



**ANNUAL REPORT**

**(AUDITED)**

**YEAR ENDED JUNE 30, 2023**

## CONTENTS

Company Information	1-2
Notice of Annual General Meeting	3-4
Directors' Review Report to the members	5-13
Chairman's Review	14-15
Independent Auditor's Review Report on (Statement of Compliance of Code of Corporate Governance) Regulations, 2019	16-18
Statement of Compliance with listed companies (Code of Corporate Governance) Regulations, 2019	19-22
Independent Auditor's Report To Members	23-27
Statement Of Financial Position	29
Statement of Profit or Loss Account	30
Statement of Comprehensive Income	31
Statement of Cash Flows	32
Statement of Changes in Equity	33
Notes to the Financial Statements	34-56
Pattern of Shareholding	57-58
Form of Proxy	59-60

# Contents

## Corporate Information

### **BOARD OF DIRECTORS**

- |                                |                               |
|--------------------------------|-------------------------------|
| 1. Mr. Imran Zaid              | Chairman/Independent Director |
| 2. Ms. Javeria Malik           | Independent Director          |
| 3. Ms. Sana Malik              | Non-Executive Director        |
| 4. Mr. Muhammad Faheem Qureshi | Non-Executive Director        |
| 5. Ms. Azra Perveen            | Non-Executive Director        |
| 6. Mr. Muhammad Sheraz         | Executive Director            |
| 7. Mr. Syed Jawed Ali          | Chief Executive Office        |

### **AUDIT COMMITTEE**

- |                                |                                  |
|--------------------------------|----------------------------------|
| 1. Ms. Javeria Malik           | Chairperson/Independent Director |
| 2. Mr. Muhammad Faheem Qureshi | Member/Non-Executive Director    |
| 3. Ms. Azra Perveen            | Member/Non-Executive Director    |
| 3. Mr. Muhammad Sheraz         | Secretary                        |

### **HR & REMUNERATION COMMITTEE**

- |                                |                               |
|--------------------------------|-------------------------------|
| 1. Mr. Imran Zaid              | Chairman/Independent Director |
| 2. Ms. Sana Malik              | Member/Non-Executive Director |
| 3. Mr. Muhammad Faheem Qureshi | Member/Non-Executive Director |
| 4. Mr. Syed Jawed Ali          | Member/Executive Director     |
| 5. Mr. Muhammad Sheraz         | Secretary                     |

### **CHIEF FINANCIAL OFFICER**

Mr. Muhammad Amin Shakir

### **COMPANY SECRETARY**

Mr. Muhammad Sheraz

### **EXTERNAL AUDITORS**

Ali Akhter Adnan and Co.  
Chartered Accountants

### **LEGAL COUNSEL**

House of Magna Cum Laude

### **SHARE REGISTRAR**

Corplink (Private) Limited

**RESISTERED OFFICE**

623-B PCSIR II, Lahore  
www.zahurcotton.com

**COMPANY REGISTRATION NO.**

CUIN 0021566

**Bankers:**

MCB Bank Limited  
Al Baraka Bank (Pakistan) Limited

**Contact Information:**

Registered Office: +92 301 7614313, +92 321 6644337

Web Site: <http://www.zahurcotton.com/>

## Zahur Cotton Mills Limited

623-B, PCSIR-II, Lahore.

Tel: +92 300 8416505

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting of Shareholders of **ZAHUR COTTON MILLS LIMITED** will be held on **Monday, November 27, 2023 at 02:00 P.M.**, at 623-B, PCSIR-II, Lahore to transact the following business:

#### Ordinary Business:

1. To Confirm the minutes of the last Annual General Meeting held on Friday, October 28, 2022.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2023 along with Directors' and auditors' Reports thereon.
3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair.

By Order of the Board

**SYED JAWED ALI**

Chief Executive Officer

Lahore: November 06, 2023

#### **Notes:**

1. Share Transfer Books of the Company will remain closed from **November 21, 2023 to November 27, 2023 (both days inclusive)**. Physical transfers/CDS transactions ID's received in order at "Company Registrar Office M/s Corplink (Pvt.) Limited", Wings Arcade, 1-K, Commercial Model Town, Lahore on or before **November 20, 2023** will be treated in time.
2. A member entitled to attend and vote this Meeting may appoint another Members as his/her proxy Proxies in order to be effective, must be received at 623-B, PCSIR-II, Lahore the Registered Officer of the Company not later than forty-eight hours before the time for holding the meeting and must be dully stamped, signed and witnessed.

3. Members are requested to notify the Company change in their addresses, if any

### **Participation in the AGM through Video link Facility**

In terms of Companies Act, 2017, members residing in a city holding at least 10% of the Total Paid-up share capital may demand facility of video-link for participating in the annual general meeting. The request for video-link facility shall be received by Share Registrar at the address give hereinabove at least 7 days prior to the date of meeting on the Standard Form placed in annual report which is also available on the website of the Company.

## Directors' Review Report

Directors of Zahur Cotton Mills Limited ("the Company" or "ZHCM") are pleased to present before you the Annual Report for the financial year ended June 30, 2023 along with Auditor's Report there on.

Financial results and 6 years analysis are as follows;

Particulars	2023	2022	2021	2020	2019	2018
	----- Rupess in million -----					
Gross Sales	-	-	-	-	-	-
<b>Gross Profit</b>	-	-	-	-	-	-
Operating Exp.	(0.75)	(2.88)	(5.02)	(5.76)	(7.36)	(5.02)
Other Income	-	36.94	-	-	6.57	3.13
Tax Expense	-	6.64	0.39	0.39	(1.02)	(0.32)
<b>Net Profit</b>	(0.75)	40.69	(4.63)	(5.37)	(1.81)	(2.21)
<b>EPS</b>	(0.08s)	4.13	(0.47)	(0.54)	(0.18)	(0.22)
<b>Dividend</b>	-	-	-	-	-	-

The Board of Directors of the Company as at June 30, 2023 consists of:

<b>Total number of Directors :</b>	
a) Male	4
b) Female	3
<b>Composition</b>	
a) Independent Directors	2
b) Non-Executive Directors	3
c) Executive Director	2

## Committee of the Board

In compliance with the Code of Corporate Governance, the Board of Directors had formed the following committees:

### -Audit Committee

Ms. Javeria Malik	Chairperson/Independent Director
Mr. Muhammad Faheem Qureshi	Member/Non-Executive Director
Ms. Azra Perveen	Member/Non-Executive Director
Mr. Muhammad Sheraz	Secretary

#### **-HR & Remuneration Committee**

Mr. Imran Zahid	Chairperson/Independent Director
Ms Sana Malik	Member/Non-Executive Director
Mr. Muhammad Faheem Qureshi	Member/Non-Executive Director
Mr. Syed Jawed Ali	Member/Non-Executive Director
Mr. Muhammad Sheraz	Secretary

- Change of Board

During the year, new directors were appointed to fill casual vacancies.

\*Mrs. Mehreen Gul Hassan, Miss Izza Ali and Mr Nazir Akhtar resigned and Ms Javeria Malik, Ms Sana Malik and Imran Zahid appointed on April 10, 2023

\* Mr Javed Zahur, Ms Rabi Zahur, Mr Muhammad khan and Mr Tanveer Ahmed resigned and Mr Jawad Ali, Mr Muhammad Sheraz, Mr Muhammad Fahim and Mrs Azra Perveen appointed on June 15, 2023

#### **Operations**

In past years, the Company underwent a significant transformation. Operational activities had already been closed and all of the operating assets including factory land and building of the Company were divested last year thus resulting into loss therefore no dividend was declared and paid. This move was driven by a confluence of factors, including challenging economic conditions and evolving market dynamics. Our primary goal was to safeguard and enhance shareholder value.

#### **Future Outlook**

We are pleased to inform you that ZHCM is in the advanced negotiation stages of business acquisition/merger with the potential buyer M/s ITANZ Technology (Pvt) Limited through filling a scheme of arrangement at the honorable Lahore High Court, Lahore. Presently the management of the Company is working closing with Accounting Experts and Legal counsel to complete the exercise on swift basis. We are expecting successful transition of ZHCM from defaulter counter to the regular counter of PSX Company Listings, Inshallah upon the completion of this acquisition/merger.

#### **Auditors:**

The present Auditors of the Company have completed the annual audit for the year ended June 30, 2023 and are due to retire and being eligible have offered themselves for reappointment for the year ending June 30, 2024. The Audit committee has recommended for re-appointment of present auditors.

#### **Reply to Auditors' observations**

The new management is committed to remove all observations.



## Corporate Governance

The Board of Directors of ZHCM and its management are fully conversant with its responsibilities as formulated in Code of Corporate Governance as incorporated in the listing regulations of stock exchanges issued by the SECP.

In compliance with the Code of Corporate Governance, the Directors are pleased to state that:

1. The financial statements, prepared by the management of the company, except reported in the auditors' report fairly present its state of affairs, the results of its operations, cash flows and changes in equity;
2. The company has maintained proper books of Account except reported in the auditors' report;
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
4. International Financial Reporting Standards, as applicable in Pakistan, except reported in the auditors' report have been followed in preparation of financial statements;
5. The system of internal control is sound in design and has been effectively implemented and monitored;
6. As the scheme of arrangement is completed, the significant doubt upon the company's ability will be removed.
7. There are no statutory payments due on account of taxes, duties, levies and charges which are outstanding except for those disclosed in relevant notes to the financial statements;
8. Board of Directors, CEO, CFO, Company Secretary, Executives and their spouse and minor children have made no transaction of company's shares during the year except that mentioned in "Pattern of shareholding".

### 9. Frequency of meeting

During the year under review, five (5) meeting of Board of Directors were held and the attendance of Directors was as under:-

Director	Meeting Attended
Mrs Mehreen Gul Hassan	3
Mr Javed Zahur	5
Ms Izza Ali	4
Mr Nazir Akhtar	3
Mr Tanveer Ahmed	5

Ms Rabi Zahur	3
Mr Muhammad khan	4
Ms. Javeria Malik	2
Mr. Imran Zahid	2
Ms Sana Malik	2

Leave of absence was granted by the board to the non-attending directors.

During Year under review, Two (2) meeting of audit committee was held. The attendance of member was given below

Member	Meeting Attended
Ms Rabia Zahur	Chairman
Mr Tanveer Ahmed	Member
Mr Nazir Akhtar	Member

Leave of absence was granted by the board to the non-attending directors

During Year under review, one (1), meeting of Human resources committee were held the attendance of member was given below

Mrs Mehreen Gul Hassan	Chairman
Mr Javed Zahur	Member
Mr Tanveer Ahmed	Member

Leave of absence was granted by the board to the non-attending directors

#### **10. Related Party Transaction**

There was no transaction with related party requiring any approval

#### **11. Remuneration of Director**

The company has not prepared remuneration policy.

The Remuneration of Chief Executive and Directors of the Company for the year ended June 30, 2023 in note 19 of the financial statements.

#### **12. Pattern of Shareholding**

The information under this head as on June 30, 2023 is annexed.

