



QUARTERLY REPORT

(UN-AUDITED)

(3RD QUARTER)

ENDED 31ST MAR, 2024

Contents

Corporate Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Muhammad Amin Shakir

COMPANY SECRETARY

Mr. Muhammad Faheem Qureshi

EXTERNAL AUDITORS

Ali Akhter Adnan and Co.
Chartered Accountants

LEGAL COUNSEL

House of Magna Cum Laude

SHARE REGISTRAR

Corplink (Private) Limited

RESISTERED OFFICE

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

COMPANY REGISTRATION NO.

CUIN 0021566

Bankers:

MCB Bank Limited
Al Baraka Bank (Pakistan) Limited

Contact Information:

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

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

Director's Review Report

Dear Members,

The Directors of Zahur Cotton Mills Ltd. (the "Company") are pleased to submit herewith Company's uninterim financial statements for the third quarter ended on **31st March 2024**.

Future Prospects

We are excited to announce that our company is in the final stages of merging with Itan Technology (Private) Limited. This strategic partnership represents a critical step towards revitalizing our business operations and unlocking significant value for our shareholders.

We believe this merger will create a more robust and competitive entity, ultimately maximizing value for our shareholders. Following the Lahore High Court's approval of the Scheme of Amalgamation, we will work diligently with the SECP and Pakistan Stock Exchange to remove the company from the Defaulters/Suspension counter. This will allow our shares to be traded again on the exchange.

We are confident that this merger will position our company for long-term success. It will benefit not only our shareholders but also our employees, customers, and partners.

We express our sincere gratitude to the Board of Directors, management team, and our dedicated employees for their unwavering support and hard work throughout this transformative process. Their continued commitment will be instrumental as we move forward.

This announcement signifies a new chapter for our company. We are confident about the future and excited to embark on this journey together.

Yours sincerely,



Syed Jawed Ali
Chief Executive Officer



Muhammad Sheraz
Director

ڈائریکٹر کی جائزہ رپورٹ

، پیارے ممبران

ظہور کاٹن ملز لمیٹڈ ("کمپنی") کے ڈائریکٹرز 31 مارچ 2024 کو ختم ہونے والی تیسری سہ ماہی کے لیے کمپنی کے غیر عبوری مالیاتی گوشواروں کے ساتھ جمع کراتے ہوئے خوش ہیں۔

مستقبل کے امکانات

پرائیویٹ) لمیٹڈ کے ساتھ انضمام کے Itan Technology ہمیں یہ اعلان کرتے ہوئے خوشی ہو رہی ہے کہ ہماری کمپنی کے لیے آخری مراحل میں ہے۔ یہ اسٹریٹجک پارٹنرشپ ہمارے کاروباری آپریشنز کو زندہ کرنے اور ہمارے شیئر ہولڈرز اہم قدر کو کھولنے کی جانب ایک اہم قدم کی نمائندگی کرتی ہے۔

ہمیں یقین ہے کہ یہ انضمام ایک زیادہ مضبوط اور مسابقتی ادارہ بنائے گا، جو بالآخر ہمارے شیئر ہولڈرز کے لیے زیادہ سے زیادہ قیمت کا باعث بنے گا۔ لاہور ہائی کورٹ کی جانب سے یکجا کرنے کی اسکیم کی منظوری کے بعد، ہم کمپنی کو اور پاکستان اسٹاک ایکسچینج کے ساتھ تذبذب سے کام کریں گے۔ یہ SECP ڈیفالٹرز/سپینشن کاؤنٹر سے ہٹانے کے لیے ہمارے حصص کو دوبارہ ایکسچینج میں تجارت کرنے کی اجازت دے گا۔

ہمیں یقین ہے کہ یہ انضمام ہماری کمپنی کو طویل مدتی کامیابی کے لیے جگہ دے گا۔ اس سے نہ صرف ہمارے شیئر ہولڈرز بلکہ ہمارے ملازمین، صارفین اور شراکت داروں کو بھی فائدہ ہوگا۔

ہم اس تبدیلی کے عمل کے دوران بورڈ آف ڈائریکٹرز، انتظامی ٹیم، اور اپنے سرشار ملازمین کا ان کی غیر متزلزل حمایت اور محنت کے لیے تہ دل سے شکریہ ادا کرتے ہیں۔ جب ہم آگے بڑھیں گے تو ان کی مسلسل وابستگی مددگار ثابت ہوگی۔

یہ اعلان ہماری کمپنی کے لیے ایک نئے باب کی نشاندہی کرتا ہے۔ ہم مستقبل کے بارے میں پراعتماد ہیں اور ایک ساتھ اس سفر کو شروع کرنے کے لیے پرجوش ہیں۔

