



**ANNUAL REPORT**

**(AUDITED)**

**YEAR ENDED JUNE 30, 2024**

## CONTENTS

Corporate Information	1-2
Notice of Annual General Meeting	3-4
Directors' Review Report to the members	5-16
Chairman's Review	17-18
Independent Auditor's Review Report on (Statement of Compliance of Code of Corporate Governance) Regulations, 2019	19-22
Statement of Compliance with listed companies (Code of Corporate Governance) Regulations, 2019	23-29
Independent Auditor's Report To Members	30-34
Statement Of Financial Position	36
Statement of Profit or Loss Account	37
Statement of Comprehensive Income	38
Statement of Changes in Equity	39
Statement of Cash Flows	40
Notes to the Financial Statements	41-57
Pattern of Shareholding	58-59
Form of Proxy	60-61

# 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

### **EXTERNAL AUDITORS**

Ali Akhter Adnan  
Chartered Accountants

### **SHARE REGISTRAR**

Corplink (Private) Limited

### **COMPANY SECRETARY**

Mr. Muhammad Faheem Qureshi

### **LEGAL COUNSEL**

House of Magna Cum Laude

### **TAX ADVISOR**

Anwar, Tariq & Co. Chartered Accountants

**REGISTERED 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

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of Shareholders of **Zahur Cotton Mills Limited** will be held on **Monday, 28th October 2024 at 11:00 AM** at Company's Registered Office 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 27<sup>th</sup> November, 2023.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30<sup>th</sup> June, 2024 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the financial year ending 30<sup>th</sup> June, 2025 and to fix their remuneration.
4. To consider any other transactions with the permission of the chair.

BY ORDER OF THE BOARD

**SYED JAWED ALI**

Chief Executive Officer

Lahore: 07-10-2024

### Notes:

1. The share transfer books of the Company will remain closed from 22<sup>nd</sup> October, 2024 to 28<sup>th</sup> October, 2024 (both days inclusive). Transfers received at the office of the Company's Registrars, M/s Corplink (Pvt) Ltd, Wing Arcade, 1-K, Commercial Area, Model Town, Lahore by close of business on 21<sup>st</sup> October, 2024 will be treated in time.
2. A member may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the office of the Company duly stamped and signed not less than 48 hours before holding of meeting. Copy of CNIC of member and proxy must be furnished with the proxy form.
3. In case of corporate entities, Board of Directors' resolution/ Power of Attorney with specimen signature of the nominee shall be produced at the time of attending the meeting.
4. A member, who has deposited his/her shares in Central Depository Company of Pakistan, must bring his/her Participant ID number and account/sub account number along with original CNIC or Passport at the time of attending the meeting.
5. To ensure compliance with the SECP Notification SRO 831(1)2012 dated 05<sup>th</sup> July, 2012 read with Notification SRO 19(1)2014 dated 10<sup>th</sup> January, 2014, all members who have not yet submitted their valid CNIC/NTN/Dividend Mandate (bank account detail i.e. Name & Address of Bank and IBAN), are hereby once again requested to submit the same without further delay.

6. The shareholders intending to participate in the meeting via video link are hereby requested to share the following information with the company secretary 10-days before the holding of Annual General Meeting.

Folio/CDC Account No.	Shareholder Name	Mobile No.	Email Address
-----------------------	------------------	------------	---------------

The aforesaid information can be provided through the following modes:

- a) Mobile / WhatsApp: 0300-8416505
- b) Email: aminshakir5@gmail.com

Video link details and login credentials (Zoom Application) will be shared with those shareholders who provide their intent to attend the meeting containing all the particulars as mentioned above 5 days before the date of the Annual General Meeting.

7. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

“I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Zahur Cotton Mills Limited, holder of \_\_\_\_\_ ordinary share(s) as per Registered Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.”

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

8. As per Section 72 of the Act, all listed companies are required to replace shares issued by them in physical form to book-entry form within four years of the promulgation of the Act. Accordingly, all shareholders of Zahur Cotton Mills Limited having physical folios / share certificates are requested to convert their shares into book-entry form at the earliest. Maintaining shares in book-entry form will make the process of share handling more efficient and risk free and will facilitate shareholders in the safe custody of shares, shareholders may contact the Company or Share Registrar, M/s. Corplink (Pvt) Ltd. 1-K Commercial, Model Town, Lahore, for the conversion of physical shares into book-entry form.
9. In accordance with Section 223 of the Companies Act 2017 and pursuant to the SRO 389(1)2023 of 21<sup>st</sup> March, 2023 the audited financial statements of the company for the year ended 30<sup>th</sup> June, 2024 together with the Directors’ Report, Auditor’s Report & the Chairman’s Review Report thereon have been placed at the Company’s website ([www.zahurcotton.com](http://www.zahurcotton.com)).

In addition to the above the printed copies of these financial statements can be provided to members upon request.

## Directors' Review Report for the Financial Year Ended June 30, 2024

The Board of Directors of Zahur Cotton Mills Limited (ZHCM) are pleased to present the Annual Report for the financial year ended June 30, 2024.

### Financial Performance:

The Company's financial results for the past five years are summarized as follows:

Rs. In Millions

Particulars	2024	2023 Restated	2022 Restated	2021 Restated	2020 Restated
Gross Sales	-	-	-	-	-
Gross Profit	-	-	-	-	-
Operating Exp.	(1.22)	(0.78)	(2.92)	(5.05)	(5.79)
Other Income	-	-	36.94	-	-
Tax Expense	-	-	6.64	0.39	0.39
Net Profit	(1.22)	(0.78)	40.66	(4.66)	(5.4)
EPS	(0.12)	(0.08)	4.12	(0.47)	(0.55)
Dividend	-	-	-	-	-

As the company's operational activities have been suspended for several years the company is not reporting any revenue. The net profit reported in the year 2022 was largely due to other income as a result of sale of Fixed Assets. However, going forward, after the business merger of an IT Company is approved by the honorable court the Company shall start commercial operations and report operational revenues.

### Board Composition:

As of June 30, 2024, the Board of Directors comprises the following members:

Independent Director	02
Non-Executive Director	03
Executive Director	02
Total Directors	07 (03 Females)

### Governance Committees:

The Board has constituted the following committees in line with the Code of Corporate Governance. Independent directors were not selected as prescribed.

AD

**Audit Committee:**

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

**HR & Remuneration Committee:**

Chairperson	Mr. Imran Zaid- Independent Director
Member/Company Secretary	Mr. Faheem Qureshi- Non Executive Directors
Member	Ms. Sana – Non Executive Directors
Member	Mr. Syed Jawed Ali - CEO
Secretary	Mr. Muhammad Sheraz

**Operational Overview:**

The Company's successful business revival is contingent upon its proposed merger with Itanz Technology (Private) Limited (Itanz), as outlined in our future outlook. Itanz Technology (Private) Limited, a prospective acquisition, has already initiated new sales negotiations and is exploring opportunities for expansion into emerging IT sectors both on nationwide & International, based on the anticipated benefits of the merger."

**Future Outlook:**

ZHCM is in the final stages of a strategic business acquisition with Itanz on the basis of share swap. This corporate amalgamation is poised to revitalize & revival of our company's operations and will position it as a prominent IT Company within Pakistan as "Itanz Limited". Consequently, ZHCM's classification on the Pakistan Stock Exchange (PSX) is anticipated to transition from defaulter status to regular listing Inshallah. Given the relatively limited number of IT sector companies listed on the PSX, this achievement would solidify ZHCM's standing within the industry. Moreover, our management is currently collaborating with legal counsel to accelerate the completion of this acquisition.