#### **13. Corporate Social Responsibility**

The company is fully aware of corporate social responsibilities and is supporting social sector organizations in the fields of educations, health and environment. The company gives donations as a financial assistance to charitable organizations as well as also offers internships all around the year to student form colleges and universities. The company ensures health and safety measures for its employees. During the year, no such activity was performed owing to cessation of business.

#### 14. Subsequent Events

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

#### 15. Acknowledgement

The Board is pleased and appreciates continued support of its bankers, dedication and hard work of all the employees of the company.

On Behalf of Board of Directors



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Imran Zaid  
Chairman



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Syed Jawed Ali  
Chief Executive Officer

## ڈائریکٹرز کی جائزہ رپورٹ

ظہور کائن ملز لمیٹڈ ("کمپنی" یا "ZHCM") کے ڈائریکٹرز 30 جون 2023ء کو ختم ہونے والے مالی سال کی سالانہ رپورٹ اور آڈیٹر کی رپورٹ آپ کے سامنے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔  
مالی نتائج اور 6 سال کا تجزیہ درج ذیل ہے۔

Particulars	2023	2022	2021	2020	2019	2018
	----- Rupess in million -----					
	- -					
Gross Sales	-	-	-	-	-	-
<b>Gross Profit</b>	-	-	-	-	-	-
Operating Exp.	(0.75)	(2.88)	(5.02)	(5.76)	(7.36)	(5.02)
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<b>Net Profit</b>	(0.75)	40.69	(4.63)	(5.37)	(1.81)	(2.21)
<b>EPS</b>	(0.08s)	4.13	(0.47)	(0.54)	(0.18)	(0.22)
<b>Dividend</b>	-	-	-	-	-	-

30 جون، 2023 تک کمپنی کے بورڈ آف ڈائریکٹرز مندرجہ ذیل پر مشتمل ہیں:

Total number of Directors :	
a) Male	4
b) Female	3
Composition	
a) Independent Directors	2
b) Non-Executive Directors	3
c) Executive Director	2

## بورڈ کی کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ آف ڈائریکٹرز نے مندرجہ ذیل کمیٹیاں تشکیل دی تھیں:

## -آڈٹ کمیٹی

چیئر پرسن / آزاد ڈائریکٹر	مس جویریہ ملک
ممبر / نان ایگزیکٹو ڈائریکٹر	مسٹر محمد فہیم قریشی
ممبر / نان ایگزیکٹو ڈائریکٹر	مس عدرا پروین
سیکرٹری	مسٹر محمد شیراز

- ایچ آر اور معاوضہ کمیٹی

چیئر پرسن/ آزاد ڈائریکٹر	مسٹر عمران زاہد
ممبر/ نان ایگزیکٹو ڈائریکٹر	مس ثنا ملک
ممبر/ نان ایگزیکٹو ڈائریکٹر	مسٹر محمد فہیم قریشی
ممبر/ ایگزیکٹو ڈائریکٹر	مسٹر سید جاوید علی
سیکرٹری	مسٹر محمد شیراز

- بورڈ کی تبدیلی

سال کے دوران، عارضی خالی آسامیوں کو پر کرنے کے لئے نئے ڈائریکٹروں کی تقرری کی گئی تھی۔

محترمہ مہرین گل حسن، مس عزت علی اور جناب نذیر اختر نے استعفیٰ دے دیا اور محترمہ جویریہ ملک، محترمہ ثنا ملک اور عمران زاہد کو 10 اپریل 2023 کو مقرر کیا گیا۔

جناب جاوید ظہور، محترمہ رابی ظہور، جناب محمد خان اور جناب تنویر احمد نے استعفیٰ دے دیا اور جناب جواد علی، جناب محمد شیراز، جناب محمد فہیم اور مسز عدرا پروین کو 15 جون، 2023 کو مقرر کیا گیا۔

آپریشنز

گزشتہ برسوں میں، کمپنی نے ایک اہم تبدیلی کی ہے۔ آپریشنل سرگرمیاں پہلے ہی بند کردی گئی تھیں اور فیکٹری کی زمین اور کمپنی کی عمارت سمیت تمام آپریشنل اثاثے گزشتہ سال فروخت کر دیئے گئے تھے۔ یہ اقدام مختلف عوامل کے سنگم کی وجہ سے کیا گیا تھا، جس میں چینلجنگ معاشی حالات اور مارکیٹ کی بدلتی ہوئی حرکیات شامل ہیں۔

مستقبل کا نقطہ نظر

ہمیں آپ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ ZHCMS لاہور ہائی کورٹ، لاہور میں انتظامات کی ایک اسکیم کو بھرنے کے ذریعے ممکنہ خریدار میسرز ITANZ ٹیکنالوجی (پرائیویٹ) لمیٹڈ کے ساتھ کاروباری حصول / انضمام کے جدید مذاکراتی مراحل میں ہے۔ فی الحال کمپنی کی انتظامیہ اکاؤنٹنگ ماہرین اور قانونی مشیر کے ساتھ مل کر کام کر رہی ہے تاکہ اس عمل کو تیزی سے مکمل کیا جاسکے۔ ہم توقع کر رہے ہیں کہ اس حصول / انضمام کی تکمیل کے بعد ZHCM کی ڈیفالٹر کاؤنٹر سے PSX کمپنی لسٹنگ کے ریگولر کاؤنٹر میں کامیاب منتقلی ہوگی۔

آڈیٹرز:

کمپنی کے موجودہ آڈیٹرز نے 30 جون 2023 کو ختم ہونے والے سال کا سالانہ آڈٹ مکمل کر لیا ہے اور وہ ریٹائر ہونے والے ہیں اور اہل ہونے کی وجہ سے 30 جون 2024 کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ آڈٹ کمیٹی نے موجودہ آڈیٹرز کی دوبارہ تقرری کی سفارش کی ہے۔

آڈیٹرز کے مشاہدات کا جواب

آڈیٹر دانشمندانہ بنیادوں پر، تاریخی اعداد و شمار کی بنیاد پر، کمپنی کو غیر فعال تشویش سمجھتا ہے۔ تاہم مالیاتی گوشوارے تشویش کی بنیاد پر تیار کیے گئے ہیں کیونکہ کمپنی کو توقع ہے کہ وہ انتظامات کی اسکیم دائر کرے گی جس کے بعد کمپنی کے آپریشنز بحال ہوجائیں گے اور اس طرح کمپنی مستقبل میں تشویش کا شکار ہوگی۔

کارپوریٹ گورننس

ZHCM کے بورڈ آف ڈائریکٹرز اور اس کی انتظامیہ کوڈ آف کارپوریٹ گورننس میں وضع کردہ اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہیں جیسا کہ SECP کی جانب سے جاری کردہ اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز میں شامل کیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل میں، ڈائریکٹرز کو یہ بتاتے ہوئے خوشی ہے کہ:

1. کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالی بیانات، سوائے آڈیٹرز کی رپورٹ میں رپورٹ کردہ، اس کے معاملات، اس کے آپریشنز کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
2. کمپنی نے آڈیٹرز کی رپورٹ میں رپورٹ کے علاوہ اکاؤنٹ کی مناسب کتابوں کو برقرار رکھا ہے۔
3. مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
4. مالی گوشواروں کی تیاری میں آڈیٹرز کی رپورٹ کے علاوہ بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے، جیسا کہ پاکستان میں لاگو ہوتا ہے۔
5. اندرونی کنٹرول کا نظام ڈیزائن میں مضبوط ہے اور مؤثر طریقے سے نافذ اور نگرانی کی گئی ہے۔
6. جیسے ہی انتظامات کی اسکیم مکمل ہوجائے گی، کمپنی کی اہلیت پر اہم شک دور ہوجائے گا۔
7. ٹیکسوں، ڈیوٹیوں، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے سوائے ان کے جو متعلقہ نوٹوں میں مالیاتی گوشواروں میں ظاہر کیے گئے ہیں۔
8. بورڈ آف ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں نے سال کے دوران کمپنی کے حصص کا کوئی لین دین نہیں کیا سوائے ان کے جو "پیٹرن آف شینر ہولڈنگ" میں درج ہیں۔

## 9. اجلاس کی فریکوئنسی

زیر غور سال کے دوران، بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد ہوئے اور ڈائریکٹرز کی حاضری درج ذیل تھی:

ڈائریکٹر	اجلاس میں شرکت
منسز مہرین گل حسن	3
مسٹر جاوید ظہور	5
مس عزت علی	4
مسٹر نذیر اختر	3
مسٹر تنویر احمد	5
مس ربیع ظہور	3
مسٹر محمد خان	4
مس جویریہ ملک	2
مسٹر عمران زاہد	2
مس ثناء ملک	2

شرکت نہ کرنے والے ڈائریکٹرز کو بورڈ کی جانب سے غیر حاضری کی چھٹی دی گئی۔

سال کے دوران آڈٹ کمیٹی کے دو (2) اجلاس منعقد ہوئے۔ ارکان کی حاضری درج ذیل ہے۔

ممبر	اجلاس میں شرکت
مس ربیع ظہور	چیئر پرسن
مسٹر تنویر احمد	ممبر
مسٹر نذیر اختر	ممبر

شرکت نہ کرنے والے ڈائریکٹرز کو بورڈ کی جانب سے غیر حاضری کی چھٹی دی گئی۔

زیر نظر سال کے دوران ہیومن ریسورس کمیٹی کا ایک (1) اجلاس منعقد ہوا جس میں ارکان کی حاضری درج ذیل ہے۔

چیئر پرسن	مسز مہرین گل حسن
ممبر	مسٹر جاوید ظہور
ممبر	مسٹر تنویر احمد

شرکت نہ کرنے والے ڈائریکٹرز کو بورڈ کی جانب سے غیر حاضری کی چھٹی دی گئی۔

#### 10. متعلقہ پارٹی ٹرانزیکشن

متعلقہ فریق کے ساتھ کوئی لین دین نہیں ہوا جس کے لئے کسی منظوری کی ضرورت ہو۔

#### 11. ڈائریکٹر کا معاوضہ

کمپنی نے معاوضے کی پالیسی تیار نہیں کی ہے۔

مالی گوشواروں کے نوٹ 19 میں 30 جون 2023 کو ختم ہونے والے سال کے لئے کمپنی کے چیف ایگزیکٹو اور ڈائریکٹرز کا معاوضہ۔

#### 12. حصص کا نمونہ

اس عنوان کے تحت 30 جون 2023 تک کی معلومات منسلک کی گئی ہیں۔

#### 13. کارپوریٹ سماجی ذمہ داری

کمپنی کارپوریٹ سماجی ذمہ داریوں سے پوری طرح آگاہ ہے اور تعلیم، صحت اور ماحولیات کے شعبوں میں سماجی شعبے کی تنظیموں کی حمایت کر رہی ہے۔ کمپنی خیراتی اداروں کو مالی امداد کے طور پر عطیات دینے کے ساتھ ساتھ کالجوں اور یونیورسٹیوں میں طالب علموں کو سال بھر انٹرن شپ بھی پیش کرتی ہے۔ کمپنی اپنے ملازمین کے لئے صحت اور حفاظتی اقدامات کو یقینی بناتی ہے۔ سال کے دوران کاروبار بند ہونے کی وجہ سے ایسی کوئی سرگرمی نہیں کی گئی۔

#### 14. بعد کے واقعات

مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلی اور وعدے نہیں ہوئے ہیں۔

#### 15. اعتراف

بورڈ اپنے بینکروں کی مسلسل حمایت، لگن اور کمپنی کے تمام ملازمین کی سخت محنت کو سراہتا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



سید جاوید علی

چیف ایگزیکٹو آفیسر



عمران زید

چیئرمین

## Chairman's Review Report

I am honored to present the Chairman's Review Report for the fiscal year ending on June 30, 2023.

