

ANNUAL REPORT

2022



CONTENTS

Company Information	3
Notice of Annual General Meeting	4
Vision / Mission Statement	5
Directors' Report to the members	6-11
Chairperson's Review	12
Six Years' Financial Data at Glance	13
Independent Auditor's Review Report on (Statement of Compliance of Code of Corporate Governance) Regulations, 2019	14
Statement of Compliance with listed companies (Code of Corporate Governance) Regulations, 2019	15-16
Independent Auditor's Report To Members	17-25
Statement Of Financial Position	26
Statement of Profit or Loss Account	27
Statement Of Comprehensive Income	28
Statement of Changes in Equity	29
Statement of Cash Flows	30
Notes to the Financial Statements	31-55
Pattern of Shareholding	56-57
Form of Proxy	59-60

COMPANY INFORMATION

BOARD OF DIRECTORS	MRS. MAHREEN GUL HASSAN (Chairperson) MR. JAVED ZAHUR (Chief Executive) MS. RABIA ZAHUR MS. IZZA ALI MR. NAZIR AKHTAR MR. KHAN MUHAMMAD MR. M. TANVEER
CHIEF FINANCIAL OFFICER	MR. A. QADEER
COMPANY SECRETARY	MS. RABIA ZAHUR
AUDITORS	M/S. AMIN & CO. CHARTERED ACCOUNTANTS SUITE 20, 2ND FLOOR SADIQ PLAZA, THE MALL, LAHORE.
LEGAL ADVISOR	MR. QAMAR-UZ-ZAMAN
AUDIT COMMITTEE	MS. RABIA ZAHUR MR. M. TANVEER MR. NAZIR AKHTAR
BANKERS	MCB BANK LIMITED AL-BARAKA BANK LIMITED BANK AL-HABIB LIMITED HABIB METROPOLITAN BANK LIMITED
REGISTRAR	SHARES DEPARTMENT M/S. CORPLINK (PVT) LIMITED WINGS ARCADE, 1-K COMMERCIAL MODEL TOWN LAHORE. PHONE : (042) 35839182, 35887262 Fax: (042) 35869037
REGISTERED OFFICE & MILLS	55 C/1, GULBERG - 3, LAHORE, PAKISTAN

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd AGM of the company will be held on 28th October 2022 at 11 a.m at 55 C/1, Gulberg - III, Lahore to transact the following business.

ORDINARY BUSINESS

1. To confirm the minutes of the last AGM of the Company.
2. To receive, consider & adopt the chairperson Review Report & audited accounts of the company for the year ended June 30th, 2022 together with auditors & director's report thereon.
3. To appoint & fix remuneration of Auditors for the year ending June 30th, 2023.
4. Any other business with the permission of the chair.

BY ORDER OF THE BOARD

Lahore:
7th October, 2022

Company Secretary

NOTES:

1. The share transfer book of the company will remain closed from 21st to 28th October 2022. (both days inclusive).
2. A member eligible to attend and vote, may appoint another member as proxy to attend and vote in the meeting proxy in order to effective.
3. Shareholders are requested to immediately notify the change of address, if any.

VISION STATEMENT

To pay off entire liabilities, use of spare building for warehousing especially to pay of Liabilities at the earliest.

QUALITY MISSION STATEMENT

- We aim at maintaining the full confidence of our customers and lenders.
- Our culture stresses on employees participation to achieve quality results.
- We believe in changing with change in market conditions and technology.
- We also believe in involving our employees in up-gradation of skill and participation.

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, we welcome you to the 32nd Annual General Meeting of the Company and present to you the audited financial statements and Auditor's Report thereon for the year ended June 30, 2022. Financial Results are as follows: -

	2022	2021
	Rupees	Rupees
Income / (loss) before Tax	34,059,225	(5,016,955)
Taxation	6,637,676	391,737
Income / (loss) after Tax	40,696,901	(4,625,218)
Other Comprehensive Income/(Loss)	8,584,322	-
Total Comprehensive Income / (loss) for the year	49,281,223	(4,625,218)
Accumulated loss	(136,937,448)	(231,475,110)
Incremental Depreciation on Revaluation	604,781	959,081
Income / (loss) per Share	4.13	(0.47)

Performance Review

The year under review shows that the company has earned net profit of Rs.40,696,901/- that has other income amounting to Rs. 36,937,836 after accounting for administrative expenses of Rs. 2,878,259/- as compared to last corresponding year's net loss of Rs. 4,173,923/-. Due to the unfavourable market condition, old machinery and non availability of working capital, the operation of the Company remained closed during the year under consideration. However, the Company has settled loan payable to directors and others against the properties of the Company during the year. and major shareholder of the Company has obtained an offer for the sale/swap of shares from an IT based international Company. The intended buyer of the shareholding has the intent for merger and to revive the Company by introducing the working capital.

Dividend

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

Compliance with Corporate Governance

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Listing Regulations, relevant for the year ended June 30, 2022 have been opted by the Company and have been complied with.

In compliance with the provisions of the Code, the Board members are pleased to place the following statement on record:

The financial statements for the year ended June 30, 2022 present fairly its, state of affairs, the results of its operations, cash flow and changes in equity;

Proper books of accounts have been maintained;

Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2022 accounting estimates are based on reasonable and prudent judgment; International Accounting Standards (IAS), as applicable in Pakistan, have been followed in preparation of financial statements;

The system of internal control is sound in design and has been effectively implemented and monitored;

There has been no material departure from the best practices of corporate governance, as detailed in listing regulations;

Almost half number of directors of the Company are exempt from the Directors' training program due to 14 years of education and 15 years of experience on the board of listed companies.

The Board of Directors has established an efficient system of internal financial controls, for ensuring effective and efficient conduct of operations, safeguarding of Company assets, compliance with Information about taxes and levies is given in the notes to and forming part of financial statements.

Board of directors

The members of the Company elected new board in extra-ordinary general meeting for a term of three years. The composition of the Board is as follows:

a. Male: 4

b. Female: 3

Independent: 2

Non-executive Directors: 3

Executive Directors: 2

During the year, six (6) Meeting of the Board of Directors were held. Attendance by each Director at the Board Meetings as under:-

Name of Directors	Meetings Attended
Mr. Javed Zahur	6
Ms. Rabia Zahur	6
Mr. Nazir Akhtar	6
Mr. Khan Muhammad	6
Mr. Tanveer Ahmed	6
Mrs. Mehreen Gul Hassan	6
Ms. Izza Ali	6

Pattern of shareholding is annexed (same as per last year).

COMMITTEES OF THE BOARD**Audit Committee**

The audit committee (AC) reviews the annual, half yearly and quarterly financial statements, and information before dissemination to Pakistan Stock Exchange and proposes appointment of the external auditors for approval of the shareholders, apart from other matters of significant nature. The AC holds its meeting prior to the Board meeting. A total of four meetings of Audit Committee were held during the year under review. It includes statutory meeting with external auditors before start of annual audit.

Name of Director	Designation	No. of Meeting Held	No. of Meeting Attended
Ms. Rabia Zahur	Chairperson	4	4
Mr. Tanveer Ahmed	Member / Secretary	4	4
Mr. Nazir Akhtar	Member	4	4

HR & Remuneration Committee:

Name of Director	designation		
Mehreen Gul Hassan	Chairperson	1	1
Javed Zahur	Member	1	1
Mr. Tanveer Ahmed	Member / Secretary	1	1

The Human Resource and Remuneration Committee is performing its duties in line with its terms of reference as determined by the Board of Directors.

ZAHUR COTTON MILLS LIMITED

DIRECTORS' REMUNERATION

The Company has an approved Director Remuneration policy

Aggregate amount of the remuneration paid to Chief executive, executive directors and non-executive directors have been disclosed in note 23 of the annexed financial statements.

RISK MANAGEMENT

It is our policy to view risk management as integral to the creation, protection and enhancement of shareholder value by managing the significant uncertainties and risks that could possibly influence the achievement of our corporate goals and objectives.

TRANSACTION / TRADE OF COMPANY'S SHARE

Directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transaction in the company's shares during the year except as disclosed in the pattern of shareholding (if any).

Health, Safety and Environment:

We work continuously to ensure that our employees work in a safe and healthy working environment.

Appointment of Auditors

The Audit Committee and Board of Directors have recommended appointment of M/s. Amin & Co, Chartered Accountants, as auditors of the Company for the financial year ending June 30, 2023.

