500,000	500,000
1	580,001	585,000	584,220
1	630,001	635,000	634,707
1	730,001	735,000	731,441
1	865,001	870,000	866,888
1	1,065,001	1,070,000	1,069,720
1	1,315,001	1,320,000	1,320,000
1	1,595,001	1,600,000	1,599,500
1	2,270,001	2,275,000	2,273,302
1	2,680,001	2,685,000	2,680,500

822

23,000,000



Nazir Cotton Mills Limited **Annual Report 2023**

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	6,202,009	26.9653%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,000	0.0043%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	5,063,802	22.0165%
2.3.8 General Public		
a. Local	15,738,598	68.4287%
b. Foreign	22,000	0.0957%
2.3.9 Others (to be specified)		
- Joint Stock Companies	1,036,393	4.5061%



Nazir Cotton Mills Limited

Annual Report 2023

Nazir Cotton Mills Limited CATEGORIES OF SHAREHOLDERS AS ON 30th June, 2023

ONLY FOR INFORMATION
NOT FOR PRINTING

S. No.	NAME	HOLDING	% AGE
<u>DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN</u>			
1	MIAN SHAHZAD ASLAM	2,273,302	9.8839
	MIAN SHEHZAD ASLAM (CDC)	2,680,500	11.6543
	MIAN SHAHZAD ASLAM (CDC)	110,000	0.4783
2	MR. FARRUKH NASEEM (CDC)	500,000	2.1739
3	MR. AAMIR NASEEM (CDC)	634,707	2.7596
4	MR. ASIM MAHMOOD BHATTI	500	0.0022
5	MR. MUHAMMAD IRFAN	2,000	0.0087
6	MR. MUHAMMAD ABBAS	500	0.0022
7	MR. MAQBOOL HUSSAIN BHUTTA	500	0.0022
		6,202,009	26.9653
<u>ASSOCIATED COMPANIES</u>			
		0	0.0000
<u>NIT & ICP</u>			
		0	0.0000
<u>FINANCIAL INSTITUTION</u>			
1	INVEST CAPITAL INVESTMENT BANK LIMITED	1,000	0.0043
		1,000	0.0043
<u>MODARABA & MUTUAL FUNDS</u>			
		0	0.0000
<u>JOINT STOCK COMPANIES</u>			
1	SHAKARGANJ MILLS LIMITED	30,100	0.1309
2	HARVEST SMARTRENT SECURITIES (PVT.) LTD.	19,000	0.0826
3	HIGHLINK CAPITAL (PVT.) LTD.	14,000	0.0609
4	FAIR EDGE SECURITIES (PVT) LTD.	1,500	0.0065
5	MAZHAR HUSSAIN SECURITIES (PVT) LIMITED	8,000	0.0348
6	UNITED CAPITAL SECURITIES PVT. LTD.	31,000	0.1348
7	DARSON SECURITIES (PVT) LIMITED	110,000	0.4783
8	KAI SECURITIES (PVT) LIMITED	8,500	0.0370
9	DURVESH SECURITIES (PVT) LTD.	3,500	0.0152
10	SALIM SOZER SECURITIES (PRIVATE) LIMITED (CDC)	486,793	2.1165
11	HH MISBAH SECURITIES (PRIVATE) LIMITED (CDC)	10,000	0.0435
12	SAAO CAPITAL (PVT) LIMITED (CDC)	1,500	0.0065
13	SHADAB INNOVATIONS (PRIVATE) LIMITED (CDC)	100,000	0.4348
14	TARIQ CAPITAL (PRIVATE) LIMITED (CDC)	212,500	0.9239
		1,036,393	4.5061
<u>EXECUTIVE</u>			
		0	0.0000
<u>SHARES HELD BY THE GENERAL PUBLIC (LOCAL)</u>			
		15,738,598	68.4287
<u>SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)</u>			
		22,000	0.0957
		15,760,598	68.5243
<u>TOTAL:</u>			
		23,000,000	100.0000



Nazir Cotton Mills Limited Annual Report 2023

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

S. No.	Name	Holding	% AGE
1	MR. SHAHZAD ASLAM	5,063,802	22.0165
		5,063,802	22.0165

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

S. No.	Name	Holding	% AGE
1	MR. SHAHZAD ASLAM	5,063,802	22.0165
2	MR. YASIR NASEEM (CDC)	1,599,500	6.9543
3	SEEMA SAJJAD (CDC)	1,320,000	5.7391
		7,983,302	34.7100

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

S. No.	NAME	SALE	PURCHASE
1	MIAN SHEHZAD ASLAM (CDC)		65,500

Dear Sir, please check at your end



Nazir Cotton Mills Limited Annual Report 2023

Nazir Cotton Mills Limited
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2023

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

Associated Companies, Undertakings and Related Parties (Name Wise Detail):

- -

Mutual Funds (Name Wise Detail)

- -

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MIAN SHAHZAD ASLAM	5,063,802	22.0165
2	MR. FARRUKH NASEEM (CDC)	500,000	2.1739
3	MR. AAMIR NASEEM (CDC)	634,707	2.7596
4	MR. ASIM MAHMOOD BHATTI	500	0.0022
5	MR. MUHAMMAD IRFAN	2,000	0.0087
6	MR. MUHAMMAD ABBAS	500	0.0022
7	MR. MAQBOOL HUSSAIN BHUTTA	500	0.0022

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance

1,000 0.0043

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	MR. SHAHZAD ASLAM	5,063,802	22.0165
2	MR. YASIR NASEEM (CDC)	1,599,500	6.9543
3	SEEMA SAJJAD (CDC)	1,320,000	5.7391

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
1	MIAN SHEHZAD ASLAM (CDC)	-	65,500

Dear Sir, please check at your end

NAZIR COTTON MILLS LTD.

FORM OF PROXY

The Corporate Secretary ,
NAZIR COTTON MILLS LIMITED,
61-K, Gulberg III, Lahore.

I/We _____

of _____ being a member(s) of

NAZIR COTTON MILLS LIMITED, and holder of _____ ordinary shares

as per share Registered Folio No. _____ Hereby appoint

Mr./Mrs./Miss _____

of _____

(being a member of the Company) as my/our proxy to attend, act and vote for me/us and on my/our behalf, at the 43rd Annual General Meeting of the Company to be held at the Registered office, 61-K, Gulberg III, Lahore. on Friday 27th October, 2023. at 10.00 a.m. and at every adjournment thereof.

As witness my hand this _____ day of _____ 2023.

Signed by the said in the presence of _____

Signature

Witness

Signature

Affix
Revenue Stamp

Note : (1) Proxies in order to be effective, must be received at the Company's Registered Office not less than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

(2) Signature must agree with the specimen signature registered with Company.

(3) No Person shall act as Proxy unless he/she is a member of the Company.

Registered Office: | 61-K, Gulberg III, Lahore.
| Ph: 042-35763736, 35773742 Fax: 042-35763768