In the past years, our company underwent a significant transformation. We closed our operational activities, divesting fixed assets including factory during last year. This strategic move was prompted by changing market dynamics, paving the way for a fresh direction.

Currently, the company is finalizing the negotiation for a merger with M/s ITANZ Technology (Pvt.) Limited (an IT Company) through a Scheme of Arrangement. This strategic step will redefine our course of operation and unlock new opportunities, ultimately adding substantial value to our shareholders.

The Board of Directors of ZHCM has performed their duties diligently in upholding the best interest of the shareholders of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed their duties as stated in the Companies Act, 2017. Their strategic vision, financial stewardship, commitment to maximizing shareholder value, and adherence to governance and compliance standards have been exemplary throughout this transformative period.

As we stand on the threshold of this exciting merger, we extend our gratitude for your continued support. Together, we embark on a new chapter with boundless potential of mutual growth.

Yours Sincerely,



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Imran Zaid  
Chairman



## چئرمين كا جائزه

مجهے 30 جون 2023 ء كو ختم هونے والے مالی سال کے لئے چئرمين كے جائزه رپورٹ پيش كرنے ز حاصل ہے۔

پچھلے سالوں ميں هماري كميني ايك اهم تبديلي سے گزري. هم نے گزشتہ سال کے دوران فيكٹري سميت فڪسڈ اثاثوں كو فروخت كرتے هونے اپني آپريشنل سرگرمياں بند كرديں۔ يہ اسٹريٹجڪ اقدام مارڪيٹ كے بدلتی هونے حركيات كے وجه سے اٹھايا گیا تھا ، جس نے ايك نئی سمت كے راہ هموار كے تهي۔

في الحال كميني ITANZ ٹيكنالوجی (پرائيوٹ) لميٹڈ (IT Company) كے ساتھ انضمام كے لئے مذاكرات كو حتمي شكل دے رهي ہے۔ يہ اسٹريٹجڪ قدم همارے آپريشن كے راستے كو دوباره ترتيب دے گا اور نئے مواقع كو كهولے گا ، بالآخر همارے شيئر هولڈرز كے لئے خاطر خواه قدر كا اضافہ كرنے گا۔

ZHCM كے بورڈ آف ڈائريكتورز نے كميني كے شيئر هولڈرز كے بهترين مفاد كو برقرار ركھنے كے لئے اپنے فرائض تندهي سے انجام ديئے هيں اور كميني كے معاملات كو موثر انداز ميں منظم كيا ہے۔ بورڈ نے اپنے اختيارات كا استعمال كيا ہے اور كمينيز ايكٹ 2017 ميں بيان كرده اپنے فرائض انجام ديئے هيں۔ ان كا اسٹريٹجڪ وژن، مالياتي انتظام، حصص داروں كے قدر كو زياده سے زياده كرنے كا عزم، اور گورننس اور تعميل كے معيارات كے پاسداري اس تبديلي كے عرصے كے دوران مثالي رهي ہے۔

جيسا كه هم اس دلچسپ انضمام كے دھليز پر كهڑے هيں، هم آپ كے مسلسل حمايت كے لئے اپنے تشكر كا اظهار كرتے هيں۔ هم سب مل كر ايك نئے باب كا آغاز كرتے هيں جس ميں باهمي ترقی كے لامحدود صلاحيت موجود ہے۔



عمران زيد  
چئرمين



**To the members of Zahur 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 of Zahur Cotton Mills Limited for the year ended 30 June 2023 in accordance with the requirements of Regulation No. 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, nothing has come to our attention which causes us to 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 30 June 2023.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in paragraph reference where these are stated in the Statement of Compliance

Regulation No.	Non-compliance
6	1. Independent directors were not selected as prescribed therefore all related regulations is not complied with.





10	<p>The board has not fulfilled its responsibilities</p> <ol style="list-style-type: none"><li>1. For adoption of corporate governance practice by the company and monitoring of effectiveness of such practices</li><li>2. For preparation, adoption and monitoring of overall corporate strategy, formal code of conduct and dissemination thereof</li><li>3. For formal and effective mechanism of annual appraisal of Boards' own performance, members of the board and its committee.</li><li>4. For complete records of particulars of significant policies along with their dates of approval or updating thereof for significant matters/ issues/ risks.</li></ol> <p>The chairman did not issue letters of roles and responsibilities of each director at beginning of term of each director.</p>
16 & 17	<ol style="list-style-type: none"><li>1. The board has not a formal and transparent policy for fixing the remuneration packages of individual directors including attending meetings of the board and its committees.</li></ol>
18 & 19	<ol style="list-style-type: none"><li>1. The company has neither made an appropriate arrangement to carry out orientation for their directors nor any director got any training program.</li></ol>
20, 22, 23 & 24, 31	<ol style="list-style-type: none"><li>1. The CFO and head of internal auditor do not hold prescribed prequalification criteria</li><li>2. The Board has not determined roles and responsibilities of CFO, Internal Auditor and Company Secretary.</li></ol>
27	<ol style="list-style-type: none"><li>1. One of member is not financial literate as prescribed</li><li>2. The Audit committee did not hold required number of meeting.</li><li>3. The Audit committee did not meet the external auditor and head of internal audit.</li><li>4. The term of reference of audit committee is not properly prepared and maintained.</li></ol>
28	<ol style="list-style-type: none"><li>1. The proper term of reference of HR and remuneration committee is not prepared and maintained.</li></ol>
29 & 30	<ol style="list-style-type: none"><li>1. The board has not setup nominee and Risk Management committee and determined term of references.</li></ol>
35	<ol style="list-style-type: none"><li>1. The company has not complied with requirement</li></ol>



	<p>of posting:</p> <ul style="list-style-type: none"><li>a. Communication and disclosure policies</li><li>b. Code of conduct for members of board, senior management and other employees</li><li>c. Risk management policy</li><li>d. Internal control policy</li><li>e. Whistle blowing policy</li><li>f. Social responsibilities</li><li>g. Brief synopsis of term of reference of audit committee and HR and Remuneration committee</li><li>h. The Directors' remuneration policy</li></ul>
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Ali Akhtar Adnan,

Chartered Accountants

Lahore

Date: 06/11/2023

UDIN: CR202310097d0JW2MVki

**Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 of Zahur Cotton Mills Limited For the year ended June 30, 2023**

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are 7 as per the following,-

<b>Total number of Directors :</b>	
a) Male	4
b) Female	3

2. The composition of the Board is as follows,-

<b>Composition</b>	
a) Independent Directors	2
b) Non-Executive Directors	3
c) Executive Directors	2
d) Females Directors	3

2.1 Fraction (0.33) related to the requirement for number of independent directors is less than 0.5 and therefore, has not rounded up as one.

2.1 Directors Mrs Mehreen Gul Hassan, Mr Nazir Akhtar and Ms Izza Ali resigned on April 10, 2023 and Mr Javed Zahur, Mr Tanveer Ahmed and Ms Rabia Zahur, Mr Muhammad Khan resigned on June 15, 2023.

2.3 Independent directors are not selected in the manner as prescribed

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has not prepared a code of conduct therefore has not 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 however not overall corporate strategy and significant policies of the company. The complete record of particulars of the significant policies along with their date of approval or updating has not been maintained by the company;

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 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 not complied with fully the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have not a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board of the company has not arranged Directors' Training program.

\*No director has attained directors' training certification.

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

10.1 Head of internal audit and CFO is not suitably qualified as prescribed.

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

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

**a) Audit Committee**

Ms. Javeria Malik	Chairperson/Independent Director
Mr. Muhammad Faheem Qureshi	Member/Non-Executive Director
Ms. Azra Perveen	Member/Non-Executive Director
Mr. Muhammad Sheraz	Secretary

\*Mr Nazir Akhtar resigned on April 10, 2023 and Ms Rabia Zahur and Mr Tanveer Ahmed resigned on June 15, 2023.

**b) HR & Remuneration Committee**

Mr. Imran Zahid	Chairperson/Independent Director
Ms Sana Malik	Member/Non-Executive Director
Mr. Muhammad Faheem Qureshi	Member/Non-Executive Director
Mr. Syed Jawed Ali	Member/Non-Executive Director
Mr. Muhammad Sheraz	Secretary

\*Mrs Mehreen Gul Hassan resigned on April 10, 2023 and Mr Javed Zahur and Mr Tanveer Ahmed resigned on June 15, 2023

13. The terms of reference of the aforesaid committees have not been properly formed, documented and advised to the committee for compliance;

	<p>practices</p> <ol style="list-style-type: none"> <li>2. For preparation, adoption and monitoring of overall corporate strategy, formal code of conduct and dissemination thereof</li> <li>3. For formal and effective mechanism of annual appraisal of Boards' own performance, members of the board and its committee.</li> <li>4. For complete records of particulars of significant policies along with their dates of approval or updating thereof for significant matters/ issues/ risks.</li> </ol> <p>The chairman did not issue letters of roles and responsibilities of each director at beginning of term of each director.</p>	
16 & 17	<ol style="list-style-type: none"> <li>1. The board has not a formal and transparent policy for fixing the remuneration packages of individual directors including attending meetings of the board and its committees.</li> </ol>	
18 & 19	<ol style="list-style-type: none"> <li>1. The company has neither made an appropriate arrangement to carry out orientation for their directors nor any director got any training program.</li> </ol>	
20, 22, 23 & 24, 31	<ol style="list-style-type: none"> <li>1. The CFO and head of internal auditor do not hold prescribed prequalification criteria</li> <li>2. The Board has not determined roles and responsibilities of CFO, Internal Auditor and Company Secretary.</li> </ol>	
27	<ol style="list-style-type: none"> <li>1. One of member is not financial literate as prescribed</li> <li>2. The Audit committee did not hold required number of</li> </ol>	

	<p>meeting.</p> <p>3. The Audit committee did not meet the external auditor and head of internal audit.</p> <p>4. The term of reference of audit committee is not properly prepared and maintained.</p>	
28	<p>1. The proper term of reference of HR and remuneration committee is not prepared and maintained.</p>	
29 & 30	<p>1. The board has not setup nominee and Risk Management committee and determined term of references.</p>	
35	<p>1. The company has not complied with requirement of posting:</p> <ul style="list-style-type: none"> <li>a. Communication and disclosure policies</li> <li>b. Code of conduct for members of board, senior management and other employees</li> <li>c. Risk management policy</li> <li>d. Internal control policy</li> <li>e. Whistle blowing policy</li> <li>f. Social responsibilities</li> <li>g. Brief synopsis of term of reference of audit committee and HR and Remuneration committee</li> <li>h. The Directors' remuneration policy</li> </ul>	