Reply to Auditor's Observation

The qualification in audit report regarding trade creditors, accrued liabilities and advances from customers are the balances as on June 30, 2022. Your company is planning to restart the operations and the potential acquirer of the major shareholding has shown the intention to introduce the working capital and run the company. These liabilities will be settled in full once the Company earns sufficient income either from its ordinary operations or new line of business.

Future Prospect

The proposed investor is confident to start new line of business in the upcoming year and has shown intention to inject necessary working capital. The company intends to repay its partial liabilities on the restart of the operations. Potential buyer of shareholding is endeavouring to start in near future and funds will be injected from his own source.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2022 and its disclosure, as required by the Code of Corporate Governance is annexed with this report.

FINANCIAL HIGHLIGHTS

The key financial highlights for the last 6 years performance of the Company are available in this report.

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 Chief Executive and Directors are grateful to the Company's shareholders and lenders for their support and guidance.

For and on behalf of the Board



Javed Zahur

(Director / Chief Executive)

Lahore

October 05, 2022

ڈائریکٹرز رپورٹ

ہیرا آف ڈائریکٹرز کی جانب سے ہم کھیتی کے نتیجے میں (32 ویں) سالانہ اجلاس عام میں آپ کو خوش آمدید کہتے ہیں اور 30 جون 2022 کو اختتام پزیر سال کے لئے کھیتی کی پچاسل شدہ مالیاتی پیشکشیں اور پانچ ڈائریکٹرز کی رپورٹ درج ذیل سرٹیفکیٹ کرتے ہیں۔ مالیاتی نتائج حسب ذیل ہیں:

2021ء	2022ء	
روپے		
(5,016,955)	34,059,225	آمدنی (خرید) ہیرا گیس
391,737	6,637,676	تجسس
(4,625,218)	40,969,901	آمدنی (خرید) مٹھو گیس
-	8,584,322	دیکر جامع آمدنی / (خرید)
(4,625,218)	49,281,223	کل جامع آمدنی / (خرید) ہیرا سال
(231,475,110)	(136,937,448)	برداشت خرید
959,081	604,781	قیمت کے تغیرات پر پڑتی ہوئی ٹریڈنگ
(0.47)	4.13	تبدیلی فی شخص

کارکردگی کا جائزہ

زیر جائزہ سال کا ہر کرتا ہے کہ کھیتی نے 40,969,901 روپے کا کل خالص منافع حاصل کیا جس میں 2,878,259 روپے کے انتظامی اخراجات کو نکال کر دیگر آمدنی کی مالیت 36,937,836 روپے ہے جب کہ گزشتہ برس کھیتی کو 173,923 روپے کا نقصان برداشت کرنا پڑا تھا۔ مٹھو گیس کے ساتھ ساتھ مٹھو گیس اور سرمایہ کی عدم دستیابی کے باعث کھیتی کے آپریشنز پر ہر سال کے دوران بند ہے۔ جب کہ کھیتی کے کوآپریٹو شئیر ہولڈرز نے بین الاقوامی IT پارٹی کھیتی سے شخص کی فروخت / چھوڑ لی نہیں حاصل کی ہے۔ شئیر ہولڈنگ کا مجوزہ خریدا اور اختتام پر ورگنگ کچھل حوالہ کرا کے کھیتی کی بحالی کا بھی خواہاں ہے۔

منافع منقسمہ

ذکورہ سال کے دوران خریدے کی وجہ سے کھیتی نے منافع منقسمہ کا اعلان نہیں کیا ہے۔

کارپوریٹ گورننس کی قیام

30 جون 2022 کو اختتام پزیر سال کے لئے سٹیک ہولڈرز میٹنگ میں پاکستان ٹاکس ایکٹ کی جانب سے سرجب کر، کوڈ آف کارپوریٹ گورننس کے معیارات کو کھیتی نے اپنایا ہے اور اس کی قیام کی ہے۔ اس تناظر میں ایک جانت رپورٹ کے ساتھ منسلک ہے۔

شاہد کے قاعدہ کی جی ڈی میں برڈارکس معاہدہ مل جانت رکارڈ پر رکھنا چاہیے۔

کھیتی کی انتظامیہ کی کارکردگی مالیاتی پیشکشوں سے متعلق میں تبدیلی، کچھ غور، آپریشنز اور کاروباری امور کی بہترین مکاں کرتی ہیں۔

کھیتی کے کماؤ کی باقاعدہ کتابیں جاری کی گئی ہیں۔

30 جون 2022 کو اختتام پزیر سال کے لئے مالیاتی پیشکش کی جاری میں مواقع کا اڈنگ پالیسیوں کا مسلسل طوق کیا گیا ہے اور اڈنگ خرید جانت سوزوں فیصلوں کی تیار ہونے کے لئے ہیں۔

مالیاتی پیشکش کی جاری میں پاکستان میں رائج بین الاقوامی کا اڈنگ معیارات (IAS) کی جی ڈی کی گئی ہے اور اس میں کسی بھی قسم کے غم کو مناسب انداز میں ظاہر اور واضح کیا گیا ہے۔

داخلی نظم و ضبط ایک سرحد نظام موجود ہے اور اس کو نوٹس انداز میں لاکھ اور مانع کیا جاتا ہے۔

سٹیک ہولڈرز میں جان کر، کارپوریٹ گورننس کی بہترین عمل داری میں کوئی غم موجود ہے۔

تعلیم کے چاروں سرحد سٹیک ہولڈرز کے لئے 15 سالہ تجربہ ہونے کے باعث کھیتی کے مٹھو گیس (ڈائریکٹرز) پر گرم سے منظم ہیں۔

آپریشنز میں رات، کھیتی اور جانت کے قاعدہ میں قوانین اور ضوابط کی قیام اور عمل درآمد مالیاتی رپورٹنگ کو کھیتی جانت کے لئے ہر سالے داخلی مالیاتی کنٹرول کا سٹریٹجک نظام قائم کیا ہے۔

سٹیک ہولڈرز میں کارپوریٹ گورننس کی بہترین عمل داری میں کافی بہم موجود ہے جسے سٹیک ہولڈرز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء کے قیام جان کو ناپاں کیا گیا ہے۔

گیس ورلڈ کی معلومات ڈائری میں دی گئی ہیں جن میں مالیاتی پیشکش کا حصہ لایا گیا ہے۔

بورڈ آف ڈائریکٹرز

کمپنی کے راجسٹرڈ آفیسر معمولی اجلاس عام میں ہر سال کے لئے نئے بورڈ کا انتخاب کیا ہے۔ بورڈ کی ترکیب حسب ذیل ہے:

- a. مرد 4
b. خاتون 3
غیر متعلقہ 2
ان-ایگزیکٹو ڈائریکٹرز 3
ایگزیکٹو ڈائریکٹرز 2

سال ہر میں بورڈ آف ڈائریکٹرز کے چارے (08) اجلاس منعقد ہوئے۔ بورڈ اجلاس میں بورڈ ڈائریکٹرز کی حاضری حسب ذیل ہے:

نام ڈائریکٹر	اجلاس میں حاضری
مسٹر ہادی شہر	6
مس۔ روبہ شہر	6
مسٹر زہرا اختر	6
مسٹر خان محمد	6
مسٹر خواجہ محمد	6
مسٹر یونس گل حسن	6
مس۔ اسد علی	6

(کنڈکٹ برس کے مطابق) انڈیز ہولڈنگ کی وضع لیا ہے۔

بورڈ ڈائریکٹریاں

آؤٹ کیمپلی

17 آؤٹ کیمپلی (AC) سالانہ رابطہ سالانہ اور سرمایہ مالکائی سٹیک ہولڈنگس اور پاکستان سٹاک ایکسچینج سے اشتراک کی معلومات اور اہم توضیحات کے معاملات کے علاوہ حصص داران کی منظوری کے لئے بروہائی آؤٹ کیمپلی کے ذریعہ ہر سال ہر سال ہر سال کے دوران آؤٹ کیمپلی کے کل چار اجلاس منعقد ہوئے۔ اس میں سالانہ آؤٹ کیمپلی کے ذریعہ بروہائی آؤٹ کیمپلی کے ساتھ بھی ایک اضافی اجلاس شامل ہے۔

نام ڈائریکٹر	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
مس۔ روبہ شہر	چیر پرسن	4	4
مسٹر خواجہ محمد	رکن (انڈیکسٹری)	4	4
مسٹر زہرا اختر	رکن	4	4

HR ایگزیکٹو ڈائریکٹریاں کیمپلی

نام ڈائریکٹر	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
مسٹر یونس گل حسن	چیر پرسن	1	1
چار چار	رکن	1	1
مسٹر خواجہ محمد	رکن (انڈیکسٹری)	1	1

بورڈ آف ڈائریکٹرز کی جانب سے حصص کروہ شراکتہ دہا چاکی بروہائی میں یونین دہا چاکی بروہائی بروہائی کیمپلی اپنے فرائض سرانجام دے رہی ہے۔

11

CHAIRPERSON'S REVIEW

We expand our appreciation to our accomplices, financiers, shareholders, key management officials, human capital, and other partners in our trade who have appeared proceeded believe in our Company. The Company has well-diversified and experienced Board individuals that have center competencies, information, abilities, and encounter pertinent to the Company's procedure, which take after best hones relating to corporate administration and other related administrative necessities. The Board held gatherings amid the year to survey and favor occasional budgetary articulations, commerce procurement alternatives, and related things requiring Board consideration. The committees too held customary sessions to perform their obligations allotted beneath their particular terms of reference by the Board. The execution of the Board individuals has been commendable and together we directed the Company towards year of victory and great administration, in spite of the challenging widespread and financial environment In Sha Allah.