**Auditors:**

The present Auditors of the Company have completed the annual audit for the year ended June 30, 2024 and are due to retire and being eligible have offered themselves for reappointment for the year ending June 30, 2025. The Audit committee has recommended for re-appointment of present auditors.

Ali

## Reply to Auditors' observations

The new management is committed to prepare details / information and recognition thereof and arrange the evidences about facts causing the qualified opinion as reported in auditors' reports. The modification is mainly based on non-provision of very old data about trade creditor and advances.

## 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 not sound in design and has not been effectively implemented and monitored in absence of head of internal audit head.
6. 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;
7. 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".

## 8. 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
Mr. Imran Zaid	5
Ms. Javeria Malik	5

Ali

Ms. Sana Malik	5
Mr. Muhammad Faheem Qureshi	5
Ms. Azra Perveen	5
Mr. Muhammad Sheraz	5
Mr. Syed Jawed Ali	5

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

During Year under review, five (5) meeting of audit committee was held. The attendee of member was given below

Member	Meeting Attended
Ms. Javeria Malik	5
Mr. Muhammad Faheem Qureshi	5
Ms. Azra Perveen	5
Mr. Muhammad Sheraz	5

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 attendee of member was given below

Member	Meeting Attended
Mr. Imran Zahid	1
Ms. Sana Malik	1
Mr. Muhammad Faheem Qureshi	1
Mr. Syed Jawed Ali	1
Mr. Muhammad Sheraz	1

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

#### 9. Related Party Transaction

Merger Scheme was approved by members of the company.

#### 10. 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, 2024 in note 17 of the financial statements.

#### 11. Pattern of Shareholding

The information under this head as on June 30, 2024 is annexed.

#### 12. 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

12

company ensures health and safety measures for its employees. During the year, no such activity was performed owing to cessation of business.

### **13.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.

### **Acknowledgements:**

The Board acknowledges the continued support and appreciates the dedication of its employees during this transitional period.

On behalf of the Board of Directors:



Imran Zaid  
Chairman  
Officer



Syed Jawed Ali  
Chief Executive

## 30 جون 2024ء کو ختم ہونے والے مالی سال کیلئے ڈائریکٹرز کی جائزہ رپورٹ

ظہور کاشن ملز لمیٹڈ (زیڈ ایچ سی ایم) کے بورڈ آف ڈائریکٹرز نے 30 جون 2024ء کو ختم ہونے والے مالی سال کی سالانہ رپورٹ پیش کرتے ہوئے خوشی کا اظہار کیا ہے۔

### مالی کارکردگی:

گزشتہ پانچ سالوں کے لئے کمپنی کے مالی نتائج کا خلاصہ اس طرح ہے:

Rs. In Million

Particulars	2024	2023	2022	2021	2020
		Restated	Restated	Restated	Restated
Gross Sales	-	-	-	-	-
Gross Profit	-	-	-	-	-
Operating Exp.	(1.22)	(0.78)	(2.92)	(5.05)	(5.79)
Other Income	-	-	36.94	-	-
Tax Expense	-	-	6.64	0.39	0.39
Net Profit	(1.22)	(0.78)	40.66	(4.66)	(5.4)
EPS	(0.12)	(0.08)	4.12	(0.47)	(0.55)
Dividend	-	-	-	-	-

چونکہ کمپنی کی آپریشنل سرگرمیاں کئی سالوں سے معطل ہیں لہذا کمپنی کسی آمدنی کی اطلاع نہیں دے رہی ہے۔ سال 2022 میں رپورٹ ہونے والا خالص منافع بڑی حد تک فکسڈ اثاثوں کی فروخت کے نتیجے میں دیگر آمدنی کی وجہ سے تھا۔ تاہم، آگے بڑھتے ہوئے، ایک آئی ٹی کمپنی کے کاروباری انضمام کی معزز عدالت سے منظوری کے بعد، کمپنی کمرشل آپریشنز شروع کرے گی اور آپریشنل آمدنی کی اطلاع دے گی۔

## بورڈ کی تشکیل:

30 جون 2024ء تک بورڈ آف ڈائریکٹرز مندرجہ ذیل ارکان پر مشتمل ہے:

Independent Director	02
Non-Executive Director	03
Executive Director	02
Total Directors	07 (03 Females)

## گورننس کمیٹیاں:

بورڈ نے کوڈ آف کارپوریٹ گورننس کے مطابق مندرجہ ذیل کمیٹیاں تشکیل دی ہیں۔ آزاد ڈائریکٹروں کو مقررہ کے مطابق منتخب نہیں کیا گیا تھا۔

## آڈٹ کمیٹی:

Chairperson	Ms. Javeria Malik - Independent Director
Member / Company Secretary	Mr. Faheem Qureshi - Non Executive Directors
Member	Ms. Azra Perveen - No Executive Directors
Secretary	Mr. Muhammad Sheraz

## ایچ آر اور معاوضہ کمیٹی:

Chairperson	Mr. Imran Zaid- Independent Director
Member/Company Secretary	Mr. Faheem Qureshi - Non Executive Director
Member	Ms. Sana - Non Executive Director
Member	Mr. Syed Jawad Ali -CEO
Secretary	Mr. Muhamamd Sheraz

## آپریشنل جائزہ:

کمپنی کی کامیاب کاروباری بحالی کا انحصار ایٹانز ٹیکنالوجی (پرائیویٹ) لمیٹڈ (ایٹانز) کے ساتھ اس کے مجوزہ انضمام پر ہے، جیسا کہ ہمارے مستقبل کے نقطہ نظر میں بیان کیا گیا ہے۔ ایٹانز ٹیکنالوجی (پرائیویٹ) لمیٹڈ، جو ایک ممکنہ حصول ہے، نے پہلے ہی فروخت کے نئے مذاکرات کا آغاز کیا ہے اور انضمام کے متوقع فوائد کی بنیاد پر ملک بھر اور بین الاقوامی سطح پر ابھرتے ہوئے آئی ٹی شعبوں میں توسیع کے مواقع تلاش کر رہا ہے۔

## مستقبل کا نقطہ نظر:

زیڈ ایچ سی ایم حصص کے تبادلے کی بنیاد پر ایٹانز کے ساتھ اسٹریٹجک کاروباری حصول کے آخری مراحل میں ہے۔ یہ کارپوریٹ انضمام ہماری کمپنی کے آپریشنز کی بحالی کے لئے تیار ہے اور اسے "ایٹانز لمیٹڈ" کے طور پر پاکستان میں ایک ممتاز آئی ٹی کمپنی کے طور پر پیش کرے گا۔ نیچے پاکستان اسٹاک ایکسچینج (پی ایس ایکس) میں زیڈ ایچ سی ایم کی درجہ بندی انشاء اللہ ڈیفالٹ اسٹیٹس سے ریگولر لسٹنگ میں منتقل ہونے کی توقع ہے۔ پی ایس ایکس میں درج آئی ٹی سیکٹر کی نسبتاً محدود تعداد کو دیکھتے ہوئے، یہ کامیابی ہوگی۔

## آڈیٹرز:

کمپنی کے موجودہ آڈیٹرز نے 30 جون 2024 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 2025 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:

نئی انتظامیہ تفصیلات/معلومات اور ان کی شناخت تیار کرنے اور آڈیٹرز کی رپورٹوں میں رپورٹ کردہ اہل رائے کا سبب بننے والے حقائق کے بارے میں ثبوت کا انتظام کرنے کے لئے پرعزم ہے۔ یہ ترمیم بنیادی طور پر تجارتی قرض دہندگان اور پیش رفتوں کے بارے میں بہت پرانے اعداد و شمار کی عدم فراہمی پر مبنی ہے۔