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Imran Zaid  
Chairman





**Independent Auditors' Report**  
**To the members of Zahur Cotton Mills Limited**  
**Report on the Audit of the Financial Statements**

**Adverse Opinion**

We have audited the annexed financial statements of Zahur Cotton Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss account, the statement of comprehensive income / (loss), the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, because of the significance of the matters discussed in 'Basis for Adverse Opinion' section of our report, and to the best of information and according to the explanation given to us, the statement of financial position, the statement of profit or loss account 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 the information required by the 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 loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Adverse Opinion**

1. At the reporting date, the Company has accumulated losses of Rs. 137.686 million (June 30, 2022: Rs. 136.940 million) as against issued, subscribed and paid up capital of Rs. 98.60 million (June 30, 2022: Rs. 98.60 million) and as of that date, the Company's current liabilities exceeded its current assets by Rs. 39.154 million (June 30, 2022: Rs. 38.409 million) resulting in liquidity problems. The operations of Company have been ceased due to working capital constraints and unfavorable business conditions therefore fixed assets including factory's land and building was disposed off during the year ended June 30, 2022. The Company has also applied for Voluntarily Delisting from the Pakistan Stock Exchange on May 08, 2017 but decision is still pending. The status of sales tax for the Company has been suspended since December 11, 2014. The acquisition scheme has not been documented and binding. These situations indicate that the Company is no longer a going concern, the financial statements of the Company shall be prepared on a basis other than a going concern. However, the Company has prepared its financial statements on going concern basis. Had these financial statements been prepared on basis other than going concern, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements have not been determined;





ALI AKHTAR ADNAN  
Chartered Accountants

2. The management of Company has approved a plan for disposal of factory including plant and machinery on 09 February 2022 however on that date the company did not apply IFRS-5 "Non-Current Assets held for Sales and Discontinued Operation" and continued to charge during the year ended June 30, 2022 the depreciation of Rs. 1,103,706/- till date of disposal of factory. Had the company applied IFRS-5, for the year ended June 30, 2022, the depreciation of Rs. 1,516,294/- would have been charged, resultantly, net profit after tax would have been decreased by Rs. 222,269/- and transfer to Statement of Comprehensive income would have been increased by Rs. 465,952/- and as of June 30, 2022, the retained loss would have been decreased by 243,683/-.
3. The Company has not charged the audit oversight fee of Rs. 50,000/- per year under Audit Oversight Board (Operation) Regulations, 2018. Had the company charged the fee, for the year, the loss after tax would have been increased by Rs. 50,000 (June 30, 2022: profit after tax would have been decreased by Rs. 50,000) and at the reporting date, the revenue losses would have been increased by Rs. 300,000/- (June 30, 2022: Rs. 250,000) and the related liabilities would have been reported at Rs. 300,000/- (June 30, 2022: Rs. 250,000).
4. Owing to non-appointment of legal advisor under regulations of the Companies (Appointment of Legal Advisers) Act, 1976, we were unable to verify the status and amount of cases, non-compliances of laws or other litigation, if any.
5. We were unable to verify the existence and valuation of trade creditors, advances from customers and accrued liabilities and advances amounting to Rs. 2.788 million, Rs. 1.602 million and Rs. 8.392 million respectively as at June 30, 2023 (June 30, 2022: Rs. 2.788 million, Rs. 1.602 million and Rs. 7.83 million respectively) and the movement therein during the year, appearing in Note 05 to the financial statements, in the absence of direct confirmation and other alternative audit procedures.
6. We were unable to verify the existence and valuation of long-term deposit of Rs. 68,210/-, appearing in Note 09 to the financial statements, in the absence of direct confirmation and other alternative audit procedures.

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 Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Except for the matters described in the Basis for Adverse opinion section, we have determined that there are no other 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 2023, 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.

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.

### **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 Act, 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 statements, 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.

Board of directors is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the 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. Misstatements 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 decisions of users 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 statements, 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates 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 the 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 disclosures in the financial statements or, if such disclosures are 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 the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves 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:

- a) except for the matter described in 'Basis for Adverse Opinion' section, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) because of the matter described in 'Basis for Adverse Opinion' section, the statement of financial position, the statement of profit or loss account 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 returns;
- c) except for matter described in 'Basis for Adverse Opinion' section, investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

### Other Matter

The financial statements for the year ended June 30, 2022 were audited by another firm of Chartered Accountants whose auditor's report dated October 05, 2022 expressed qualified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Ali.

ALI AKHTAR ADNAN  
Chartered Accountants

Lahore

Date: 06/11/2023

UDIN: AR202310097cgl2jqfL7

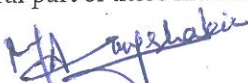
**ZAHUR COTTON MILLS LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**ZAHUR COTTON MILLS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	Note	2023	2022
----- Rupees -----			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorized share capital</b>		<u>200,000,000</u>	<u>200,000,000</u>
20,000,000 (2022: 20,000,000) ordinary shares of Rs. 10/- each			
<b>Issued, subscribed and paid up share capital</b>	3	98,600,000	98,600,000
9,860,000 (2022: 9,860,000) ordinary shares of Rs. 10/- each fully paid in cash			
Share deposit money	6.1	-	-
<b>Capital reserve</b>			
Surplus on revaluation of property, plant and equipment - net of tax	4	-	-
<b>Revenue reserve</b>		(137,686,211)	(136,940,448)
<b>Total Equity</b>		<u>(39,086,211)</u>	<u>(38,340,448)</u>
<b>Non-current liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5	13,043,495	12,483,495
Short term borrowings	6	26,123,751	25,950,501
		39,167,246	38,433,996
<b>Contingencies and commitments</b>	7	-	-
<b>Total equity &amp; liabilities</b>		<u>81,035</u>	<u>93,548</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	-	-
Long Term Deposits	9	68,210	68,210
		68,210	68,210
<b>Current assets</b>			
Income Tax Refunds due from the Government		1,912	1,912
Cash and Bank Balances	10	10,913	23,426
		12,825	25,338
<b>Total assets</b>		<u>81,035</u>	<u>93,548</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

  
**Chief Executive**

  
**Chief Financial Officer**


  
**SHERAZ**  
**Director**

**ZAHUR COTTON MILLS LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023	2022
		----- Rupees -----	
Revenue from contracts with customer		-	-
Cost of revenue		-	-
<b>Gross Profit</b>		-	-
Administrative expenses	11	(745,250)	(2,881,259)
<b>Profit / (Loss) from Operations</b>		(745,250)	(2,881,259)
Other Income	12	-	36,937,836
Finance Cost	13	(513)	(352)
<b>Profit / (Loss) before taxation</b>		(745,763)	34,056,225
Taxation	14	-	6,637,676
<b>Profit / (Loss) after tax for the year</b>		(745,763)	40,693,901
<b>Profit / (Loss) per share - basic and diluted</b>	15	(0.08)	4.13

The annexed notes from 1 to 26 form an integral part of these financial statements.

  
Chief Executive

  
Chief Financial Officer

SHERAZ  
Director





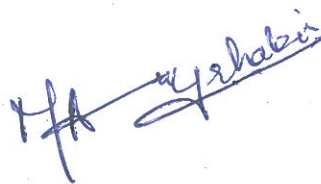
**ZAHUR COTTON MILLS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME / (LOSS)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
	-----Rupees-----	
Profit / (Loss) after tax for the year	(745,763)	40,693,901
<b>Other comprehensive income</b>		
Item that may be reclassified subsequently to profit or loss		
Gain / (loss) on investment categorised as fair value through other comprehensive income	-	-
impact of tax	-	-
Item that will not be reclassified subsequently to profit or loss		
Surplus on revaluation of property, plant and equipment of the company	-	3,952,622
Related Deferred tax - net	-	4,631,700
	-	8,584,322
<b>Total comprehensive (loss) / income for the year</b>	<u>(745,763)</u>	<u>49,278,223</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer

SHERAZ

Director

**ZAHUR COTTON MILLS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Note	2023	2022
	----- Rupees -----	
<b>Cash flows from operating activities</b>		
Profit / (Loss) before taxation	(745,763)	34,056,225
Adjustments for non cash items:		
- Depreciation	-	1,103,706
- Finance cost	513	352
- Gain on the sale of fixed Assets	-	(36,937,836)
	(745,250)	(1,777,553)
<b>Changes in working capital</b>		
Increase in current liabilities		
- Trade and other payables	560,000	1,663,678
<b>Cash used in operations</b>	(185,250)	(113,875)
Finance cost	(513)	(352)
<b>Net cash outflows from operating activities</b>	(185,763)	(114,227)
<b>Cash flows from investing activities</b>	-	-
<b>Cash flows from financing activities</b>		
Short term borrowings	173,250	-
<b>Net cash inflows from financing activities</b>	173,250	-
<b>Net decrease in cash /cash equivalents</b>	(12,513)	(114,227)
Cash and cash equivalents at the beginning of the year	23,426	137,653
<b>Cash and cash equivalents at end of the year</b>	<b>10,913</b>	<b>23,426</b>

The annexed notes from 1 to 26 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer

SHERAZ

Director



**ZAHUR COTTON MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Issued, subscribed and paid up share capital	Share Deposit Money	Reserves		Total Equity
			Capital Reserves	Revenue Reserves	
			Revaluation surplus on Property, plant & equipment	(Accumulated Loss)	
----- Rupees -----					
Balance as at July 1, 2021	98,600,000	20,066,240	45,256,439	(231,475,110)	(67,552,431)
Profit for the year	-	-	-	40,693,901	40,693,901
Other comprehensive income	-	-	8,584,322	-	8,584,322
Total comprehensive income for the year ended June 30, 2022	-	-	8,584,322	40,693,901	49,278,223
Transferred from surplus on revaluation of property plant and equipment on account of incremental depreciation - net of tax	-	-	(604,781)	604,781	-
Surplus realized on disposal of revalued property plant & equipment transferred to retained earnings - net of deferred tax	-	-	(53,235,980)	53,235,980	-
Share deposit money transferred to short term borrowings	-	(20,066,240)	-	-	(20,066,240)
<b>Balance as at June 30, 2022</b>	<b>98,600,000</b>	<b>-</b>	<b>-</b>	<b>(136,940,448)</b>	<b>(38,340,448)</b>
Loss for the year	-	-	-	(745,763)	(745,763)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year ended June 30, 2023	-	-	-	(745,763)	(745,763)
<b>Balance as at June 30, 2023</b>	<b>98,600,000</b>	<b>-</b>	<b>-</b>	<b>(137,686,211)</b>	<b>(39,086,211)</b>

The annexed notes from 1 to 26 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**1 Corporate Information**

**1.1 Legal status and operations**

Zahur Cotton Mills Limited (the Company) is a public limited company incorporated in Pakistan on April 21, 1990 under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). Its Ordinary Shares are quoted on Pakistan Stock Exchanges. The principal activity of the Company is manufacturing and selling of grey fabric. The Company is domiciled in Pakistan and its registered office is situated at 623-B PCSIR II, Lahore. The factory/mills was situated at 94 Km Multan Road, near Pul Jaurian, Akhtarabad, District Okara. The area of land was 79 kanal 14 marla.