The Board talked about the trade restoration arrange alongside a formal letter of intent gotten from Itanz Advances (Pvt) Ltd (Itanz) where in a merger/acquisition will be made through Share Swap/a conspire of course of action beneath the relevant proviso of the Companies Act, 2017 ("the Act"). The proposed scheme of merger will be sanctioned by Lahore High Court, Lahore subject to necessary approvals by shareholders, creditors and Inter alia.

We would like to conclude by amplifying our appreciation and much obliged to the management for their vitality, information, counsel, and sincere commitments towards the headway of the Company to attain modern statures in a socially dependable and moral way.

Mahreen Gul

Mahreen Gul Hassan

Chairperson

Lahore

October 05, 2022

چیر پرسن کا تجزیہ

میں 30 جون 2022 کو احکام پر سال کے لئے پانچ سالہ مالیاتی گوشواروں اور کمپنی کی کارکردگی کا سالانہ جائزہ اذراہ سرٹیفیکیٹ کرتا ہوں۔
میں (کوڈ آف کارپوریشن گورننس) 2019ء کے تحت درکار طور پر کاشن ٹریڈنگ کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ مکمل میں لایا گیا۔ اس تجزیہ کا مقصد یہ یقینی بنانا ہے کہ کمپنی کے طے شدہ مقاصد کے تناظر میں توقعات کے مقابلے میں بورڈ کی مجموعی کارکردگی اور تاخیر کا جائزہ لیا جائے۔

مالیاتی سال 2021-2022 کے دوران مالیاتی اشاریے اور سال بھر کے اہم ایجنسز سے سال کے دوران پورے لئے احتیاطی طور پر اور ترقیدی جائزہ کے بعد مالیاتی گوشواروں اور اہم مقاصد کے تناظر میں توقعات کے مقابلے میں بورڈ کی مجموعی کارکردگی اور تاخیر کا جائزہ لیا گیا ہے۔ بورڈ نے یقینی بنایا ہے کہ بورڈ کا کردار کمپنی کے تمام شعبوں اور سٹرکچرل معاملات پر اپنی رائے دینے کا مناسب موقع دیا جاسکے۔

آپ کی کمپنی کافی عرصے سے بند پڑی ہے اور گذشتہ سال کے دوران آپ شیئر معطل رہے۔ کمپنی کے اکثریتی شیئر ہولڈرز نے ملحدہ طریقے سے حصص کی فروخت/اداء کی پیش کش حاصل کی ہے اور اس پر عمل درآمد کے لئے ذرا کرات جاری ہیں۔ شیئر ہولڈنگ کا بھڑکنا ضروری اور رنگیشنل میں سرمایہ داری کے تباہکارہ بار شروع کرنے کا خواہاں ہے۔

شیئر ہولڈرز کے ساتھ رابطہ سازی کو بہتر بنانے کی ضرورت تھی گئی ہے۔ سالانہ نصف سال اور سہ ماہی کے نیچے ایکٹ 2017ء کے تحت ضروری وقت میں تقسیم کئے گئے ہیں۔ کمپنی کی ایک ویب سائٹ بھی ہے جس میں کمپنی کی سرگرمیاں اور مالیاتی رپورٹس کی تازہ ترین معلومات موجود ہیں۔ کمپنی کی تمام رپورٹس بھی پاکستان ٹاکس (PSX) کی ویب سائٹ کے حوالے سے شعبہ میں کمپنی کی تمام رپورٹس شائع کر دی گئی ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے بورڈ امور اس کے کمپنی اجلاسوں سے قبل مناسب وقت میں اجتناز اور نگرانی میں موا کو وصول کیا ہے۔ بورڈ اپنی ذمہ داریوں کی مناسب انجام دہی کے لئے گاہے گاہے ایس طلب کرتا ہے۔ ان ایگزیکٹو اور خود کارڈائریکٹرز اہم فیصلوں میں مساوی شمولیت اختیار کرتے ہیں۔
بورڈ اپنے تمام سٹیک ہولڈرز اور کمپنی کے سپلائرز کی گراں قدر حمایت اور مدد سے بھرپور کام کر رہا ہے۔ اسی اعتبار کے باعث کمپنی مشکل وقت میں کارکردگی کے قابل ہوئی ہے۔

Mahreen Gul

مہرین گل حسن

چیر پرسن

لاہور

FINANCIAL HIGHLIGHTS**SIX YEARS FINANCIAL DATA AT GLANCE**

PARTICULARS	FOR THE YEAR ENDED JUNE 30,						
	2022	2021	2020	2019	2018	2017	2016

TRADING RESULTS

Other Income	36,937,836	-	10,000	6,569,205	3,126,141	9,193,785	14,115,962
Operating Profit/(Loss)	34,059,225	(5,016,955)	(5,758,276)	(790,785)	(1,898,198)	4,834,078	10,056,829
Profit/(Loss) before tax	34,059,225	(5,016,955)	(5,758,276)	(790,785)	(1,898,198)	4,834,078	10,056,829
Profit/(Loss) after tax	40,696,901	(4,625,218)	(5,366,539)	(1,808,799)	(2,214,814)	2,882,001	8,012,192

BALANCE SHEET

Share Capital	98,600,000	98,600,000	98,600,000	98,600,000	98,600,000	98,600,000	98,600,000
Accumulated Loss	(136,937,448)	(231,475,110)	(227,808,973)	(223,401,515)	(222,551,797)	(221,285,413)	(224,557,028)
Non-Current Liabilities	-	(11,269,376)	(11,661,113)	(12,052,850)	(128,317,980)	(129,365,367)	(117,428,715)
Operating Fixed Assets	-	68,913,148	71,383,895	73,854,642	76,347,889	78,803,636	17,318,872
Net Current Liabilities	(38,405,659)	(125,264,413)	(122,718,205)	(119,430,676)	(4,186,726)	(3,380,271)	(5,849,155)

FINANCIAL RATIOS

Gross Profit / (Loss)

Profit / (Loss) Before Taxation

Earnings/(Loss) per share	4.13	(0.47)	(0.54)	(0.18)	(0.22)	0.29	0.81
Dividend per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil



Amin & Co.
CHARTERED ACCOUNTANTS

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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 for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

As 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 June 30, 2022.

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

Sr. No	Paragraph Reference	Description
1	2	Independent directors are not selected in the manner as prescribed.
2	9	The Company has not made appropriate arrangements for orientation of their Directors.
3	9	The Board has not acquired certification under directors' training program.
4	10	Head of internal audit and CFO is not suitably qualified as prescribed.
5	15	The Company has appointed Ms. Rabia Zahur as head of internal audit whereas she is also holding position of director in the Company.

Amin & Co
Chartered Accountants
October 05, 2022
UDIN: CR202210538uWRKTzqVg

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 of Zahur Cotton Mills Limited For the year ended June 30, 2022

Zahur Cotton Mills Limited has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors is 7 as per the following:

i. Male: 04

ii. Female: 03

2. The composition of the Board is as follows:

Independent directors**	Nazir Akhtar Khan Muhammad
Non-executive directors	Izza Ali Rabia Zahur Mehreen Gul Hassan
Executive director	Javed Zahur Tanveer Ahmed
Female directors	Izza Ali Rabia Zahur Mehreen Gul Hassan

*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.

** 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 prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is 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 Companies Act, 2017 and these Regulations.

7. The meetings of the Board were presided over by the Chairperson and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Companies Act, 2017 and these Regulations.

9. The complete Board of the company has arranged Directors' Training program.

*No director has attained directors' training certification during the year.

10. The Board has approved appointment of the Chief Financial Officer, company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

*Head of internal audit and CFO is not suitably qualified as prescribed, whereas we are looking for a new CFO in coming financial year.