## کارپوریٹ گورننس:

زیڈ ایچ سی ایم کے بورڈ آف ڈائریکٹرز اور اس کی انتظامیہ کو ڈ آف کارپوریٹ گورننس میں وضع کردہ اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہیں جیسا کہ ایس ای سی پی کی جانب سے جاری کردہ اسٹاک ایکسچینجز کے لسٹنگ ریگولیشنز میں شامل کیا گیا ہے۔

کو ڈ 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 درست نہیں ہے اور انٹرنل آڈٹ ہیڈ کے سربراہ کی غیر موجودگی میں مؤثر طریقے سے نافذ اور نگرانی نہیں کی گئی ہے۔

6- 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۔

7- 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 اس کے کہ "شیر ہولڈنگ کے پیٹرن" میں ذکر کیا گیا ہے۔

## 8۔ ملاقات کی فریکوئنسی

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

Director	Meeting Attended
Mr. Imran Zaid	5
Ms. Javeria Malik	5
Ms. Sana Malik	5
Mr. Muhammad Faheem Qureshi	5
Ms. Azra Perveen	5
Mr. Muhammad Sheraz	5
Mr. Syed Jawad Ali	5

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

زیر غور سال کے دوران آڈٹ کمیٹی کے پانچ (5) اجلاس منعقد ہوئے۔ ممبر کا حاضریں ذیل میں دیا گیا تھا۔

Member	Meeting Attended
Ms. Javeria Malik	5
Mr. Muhammad Faheem Qureshi	5
Ms. Azra Perveen	5
Mr. Muhammad Sheraz	5

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

زیر نظر سال کے دوران انسانی وسائل کی کمیٹی کا ایک (1) اجلاس منعقد ہوا جس میں رکن کے شرکاء درج ذیل ہیں۔

Member	Meeting Attended
Mr. Imran Zaid	1
Ms. Sana Malik	1
Mr. Muhammad Faheem Qureshi	1
Mr. Syed Jawed Ali	1
Mr. Muhammad Sheraz	1

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

### 9۔ متعلقہ پارٹی ٹرانزیکشن

انضمام اسکیم کو کمپنی کے ممبران نے منظور کیا تھا۔

### 10۔ ڈائریکٹر کا معاوضہ

کمپنی نے معاوضے کی پالیسی تیار نہیں کی ہے۔

مالی گوشواروں کے نوٹ 17 میں 30 جون 2024 کو ختم ہونے والے سال کے لئے کمپنی کے چیف ایگزیکٹو اور ڈائریکٹرز کا معاوضہ۔

### 11۔ حصص کا نمونہ

اس عنوان کے تحت 30 جون 2024 تک کی معلومات کو منسلک کیا گیا ہے۔

### 12۔ 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

بھرانٹن 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۔

### 13۔ 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۔

### اعتراف:

بورڈ مسلسل حمایت کا اعتراف کرتا ہے اور اس عبوری مدت کے دوران اپنے ملازمین کی لگن کو سراہتا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے:



سید جواد علی

چیف ایگزیکٹو آفیسر



عمران زید

چیئر مین

### Chairman's Review

It is with great honor that I present the Chairman's Review Report for the financial year ended June 30, 2024.

I am glad to inform you that we are in the final stage of business merger with M/s Itanz Technology (Pvt.) Limited. The next hearing at Lahore High Court is expected in few weeks and we believe the honorable court to do sanction approval of the Scheme of Arrangement during the next hearing, Inshallah. This merger represents a pivotal moment in our company's evolution, as it is expected to redefine our operational focus, vision and unlock substantial new opportunities in IT world, ultimately enhancing value for our stakeholders.

During the past fiscal years, we made strategic decisions to cease operational activities and divest our fixed assets. This decision was driven by evolving market conditions, down fall of textile industry in our country coupled with positioning the company for a new strategic direction. The Board is now actively pursuing to complete merger formalities at fast pace and start operations in the promising IT industry in the best interests of our shareholders. The Board has managed the company's affairs with effectiveness and efficiency, exercising its powers in full compliance with the Companies Act, 2017.

As we stand on the brink of this promising merger, I wish to express my sincere gratitude to the Board and to our shareholders for the ongoing support. Together, we look forward to entering a new phase of growth and shared success.

Yours Sincerely,



Imran Zaid  
Chairman

## چیرمین کا جائزہ

میں بڑے اعزاز کے ساتھ 30 جون 2024ء کو ختم ہونے والے مالی سال کے لیے چیرمین کی جائزہ رپورٹ پیش کرتا ہوں۔ مجھے آپ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ ہم میسرز ایٹانز ٹیکنالوجی (پرائیویٹ) لمیٹڈ کے ساتھ کاروباری انضمام کے آخری مرحلے میں ہیں۔ لاہور ہائی کورٹ میں آئندہ سماعت چند ہفتوں میں متوقع ہے اور ہمیں یقین ہے کہ معزز عدالت انشاء اللہ اگلی سماعت کے دوران اسکیم آف انتظامات کی منظوری دے گی۔ یہ انضمام ہماری کمپنی کے ارتقاء میں ایک اہم لمحے کی نمائندگی کرتا ہے، کیونکہ توقع ہے کہ یہ ہماری آپریشنل توجہ، وژن اور آئی ٹی کی دنیا میں کافی نئے مواقع کو دوبارہ ترتیب دے گا، بالآخر ہمارے اسٹیک ہولڈرز کے لئے قدر میں اضافہ کرے گا۔

گزشتہ مالی سالوں کے دوران، ہم نے آپریشنل سرگرمیوں کو روکنے اور اپنے فکسڈ اثاثوں کو فروخت کرنے کے لئے اسٹریٹجک فیصلے کیے۔ یہ فیصلہ مارکیٹ کے بدلتے ہوئے حالات، ہمارے ملک میں ٹیکسٹائل کی صنعت کی گراوٹ اور کمپنی کو ایک نئی اسٹریٹجک سمت میں کھڑا کرنے کی وجہ سے کیا گیا تھا۔ بورڈ اب تیزی سے انضمام کی رسمی کارروائیوں کو مکمل کرنے اور ہمارے شیئر ہولڈرز کے بہترین مفاد میں امید افزا آئی ٹی صنعت میں آپریشن شروع کرنے کے لئے فعال طور پر پیروی کر رہا ہے۔ بورڈ نے کمپنیز ایکٹ 2017 کی مکمل تعمیل کرتے ہوئے اپنے اختیارات کا استعمال کرتے ہوئے کمپنی کے معاملات کو موثریت اور کارکردگی کے ساتھ منظم کیا ہے۔

جیسا کہ ہم اس امید افزا انضمام کے دہانے پر کھڑے ہیں، میں جاری حمایت کے لئے بورڈ اور ہمارے شیئر ہولڈرز کا تہہ دل سے شکریہ ادا کرنا چاہتا ہوں۔ ہم سب مل کر ایک نئے باب کا آغاز کرتے ہیں جس میں باہمی ترقی کی لامحدود صلاحیت موجود ہے۔



چیرمین

عمران زید



**ALI AKHTAR ADNAN**  
Chartered Accountants

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**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 2024 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 2024.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in paragraph reference 18 and 19 where these are stated in the Statement of Compliance