**2 Basis of preparation**

**2.1 Going concern assumption**

At the reporting date, the Company has accumulated losses of Rs. 137.686 million (June 30, 2022: Rs. 136.940 million) as against issued, subscribed and paid up capital of Rs. 98.60 million (June 30, 2022: Rs. 98.60 million) and as of that date, the Company's current liabilities exceeded its current assets by Rs. 39.154 million (June 30, 2022: Rs. 38.409 million) resulting in liquidity problems. The operations of Company have been ceased due to working capital constraints and unfavorable business conditions therefore fixed assets including factory land and building were sold during the year ended June 30, 2022. The Company has also applied for Voluntarily Delisting from the Pakistan Stock Exchange on May 08, 2017 but decision is still pending. These factors may cast significant doubt about the Company's ability to continue as a going concern therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business, for which no adjustments have been incorporated in the financial statements.

In spite of above situation, the management is confident to enter into a binding merger agreement with M/s ITANZ Technology (Pvt.) Limited after taking approval from the competent authorities, therefore, these financial statements have been prepared on a going concern basis.

**2.2 Statement of compliance**

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

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and;
- Provisions of and directives issued under the Companies Act, 2017.

Where the provision of and directives issues under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.3 Basis of measurement**

These financial statements have been prepared under the historical cost convention except as other wise disclosed.

**2.4 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company as on the reporting date**

There is a standard and certain other amendments to 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.

**Effective Date- Annual Periods beginning on or after**

IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 12 Income Taxes [Amendments]	January 1, 2023
IFRS 16 'Lease Liability in a Sale and Leaseback' [Amendments]	January 1, 2024

Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or deferred by the SECP as at June 30, 2023:

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

- IFRS 1 (First Time Adoption of International Financial Reporting Standards)
- IFRS 17 (Insurance Contracts)
- IFRIC 12 (Service concession arrangements)

**2.5 Standards, amendments to published standards and interpretations that are effective but not relevant**

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

**2.6 Significant accounting estimates, judgments and assumptions**

The preparation of Financial Statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment - Note 2.7
- Current income tax expense and recognition of deferred tax liability / asset-Note 2.9
- Estimation of provisions - Note 2.18
- Estimation of contingent liabilities - Note 2.23
- Impairment loss of non-financial assets other than inventories - Note 2.24

**2.7 Property Plant and Equipment**

**Initial Recognition**

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

Property, plant and equipment, except freehold land, buildings thereon, plant and machinery and capital work in progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss while buildings on freehold land and plant and machinery are stated at revalued amount less accumulated depreciation and any accumulated impairment loss. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss. Capital work in progress is stated at cost less impairment loss (if any).

The costs of Property, plant and equipment include:

- (a) its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates; and
- (b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- (c) cost of borrowing during construction period in respect of loans taken for specific projects.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Subsequent expenditure**

Expenditure incurred to replace a significant component of an item of plant and equipment is capitalized and the asset so replaced is retired. Other subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. All other expenditure (including repairs and normal maintenance) is recognized in the statement of profit or loss as an expense when it is incurred.

**Depreciation**

Depreciation on all items except freehold land is charged on straight line method at the rates specified in note 08 to the financial statements and is recognized in the statement of profit or loss so as to write off the cost or revalued amount of an asset over its estimated useful life.

**Revaluation Surplus**

Revaluation of freehold Land, Building on freehold land and Plant and Machinery is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase in the carrying amount of Land, Building and Plant and Machinery is recognized in statement of other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment" except to the extent that it reverses a revaluation decrease/deficit for the same asset previously recognized in statement of profit or loss account, in which case the increase is first recognized in statement of profit or loss account to the extent of the decrease previously charged. Any decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are charged to statement of profit or loss account. The revaluation reserve is not available for distribution to the Company's shareholders. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to statement of profit or loss account and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus to retained earnings. Depreciation on additions is charged from the month in which the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

**Gains and losses on disposal**

Gains and losses on disposal of assets are taken to the statement of profit or loss, and the related revaluation surplus on property, plant and equipment, if any, is transferred directly to retained earnings.

**Capital work-in-progress**

Capital work-in-progress is stated at cost less identified impairment loss, if any. It consists of all expenditure and advances connected with specific assets incurred and made during installation and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

**2.8 Trade debts and other receivable**

Trade debts and other receivables represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

**2.9 Taxation**

Income tax expense comprises of current and deferred tax. It is recognized in the statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income, in which case it is recognized in equity.

**Current tax**

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.

#### **Deferred tax**

Deferred tax is provided in full using the statement of financial position liability method on all temporary differences arising at the statement of financial position date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the statement of financial position date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

#### **Judgment and estimates**

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

#### **2.10 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose statement of cash flow, cash and cash equivalents comprise cash in hand and balances with bank current, saving and deposits account.

#### **2.11 Borrowing costs**

Borrowings are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction, production of a qualifying asset, in which case such costs are capitalized as part of the cost of the asset.

#### **2.12 Trade and other payables**

Liabilities for trade and other payables are carried at their amortized cost, which is approximately fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

#### **2.13 Revenue recognition**

Revenue from the sale of goods is recognized upon the transfer of control of the goods to the buyer when performance obligation is satisfied.

Interest income is recognized on a time proportion basis on the principal amount outstanding and at the applicable rate.

#### **2.14 Financial instruments - initial recognition & subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **2.14.1 Financial assets - initial recognition**

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting as specified in relevant note.

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of profit or loss. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of profit or loss when the Company's right to receive payments is established. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Company uses settlement date accounting for an asset that is subsequently measured at amortized cost.

**Financial assets - subsequent measurement**

For the purpose of measuring financial assets after initial recognition, these are classified into the following categories:

- financial assets at amortized cost,
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

Financial assets carried at amortized cost are subsequently measured using the effective interest method.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income.

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the statement of profit or loss in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

**a) Financial assets at amortized cost**

A financial asset is measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**b) Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**c) Financial assets at fair value through profit or loss**

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Company held in short term investments are classified as fair value through profit or loss because they are frequently traded.



**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Financial assets - Derecognition**

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:

**Impairment of financial assets**

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the statement of profit or loss.

**2.14.2 Financial liabilities - initial recognition and measurement**

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the statement of profit or loss.

**Financial liabilities - subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

**All other liabilities**

All other financial liabilities are measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

**Financial liabilities - Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or 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 or 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 recognized in the statement of profit or loss. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of profit or loss.

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**2.15 Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

**2.16 Foreign currency transactions**

Transactions in foreign currencies other than Pak rupee are recorded at the rate of exchange prevailing on the transaction date. All monetary assets and liabilities in foreign currencies are translated at exchange rate prevailing on the statement of financial position date. Gains and losses arising on retranslation are included in the statement of profit or loss for the year, if any.

**2.17 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest Rupee unless otherwise stated.

**2.18 Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each the statement of financial position date and adjusted to reflect the current best estimate.

**2.19 Long term deposits**

Long term deposits are stated at cost less impairment, if any.

**2.20 Earning per share**

The Company presents earnings/(loss) per share (EPS) data for its ordinary shares. This is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

**2.21 Dividend**

Dividend and appropriation to reserves are recognized as a liability in the financial statements in the year in which these are approved.

**2.22 Related party transactions**

The Company enters into transactions with related parties on an arm's length basis except in circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

**2.23 Contingent liabilities**

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence and non occurrence of one or more uncertain future events not wholly within the control of the company.
- 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.

ZAHUR COTTON MILLS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

**2.24 Impairment of Non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use based on the estimated future cash flow, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss. They are allocated to reduce the carrying amounts of the assets.

An impairment 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.

- 2.25 During the year under consideration, the management of the Company presented certain policies in better form as compare to previous year.

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

8 Property, plant and equipment

2023	2022
Rupees	
-	-
-	-

	COST			Depreciation			Carrying amount as at June 30, 2023		
	As at July 01, 2022	Revaluation Surplus	Additions/ (Deletions)	As at June 30, 2023	Rate %	As at July 01, 2022		Charge for the year	As at June 30, 2023
<b>Land - Freehold</b>									
Cost	-	-	-	-	-	-	-	-	-
Revaluation Surplus	-	-	-	-	-	-	-	-	-
<b>Building on Freehold land</b>									
Cost	-	-	-	-	3%	-	-	-	-
Revaluation Surplus	-	-	-	-	3%	-	-	-	-
<b>Plant and Machinery</b>									
Cost	-	-	-	-	5%	-	-	-	-
Revaluation Surplus	-	-	-	-	5%	-	-	-	-
<b>Fire Fighting Equipment</b>									
Furniture and Fixture	-	-	-	-	10%	-	-	-	-
Electric Installation	-	-	-	-	10%	-	-	-	-
Office Equipment	-	-	-	-	5%	-	-	-	-
Vehicles	-	-	-	-	10%	-	-	-	-
	-	-	-	-	20%	-	-	-	-

8.1 Since all items of property, plant and equipment have been disposed off during last year, no item was presented.

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	COST			Depreciation			Carrying amount as at June 30, 2022		
	As at July 01, 2021	Revaluation Surplus	Disposal	As at June 30, 2022	Rate %	As at July 01, 2021		Charge for the year	Disposal
<b>Land - Freehold</b>									
Cost	2,258,100	-	(2,258,100)	-	-	-	-	-	-
Revaluation Surplus	17,665,900	19,924,000	(37,589,900)	-	-	-	-	-	-
	<b>19,924,000</b>	<b>19,924,000</b>	<b>(39,848,000)</b>						
<b>Building on Freehold land</b>									
Cost	37,330,978	-	(37,330,978)	-	3%	27,201,745	251,902	(27,453,647)	-
Revaluation Surplus	44,527,278	(16,245,659)	(28,281,619)	-	3%	5,899,863	838,773	(6,738,636)	-
	<b>81,858,256</b>	<b>(16,245,659)</b>	<b>(65,612,597)</b>			<b>33,101,608</b>	<b>1,090,675</b>	<b>(34,192,283)</b>	
<b>Plant and Machinery</b>									
Cost	23,219,389	-	(23,219,389)	-	5%	23,219,389	-	(23,219,389)	-
Revaluation Surplus	300,000	274,281	(574,281)	-	5%	67,500	13,031	(80,531)	-
	<b>23,519,389</b>	<b>274,281</b>	<b>(23,793,670)</b>			<b>23,286,889</b>	<b>13,031</b>	<b>(23,299,920)</b>	
<b>Fire Fighting Equipment</b>									
Furniture and Fixture	38,566	-	(38,566)	-	10%	38,566	-	(38,566)	-
Electric Installation	1,903,061	-	(1,903,061)	-	10%	1,903,061	-	(1,903,061)	-
Office Equipment	2,294,667	-	(2,294,667)	-	5%	2,294,667	-	(2,294,667)	-
Vehicles	1,209,500	-	(1,209,500)	-	10%	1,209,500	-	(1,209,500)	-
	<b>2,039,691</b>	<b>-</b>	<b>(2,039,691)</b>		<b>20%</b>	<b>2,039,691</b>	<b>-</b>	<b>(2,039,691)</b>	
	<b>132,787,130</b>	<b>3,952,622</b>	<b>(136,739,752)</b>			<b>63,873,982</b>	<b>1,103,706</b>	<b>(64,977,688)</b>	

8.2 The schedule has been presented in better form.

*Ali*

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**8.3 Disposal of Property, Plant & Equipment**

Asset	Cost	Revaluation surplus / loss	Accumulated depreciation	Carrying value	Sale Price	Gain / (Loss) on Disposal	Particulars of Purchaser	Mode of Sale	Year
Land 37 Kanal 17 Marla	2,258,100	37,589,900	-	39,848,000	63,400,000	65,368,025	Mr. Hassan Zahur Mr. Ali Zahur Ms. Rabia Zahur	Loan adjustment	2023
Land 41 Kanal 17 Marla					41,816,025		Mr. Javed Zahur		
Building	37,330,978	28,281,619	34,192,283	31,420,314	2,989,975	(28,430,339)	Mr. Javed Zahur	Loan adjustment	2022
Plant and Machinery	23,219,389	574,281	23,299,920	493,750	493,900	150	Mr. Javed Zahur	Loan adjustment	
<b>TOTAL</b>	<b>62,808,467</b>	<b>66,445,800</b>	<b>57,492,203</b>	<b>71,762,064</b>	<b>108,699,900</b>	<b>36,937,836</b>			

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
	----- Rupees -----	
<b>3 Issued, subscribed and paid up capital</b>		
Issued, subscribed and paid-up capital 9,860,000 (2022: 9,860,000)	98,600,000	98,600,000
Ordinary Shares of Rs.10 each fully paid in cash.		
	<u>98,600,000</u>	<u>98,600,000</u>

3.1 No shares were issued or cancelled during the year (2022: Nil), the reconciliation of number of shares outstanding was not provided.