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:

Audit Committee	
Chairman	Mr. Rabia Zahur
Member	Mr. Tanveer Ahmed
Member/ secretary	Mr. Nazir Akhtar
HR and Remuneration Committee	
Chairperson	Mehreen Gul Hassan
Member	Javed Zahur
Member / secretary	Mr. Tanveer Ahmed

13. The 'Terms of Reference' of the aforesaid Committees have been formed, documented and advised to the Committee for compliance;

14. The frequency of meetings of the Committee were as follows:

i. Audit Committee: 05

ii. HR and Remuneration Committee: 01

15. The Board has set up an effective Internal Audit Function which is 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, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

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

Sr. No.	Description	Explanation
1	Independent directors are not selected in the manner as prescribed under the Companies Act., 2017.	The board has assessed that independent directors will be selected as prescribed under Companies Act., 2017 in forthcoming election of board.
2	Head of internal audit and CFO is not suitably qualified as prescribed under Regulation 23 of the Regulation.	Board has assured appointment of qualified internal audit head and CFO.
3	Company has not made appropriate arrangements for orientation of their directors as required under Regulation 18 of the Regulations.	Board of Directors intends to arrange orientation of directors of the Company during the future years.
4	The board has not acquired certificate under directors training program as required under Regulation 19 of the Regulations.	BOD has plan for directors' training during the future years.
R	No director on the Board shall be appointed, in any capacity, in the internal audit function of the Company as required under regulation 31(3) of the regulations.	The Board has assured the qualified person shall be appointed in accordance with the requirement of the regulations during the future year.


Mehreen Gul Hassan
Chairperson
Lahore
October 19, 2022



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INDEPENDENT AUDITOR'S REPORT

To the members of Zahur Cotton Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Zahur Cotton Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof 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 30 June 2022 and of the profit or loss and other comprehensive income or loss, or the surplus or deficit, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

The company is carrying liability towards trade creditors, accrued liabilities and advances from customers amounting to Rs. 2.788 million, Rs. 8.089 million and Rs. 1.602 million respectively in the statement of financial position as at June 30, 2022 (note 6). We were unable to obtain sufficient appropriate audit evidence regarding the existence and valuation of the trade creditors, accrued liabilities and advances from customers amounting to Rs. 2.788 million, Rs. 8.089 million and Rs. 1.602 million respectively as at June 30, 2022 because we were neither provided any related record nor could we verify the same through 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 Standards 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.

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 

Following are the Key audit matters:

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1	Going Concern Assumption The Company has prepared the financial statements on the assumption that it will continue to operate for the foreseeable future. However, our predecessor auditors had expressed an adverse opinion, amongst other matters, in view of their professional judgment that the going concern assumption was not valid based upon the following reasons: (i) The Company had incurred net loss of Rs 4.625 million for the year ended June 30, 2021 and has accumulated losses of Rs. 231.024 million as at June 30, 2021. (ii) The Company's total liabilities exceed its total assets by Rs. 67.101 million and current liabilities exceed its current assets by Rs. 125.264 million. (iii) The operations of Company ceased and these operations remained suspended during the year due to working capital constraints and unfavorable business conditions. (iv) the Company has also applied for Voluntarily Delisting from the Pakistan Stock Exchange on May 08, 2017.	Our audit procedures in respect of the matter included: - Evaluating management's plans for future actions in relation to its going concern assessment, whether the outcome of these plans is likely to improve the situation and whether management's plans are feasible in the circumstances. This evaluation included examining binding legal agreement for acquisition of controlling interest to be followed by a merger of the Company, financial ability and of the acquiring/merging company to sustain operations of the Company and lawyer's opinion. - Analyzing and discussing cash flow, profit and other relevant forecasts with management. - Reading minutes of the meetings of shareholders, those charged with governance and relevant committees for reference to financing difficulties. - Inquiring of the entity's legal counsel regarding the existence of litigation and claims and the reasonableness of management's assessments of their outcome and the estimate of their financial implications.

We identified Going Concern Assumption as a key audit matter as appropriateness of this Assumption is fundamental to the preparation of the financial statements and users understanding in respect thereof. Absence of the Going Concern Assumption results in preparation of financial statements on a different basis than the historical cost convention that has a material and pervasive effect on each component of the financial statements.	• Confirming the existence, legality and enforceability of arrangements to provide or maintain financial support with related and third parties and assessing the financial ability of such parties to provide additional funds. • Performing audit procedures regarding subsequent events to identify those that either mitigate or otherwise affect the entity's ability to continue as a going concern including merger proceedings. • Obtaining and reviewing reports of regulatory actions by Securities & Exchange Commission of Pakistan and the Pakistan Stock Exchange. Outcome of the above audit procedures led to the conclusion that no material uncertainty existed regarding the Company's ability to continue as a going concern due to improved liquidity and profitability position and binding acquisition/merger agreement with a solvent company.
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2	Revaluation of assets, related deferred tax and disposal thereof Refer to note 9 and 15 to the financial statements. The Company revalued its property, plant and equipment during the year and thereafter disposed of the same. Revaluation has a significant impact on the company's statement of financial position. We identified revaluation surplus, related deferred tax and disposal thereof as a key audit matter as it gives rise to risk of material misstatement due to judgement involved in assessing taxation on disposal and involvement of relatively complex accounting.	Our audit procedures in respect of the matter included: • Verifying the amount of revaluation surplus on land and building from the revaluation report. • Assessing the reasonableness of the assumptions used by the valuer and competence of the valuer in terms of qualification and experience. • Verifying the amount of sale proceeds of land and building from sale deeds. • Reviewing application of income tax law on disposal with respect to exempt and taxable portions • Testing computations of deferred tax impact of revaluation and disposal/ •
3	Short term borrowings from related parties Refer to note 7 to the financial statements. Borrowing from related parties is a significant line item for any enterprise but especially for those with heavy reliance on support from sponsors. We have identified short term borrowings from related parties as a key audit matter as there has been substantial settlement of this liability.	Our audit procedures in respect of the matter included: • Verifying amount owed to each party through Decree of the Court • Verifying settlement of liabilities against disposal of company's assets by perusal of related agreements • Verifying existence of balance liability through direct confirmation.

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

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

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

Board of directors are 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. *gn*

- 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. *gn*

Report on Other Legal and Regulatory Requirements

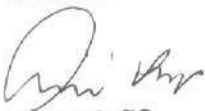
Based on our audit, we further report that in our opinion:

- 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 and other comprehensive income or the income and expenditure account, 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
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The financial statements of the Company for the year ended June 30, 2021, were audited by another auditor who expressed an adverse opinion on those statements on July 14, 2021.

The engagement partner on the audit resulting in this independent auditor's report is Shaukat Amin Shah.


AMIN & CO
CHARTERED ACCOUNTANT
LAHORE

5 October 2022

UDIN: AR202210538VBnloq7vg

ZAHUR COTTON MILLS LIMITED

ZAHUR COTTON MILLS LIMITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
CAPITAL AND RESERVES			
Authorized share capital			
20,000,000 (2021: 20,000,000) ordinary shares of Rs.10/- each		200,000,000	200,000,000
Issued, subscribed and paid up share capital			
9,860,000 (2021: 9,860,000) ordinary shares of Rs.10/- each fully paid in cash	3	98,600,000	98,600,000
Share deposit money	7.1	-	20,066,240
Capital reserves			
Surplus on revaluation of property, plant and equipment - net of tax	4	-	45,256,439
Revenue reserve		(136,940,448)	(231,475,110)
Total Equity		(38,340,448)	(67,552,431)
Non-Current Liabilities			
Deferred tax liabilities	5	-	11,269,376
Current Liabilities			
Trade and other payables	6	12,483,495	10,819,817
Short term borrowings	7	25,950,501	114,584,161
		38,433,996	125,403,978
Contingencies and Commitments	8	-	-
		93,548	69,120,923
Assets			
Non-Current Assets			
Property, plant and equipment	9	-	68,913,148
Long term deposits		68,210	68,210
		68,210	68,981,358
Current Assets			
Income tax refunds due from the Government		1,912	1,912
Cash and bank balances	10	23,426	137,653
		25,338	139,565
		93,548	69,120,923

The annexed Notes from 1 to 31 form an integral part of these Financial Statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