Regulation No.	Non-compliance
6	Independent directors were not selected as prescribed under the provisions of the Companies Act, 2017 and regulations issued thereunder
27	<ol style="list-style-type: none"><li>1. The head of internal audit has not been appointed</li><li>2. The term of reference of audit committee has not been defined</li><li>3. No meeting of internal auditor was held with audit committee</li><li>4. No meeting of audit committee was held after completion of external audit.</li></ol>
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 governance of risk and its management policy and procedure</li><li>4. Adequate system and controls for identification and redressal of grievance arising from unethical practices.</li><li>5. Appointment of head of internal auditor</li><li>6. For formal and effective mechanism of annual appraisal of Boards' own performance, members of the board and its committee.</li><li>7. For complete records of particulars of significant policies along with their dates of approval or updating thereof for significant matters/ issues/ risks.</li></ol>
10A	<p>The board has not fulfilled its responsibilities</p> <ol style="list-style-type: none"><li>1. For governance and oversight of sustainability risks and opportunities, which includes the environmental, social and governance considerations, within the company by setting the company's sustainability strategies, priorities and targets to create long term corporate value</li><li>2. That the policies to promote diversity, equity and inclusion (DE&amp;I) are in place to encourage gender mainstreaming, gender equality and the participation of women on the board, management and workforce of the company.</li><li>3. Appropriate measures to proactively understand and address the principal as well as emerging sustainability risks and opportunities relevant to the company and its business, including climate-related risks and opportunities, assess their potential financial and operational impacts and implement strategies for management and mitigation thereof.</li></ol>



	<ol style="list-style-type: none"><li>4. The company's sustainability and DE&amp;I related strategies, priorities and targets as well as performance against these targets are periodically reviewed and monitored.</li><li>5. Establish a dedicated sustainability committee having at least one female director, or assign additional responsibilities to an existing board committee.</li><li>6. That the directors report shall provide adequate disclosures regarding the assessment of sustainability related risks, how these are managed or mitigated, and measures taken to promote DE&amp;I in the Company.</li></ol>
16 & 17	<ol style="list-style-type: none"><li>1. The board has not a formal policy and transparent procedures for fixing the remuneration packages of individual directors including attending meetings of the board and its committees.</li><li>2. No director was paid any remuneration.</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 company secretary do not hold prescribed qualifications</li><li>2. Head of internal audit function and its resources / staff were not appointed therefore all other related regulations were not complied with.</li><li>3. The Board has not determined roles and responsibilities of CFO, Internal Auditor and Company Secretary.</li></ol>
28	<ol style="list-style-type: none"><li>1. The term of reference of HR and remuneration committee has not been 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>
34	<ol style="list-style-type: none"><li>1. The directors' report on quarterly financial statements did no mention the remuneration policy along with its significant features of non -executive directors including independent directors.</li></ol>
35	<ol style="list-style-type: none"><li>1. The company has not complied with requirement of posting its key elements of significant policies including:<ol 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. Policies for promoting DE&amp;I and protection against harassment at workplaces.</li><li>h. Brief synopsis of term of reference of audit committee and HR and Remuneration committee, Nominee committee and Risk management Committee.</li><li>i. The Directors' remuneration policy</li></ol></li></ol>



ALI AKHTAR ADNAN  
*Chartered Accountants*

Ali Akhtar Adnan,  
Chartered Accountants  
Lahore

Date: 07/10/2024

UDIN: CR202410097zPROXq68N

**[Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 of Zahur Cotton Mills Limited For the year ended June 30, 2024**

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

1. The total number of directors are **Z** 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.

2.2 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 complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

Atti

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

8.1 The board's members resolved not to charge any fee until merger scheme is implemented.

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 and company secretary including their remuneration and terms and conditions of employment however not complied with relevant requirements of the Regulations: The head of internal audit has not been appointed.

10.1 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

**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/Executive Director
Mr. Muhammad Sheraz	Secretary

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

14. The frequency of meetings of the committee were as per following, -

a) Audit Committee: 05

b) HR and Remuneration Committee: 01

AU

15. The Board has not set up an effective Internal Audit Function or has not outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

18. We confirm that all requirements of regulations 3, 7, 8, 32, 33 and 36 of the Regulations have been complied with and regulation 6 and 27 have not been complied with.

#### **Basis of Non-compliances**

##### **For Regulation 6**

18.1 Independent directors were not selected as prescribed under the provisions of the Companies Act, 2017 and regulations issued thereunder

##### **For Regulation 27**

- 18.1 The head of internal audit has not been appointed
- 18.2 The term of reference of audit committee has not been defined
- 18.3 Non of member is financial literate
- 18.4 No meeting of internal auditor was held with audit committee
- 18.5 No meeting of audit committee was held after completion of external audit.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

## 19. Non-compliance

Regulation No.	Non-compliance	Reasons
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 governance of risk and its management policy and procedure</li> <li>4. Adequate system and controls for identification and redressal of grievance arising from unethical practices.</li> <li>5. Appointment of head of internal auditor</li> <li>6. For formal and effective mechanism of annual appraisal of Boards' own performance, members of the board and its committee.</li> <li>7. 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 prime reason of non-compliance is the cessation of business and disposal of all assets including factory during year 2022. Further new management is committed to comply with and maintain all regulations once the merger is implemented.</p>
10A	<p>The board has not fulfilled its responsibilities</p> <ol style="list-style-type: none"> <li>1. For governance and oversight of sustainability risks and opportunities, which includes the environmental, social and governance considerations, within the company by setting</li> </ol>	

	<p>the company's sustainability strategies, priorities and targets to create long term corporate value</p> <ol style="list-style-type: none"> <li>2. That the policies to promote diversity, equity and inclusion (DE&amp;I) are in place to encourage gender mainstreaming, gender equality and the participation of women on the board, management and workforce of the company.</li> <li>3. Appropriate measures to proactively understand and address the principal as well as emerging sustainability risks and opportunities relevant to the company and its business, including climate-related risks and opportunities, assess their potential financial and operational impacts and implement strategies for management and mitigation thereof.</li> <li>4. The company's sustainability and DE&amp;I related strategies, priorities and targets as well as performance against these targets are periodically reviewed and monitored.</li> <li>5. Establish a dedicated sustainability committee having at least one female director, or assign additional responsibilities to an existing board committee.</li> <li>6. That the directors report shall provide adequate disclosures regarding the assessment of sustainability related risks, how these are managed or mitigated, and measures taken to promote DE&amp;I in the Company.</li> </ol>	
16 & 17	1. The board has not a formal	

	<p>policy and transparent procedures for fixing the remuneration packages of individual directors including attending meetings of the board and its committees.</p> <p>2. No director was paid any remuneration.</p>	
18 & 19	<p>1. The company has neither made an appropriate arrangement to carry out orientation for their directors nor any director got any training program.</p>	
20, 22, 23 & 24, 31	<p>1. The CFO and company secretary do not hold prescribed qualifications</p> <p>2. Head of internal audit function and its resources / staff were not appointed therefore all other related regulations were not complied with.</p> <p>3. The Board has not determined roles and responsibilities of CFO, Internal Auditor and Company Secretary.</p>	
28	<p>1. The term of reference of HR and remuneration committee has not been prepared and maintained.</p>	
29 & 30	<p>1. The board has not setup nominee and Risk Management committee and determined term of references.</p>	
34	<p>1. The directors' report on quarterly financial statements did no mention the remuneration policy along with its significant features of non -executive directors including independent directors.</p>	
35	<p>2. The company has not complied with requirement of posting its key elements of</p>	

	<p>significant policies including:</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. Policies for promoting DE&amp;I and protection against harassment at workplaces.</li><li>h. Brief synopsis of term of reference of audit committee and HR and Remuneration committee, Nominee committee and Risk management Committee.</li><li>i. The Directors' remuneration policy</li></ul>	
--	--	--



(Name in block letters)

Chairman

IMRAN ZAID



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

**Qualified 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, 2024, and the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information 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.