3.2 There were no shares reserved for issue under options and contracts for the sale of shares.

3.3 There were no shareholder agreements for voting right, Board selection, right of first refusal, and block voting.

	2023	2022
	----- Rupees -----	
<b>4 Surplus on revaluation of property, plant and equipment as at 01 July- net of tax</b>		
Freehold land	-	37,589,900
Building on freehold land	-	15,891,046
Plant and Machinery	-	359,815
	-	<u>53,840,761</u>
Surplus arising on revaluation during the year	-	-
Less:		
Transferred to retained earnings in respect of incremental depreciation charged on revalued property, plant and equipment during the year - net deferred tax.	-	(604,781)
Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings - net of deferred tax	-	(53,235,980)
	-	<u>(53,840,761)</u>
	<u>-</u>	<u>-</u>

4.1 The surplus on revaluation of Property plant and equipment is not available for distribution to the shareholder in accordance with the provision of the Companies Act, 2017.

	2023	2022
	----- Rupees -----	
<b>5 Trade and Other Payables</b>		
Trade creditors	2,788,771	2,788,771
Advances from customers - unsecured	1,602,002	1,602,002
Accrued liabilities and advances - unsecured	5.1 8,392,722	7,830,222
Auditors' remuneration	5.2 260,000	262,500
	<u>13,043,495</u>	<u>12,483,495</u>
5.1 Accrued liabilities and advances		
Advances	5.1.1 1,373,927	1,111,427
Accrued liabilities	5.1.2 7,018,795	6,718,795
	<u>8,392,722</u>	<u>7,830,222</u>

Ali

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

- 5.1.1 Advances represents Rs.609,149, Rs. 18,153, and Rs. 746,625 (2022: Rs.346,649, Rs. 18,153, and Rs. 746,625) payable to CEO / director, other related party and the associated company M/s Technic Engineering & Fabrication (Pvt) Limited (associated due to common directorship) respectively. These amounts relates to expenditure incurred by the Director, other related party and the associated company on the Company's behalf.
- 5.1.2 This includes 6.067 million (2022 6.067 million) payable to CEO of the Company on account of salaries. During the year, total increase of Rs 300,000 was on account of salaries payable to CFO of the company.
- 5.2 In comparative year, audit remuneration payable included in accrued liabilities and advances therefore in order to disclose audit remuneration separately this figure has been disclosed in liabilities separately and had no impact on the balances of the statement of financial position.

		2023	2022
		Rupees	
<b>6</b>	<b>Short term borrowings</b>		
	<b>From related parties - unsecured</b>		
	Chief Executive	6.1	12,500,303
	Directors	6.2	-
	Others	6.3	13,450,198
	<b>From other than related parties - unsecured</b>		
	ITANZ Technology (Pvt.) Limited	6.9	173,250
		<u>26,123,751</u>	<u>25,950,501</u>
	<b>6.1 Loan From Chief Executive</b>		
	Balance at beginning of the year	12,500,303	37,687,575
	Add:		
	Transferred from share deposit money	-	20,066,240
	Share transferred from Ms. Mukamila Javed (Late)	-	6,507,908
		-	26,574,148
		<u>12,500,303</u>	<u>64,261,723</u>
	Less:		
	Adjusted against transfer of land	-	45,299,900
	Transferred / surrendered in favor of Mr. Ali Zahur	-	6,461,520
		-	51,761,420
	<b>Balance at end of the year</b>	<u>12,500,303</u>	<u>12,500,303</u>
	<b>6.2 Loan From Directors</b>		
	Balance at beginning of the year	-	28,588,131
	Add:		
	Share transferred from Ms. Mukamila Javed (Late) to Ms. Rabia Zahur	-	3,904,745
	Transferred / surrendered from Mr. Hassan Zahur to Ms. Rabia Zahur	-	6,218,755
		-	10,123,500
		-	38,711,631
	Less:		
	Transferred from Ms. Mukamila Javed	-	26,031,631
	Adjusted against transfer of land	-	12,680,000
		-	38,711,631
	<b>Balance at end of the year</b>	<u>-</u>	<u>-</u>
	<b>6.3 Loan From Other related parties</b>		
	Balance at beginning of the year	13,450,198	48,308,455
	Add:		
	Share transferred from Ms. Mukamila Javed	-	15,618,979
	Transferred / surrendered from Mr. Javed Zahur to Mr. Ali Zahur	-	6,461,520
		-	22,080,498
		<u>13,450,198</u>	<u>70,388,953</u>



**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Less:

Transferred / surrendered from Mr. Hassan Zahur in favor of Ms. Rabia Zahur	-	6,218,755
Adjusted against transfer of land	-	50,720,000
	-	56,938,755
<b>Balance at end of the year</b>	<b>13,450,198</b>	<b>13,450,198</b>

6.4 These unsecured and interest free loans have been obtained from the related parties of the Company. These loans have been obtained to meet the working capital requirements of the Company and are repayable on demand.

6.5 On decree dated June 13, 2022 on inheritance by civil court, the short term borrowing of Rs. 26,031,631 towards Ms. Mukamila Javed (Late) were transferred in ensuing ratio:

	2023	2022
Mr. Javed Zahur (CEO)	-	25%
Mr. Hassan Zahur (related party)	-	30%
Mr. Ali Zahur (related party)	-	30%
Ms. Rabia Zahur (Director)	-	15%
	-	100%

6.6 The value of property, plant and equipment of Rs. 108,699,900 were adjusted against short term borrowings in ensuing ratio:

	2023	2022
Mr. Javed Zahur (CEO)	-	41.67%
Mr. Hassan Zahur (related party)	-	23.33%
Mr. Ali Zahur (related party)	-	23.33%
Ms. Rabia Zahur (Director)	-	11.67%
	-	100%

6.7 Internal transferred were also made which were presented in relevant notes.

6.8 For the purpose of these financial statements we considered Mr. Javed Zahur and Ms. Rabia Zahur to be the CEO and Director of the Company respectively as they were in the management of the company when the transactions took place with them.

6.9 **Loan From ITANZ Technology (Pvt.) Limited** 173,250 -

6.9.1 These unsecured and interest free loans have been obtained from a multinational Company which is situated at Office No 501-502, 5th Floor Fayyaz Centre, (SMCHS), Karachi, with which the Company intends to make acquisition/merger arrangement. These loans have been obtained to meet the working capital requirements of the Company and are repayable on demand.

## 7 Contingencies and Commitments

There were no material contingencies and commitments outstanding as at the date of statement of financial position (2022: Nil).

9 This represents the security deposit with WAPDA.

## 10 Cash and Bank Balances

Cash in hand 1,695 1,695

### Balance with banks

Local currency:

	2023	2022
- Current accounts	6,195	18,708
- Demand deposits	2,120	2,120
- Savings accounts	903	903
	9,218	21,731
	<b>10,913</b>	<b>23,426</b>

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

10.1 All banks are dormant and only Al-Barka Islamic Bank and MCB Bank having current accounts are active.

10.2 Rate on demand and savings accounts are insignificant.

		2023	2022
		-----Rupees-----	
<b>11</b>	<b>Administrative Expense</b>		
	Directors Remuneration	-	1,140,000
	Salaries and Other Benefits	300,000	240,000
	Communication Expenses	10,000	10,430
	Rent, Rates and Taxes	-	9,375
	Fee and Subscription	125,750	61,248
	Legal and Professional Charges	-	23,000
	Printing and Stationary	22,500	-
	Auditors' remuneration	260,000	262,500
	Advertisement	15,000	15,000
	Vehicle Running and Maintenance	-	16,000
	Miscellaneous Expenses	12,000	-
	Depreciation	-	1,103,706
		<u>745,250</u>	<u>2,881,259</u>

11.1 These includes Rs. Nil (2022: Nil) in respect of staff retirement benefits.

11.2 In comparative year, audit remuneration expense included in fee and subscription therefore in order to disclose audit remuneration separately this figure has been disclosed in administrative expense separately and had no impact on the balances of the statement of profit or loss.

**11.3 Auditors' remuneration**

		2023	2022
		-----Rupees-----	
	Statutory Audit	210,000	212,500
	Fee of review of half yearly financial information	50,000	50,000
		<u>260,000</u>	<u>262,500</u>

**12 Other Income**

		2023	2022
		-----Rupees-----	
	Gain on disposal of land	-	65,368,025
	Loss on disposal of building	-	(28,430,339)
	Gain on disposal of plant and machinery	-	150
		<u>-</u>	<u>36,937,836</u>

**13 Finance cost**

		2023	2022
		-----Rupees-----	
	Bank charges	513	352
		<u>513</u>	<u>352</u>

**14 Taxation**

		2023	2022
		-----Rupees-----	
	For the year		
	- Current tax	-	-
	- Deferred tax	-	(6,637,676)
		<u>-</u>	<u>(6,637,676)</u>

14.1 No reconciliation was made, as there was no difference in taxable loss and accounting loss.

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**14.2 Relationship between tax expense and accounting profit / (loss)**

Accounting profit / (loss) before tax	(745,763)	34,056,225
Tax rate %	29%	29%
Accounting tax	-	9,876,305
Deferred tax	-	(6,637,676)
Effect of applicability of admissible and inadmissible expenses / income and tax credits / debits	-	(9,876,305)
	-	(6,637,676)

<b>Applicable tax rate</b>	<b>29%</b>	<b>-19%</b>
Actual tax rate	-	0.29
Deferred tax	-	(0.19)
Effect of applicability of admissible and inadmissible expenses / income and tax credits / debits	-	(0.29)
	-	(0.19)

14.2.1 In comparative year, relationship between tax expense & accounting profit / (loss) and applicable tax rate was corrected and had no impact on the balances of the statement of financial position and the statement of profit or loss.