ZAHUR COTTON MILLS LIMITED
STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
Sales		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	11	(2,881,259)	(4,891,581)
Other operating expenses	12	-	(125,000)
Other income	13	36,937,836	-
Profit/(loss) from operations		34,056,577	(5,016,581)
Finance cost	14	(352)	(374)
Profit/(loss) before taxation		34,056,225	(5,016,955)
Taxation	15	6,637,676	391,737
Profit/(loss) after tax for the year		40,693,901	(4,625,218)
Earning/(loss) per share - basic and diluted	16	4.13	(0.47)

The annexed Notes from 1 to 31 form an integral part of these Financial Statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

ZAHUR COTTON MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	Rupees	Rupees
Profit/(loss) after taxation for the year	40,693,901	(4,625,218)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss		
Gain / (loss) on investments categorised as fair value through other comprehensive income	-	-
Impact of tax	-	-
Item that will not be reclassified subsequently to profit or loss		
Surplus on revaluation of property, plant and equipment of the company	3,952,622	-
Related Deferred tax - net	4,631,700	-
	8,584,322	-
Total comprehensive income for the year	49,278,223	(4,625,218)

The annexed notes from 01 to 34 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

ZAHUR COTTON MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Issued, subscribed and paid up capital	Share deposit money	Reserves		Total equity
			Capital Reserves	Revenue reserves	
			Revaluation surplus on property, plant and equipment	(Accumulated loss)	
	Rupees		Rupees	Rupees	Rupees
Balance as at June 30, 2020	98,600,000	20,066,240	46,215,520	(227,808,973)	(62,927,213)
Loss for the year	-	-	-	(4,625,218)	(4,625,218)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year ended June 30, 2021	-	-	-	(4,625,218)	(4,625,218)
Transferred from surplus on revaluation of property plant and equipment on account of incremental depreciation - net of tax	-	-	(959,081)	959,081	-
Balance as at June 30, 2021	98,600,000	20,066,240	45,256,440	(231,475,110)	(67,352,430)
Profit for the year	-	-	-	40,693,901	40,693,901
Other comprehensive income	-	-	8,584,322	-	8,584,322
Total comprehensive loss for the year ended June 30, 2022	-	-	8,584,322	40,693,901	49,278,223
Transferred from surplus on revaluation of property plant and equipment on account of incremental depreciation - net of tax	-	-	(604,781)	604,781	-
Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings -net of deferred tax	-	-	(53,235,980)	53,235,980	-
Share deposit money transferred to short term borrowing	-	(20,066,240)	-	-	(20,066,240)
Balance as at June 30, 2022	98,600,000	-	-	(136,940,448)	(38,340,448)

The annexed Notes from 1 to 31 form an integral part of these Financial Statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

ZAHUR COTTON MILLS LIMITED

ZAHUR COTTON MILLS LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2022 Rupees	2021 Rupees
Cash flows from operating activities		
Net profit/(loss) for the year before taxation	34,056,225	(5,016,955)
Adjustments for non-cash items:		
- Depreciation of property, plant and equipment	1,103,706	2,470,747
- Finance cost	352	374
- Gain on the sale of fixed assets	(36,937,836)	-
	(1,777,553)	(2,545,834)
Changes in Working Capital		
Increase in Current Liabilities		
- Trade and other payables	1,663,678	1,883,498
Cash used in operations	(113,875)	(662,336)
Income tax paid	-	(712)
Finance cost paid	(352)	(374)
Net cash outflow from operating activities	(114,227)	(663,422)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net decrease in cash and cash equivalents	(114,227)	(663,422)
Cash and cash equivalents at the beginning of the year	137,653	801,075
Cash and cash equivalents at the end of the year	23,426	137,653

The annexed Notes from 1 to 31 form an integral part of these Financial Statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

ZAHUR COTTON MILLS LIMITED
Notes to the financial statements
FOR THE YEAR ENDED JUNE 30, 2022

1 Corporate and general information

1.1 The company and its 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 has shut down its operations in past which continued suspended during the year. The Company is domiciled in Pakistan and its registered office and factory /mills is situated at 94 KM, Multan Road, near Pul Jaurian, Akhtarabad, District Okara.

1.2 Summary of significant transactions and events affecting the company's financial position and performance

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

2 Basis of preparation

2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS

Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain operating fixed assets which have been included at their revalued amounts.

a) Certain property, plant and equipment

The Company is using the revaluation model for certain property, plant and equipment. Revaluation is performed by an independent valuer periodically.

b) Interest free loans from related parties

The Company is carrying interest free loans from related parties.

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

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

	Effective Date - Annual Periods Beginning on or Jan 1, 2022 & Jan 1, 2023
IAS 1 Presentation of Financial Statements [Amendments]	Jan 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	Jan 1, 2023
IAS 12 Income Taxes [Amendments]	Jan 1, 2023

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

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

2.5 Property, plant and equipment

2.5.1 Initial Recognition

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

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

The costs of Property, plant and equipment include:

- its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates; and
- 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.
- 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 capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised 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 recognised in the profit and loss account 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 09 to the financial statements and is generally recognised in profit and loss account so as to write off the cost or revalued amount of an asset over its estimated useful life.

Incremental depreciation representing the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset is transferred to accumulated profit / loss from surplus on revaluation of property, plant and equipment. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income taxes.

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 recognised 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.

2.5.2 Gains and losses on disposal

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

2.5.3 Capital work-in-progress

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

2.5.4 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.

2.5.5 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.

2.6 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 balance sheet date. Items considered obsolete are carried at nil value. General stores and spare parts are charged to profit and loss currently. 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.

2.7 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 balance sheet 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, inventory is written down to its net realizable value or provision is made for obsolete items, if any.

Inventories are valued as per below mentioned valuation basis:

2.7.1 Raw and packing material

Value in relation to raw and packing materials except for in-transit is arrived at using FIFO basis.

2.7.2 Finished goods and work-in-process

Value of finished goods and work in process both manufactured and purchased, is determined on weighted average basis, except for in-transit goods. In-transit goods and materials are valued at cost comprising invoice value plus other charges thereon. Cost in relation to work-in-process and finished goods includes an appropriate portion of production overheads. Finished goods are valued at cost or net realizable value, whichever is lower. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and cost necessary to be incurred in order to make a sale.

2.7.3 Provision for obsolete spares and unusable raw and packing material

Provision for stores and spares and stock-in-trade is made on the basis of management's estimate of net realizable value and ageing analysis prepared on an item-by-item basis. Net realizable value calculations are estimated based on last recently-held transactions and values expected to be recovered for sale in normal course of business less an estimate for selling costs.

2.8 Trade debts and other receivable

Trade receivables are amounts due from customers for merchandise sold or services performed in the normal course of business. Trade debts and other receivables are stated at original invoice amount, which approximates fair value less an allowance made for uncollectible amounts. Provision for doubtful receivables is based on review of outstanding amounts at year end and management's assessment of customers' credit worthiness and trend of recoveries. Balances considered bad and irrecoverable are written off as and when identified. When a trade debt is uncollectable, it is written off against provision. Subsequent recoveries of amounts previously written off are credited to profit and loss account.

2.9 Lease

Assets acquired under a finance lease are capitalized and depreciated over their useful lives. A finance lease liability is raised at the inception of the lease, which is then reduced by the capital portion of each payment. The interest portion of the repayments is calculated using the interest rate implicit in the lease and is expensed in the profit and loss account.

2.10 Taxation

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

Current tax

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any.

Deferred tax

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

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

Judgement 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.

The carrying amount of the deferred tax asset is reviewed at each reporting date and is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

2.11 Cash and cash equivalents

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

2.12 Borrowing costs

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

2.13 Trade and other payables

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

2.14 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 profit and loss account as an expense for the year.

2.15 Revenue recognition

Revenue from sale of goods is recognized as or when performance obligations are satisfied by transferring control of promised goods to customer, and control is transferred at a point in time.

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 recognised 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 recognised on the date when the transaction takes place.

Unrealised 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.

Unrealised 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.

2.16 Financial instruments

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

2.16.1 Financial assets

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.

2.16.1.1 Classification

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 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 at fair value through profit or loss because they are frequently traded.

2.16.1.2 Initial recognition and measurement

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 investments are recognized on trade date – the date on which the Company commits to purchase or sell the asset.

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 profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account 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.

2.16.1.3 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. Gain or loss on financial assets not part of hedging relationship is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

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 balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account 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.

2.16.1.4 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:
 - a) the Company has transferred substantially all the risks and rewards of the asset; 

- b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit or loss.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

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.

If the Company's continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

2.16.1.5 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 recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

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.

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

2.16.2 Financial liabilities**2.16.2.1 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 profit and loss account.

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 near 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.

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.

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 profit and loss account. 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.