Except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Qualified Opinion**

1. 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. 8.692 million respectively as at June 30, 2024 (June 30, 2023: Rs. 2.788 million, Rs. 1.602 million and Rs. 8.392 million respectively) and the movement therein during the year, appearing in Note 05 of the financial statements, in the absence of direct confirmation and other alternative audit procedures.
2. We were unable to measure the non-recognition of the interest payable to associated company M/s Technic Engineering & Fabrication (Pvt) Ltd on outstanding balance of Rs. 746,625/- (June 30, 2023: Rs. 746,625/-) as required by the section 199 of the Companies Act, 2017 and non-recognition of the retirement benefit cost payable as required by the Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, in the absence of data and other alternative audit procedures.
3. We were unable to verify the existence and valuation of long-term deposit of Rs. 68,210/- (June 30, 2023: Rs. 68,210/-) appearing in Note 08 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 qualified opinion.

### **Material Uncertainty relating to Going Concern**

We draw attention to Note 2.1 of the financial statements, which indicates that the Company has accumulated losses at the reporting date amounting to Rs. 139.148 million (June 30, 2023: Rs. 137.926 million) as against issued, subscribed and paid up capital of Rs. 98.60 million as at June 30, 2024 (June 30, 2023: Rs. 98.60 million) and as of that date, the Company's current liabilities exceeded its current assets by Rs. 40.616 million (June 30, 2023: Rs. 39.394 million) resulting in liquidity problems. Due to working capital constraints and unfavorable business conditions, the Company ceased operations, and all fixed assets, including plant and machinery, were sold during the year ended June 30, 2022. The Merger Scheme under Section 279 to 285 of the Companies Act, 2017, between the Company and M/s ITANZ Technology (Pvt.) Limited was subject to approval from the Honourable Lahore High Court. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **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 Qualified Opinion and Material Uncertainty Related to Going Concern sections, 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 2024, 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 except for the matters discussed in basis for Qualified Opinion section and its effects, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and



**ALI AKHTAR ADNAN**  
*Chartered Accountants*

d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

ALI AKHTAR ADNAN  
Chartered Accountants  
Lahore  
Date: October 7, 2024  
UDIN: AR202410097zWnapKIY9

**ZAHUR COTTON MILLS LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

Ali

**ZAHUR COTTON MILLS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024**

	Note	2024	2023 (Restated)	2022 (Restated)
----- Rupees -----				
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
<b>Authorized share capital</b>		200,000,000	200,000,000	200,000,000
20,000,000 (2023: 20,000,000) ordinary shares of Rs. 10/- each				
<b>Issued, subscribed and paid up share capital</b>	4	98,600,000	98,600,000	98,600,000
9,860,000 (2023: 9,860,000) ordinary shares of Rs. 10/- each fully paid in cash				
<b>Revenue reserve</b>		(139,148,690)	(137,926,211)	(137,145,448)
<b>Total Equity</b>		(40,548,690)	(39,326,211)	(38,545,448)
<b>Non-current liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	5	13,663,495	13,283,495	12,688,495
Short term borrowings	6	26,957,507	26,123,751	25,950,501
		40,621,002	39,407,246	38,638,996
<b>Contingencies and commitments</b>	7	-	-	-
<b>Total liabilities</b>		40,621,002	39,407,246	38,638,996
<b>Total Equity and liabilities</b>		72,312	81,035	93,548
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment		-	-	-
Long Term Deposits	8	68,210	68,210	68,210
		68,210	68,210	68,210
<b>CURRENT ASSETS</b>				
Income Tax Refunds due from the Government		1,912	1,912	1,912
Cash and Bank Balances	9	2,190	10,913	23,426
		4,102	12,825	25,338
<b>Total assets</b>		72,312	81,035	93,548

The annexed notes from 1 to 25 form an integral part of these financial statements.

  
Chief Executive

  
Chief Financial Officer

  
Director

Ali

**ZAHUR COTTON MILLS LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024	2023 (Restated)
		Rupees	
Revenue from contracts with customer		-	-
Cost of revenue		-	-
<b>Gross Profit</b>		<u>-</u>	<u>-</u>
Administrative expenses	10	(1,220,389)	(780,250)
<b>Profit / (Loss) from Operations</b>		<u>(1,220,389)</u>	<u>(780,250)</u>
Finance Cost	11	(2,090)	(513)
<b>Profit / (Loss) before taxation</b>		<u>(1,222,479)</u>	<u>(780,763)</u>
Taxation	12	-	-
<b>Profit / (Loss) after tax for the year</b>		<u>(1,222,479)</u>	<u>(780,763)</u>
<b>Profit / (Loss) per share - basic and diluted</b>	13	<u>(0.12)</u>	<u>(0.08)</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

  
Chief Executive

  
Chief Financial Officer

  
Director

Ali

**ZAHUR COTTON MILLS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME / (LOSS)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023 (Restated)
	-----Rupees-----	
Profit / (Loss) after tax for the year	(1,222,479)	(780,763)
<b>Other comprehensive income</b>		
Item that will not be reclassified subsequently to profit or loss		
Surplus on revaluation of property, plant and equipment of the company	-	-
Related Deferred tax - net	-	-
<b>Total comprehensive (loss) / income for the year</b>	<u>(1,222,479)</u>	<u>(780,763)</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

*Ali*

**ZAHUR COTTON MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	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, 2022 (Restated)	98,600,000	-	-	(137,145,448)	(38,545,448)
Profit for the year	-	-	-	(780,763)	(780,763)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year ended June 30, 2023	-	-	-	(780,763)	(780,763)
<b>Balance as at June 30, 2023 (Restated)</b>	<b>98,600,000</b>	<b>-</b>	<b>-</b>	<b>(137,926,211)</b>	<b>(39,326,211)</b>
Loss for the year	-	-	-	(1,222,479)	(1,222,479)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year ended June 30,	-	-	-	(1,222,479)	(1,222,479)
<b>Balance as at June 30, 2024</b>	<b>98,600,000</b>	<b>-</b>	<b>-</b>	<b>(139,148,690)</b>	<b>(40,548,690)</b>

The annexed notes from 1 to 25 form an integral part of these financial statements.

  
Chief Executive

  
Chief Financial Officer

  
Director

*Ali*

**ZAHUR COTTON MILLS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023 (Restated)
	Rupees	
<b>Cash flows from operating activities</b>		
Profit / (Loss) before taxation	(1,222,479)	(780,763)
Adjustments for non cash items:		
- finance cost	2,090	513
- Gain on the sale of fixed Assets	-	-
	(1,220,389)	(780,250)
<b>Changes in working capital</b>		
Increase in current liabilities		
- Trade and other payables	380,000	595,000
<b>Cash used in operations</b>	(840,389)	(185,250)
Finance cost	(2,090)	(513)
<b>Net cash outflows from operating activities</b>	(842,479)	(185,763)
<b>Cash flows from investing activities</b>	-	-
<b>Cash flows from financing activities</b>		
Short term borrowings	833,756	173,250
<b>Net cash inflows from financing activities</b>	833,756	173,250
<b>Net decrease in cash/cash equivalents</b>	(8,723)	(12,513)
Cash and cash equivalents at the beginning of the year	10,913	23,426
<b>Cash and cash equivalents at end of the year</b>	2,190	10,913

The annexed notes from 1 to 25 form an integral part of these financial statements.