14.3 Income tax assessments of the Company up to tax year 2023 have either been completed or have been filed under self assessment scheme in accordance with the provisions of income tax ordinance, 2001, hence deemed to be assessed as declared.

	2023	2022	2021
	Rupees		
Provision as per financial statements	-	-	-
Tax assessment	-	-	-
Increase / (decrease)	-	-	-

14.4 Deferred tax asset has not been recognized on any deductible temporary difference as no future taxable profits will be available against which these can be utilized. Breakup of which is as follows:

	2023	2022
	Rupees	
Accelerated depreciation	-	5,629,905
Unabsorbed tax depreciation	74,872,274	69,242,369
Unused business tax losses	(2,423,604)	2,207,333
	72,448,670	77,079,607

14.5 The expiry dates for the unused business tax losses

	2023	2022
	Rupees	
30 June, 2026	3,287,529	3,287,529
30 June, 2027	2,546,208	2,546,208
30 June, 2028	1,777,755	1,777,755
30 June, 2029	745,763	-
	8,357,255	7,611,492

14.6 In comparative year, unused business tax losses were corrected in relevant notes and had no impact on the balances of statement of financial position and the statement of profit or loss.

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
	-----Rupees-----	
<b>15 Profit / (Loss) per share - basic and diluted</b>		
<b>15.1 Basic</b>		
Profit / (Loss) after tax for the year	(745,763)	40,693,901
Weighted average number of ordinary shares at the end of the year	9,860,000	9,860,000
<b>Profit / (Loss) per share</b>	<u>(0.08)</u>	<u>4.13</u>
<b>15.2 Diluted</b>		
There is no dilutive effect on the basic loss per share of the company.		
<b>16 Financial Instruments by Category:</b>		
	2023	2022
	-----Rupees-----	
<b>Financial assets as per balance sheet</b>		
<b>At amortized Cost</b>		
Long term Deposits	68,210	68,210
Cash and bank balances	10,913	23,426
	<u>79,123</u>	<u>91,636</u>
<b>Financial liabilities as per Balance Sheet</b>		
<b>At amortized Cost</b>		
Trade and other payables	13,043,495	12,483,495
Short and borrowings	26,123,751	25,950,501
	<u>39,167,246</u>	<u>38,433,996</u>
<b>17 Financial risk management</b>		
<b>17.1 Financial risk factors</b>		

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk, liquidity risk and capital risk management. The Company's overall risk management policies focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

(a) **Market risk**

i) **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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. As at June 20, 2023, the company was not exposed to currency risk (2022: Nil).

ii) **Interest rate risk**

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and short term borrowings from financial institutions. As at June 30, 2023, the interest rate risk profile of the Company had no any interest bearing financial instruments (2022: Nil).

ii) **Other price risk**

Other price risk is a risk that fair value or future cash flows of a financial instruments will fluctuate because of changes in the market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factor specific to the individual financial instruments or its issuer, or factors effecting all similar financial instruments traded in the market. As at June 30, 2023, the Company was not exposed to price risk (2022: Nil).

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation without taking into account the fair value of any collateral. Carrying amounts of financial assets represent the maximum credit exposure.

i) Credit risk exposure and concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any exposure to customers. Credit risk of the Company arises from deposits with banks and deposits. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

The utilization of credit limits is regularly monitored. However, the Company has no credit risk from customers because there is no trade receivable. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted. The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. Carrying values of financial assets exposed to credit risk, which are neither past due nor impaired are as under:

	2023	2022
	-----Rupees-----	
Long term deposits	68,210	68,210
Bank balances	9,218	21,731
	<u>77,428</u>	<u>89,941</u>

The Credit quality of Company's bank can be assessed with reference to external credit ratings as follows:

Counter party	Rating			Jun-2023	Jun-2022
	Short term	Long term	Agency	-----Rupees-----	
<b>Bank Al Habib Limited</b>					
Bank balance	A-1	AA+	PACRA	3,766	3,766
<b>Faysal Bank Limited</b>					
Bank balance	A1+	AA	PACRA	1,926	1,926
<b>Al-Baraka Islamic Bank Limited</b>					
Bank balance	A-1	A	PACRA	385	1,030
<b>MCB Bank Limited</b>					
Bank balance	A-1+	AAA	PACRA	-	11,868
<b>Habib Metropolitan Bank Limited</b>					
Bank balance	A-1+	AA+	PACRA	3,141	3,141
				<u>9,218</u>	<u>21,731</u>

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or experience difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company manages liquidity risk by maintaining sufficient cash balances and the availability of financing through related parties.

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flow	Within 1 year	Between 1 and 5 years	Over 5 years
	(Rupees)				
<b>Financial liabilities at amortized cost</b>					
<b>As at 30 June 2023</b>					
Short term borrowings	26,123,751	26,123,751	26,123,751	-	-
Trade and other payables	13,043,495	13,043,495	13,043,495	-	-
<b>As at 30 June 2022</b>					
Short term borrowings	25,950,501	25,950,501	25,950,501	-	-
Trade and other payables	12,483,495	12,483,495	12,483,495	-	-

**(d) Capital risk management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders and to maintain a strong capital base to support the sustained development of its business. The capital structure of the Company is mainly equity based and short term borrowings from related parties.

The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises short term loan from directors, sponsors and related parties. Total capital employed includes total equity, as shown in the statement of financial position, plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. The Company is not subject to externally imposed capital requirements. There was no change to the Company's approach to capital management during the year. Gearing ratio of the Company as at the reporting date is as follows:

	2023	2022
	Rupees	
Debt	26,123,751	25,950,501
Cash and bank balances	(10,913)	(23,426)
Net debt	26,112,838	25,927,075
Total equity	(39,086,211)	(38,340,448)
Total capital employed	(12,973,373)	(12,413,373)
Gearing ratio (%)	-201%	-209%

**18 Fair Value Measurement**

**18.1 Fair value hierarchy**

Detail of the Company's information about the fair value hierarchy as at the end of the reporting period are as follow:

Fair value measurement using			
Quoted price in active market	Significant observable inputs	Significant unobservable inputs	Total
(Level 1)	(Level 2)	(Level 3)	
-----Rupees-----			

June 30, 2023

Revalued Property, plant and equipment:

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Land - freehold	-	-	-	-
Building on freehold land	-	-	-	-
Plant and machinery	-	-	-	-
<b>Total</b>	-	-	-	-

Quoted price in active market (Level 1)	Fair value measurement using		Total
	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
-----Rupees-----			

June 30, 2022

Revalued Property, plant and equipment:				
Land - freehold	-	39,848,000	-	39,848,000
Building on freehold land	-	31,657,747	-	31,657,747
Plant and machinery	-	500,000	-	500,000
<b>Total</b>	-	<b>72,005,747</b>	-	<b>72,005,747</b>

There are no transfers between levels 1, 2 and 3 during the year and there were no changes in valuation techniques during the year.

**18.2 Factors used for the determination of fair value of revalued property, plant and equipment are as follows:**

**Fair value measurement under revaluation model for property, plant and equipment**

The last revaluation of the Company's land, building on free hold land and plant & machinery was carried on at 14th February 2022. The revaluation exercise was carried out by independent Valuer M/S Sadruddin associates (Pvt) Limited on fair market value basis. The revaluation of these assets resulted in a surplus of 3.952 million, which was credited to 'Surplus on revaluation of fixed assets account on that date to comply with the requirements of the Companies Act 2017. The difference between depreciation based on the revalued carrying amount of the assets charged to statement of profit or loss and depreciation based on the asset's original cost, net of tax is reclassified from revaluation surplus to retained earnings.

Fair value of the properties was determined using the market comparable method. Fair value was categorized as level 2 fair value hierarchy where inputs are observable. The valuations have been performed by an independent professional valuer and are based on prices of transactions for properties of similar nature, location and condition.

**19 Remuneration of chief executive and directors**

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive and Directors of the Company are as follows:

	Chief Executive		Directors	
	2023	2022	2023	2022
	-----Rupees-----		-----Rupees-----	
Managerial remuneration	-	818,182	-	218,182
Medical allowance	-	81,818	-	21,818
	-	900,000	-	240,000
No. of persons	-	1	-	1

19.1 In addition to above, as per terms of employment chief executive is entitled for expenses of running and repair and maintenance of his vehicle. The approximate value of this benefit is Rs. Nil (2022: Rs. 16,000).

Ali

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

- 19.2 No meeting fee has been paid to any director of the Company.
- 19.3 No remuneration has been paid to any Non-executive director of the Company.
- 19.4 No retirement benefits including Provident fund/gratuity has been paid or payable to any of the directors including chief executive of the Company.
- 19.5 An executive is defined as an employee, other than the Chief Executive Officer and directors, whose basic salary exceeds Rs. 1.2 million (2022: Rs. 1.2 million) in a financial year. No employee falls in the category of executive.

**20 Transactions with related parties**

Related parties includes:

- A person or other entity that has control or significant influence, directly or indirectly through one or more intermediaries, over the reporting entity;
- Another entity over which the reporting entity has control or significant influence, directly or indirectly through one or more intermediaries; or
- Another entity that is under common control with the reporting entity through having:
  - i) Common controlling ownership;
  - ii) Owners who are close family members; or
  - iii) Common key management.

Transactions other than salaries and other benefits paid to Chief executive and directors, which is presented under note 19;

**20.1 Transactions with related parties are as follows:**

Name of related party and basis of relationship	Detail of transactions	2023	2022
		-----Rupees-----	
Mr. Javed Zahur - Chief Executive	- Expenses paid	262,500	75,178
	- Transferred of share deposit money to loan	-	20,066,240
	- Share of the loan transferred from Mukamilla Zahur (Late)	-	6,507,908
	- Consideration of disposal transferred to loan	-	45,299,900
	- Rent and utilities Charged	-	-
Ms. Mukamilla Zahur (Late) - Director	- Transferred loan to other related parties	-	(26,031,631)
Ms. Rabia Zahur - Director	- Share of the loan transferred from Mukamilla Zahur (Late)	-	3,904,745
	- Consideration of disposal transferred to loan	-	12,680,000
Mr. Hassan Zahur - Son of CEO	- Share of the loan transferred from Mukamilla Zahur (Late)	-	7,809,489
	- Consideration of disposal transferred to loan	-	25,360,000
Mr. Ali Zahur - Son of CEO	- Expenses paid	-	4,500
	- Share of the loan transferred from Mukamilla Zahur (Late)	-	7,809,489
	- Consideration of disposal transferred to loan	-	25,360,000
Associated Company:			
M/s Technic Engineering & Fabrication (Pvt) Ltd - Common Directorship	- Expenses paid	-	581,000



**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

20.2 In comparative year, expenses paid by Mr. Javed Zahur were corrected in relevant note and had no impact on the balances of statement of financial position and the statement of profit or loss.

20.3 All transactions with related parties are carried at fair value except short term loan, advances, rent and utilities and remuneration to Chief executive & Directors.