Offsetting of financial assets and liabilities

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

2.17 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 balance sheet date. Gains and losses arising on retranslation are included in profit and loss account for the year., if any.

2.18 Functional and presentation currency

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

2.19 Provisions

Provisions are recognized when the Company has a present, 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 balance sheet date and adjusted to reflect the current best estimate.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

2.20 Long term deposits

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

2.21 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 period.

2.22 Dividend

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

2.23 Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method less impairment loss, if any. Loans and receivables include trade and other receivables and long term loans given to employees and related parties.

2.24 Related party transactions

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

2.25 Contingent assets

Contingent assets are possible assets those arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company and are disclosed when inflow of economic benefits is probable. Contingent assets are not recognized until their realization become virtually certain.

2.26 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
- 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.

2.27 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 where various assumptions are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment – Note 2.5 & 9
- Impairment loss of non-financial assets other than inventories – Note 2.28 & 9
- Estimation of provisions - Note 2.19
- Estimation of contingent liabilities - Note 2.26
- Current income tax expense, provision for current income tax and recognition of deferred tax liability /asset - Note 2.10 and 15.

2.28 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 recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised 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 amortisation, if no impairment loss had been recognised. 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. *QV*

Notes to and forming part of the financial statements

1.3

9 Property, Plant and Equipment

	Note	2022 Rupees	2021 Rupees Restated
		-	68,913,148

9.1 Operating fixed assets

Reconciliation of carrying amounts of property, plant and equipment at the beginning and at end of the year is as follows:

Year ended June 30, 2022

Particulars	Cost			Depreciation			Carrying amount as at June 30, 2022
	As at July 01, 2021	Revaluation Surplus	ADJUSTMENTS (related to disposal)	ADDITIONS / (DELETION \$)	As at June 30, 2022	Rate %	As at June 30, 2021
	Rupees	Rupees	Rupees	Rupees	Rupees		Rupees
Land - Freehold							
Cost	2,258,100	-	-	2,258,100	-	-	-
Revaluation Surplus	17,665,900	19,924,020	-	37,589,900	-	-	-
	19,924,000	19,924,000	-	39,848,000	-	-	-
Buildings on Freehold Land							
Cost	37,330,978	-	-	9,877,331	27,453,647	3%	27,201,745
Revaluation Surplus	44,527,278	(16,243,659)	(6,575,843)	21,542,583	838,773	3%	5,899,863
	81,858,256	(16,243,659)	(6,575,843)	31,420,314	1,090,675		33,101,608
							27,453,647
							162,793
							27,616,440
Plant and Machinery							
Cost	23,219,389	-	-	-	23,219,389	5%	23,219,389
Revaluation Surplus	300,000	274,281	(74,281)	493,750	6,250	5%	67,500
	23,519,389	274,281	(74,281)	493,750	23,225,639		23,286,889
							13,031
							23,219,389
							6,250
							23,225,639
Fire Fighting Equipment							
Furniture and Fixtures	38,566	-	-	-	38,566	10%	38,566
Electric Installations	1,903,061	-	-	-	1,903,061	10%	1,903,061
Office Equipment	2,294,667	-	-	-	2,294,667	5%	2,294,667
Vehicles	1,209,500	-	-	-	1,209,500	10%	1,209,500
	2,039,691	-	-	-	2,039,691	20%	2,039,691
	132,287,130	3,952,622	(6,650,124)	71,762,064	58,327,564		63,873,982
							(6,650,124)
							58,327,564

Notes to and forming part of the financial statements

14

Year ended June 30, 2021

Particulars	Cost			Depreciation				Carrying amount as at June 30, 2021
	As at July 01, 2020	Revaluation Surplus	ADJUSTMENTS	ADDITIONS / (DELETION)	As at June 30, 2021	Rate %	Upto June 30, 2020	As at June 30, 2021
	Rupees	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees
Land - Freehold								
Cost	2,258,100	-	-	-	2,258,100	-	-	-
Revaluation Surplus	17,665,900	-	-	-	17,665,900	-	-	-
	19,924,000	-	-	-	19,924,000	-	-	-
Buildings on Freehold Land								
Cost	37,330,978	-	-	-	37,330,978	3%	26,081,816	27,201,745
Revaluation Surplus	44,527,278	-	-	-	44,527,278	3%	4,564,045	5,899,863
	81,858,256	-	-	-	81,858,256	-	30,645,861	33,101,608
Plant and Machinery								
Cost	23,219,389	-	-	-	23,219,389	5%	23,219,389	23,219,389
Revaluation Surplus	300,000	-	-	-	300,000	5%	52,500	67,500
	23,519,389	-	-	-	23,519,389	-	23,271,889	23,286,889
Fire Fighting Equipment								
Furniture and Fixtures	38,566	-	-	-	38,566	10%	38,566	38,566
Electric Installations	1,903,061	-	-	-	1,903,061	10%	1,903,061	1,903,061
Office Equipment	2,294,667	-	-	-	2,294,667	5%	2,294,667	2,294,667
Vehicles	1,209,500	-	-	-	1,209,500	10%	1,209,500	1,209,500
	2,039,691	-	-	-	2,039,691	20%	2,039,691	2,039,691
	132,787,130	-	-	-	132,787,130	-	61,403,235	63,873,882
								68,913,148

9.2 In view of insignificant materiality level and closed operations of the Company, the management has decided not to revalue the items appearing at Nil value.

9.3 The Forced sales value of Land, Building and Plant and Machinery as per revaluation report as of February 14, 2022 is 14,401,140/-

Location	Usage of immovable property	Total area
94 KM, Multan Road, Lahore near Pul Jaurian, Akhtarabad, District Okara.	Production plant and offices	79 Kanals and 14 Marlas
Cost, accumulated depreciation and book value of revalued assets		
Had there been no revaluation, the carrying amounts of the following classes of assets would have been as follow:		
Freehold land		
Buildings on freehold land		
	2022	2021
	Rupees	Rupees
	-	2,258,100
	-	10,129,233
	-	12,387,333

On January 18, 2017, the Company elected to measure land, buildings and plant and machinery using the revaluation model. The fair value of the Company's land, buildings and plant and machinery are determined on periodic, but at least four year term basis by an independent professionally qualified valuer.

The latest revaluation of the Company's freehold Land, Buildings on freehold Land and Plant and Machinery was carried out on 14th February, 2022. The Revaluation exercise was carried-out by independent Valuer M/S Sadruddin Associates & Co (Pvt) Ltd, on fair market-value basis. The revaluation of these Assets resulted in a surplus of Rs. 3,952 Million, which was credited to "Surplus on Revaluation of Fixed Assets Account", on that date, to comply with the requirement of the Revalued Companies Act, 1917. The difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss account and depreciation based on the asset's original cost, net of tax is reclassified from revaluation surplus to retained earnings

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

	Note	2022 Rupees	2021 Rupees
3 Issued, subscribed and paid up capital			
9,860,000 (2021: 9,860,000) ordinary shares of Rs.10 each fully paid in cash		98,600,000	98,600,000

3.1

There is no rights, preferences and restrictions attached to any class of shares including restrictions on the distribution of the dividends and the repayment of capital. One ordinary share carry one vote at meetings of the company.

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

4 Surplus on revaluation of property, plant and equipment - net of tax

Surplus on revaluation of operating fixed assets as at 01 July

Freehold land	37,589,900	17,665,900
Buildings on freehold land	15,891,046	28,373,894
Plant and Machinery	359,815	175,725
	53,840,761	46,215,520
Surplus arising on revaluation during the year	-	-
Less:		
transferred to retained earnings in respect of incremental depreciation charged on revalued property, plant and equipment during the year - net of deferred tax.	(604,781)	(959,081)
Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings - net of deferred tax	(53,235,980)	-
	(53,840,761)	(959,081)
	-	45,256,439

4.1 The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

5 Deferred tax liabilities

Deferred taxation	5.1	-	11,269,376
Staff retirement benefits - gratuity		-	11,269,376

5.1 Deferred Taxation

On taxable temporary differences

- Property, plant and equipment	-	11,269,376
	-	11,269,376

6 Trade and other payables

Trade creditors		2,788,771	2,788,771
Advances from customers - unsecured		1,602,002	1,602,002
Accrued liabilities and advances - unsecured	6.1	8,092,722	6,429,044
		<u>12,483,495</u>	<u>10,819,817</u>
6.1 Accrued liabilities and advances			
Advances	6.1.1	1,373,927	450,749
Accrued liabilities	6.1.2	6,718,795	5,978,295
		<u>8,092,722</u>	<u>6,429,044</u>

6.1.1 Advances represent, Rs. 609,149, Rs. 18,153, Rs. 746,625 (2021: Rs. 271,471, Rs. 13,653 and Rs. 165,625) payable to CEO/director, other related party and the associated company (associated due to common directorship) respectively. These amounts relate to the expenditure incurred by the director, other related party and the associated company on the Company's behalf.