  
Chief Executive

  
Chief Financial Officer

  
Director

AL

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**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 78 kanal 34 marla.

**2 Basis of preparation**

**2.1 Going concern assumption**

The Company has accumulated losses at the reporting date amounting to Rs. 139.148 million (June 30, 2023: Rs. 137.926 million) as against issued, subscribed and paid up capital of Rs. 98.60 million as at June 30, 2024 (June 30, 2023: Rs. 98.60 million) and as of that date, the Company's current liabilities exceeded its current assets by Rs. 40.616 million (June 30, 2023: Rs. 39.394 million) resulting in liquidity problems. Due to working capital constraints and unfavorable business conditions, the Company ceased operations, and all fixed assets, including plant and machinery, were sold during the year ended June 30, 2022. The trading of the Company's shares remains suspended due to non-compliance with clause 5.11.1(b)(f) of the PSX regulations.

The Merger Scheme under Section 279 to 285 of the Companies Act, 2017, between the Company and M/s ITANZ Technology (Pvt.) Limited was submitted before the honorable Lahore High Court and accordingly approval were taken by the shareholders of both entities in an Extraordinary General Meeting held on March 27, 2024. The primary objective of the Scheme is, on the approval by the honorable Lahore High Court, to merge M/s ITANZ Technology (Pvt.) Limited with the Company, resulting in the transfer of all assets and liabilities of M/s ITANZ Technology (Pvt.) Limited to the Company. The merger includes the dissolution of M/s ITANZ Technology (Pvt.) Limited without winding up, with the issuance of ordinary shares in the Company to the existing shareholders of M/s ITANZ Technology (Pvt.) Limited based on the share ratio. Next hearing of the honorable Lahore High Court is scheduled on 08 October 2024.

The management of Company recognizes that the above Merger Scheme is subject to inherent risks and uncertainties, including approval of the Merger Scheme by the Honorable Lahore High Court. The above 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. However, the management and legal advisor is of view of that the Merger Scheme will soon be approved by the Honorable Lahore High Court and there after M/s ITANZ Technology (Pvt.) Limited will be merged with the Company, with profitable operations and enabling the survival company to pay off all the liabilities. Accordingly, these financial statements have been prepared on going concern basis.

The Merger Scheme is available for all stakeholders to review on the company's official website and at its registered office, but it is not part and parcel of the financial statements.

**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.

Ali

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**2.4 Revised and amended standards and interpretation effective and adopted in 2024**

No amendments to accounting and reporting standards that are applicable for the financial year beginning on July 1, 2023 have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements except the following:

**Amendment to IAS 1 "Presentation of financial statements" and IFRS Practice Statement 2:**

The amendments in IAS 1 and IFRS Practice Statement 2 'Making Materiality Judgments' aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policy information and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in these financial statements.

**Revised and amended standards and interpretation that are not yet effective and not adopted in 2024**

There are standards and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on July 01, 2023. The standards and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

**Standards, interpretations and amendments to published approved accounting and reporting standards which became effective during the year:**

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

**2.5 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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 3.1
- Current income tax expense, provision for current income tax and recognition of deferred tax liability / asset - Note 3.5
- Estimation of provisions - Note 3.15
- Estimation of contingent liabilities - Note 3.20
- Impairment loss of non-financial assets other than inventories - Note 3.21

**3 Material accounting policy information**

**3.1 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.

Ali

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Property, plant and equipment, except freehold land, buildings thereon, and plant and machinery 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.

**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 if 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 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.

Ali

#### **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and any identified accumulated impairment loss. These are amortized using the straight line method. Amortization on additions is charged from the month in which an intangible asset is acquired, while no amortization is charged for the month in which the intangible asset is disposed off. Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are charged to statement of profit or loss as and when incurred.

#### **Right-of-use assets**

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset.

#### **3.2 Stores and spare parts**

Stores, spare parts and loose tools are stated at lower of cost and net realizable value. These are valued at moving weighted average cost less any identified impairment except for items in transit, which are valued at invoice price and related expenses incurred up to the statement of financial position date. Items considered obsolete are carried at nil value. General stores and spare parts are charged to statement of profit or loss. The Company reviews the carrying amount of stores on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores.

#### **3.3 Stock in trade**

These are valued at lower of cost and net realizable value. Cost of raw materials and components represents invoice value plus other charges paid thereon. Cost of inventory is based on weighted average cost. Cost in relation to work-in-process and finished goods represents direct cost of raw materials, wages and appropriate manufacturing overheads. Goods-in-transit are stated at cost accumulated up to the statement of financial position date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

The Company reviews the carrying amount of stock-in-trade on a regular basis and as appropriate, the inventory is written down to its net realizable value or provision is made for obsolete items, if any.

#### **3.4 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). Refer to accounting policies of financial assets in Note 3.11.1.

#### **3.5 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.

##### **Levy**

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in the statement of profit or loss account. Any excess of expected income tax paid or payable for the year under the Income Tax Ordinance, 2001 over the amount designated as current income tax for the year is recognised as levy.

##### **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.

Ali

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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.

**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.

**3.6 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.

**3.7 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.

**3.8 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.

**3.9 Staff retirement benefits**

The Company operates an un-funded gratuity scheme for all its eligible employees who have completed the qualifying period as defined under the respective scheme.

The amount of liability of each employee at year end is computed by numbers of years completed multiplied by the last drawn monthly gross salary. The company retires employees annually and pay off the previous liabilities. The difference between the current and the previous liability is charged to the statement of profit or loss as an expense for the year.

**3.10 Revenue recognition**

Revenue from contracts with customers is recognized when control of the goods is transferred which generally coincides with the delivery of the goods to the customer.

- Revenue is measured at fair value of the consideration received or receivable, excluding discounts and the payment is typically due on the satisfaction of performance obligation.
- Interest income is recognized on a time proportion basis on the principal amount outstanding and at the applicable rate.
- Gains/(losses) arising on disposal of investments are included in income and are recognized on the date when the transaction takes place.
- Unrealized gains (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise. Unrealized gains/(losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

**3.11 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.

**3.11.1 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. Specified in relevant note.

Ali

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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, the asset is recognized initially at its fair value on the trade debt.

**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. Interest calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on equity instruments are credited to the statement of profit or loss when the Company's right to receive payments is established.

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 Company classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. 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, 2024**

**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:

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**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 profit or loss.

**3.11.2 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 classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, commitments to provide a loan at a below-market interest rate and contingent consideration recognized in a business combination.

The Company does not reclassify any of its financial liabilities.

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.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the next term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel. The Company has not designated any financial liability 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 profit or loss account.

**3.12 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.

**3.13 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.

**3.14 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.

**3.15 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.

**3.16 Long term deposits**

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

**3.17 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.

Ali

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**3.18 Dividend**

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

**3.19 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.

**3.20 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.

**3.21 Impairment of Non-financial assets**

**Non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax 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 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. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

*Act*

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023
	----- Rupees -----	
<b>4 Issued, subscribed and paid up capital</b>		
Issued, subscribed and paid-up capital 9,860,000 (2023: 9,860,000) Ordinary Shares of Rs.10 each fully paid in cash.	98,600,000	98,600,000
	<u>98,600,000</u>	<u>98,600,000</u>

4.1 No shares were issued or cancelled during the year (2023: Nil), the reconciliation of number of shares outstanding was not provided.