**20.4 Outstanding balance as at the year end**

**Key management personnel:**

Mr Javed Zahur	6.1	12,500,303	12,500,303
Mr Javed Zahur	5.1.1	609,149	346,649

**Other related parties:**

Mr Hassan Zahur	6.3	13,450,198	13,450,198
Mr Hassan Zahur	5.1.1	18,153	18,153

**Associated Company:**

M/s Technic Engineering & Fabrication (Pvt) Ltd	5.1.1	746,625	746,625
---	-------	---------	---------

20.5 In comparative year, outstanding balance of Mr. Hassan Zahur was corrected in relevant note and had no impact on the balances of statement of financial position and the statement of profit or loss.

20.6 Following are the details of percentage of shareholding of related parties in the Company.

Name of related party	Relationship	% of shareholding in the Company	
		2023	2022
Mr. Javed Zahur	Chief Executive (Resigned)	51.4990%	50.4909%
Ms. Rabia Zahur	Director (Resigned)	0.0000%	0.5122%
Mr. Khan Muhammad	Director (Resigned)	0.0000%	0.0051%
Mr. Tanveer Ahmad	Director (Resigned)	0.0000%	0.0051%
Mr Hassan Zahur	Son of CEO	0.0000%	0.0000%
Mr. Ali Zahur	Son of CEO	0.0000%	0.0000%
Mr. Syed Jawed Ali	Chief Executive (Appointed)	0.0051%	0.0000%
Ms. Azra Parveen,	Director (Appointed)	0.0051%	0.0000%
Mr. Muhammad Faheem Qureshi	Director (Appointed)	0.0051%	0.0000%
Mr. Muhammad Sheraz	Director (Appointed)	0.0051%	0.0000%
Technic Engineering & Fabrication (Pvt) Ltd	Common directorship	0.0000%	0.0000%

**21 Provident related disclosure**

The Company does not maintain any provident fund for its employees.

**22 Entity-wide information**

The Company constitutes of a single reportable segment.

**22.1 Information about products and major customer**

The operations of the Company have been ceased since long and fixed assets including factory land & building were disposed off during the year ended on 30 June, 2022 so the Company is not manufacturing and selling any product.

**22.2 Information about geographical areas**

The Company does not hold non-current assets in any foreign country.

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**23 Capacity and production**

No. of loom installed	-	-
No. of loom worked	-	-
Annual capacity (Square meter)	-	-
Actual production (Square meter)	-	-

**24 Number of employees**

Total number of employees at the reporting date	1	3
Average number of employees during the year	1	3

**25 Non adjusting events after the balance sheet date**

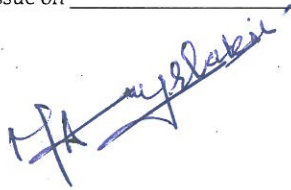
There were no non adjusting events after the balance sheet date.

**26 Date of authorization**

These financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors.



Chief Executive



Chief Financial Officer

SHERAZ

Director



**THE COMPANIES ORDINANCE 1984**  
**(Section 236(1) and 464)**  
**PATTERN OF SHAREHOLDING**

1. Incorporation Number
2. Name of the Company **ZAHUR COTTON MILLS LIMITED**
3. Pattern of holding of the shares held by the shareholders as at **30-06-2023**

-----Shareholding-----			
4. No. of Shareholders	From	To	Total Shares Held
182	1	100	18,200
5758	101	500	2,756,100
133	501	1000	128,600
38	1001	5000	92,100
5	5001	10000	41,400
2	10001	15000	23,000
1	20001	25000	21,700
1	25001	30000	30,000
1	45001	50000	50,000
1	50001	55000	52,300
1	110001	115000	110,140
2	120001	125000	241,560
1	145001	150000	149,500
1	430001	435000	432,100
1	635001	640000	635,500
1	5075001	5080000	5,077,800
<b>6129</b>			<b>9,860,000</b>

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	3,500	0.0355%
5.2 Associated Companies, undertakings and related parties.	0	0.0000%
5.3 NIT and ICP	637,000	6.4604%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	149,500	1.5162%
5.5 Insurance Companies	500	0.0051%
5.6 Modarabas and Mutual Funds	0	--
5.7 Share holders holding 10% or more	5,077,800	51.4990%
5.8 General Public		
a. Local	9,059,500	91.8813%
b. Foreign	0	0.0000%
5.9 Others (to be specified)		
<b>Joint Stock Companies</b>	10,000	0.1014%
6. Signature of Company Signatory	<span style="border: 1px solid black; padding: 2px;"><i>SHERAZ</i></span>	
7. Name of Signatory	<span style="border: 1px solid black; padding: 2px;">Mr. Muhammad Sheraz</span>	
8. Designation	<span style="border: 1px solid black; padding: 2px;">Company Secretary</span>	
9. CNIC No.	<span style="border: 1px solid black; padding: 2px;">42401-4577927-1</span>	
10. Date	<span style="border: 1px solid black; padding: 2px;">30</span>	<span style="border: 1px solid black; padding: 2px;">6</span>
		<span style="border: 1px solid black; padding: 2px;">2023</span>

**Zahur Cotton Mills Limited**  
**Catagories of Shareholding required under Code of Corporate Governance (CCG)**  
**As on June 30, 2023**

Sr. No.	Name	No. of Shares Held	Percentage
<b>Associated Companies, Undertakings and Related Parties (Name Wise Detail):</b>		-	-
<b>Mutual Funds (Name Wise Detail)</b>		-	-
<b>Directors and their Spouse and Minor Children (Name Wise Detail):</b>			
1	SYED JAVED ALI	500	0.0051%
2	MR. IMRAN ZAID	500	0.0051%
3	MS. SANA MALIK	500	0.0051%
4	MRS. JAVERIA MALIK	500	0.0051%
5	MR. MUHAMMAD SHERAZ	500	0.0051%
6	MRS. AZRA PARVEEN	500	0.0051%
7	MR. MUHAMMAD FAHEEM QURESHI	500	0.0051%
<b>Executives:</b>		-	-
<b>Public Sector Companies &amp; Corporations:</b>		-	-
<b>Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b>		150,000	1.5213%
<b>Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)</b>			
1	MR. JAVED ZAHUR	5,077,800	51.4990%
2	NATIONAL BANK OF PAKISTAN	635,500	6.4452%

**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
	None	Nil	Nil

**ZAHUR COTTON MILLS LIMITED  
FORM OF PROXY**

The Company Secretary  
Zahur cotton mills Limited  
Head Office: 623-B, PCSIR-II  
Lahore

I/ We \_\_\_\_\_

of \_\_\_\_\_

being a member of **Zahur Cotton Mills Limited** hereby appoint \_\_\_\_\_

\_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

as my proxy in my absence to attend, speak and vote for me on my behalf at the Annual General Meeting of the Company to be held on Monday, November 27, 2023 at 02:00 PM and at any adjournment thereof.

As witness my / our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

**Rs. 50/-  
Revenue  
Stamp**

**Witness No.1**

Name : \_\_\_\_\_

Address : \_\_\_\_\_

CNIC No.: \_\_\_\_\_

\_\_\_\_\_  
Signature of Member(s)

**Witness No. 2**

Name : \_\_\_\_\_

Address : \_\_\_\_\_

CNIC No.: \_\_\_\_\_

(Name in Block letters)

Folio No. \_\_\_\_\_

Participant ID No. \_\_\_\_\_

Account No. in CDC \_\_\_\_\_

**Important:**

1. CDC Account Holders are requested to strictly follow the guidelines mentioned in the Notice of Meeting.
2. A Member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.
3. Members are requested:
  - (a) To affix Revenue Stamp of Rs. 50/- at the place indicated above.
  - (b) To sign across the Revenue Stamp in the same style of signature as is registered with the Company.
  - (c) To write down their Folio Numbers.
4. This form of proxy, duly completed and signed across a Rs. 50/- revenue stamp, must be deposited/sent at the Company's Head Office not less than 48 hours before the time for holding the meeting or may be sent through the email as given in this notice followed by courier/post to the Company's Head office.

## ظہور کائن ملز لمیٹڈ پراکسی فارم

کمپنی سکریٹری  
ظہور کائن ملز لمیٹڈ  
ہیڈ آفس: PCSIR-II, 623-B  
لاہور

میں/ ہم \_\_\_\_\_ رہائشی \_\_\_\_\_ بحیثیت ممبر ظہور کائن ملز  
لمیٹڈ اس پراکسی کے ذریعے \_\_\_\_\_ کو مختار [پراکسی] مقرر کرتا/کرتی ہوں جو کہ میری غیر موجودگی میں میری پراکسی کی  
بحیثیت میں پیر 27 نومبر 2023 بوقت 02:00 بجے اور اس کے کسی بھی التوا میں کمپنی کے سالانہ جنرل اجلاس میں شرکت، گفتگو اور ووٹ کا میری طرف  
سے ابدراج کراسکے۔

دستخط آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_

**Rs. 50/-**  
ریونیو اسٹامپ

گواہ [الف]

دستخط \_\_\_\_\_  
نام \_\_\_\_\_  
پتہ \_\_\_\_\_  
کمپیوٹرائزڈ شناختی کارڈ نمبر \_\_\_\_\_

دستخط ممبر \_\_\_\_\_  
نام \_\_\_\_\_  
فوٹو نمبر \_\_\_\_\_  
پارٹیسپینٹ آئی ڈی نمبر \_\_\_\_\_  
سی ڈی سی نمبر \_\_\_\_\_

گواہ [ب]

دستخط \_\_\_\_\_  
نام \_\_\_\_\_  
پتہ \_\_\_\_\_  
کمپیوٹرائزڈ شناختی کارڈ نمبر \_\_\_\_\_

اہم:

- ۱۔ سی ڈی سی اکاؤنٹ ہولڈرز سے درخواست ہے کہ وہ اجلاس کے نوٹس میں مذکور رہنما خطوط پر سختی سے عمل کریں۔
- ۲۔ جنرل میٹنگ میں شرکت کا حقدار رکن اس کی بجائے شرکت اور ووٹ ڈالنے کے لئے پراکسی مقرر کرنے کا حق دار ہے۔
- ۳۔ اراکین سے درخواست کی جاتی ہے:

(الف) اوپر بتائی گئی جگہ پر 50/- روپے کی ریونیو اسٹامپ لگانا۔

(ب) ریونیو اسٹامپ کے پار دستخط کرنے کے لئے اسی طرز پر دستخط کرنا جس طرح کمپنی کے پاس رجسٹرڈ ہے۔

(ج) ان کے فولیو نمبر لکھنا۔

- ۴۔ پراکسی کی یہ شکل، جو باضابطہ طور پر مکمل ہوئی اور 50/- روپے کی ریونیو اسٹامپ پر دستخط کی گئی ہے، کو میٹنگ کے انعقاد کے لئے وقت سے کم از کم 48 گھنٹے پہلے کمپنی کے ہیڈ آفس میں جمع کرانا/بھیجا جانا چاہئے یا ای میل کے ذریعے بھیجا جاسکتا ہے جیسا کہ اس نوٹس میں دیا گیا ہے اور اس کے بعد کمپنی کے ہیڈ آفس کو کوریئر/پوسٹ بھیجی جاسکتی ہے۔