6.1.2 This includes Rs. 6.067 million (2021: 5.167million) payable to CEO of the Company on account of salaries.

	Note	2022 Rupees	2021 Rupees
7 Short term borrowings			
From related parties-unsecured:			
Chief Executive	7.1	12,500,303	37,687,575
Directors	7.2	-	28,588,131
Others	7.3	13,450,198	48,308,455
		<u>25,950,501</u>	<u>114,584,161</u>
7.1 Loan from chief executive			
Balance at beginning of the Year		37,687,575	37,687,575
Add:			
Transferred from Share deposit money		20,066,240	-
Share transferred from Mukamila Javed		6,507,908	-
		<u>26,574,148</u>	<u>-</u>
		64,261,723	37,687,575
Less:			
Adjusted against purchase/transfer of land		45,299,900	-
Transferred / surrendered in favor of Ali Zahur		6,461,520	-
		<u>51,761,420</u>	<u>-</u>
Balance at end of the year		<u>12,500,303</u>	<u>37,687,575</u>
7.2 Loan from directors			
Balance at beginning of the Year		28,588,131	28,688,131
Add:			
Received during the Year		-	-
Share transferred from Mukamila Javed		3,904,745	-
Transferred / surrendered from Hassan Zahur		6,218,755	-
		<u>10,123,500</u>	<u>-</u>
		38,711,631	28,688,131
Less:			
Paid during the Year		-	100,000
Transferred to loan from others		26,031,631	-
Adjusted against purchase/transfer of land		12,680,000	-
		<u>38,711,631</u>	<u>100,000</u>
Balance at end of the year		<u>-</u>	<u>28,588,131</u>

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	2022 Rupees	2021 Rupees
7.3 Loan from other related parties		
Balance at beginning of the Year	48,308,455	48,473,455
Add:		
Received during the Year	-	-
Transferred from directors' loan during the Year	26,031,631	-
Share transferred from Mukamila Javed	15,618,979	-
Transferred / surrendered from Javed Zahur	6,461,520	-
	48,112,129	-
	96,420,584	48,473,455
Less:		
Through Al-Baraka Bank A/C # 0102120355014	-	165,000
Share transferred to others	26,031,631	-
Transferred / surrendered in favor of Rabia Zahur	6,218,755	-
Adjusted against purchase/transfer of land	50,720,000	-
	82,970,386	165,000
Balance at end of the year	13,450,198	48,308,455

7.4 These unsecured and interest free loans have been obtained from the related parties i.e. directors / sponsors of the Company and their close relatives. These loans have been obtained to meet the working capital requirements of the Company and are repayable on demand.

8 Contingencies and commitments

There were no known contingencies and commitments as at June 30, 2022 (2021: Nil).

	Note	2022 Rupees	2021 Rupees
10 Cash and bank balances			
Cash in hand		1,695	695
Cash at bank:		21,731	136,958
		23,426	137,653
11 Administrative expenses			
Directors Remuneration	11.1	1,140,000	1,440,000
Salaries and Other Benefits	11.1	240,000	240,000
Telephone, Postage and telegram		10,430	21,064
Power and Fuel		-	2,275
Rent, Rates and Taxes		9,375	3,125
Printing and Stationery		-	450,000
Travelling and Conveyance		-	10,000
Fees and Subscriptions		323,748	100,000
Legal and Professional Charges		23,000	30,000
Advertisement		15,000	15,500
Vehicle Running and Maintenance	11.2	16,000	95,870
Repair and Maintenance		-	13,000
Depreciation	13.1	1,103,706	2,470,747
		2,881,259	4,891,581

11.1 These include Rs. Nil (2021: Rs. Nil) in respect of staff retirement benefits.

11.2 This represents the expenses incurred by the CEO of the Company on running and maintenance of his personal car as per the terms of his employment.

19

	2022 Rupees	2021 Rupees
12 Other operating expenses		
Auditor's remuneration	-	125,000
	-	125,000
16.1 Auditors' remuneration is in respect of audit services and represents:		
- statutory audit	-	95,000
- half yearly review	-	30,000
	-	125,000
13 Other operating income		
Gain on disposal of land	65,368,025	-
Loss on disposal of building	(28,430,339)	-
Gain on disposal of plant and machinery	150	-
	36,937,836	-
14 Finance cost		
Bank charges	352	374
	352	374
15 Provision for taxation		
For the year		
- Current year	15.2 -	-
- Deferred tax	(6,637,676)	(391,737)
	(6,637,676)	(391,737)
15.1 Deferred tax charged directly to equity	247,023	391,737
15.2 Relationship between tax expense and accounting profit/(loss)		
Accounting profit/(loss) before tax	34,056,577	(5,016,955)
Tax rate %	29%	29%
Accounting Tax	9,876,407	-
Prior year adjustment	(3,702,751)	11,527,980
Effect of applicability of admissible / inadmissible expenses / income and other tax credits / debits	(12,811,230)	(11,919,717)
	(6,637,574)	(391,737)
Applicable tax rate	29%	29%
Actual tax rate	(0.19)	0.08
Prior year adjustment	0.11	(2.30)
Tax rate change due to gain on land disposal	0.56	2.38
Tax rate change due to unused tax loss	(0.18)	0.13
Effective rate of tax	0.29	0.29
15.3 Income Tax assessments of the Company upto Tax Year 2022 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.		
	2022	2021
	-----Rupees-----	
Provision as per financial statements	-	-
Tax assessments	-	-
Increase/(decrease)	-	-

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

	2022 Rupees	2021 Rupees
Accelerated Depreciation	6,640,228	3,702,751
Unabsorbed Tax Depreciation	68,474,248	68,474,248
Unused Business Tax Losses	(6,804,696)	4,014,939
	<u>68,309,780</u>	<u>76,191,938</u>

15.5 The Expiry Dates for the Unused Business Tax Losses are as follows:

30th June, 2022	8,420,262	-
30th June, 2023	2,342,879	2,342,879
30th June, 2024	112,845	112,845
30th June, 2025	5,555,157	5,555,157
30th June, 2026	3,287,529	3,287,529
30th June, 2027	(34,762,881)	2,546,208
	<u>(15,044,209)</u>	<u>13,844,618</u>

16 Earnings per share

16.1 Basic

Net profit/(loss) after taxation (Rupees)	<u>40,693,901</u>	<u>(4,625,218)</u>
Weighted average number of ordinary shares during the year (Numbers)	<u>9,860,000</u>	<u>9,860,000</u>
Profit per share (Rupees)	<u>4.13</u>	<u>(0.47)</u>

16.2 Diluted

There is no dilutive effect on the basic earnings per share of the Company.

17 Reconciliation of movement of liabilities to cash flows arising from financing activities

Particulars	As at July 01, 2021	Non-cash Changes	Cash Changes	As at June 30, 2022
Repayment of short Term Financing	114,584,161	(88,633,660)	-	25,950,501

Particulars	As at July 01, 2020	Non-cash Changes	Cash Changes	As at June 30, 2021
Repayment of short Term Financing	114,584,161	-	-	114,584,161

18 Financial instruments by category

	2022 Rupees	2021 Rupees
Financial assets as per balance sheet		
At amortized cost		
Long term deposits	68,210	68,210
Cash and bank balances	23,426	137,653
	<u>91,636</u>	<u>205,863</u>
Financial liabilities as per balance sheet		
At amortized cost		
Trade and other payables	12,483,495	10,819,817
Short term borrowings	25,950,501	114,584,161
	<u>38,433,996</u>	<u>125,403,978</u>

19 Financial risk management**19.1 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 program 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 30, 2022, the company is not exposed to currency risk.

(ii) Interest rate risk

Interest rate risk is 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, 2022, the interest rate risk profile of the Company doesn't have any interest bearing financial instrument.

(iii) Other Price risk

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

(b) (i) 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.

(ii) Credit risk exposure and concentration of credit risk

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

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

	2022 Rupees	2021 Rupees
Long term deposits	68,210	68,210
Bank balances	21,731	136,958
	89,941	205,168

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

Bank	Ratings		
	Short term	Long term	Agency
Bank Al Habib Limited	A-1+	AA+	PACRA
Faysal Bank Limited	A1+	AA	PACRA
Al-Baraka Islamic Bank Limited	A-1	A	PACRA
MCB Bank Limited	A-1+	AAA	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA

(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 cashflows.