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

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

	2024	2023 (Restated)
	----- 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
Audit Oversight Board Supervisory fee payable	310,000	240,000
Accrued liabilities and advances - unsecured	8,692,722	8,392,722
Auditors' remuneration	270,000	260,000
	<u>13,663,495</u>	<u>13,283,495</u>
<b>5.1 Accrued liabilities and advances</b>		
Advances (Related party)	1,373,927	1,373,927
Accrued liabilities	7,318,795	7,018,795
	<u>8,692,722</u>	<u>8,392,722</u>

5.1.1 Advances represents Rs.609,149, Rs. 18,153, and Rs. 746,625 ( June, 2023: 1,373,927) payable to former CEO /director, other related party and the associated Company M/s Technic Engineering & Fabrication (Pvt) Limited (associated due to common shareholding) respectively. These amounts relates to expenditure incurred by former Director, other related party and the associated Company on the Company's behalf.

5.1.2 This includes 6.067 million (June, 2023: 6.067 million) payable to the former CEO (related party) of the Company on account of salaries. It also includes 0.6 million (June, 2023: 0.3 million) on account of salaries payable to the Company's CFO. During the year, accrued liabilities increased by Rs 300,000 on account of salaries payable to CFO.

	2024	2023
	----- Rupees -----	
<b>6 Short term borrowings</b>		
From related parties - unsecured	25,950,501	25,950,501
From other than related parties - unsecured		
ITANZ Technology (Pvt.) Limited	1,007,006	173,250
	<u>26,957,507</u>	<u>26,123,751</u>

6.1 These unsecured and interest free loans have been obtained from Mr. Javed Zahur (Ex-CEO) and Mr. Hassan Zahur (Son of Mr. Javed Zahur) amounting to Rs. 12,500,302 (June 2023: 12,500,302) and Rs. 13,450,198 (June 2023: 13,450,198) respectively. These loans have been obtained to meet the working capital requirements of the Company and are repayable on demand.

6.2 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 Merger Scheme is in process. These loans have been obtained to meet the working capital requirements of the Company and are repayable on demand.

**7 Contingencies**

7.1 As of December 2014, the Company has been suspended from the sales tax due to non-filing of its monthly sales tax returns. Under Section 33 (Chapter VII) of the Sales Tax Act, 1990, a penalty of Rs. 600,000 may be imposed for non-submission of the last five years monthly sales tax returns till reporting date, if tax department issue the notice and following plea of the Company has been rejected by the appellate authority:

- In cases where is no revenue loss, penalties cannot be imposed, or;
- Appellate authority and tax department have discretionary jurisdiction to waive off the penalty.

Ali

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

7.2 Under Section 512(2) of the Companies Act, 2017, the Company may be imposed the penalty for non-compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, which can be up to five million rupees. Additionally, if the non-compliance continue, an extra penalty of up to one hundred thousand rupees may be imposed for each day the non-compliance persists.

**Commitments**

There were no material commitments outstanding as at the date of statement of financial position except specified otherwise (2023: Nil).

8 This represents security deposit with WAPDA.

**9 Cash and Bank Balances**

	2024	2023
	Rupees	
Cash in hand	1,695	1,695

**Balance with banks**

**Local currency:**

- Current accounts

- Demand deposits

- Savings accounts

	2024	2023
- Current accounts	495	6,195
- Demand deposits	-	2,120
- Savings accounts	-	903
	495	9,218
	2,190	10,913

9.1 On August 17, 2023, the Board of Directors convened a meeting to review the status of the company's bank accounts. During this session, a resolution was passed to write off the balances of certain bank accounts that have remained inactive and non-operational for an extended period.

**10 Administrative Expense**

		2024	2023 (Restated)
		Rupees	
Directors' Remuneration	10.1	-	-
Salaries and Other Benefits	10.1	300,000	300,000
Communication Expenses		140,910	10,000
Fee and Subscription		123,000	125,750
Printing and Stationary		52,700	22,500
Audit Oversight Board Supervisory fee		70,000	35,000
Auditors' remuneration	10.2	420,000	260,000
Advertisement		67,000	15,000
Bank balance written off		8,833	-
Miscellaneous Expenses		37,946	12,000
		1,220,389	780,250

10.1 These includes Rs. Nil (2023: Nil) in respect of staff retirement benefits.

**10.2 Auditors' remuneration**

		2024	2023
		Rupees	
Statutory Audit		270,000	210,000
Fee of review of half yearly financial information		50,000	50,000
Special purpose financial statement Audit fee	10.2.1	100,000	-
		420,000	260,000

10.2.1 The audit fee was paid by the Company for the audit of special purpose financial statements prepared to assist the Company and M/s ITANZ Technology (Pvt.) Limited in the merger process.

**11 Finance cost**

	2024	2023
	Rupees	
Bank charges	2,090	513
	2,090	513

Ali

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023
	-----Rupees-----	
<b>12 Taxation</b>		
For the year		
- Current tax	-	-
- Deferred tax	-	-
	-	-
12.1 No reconciliation was made, as there was no difference in taxable loss and accounting loss.		
12.2 No reconciliation between tax expense and accounting profit / (loss)		
Accounting profit / (loss) before tax	(1,222,479)	(780,763)
Tax rate %	29%	29%
Accounting tax	-	-
Prior year adjustment	-	-
Effect of applicability of admissible and inadmissible expenses / income and tax credits / debits	-	-
	-	-
<b>Applicable tax rate</b>	29%	29%
Actual tax rate	-	-
Prior year adjustment	-	-
Tax rate change due to gain on land disposal	-	-
Tax rate change due to unused tax losses	-	-
	29%	29%
12.3 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.		
	2024	2023
	-----Rupees-----	
Provision as per financial statements	-	-
Tax assessment	-	-
Increase / (decrease)	-	-
12.4 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. Additionally, management has decided not to revise previous tax returns; therefore, no adjustments related to the restatement have been made to the deferred tax asset. Breakup of which is as follows:		
	2024	2023
	-----Rupees-----	
Unabsorbed tax depreciation	74,872,274	74,872,274
Unused business tax losses	2,778,123	2,423,604
	77,650,397	77,295,878
12.5 The expiry dates for the unused business tax losses:	2024	2023
	-----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	745,763
30 June, 2030	1,222,479	-
	9,579,734	8,357,255

Aci

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023 (Restated)
	Rupees	
<b>13 Profit/ (Loss) per share - basic and diluted</b>		
13.1 Basic		
Profit / (Loss) after tax for the year	(1,222,479)	(780,763)
Weighted average number of ordinary shares at the end of the year	9,860,000	9,860,000
Profit/ (Loss) per share	<u>(0.12)</u>	<u>(0.08)</u>

13.2 The earnings per share (EPS) for the previous year has been marginally adjusted by Rs. 0.0035 due to a restatement.

**13.3 Diluted**

There is no dilutive effect on the basic loss per share of the company.

**14 Financial Instruments by Category:**

	2024	2023 (Restated)
	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	2,190	10,913
	<u>70,400</u>	<u>79,123</u>
<b>Financial liabilities as per Balance Sheet</b>		
<b>At amortized Cost</b>		
Trade and other payables	13,663,495	13,283,495
Short and borrowings	26,957,507	26,123,751
	<u>40,621,002</u>	<u>39,407,246</u>

**15 Financial risk management**

**15.1 Financial risk factors**

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 and liquidity risk. 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, 2024, the company was not exposed to currency risk (2023: 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, 2024, the interest rate risk profile of the Company were not have any interest bearing financial instruments (2023: 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, 2024, the Company was not exposed to price risk (2023: Nil).