30 June 2022	Carrying Amount	Contractual cash flows	Upto 1 year	1 - 2 year	2 - 5 year
Rupees					
Financial liabilities at amortized cost					
Trade and other payable	12,483,495	12,483,495	12,483,495	-	-
Short term borrowings	25,950,501	25,950,501	25,950,501	-	-
	38,433,996	38,433,996	38,433,996	-	-
30 June 2021	Carrying Amount	Contractual cash flows	Upto 1 year	1 - 2 year	2 - 5 year
Rupees					
Financial liabilities at amortized cost					
Trade and other payable	10,819,817	10,819,817	10,819,817	-	-
Short term borrowings	114,584,161	114,584,161	114,584,161	-	-
	125,403,978	125,403,978	125,403,978	-	-

20 Capital risk management

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

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

	2022 Rupees	2021 Rupees
Debt	25,950,501	114,584,161
Cash and bank balances	(23,426)	(137,653)
Net debt	25,927,075	114,446,508
Total equity	(38,340,448)	(67,552,430)
Total capital employed	(12,413,373)	46,894,078
Gearing ratio (%)	-209%	244%

21 Remuneration of chief executive officer and directors

The aggregate amount charged in the financial statements for the year in respect of remuneration of Chief Executive Officer and Directors of the Company is as follows:

	2022		2021	
	CEO	Director	CEO	Director
	-----Rupees-----			
Managerial remuneration	818,182	218,182	1,090,909	218,182
Medical Allowance	81,818	21,818	109,091	21,818
	900,000	240,000	1,200,000	240,000
Number of persons	1	1	1	1

21.1 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. 16,000 (2021: Rs. 108,600).

21.2 No meeting fee has been paid to any director of the Company.

21.3 No remuneration has been paid to any Non-executive director of the Company.

21.4 No retirement benefits including Provident fund / gratuity has been paid or payable to any of the directors including chief executive of the Company.

21.5 An executive is defined as an employee, other than the Chief Executive Officer and directors, whose basic salary exceeds Rs. 1.2 million (2021: Rs. 1.2 million) in a financial year. No employee fall in the category of executive.

22 Transactions with related parties

The related parties comprise the associated undertakings, directors of the Company, key Management Personnel. The Company in the normal course of business carries out transactions with various related parties. These are un-secured amounts due to related parties and are shown under respective notes to these financial statements. Significant transactions with related parties other than remuneration are given below:

22.1 Transactions during the year

Name of Related party	Relationship	Nature of transaction	Percentage of shareholding	2022	2021
				Rupees	Rupees

Key management personnel:

Javed Zahur	CEO	Expenses paid	50.4909%	(24,849,594)	246,050
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Other related parties:

Ali Zahur	Other	Loan repaid	Nil	25,360,000	-
Hassan Zahur	Other	Loan repaid	Nil	35,483,500	-
Hassan Zahur	Other	Expenses paid	Nil	4,500	9,353

Associated Company:

Technic Engineering & Fabrication (Pvt) Ltd	Associate by virtue of common directorship	Expenses paid	Nil	581,000	100,000
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22.2 Outstanding Balance as at the year end

Key management personnel:

Javed Zahur	7.1	12,500,303	37,687,575
Javed Zahur	6.1.1	609,149	271,471
Mrs. Mukamila Javed	7.2	-	26,031,631
Rabia Zahur	7.2	-	2,556,500

Other related parties:

Hassan Zahur	7.3	1,735,964	37,219,464
Hassan Zahur	6.1.1	18,153	13,653
Ali Zahur	7.3	-	11,088,991

Associated Company:

Technic Engineering & Fabrication (Pvt) Limited	6.1.1	746,625	165,625
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23 Provident related disclosure

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

24 Entity-wide information

The Company constitutes of a single reportable segment.

24.1 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.

24.2 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.

25 Capacity and Production

No. of Looms Installed	-	10
No. of Looms Worked	-	-
Annual capacity (Square meters)	-	1,417,324
Actual Production (Square meters)	-	-

26 Number of employees

Total number of employees of the company	3	3
Number of employees at the factory of the company	3	3

24 Average number of employees

Average number of employees of the company

3

3

Average number of employees at the factory of the company

3

3

25 Reclassifications and rearrangements

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

26 Non adjusting events after the balance sheet date

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

27 Date of authorization

These financial statements were authorized for issue on 5 October 2022 by the Board of Directors.

28 General

Figures in the financial statements have been rounded-off to the nearest rupee. *Qaw*



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

ZAHUR COTTON MILLS LIMITED

THE COMPANIES ORDINANCE 1984

FORM 34

(Section 236 (1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number

0021566

2. Name of Company

ZAHUR COTTON MILLS LIMITED

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

6/30/2022

Shareholding			
4. No of Shareholders	From	To	Total shares held
180	1	100	18,000
5768	101	500	2,760,800
133	501	1,000	128,600
40	1,001	5,000	95,100
4	5,001	10,000	34,900
2	10,001	15,000	23,000
1	20,001	25,000	21,700
1	25,001	30,000	30,000
1	45,001	50,000	50,000
2	50,001	55,000	102,800
1	150,001	155,000	151,500
1	395,001	400,000	397,600
1	430,001	435,000	432,100
1	635,001	640,000	635,500
1	4,975,001	4,980,000	4,978,400
6,137			9,860,000

5. Categories of Shareholders

Shares held

Percentage

5.1 Directors, Chief Executive Officers
and their spouses and minor children

5,428,500

55.0558%

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

151,500

1.5365%

5.5 Insurance Companies

500

0.0051%

5.6 Modarabas and mutual
Funds

0

--

5.7 Share holders holding 10 %

5,613,900

56.9361%

5.8 General Public

a. Local

3,632,500

36.8408%

b. Foreign

0

0.0000%

5.9 Others (to be specified)

Joint Stock Companies

10,000

0.1014%

6. Signature of
Company secretary

7. Name of Signatory

Ms. Rabia Zahur

8. Designation

Company Secretary

9. NIC Number

10. Date

30

6

2022

Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2022

Sr. No	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)		-	-
Directors/Chief Executive and their spouse / minor Children			
1.	MR. JAVED ZAHUR	4,978,400	50.4909%
2.	M/S. RABIA ZAHUR	50,500	0.5122%
3.	M/S. IZZA ALI	500	0.0051%
4.	MR. NAZIR AKHTAR	500	0.0051%
5.	MR. KHAN MUHAMMAD	500	0.0051%
6.	MRS. MEHREEN GUL HASSAN	500	0.0051%
7.	MR. TANVEER AHMAD	500	0.0051%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		152,000	1.5416%

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

1	MR. JAVED ZAHUR	4,978,400	50.4909%
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

Form of Proxy

I / We _____ Son / Daughter / Wife of _____ being a member of

ZAHUR COTTON MILLS LIMITED and holder of _____ Shares Folio No.

_____ CDC Participant ID # _____ and

Sub Account # _____ do hereby appoint _____ of or failing

him/her _____ of _____ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General meeting of **Zahur Cotton Mills Limited** scheduled to be held on Thursday October 28, 2022 at 11:00 a.m at 55 C/1, Gulberg - III Lahore and at any adjournment there of.

As witness my/our hands this _____ day of _____, 2022.

1. Witnesses:

Name: _____

Signature: _____

CNIC: _____

Address: _____

Please affix here Revenue
Stamp of Rs. 50/-

Members' Signature

2. Witnesses:

Name: _____

Signature _____

CNIC: _____

Address: _____

Notes:

- Proxies, in order to be effective, must be received at the Company's Registered Office, 94 Km. Multan Road, Akhtarabad, Distt: Okara, not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- No person shall act as proxy unless he / she is a member of the Company.

کے لئے جو کہ اس کی تعلیم کے لئے

کتابخانه عمومی

(اقلیت کو کھلی سہولت دینا) اور پھر 2017ء سے 2022ء تک 11-20 کے مابین 55.5% ٹھیکہ داروں نے اپنے کھلے کالیاں فراہم کرنے کے لیے 2022ء میں سہولتوں کا سہارا لیا ہے۔
 (مستقبل کے لیے ٹھیکہ داروں کو کھلی سہولت دینا) اور پھر 2017ء سے 2022ء تک 11-20 کے مابین 55.5% ٹھیکہ داروں نے اپنے کھلے کالیاں فراہم کرنے کے لیے 2022ء میں سہولتوں کا سہارا لیا ہے۔

گروہان

Abstract

کپی رائٹنگ کے لئے

- 60