**(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,

Ali

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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 are as under:

	2024	2023
	Rupees	
Long term deposits	68,210	68,210
Bank balances	495	9,218
	<u>68,705</u>	<u>77,428</u>

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

Counter party	Rating			June-2024	June-2023
	Short term	Long term	Agency	Rupees	
Bank Al Habib Limited	A1+	AAA	PACRA	-	3,766
Faysal Bank Limited	A1+	AA	PACRA	-	1,926
Al-Baraka Islamic Bank Limited	A-1	A+	PACRA	84	385
MCB Bank Limited	A1+	AAA	PACRA	411	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	3,141
				<u>495</u>	<u>9,218</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.

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 2024</b>					
Short term borrowings	26,957,507	26,957,507	26,957,507	-	-
Trade and other payables	13,663,495	13,663,495	13,663,495	-	-
<b>As at 30 June 2023</b>					
Short term borrowings	26,123,751	26,123,751	26,123,751	-	-
Trade and other payables	13,283,495	13,283,495	13,283,495	-	-

16 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.

Ali

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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 is adverse due to negative capital employed.

**17 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	
	2024	2023	2024	2023
	Rupees		Rupees	
Managerial remuneration	-	-	-	-
Medical allowance	-	-	-	-
	-	-	-	-
No. of persons	1	1	6	6

- 17.1 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 (2023: Nil).
- 17.2 No meeting fee has been paid to any director of the Company.
- 17.3 No remuneration has been paid to any Non-executive director of the Company.
- 17.4 No retirement benefits including Provident fund/gratuity has been paid or payable to any of the directors including chief executive of the Company.
- 17.5 An executive is defined as an employee, other than the Chief Executive Officer and directors, whose basic salary exceeds Rs. 1.2 million (2023: Rs. 1.2 million) in a financial year. No employee fall in the category of executive.

**18 Restatement of Comparative figures (other than arising from first-time adoption)**

Certain ensuring restatements have been made to the prior year's figures to rectify the error.

- The Company did not recognize the Audit Oversight Board supervisory fee in its financial statements since the promulgation of the Audit Oversight Board (Operations) Regulations, 2018. The Board has now decided to rectify this error.
- The items were restated as follows:

	Jun-23		Jun-23
	[Previously Reported]	Due to rectification	[After rectification]
	(Rupees)	(Rupees)	(Rupees)
18.1 As at June 30, 2023			
Statement of Financial Position			
Trade and other payables	13,043,495	240,000	13,283,495
Revenue reserve	(137,686,211)	(240,000)	(137,926,211)
For the year ended June 30, 2023			
Statement of Profit or Loss			
Administrative expenses	-	35,000	35,000
	Jun-22		Jun-22
	[Previously Reported]	Due to rectification	[After rectification]
	(Rupees)	(Rupees)	(Rupees)

- 18.2 As at June 30, 2022  
Statement of Financial Position

ACI

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Trade and other payables	12,483,495	205,000	12,688,495
Revenue reserve	(136,940,448)	(205,000)	(137,145,448)
<b>For the year ended June 30, 2022</b>			
<b>Statement of Profit or Loss</b>			
Administrative expenses	-	35,000	35,000

	<b>Jun-21</b>		<b>Jun-21</b>
	<b>{Previously Reported}</b>	<b>Due to rectification</b>	<b>{After rectification}</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>	<b>(Rupees)</b>

**18.3 As at June 30, 2021**

**Statement of Financial Position**

Trade and other payables	10,819,817	170,000	10,989,817
Revenue reserve	(231,475,110)	(170,000)	(231,645,110)
<b>For the year ended June 30, 2021</b>			
<b>Statement of Profit or Loss</b>			
Administrative expenses	-	35,000	35,000

All related disclosures have been stated with rectification.

**19 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 17; There were no transactions with related parties during the year (June 30, 2023: Nil)

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

Name of related party	Relationship	Rupees	
		30 June 2024	30 June 2023
Mr. Javed Zahur	Major Sponsor 5.1.1	609,149	609,149
Mr. Javed Zahur	Major Sponsor 5.1.2	6,067,000	6,067,000
Mr. Javed Zahur	Major Sponsor 6.1	12,500,302	12,500,302
Mr. Hassan Zahur	Son of Mr. Javed Zahur 5.1.1	18,153	18,153
Mr. Hassan Zahur	Son of Mr. Javed Zahur 6.1	13,450,198	13,450,198
M/s Technic Engineering & (Pvt) Ltd	Fabrication Associate Company 5.1.1	746,625	746,625

The maximum amount due at the end of any month during the year was Rs. 33,391,427 (2023: 33,391,427).

**19.2 All transactions with related parties were carried at fair value except short term loan, advances, office, utility and the remuneration to Chief executive & Directors.**

Following are the reasons for transacting not at fair value:

- Short-term loans and advances were interest-free. It was the discretion of the parties that they were not receiving any interest from the company.
- As the business of the company was ceased and the registered office was for mailing purpose on the personal property of the CFO and he was not charging any rent and utilities from the company.
- It was the discretion of the Chief executive & Directors that they were not receiving any remuneration from the company.

AUB

**ZAHUR COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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

Name of related party	Relationship	% of shareholding in the Company	
		2024	2023
Mr. Javed Zahur	Major Sponsor	51.4990%	51.4990%
Mr. Syed Jawed Ali	Chief Executive	0.0051%	0.0051%
Mr. Imran Zaid	Director	0.0051%	0.0051%
Ms. Sana Malik	Director	0.0051%	0.0051%
Mrs. Javeria Malik	Director	0.0051%	0.0051%
Mr. Muhammad Sheraz	Director	0.0051%	0.0051%
Mrs. Azra Parveen	Director	0.0051%	0.0051%
Mr. Muhammad Faheem Qureshi	Director	0.0051%	0.0051%
Technic Engineering & Fabrication (Pvt) Ltd	Associate Company	0.0000%	0.0000%

20 **Provident related disclosure**

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

21 **Entity-wide information**

The Company constitutes of a single reportable segment.

21.1 **Information about products and major customer**

The operations of the Company are suspended since long, so the Company is not manufacturing and selling any product.

21.2 **Information about geographical areas**

The Company does not hold non-current assets in any foreign country. Since operation are suspended since long, therefore no revenues from external customers.

22 **Capacity and production**

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

23 **Number of employees**

Total number of employees of the Company	1	1
Total number of employees of the Company	1	1

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

There were no non adjusting events after the statement of financial position date, other than specified in Note 2.1.

25 **Date of authorization**

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

  
Chief Executive

  
Chief Financial Officer

  
Director

Ali

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

1. Incorporation Number
2. Name of the Company
3. Pattern of holding of the shares held by the shareholders as at

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
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
7. Name of Signatory
8. Designation
9. CNIC No.
10. Date

**Zahur Cotton Mills Limited**  
**Catagories of Shareholding required under Code of Corporate Governance (CCG)**  
**As on June 30, 2024**

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 JAWED 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, October 28, 2024 at 11:00 AM and at any adjournment thereof.

As witness my / our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

**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 سکرپٹری  
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 28 اکتوبر 2024 بوقت 11:00 بجے اور اس کے کسی بھی النوا میں کمپنی کے سالانہ جنرل اجلاس میں شرکت، گفتگو اور ووٹ کا میری طرف  
سے ابدراج کراسیک۔

دستخط آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2024

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 بار 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۔