SHERAZ

محمد شیراز

ڈائریکٹر

جے

سید جاوید علی

چیف ایگزیکٹو آفیسر

ZAHUR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT 31ST MARCH, 2024

		(UNAUDITED) 31ST MAR., 2024	(AUDITED) 30TH JUNE, 2023
	Note	Rupees	Rupees
SHARE CAPITAL AND RESERVES			
Authorized Capital:			
20,000,000 (30th June, 2023: 20,000,000) Ordinary Shares of Rs.10 each		<u>200,000,000</u>	<u>200,000,000</u>
SHARE CAPITAL			
Issued, Subscribed and Paid-up Capital	5	98,600,000	98,600,000
REVENUE RESERVES			
Accumulated Loss		(138,251,421)	(137,686,211)
Total Shareholders' Equity		<u>(39,651,421)</u>	<u>(39,086,211)</u>
NON-CURRENT LIABILITIES			
		-	-
CURRENT LIABILITIES			
Trade and Other Payables	6	13,281,495	13,043,495
Short term borrowings	7	26,450,751	26,123,751
		39,732,246	39,167,246
Contingencies and commitments			
	8	-	-
		<u>80,825</u>	<u>81,035</u>
ASSETS			
NON-CURRENT ASSETS			
Long Term Deposits		68,210	68,210
CURRENT ASSETS			
Income Tax Refund due from the Government		1,912	1,912
Cash and Bank Balances	9	10,703	10,913
		12,615	12,825
		<u>80,825</u>	<u>81,035</u>

The annexed Notes from 1 to 16 form an intergral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

ZAHUR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED 31ST MAR, 2024

	Note	NINE MONTHS ENDED 31ST MAR,		THREE MONTHS ENDED 31ST MAR,	
		2024 Rupees	2023 Rupees	2024 Rupees	2023 Rupees
Administrative Expenses	10	(565,000)	(410,250)	(75,000)	(102,750)
Operating loss		<u>(565,000)</u>	<u>(410,250)</u>	<u>(75,000)</u>	<u>(102,750)</u>
Finance Cost	11	(210)	(415)	-	(150)
Loss for the Period before taxation		<u>(565,210)</u>	<u>(410,665)</u>	<u>(75,000)</u>	<u>(102,900)</u>
Taxation		-	-	-	-
Net Loss for the period after taxation		<u><u>(565,210)</u></u>	<u><u>(410,665)</u></u>	<u><u>(75,000)</u></u>	<u><u>(102,900)</u></u>
Loss Per Share-Basic and Diluted		<u><u>(0.06)</u></u>	<u><u>(0.04)</u></u>	<u><u>(0.01)</u></u>	<u><u>(0.01)</u></u>

The annexed Notes from 1 to 16 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

ZAHUR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED 31ST MAR, 2024

	NINE MONTHS ENDED 31ST MAR,		THREE MONTHS ENDED 31ST MAR,	
	2024	2023	2024	2023
	Rupees	Rupees	Rupees	Rupees
Net Loss for the Period after Taxation	(565,210)	(410,665)	(75,000)	(102,900)
Other Comprehensive Income:	-	-	-	-
Total Comprehensive Loss	<u>(565,210)</u>	<u>(410,665)</u>	<u>(75,000)</u>	<u>(102,900)</u>

The annexed Notes from 1 to 16 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

ZAHUR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED 31ST MAR, 2024

	PAID-UP CAPITAL	REVENUE RESERVE (ACCUMULATED LOSS)	TOTAL
	Rupees	Rupees	Rupees
Balance as at June 30, 2022 Audited	98,600,000	(136,940,448)	(38,340,448)
Loss for the period		(410,665)	(410,665)
Other comprehensive income		-	-
Total Comprehensive Loss for the Period	-	(410,665)	(410,665)
Balance as at 31st March, 2023 (Un-audited)	98,600,000	(137,351,113)	(38,751,113)
Balance as at 30th June, 2023 Audited	98,600,000	(137,686,211)	(39,086,211)
Loss for the period		(565,210)	(565,210)
Other comprehensive income		-	-
Total Comprehensive Loss for the Period	-	(565,210)	(565,210)
Balance as at 31st March, 2024 (Un-audited)	98,600,000	(138,251,421)	(39,651,421)

The annexed Notes from 1 to form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

ZAHUR COTTON MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 31ST MAR, 2024

		31ST MAR., 2024	31ST MAR., 2023
	Note	Rupees	Rupees
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Net Loss before Taxation		(565,210)	(410,665)
Adjustments for Non-Cash Charges and Other Items:			
Depreciation		-	-
Finance cost		210	415
		<u>(565,000)</u>	<u>(410,250)</u>
EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES			
Increase in Current Liabilities:			
Trade and Other Payables		238,000	225,000
Cash Used in Operations		<u>(327,000)</u>	<u>(185,250)</u>
Finance cost		(210)	(415)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		<u>(327,210)</u>	<u>(185,665)</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>			
		-	-
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>			
Short term borrowings		327,000	173,250
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		<u>(210)</u>	<u>(12,415)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		10,913	23,426
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9	<u><u>10,703</u></u>	<u><u>11,011</u></u>

The annexed Notes from 1 to 16 form an intergral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

ZAHUR COTTON MILLS LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31ST MARCH, 2024

Note 1

Legal status and operations

Zahur Cotton Mills Limited (the Company) is a public limited company incorporated in Pakistan on April 21, 1990 under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). Its Ordinary Shares are quoted on Pakistan Stock Exchanges. The principal activity of the Company is manufacturing and selling of grey fabric. The company has shut down its operations in past which continued suspended during the year. The Company is domiciled in Pakistan and its registered office is situated at 623-B. PCSIR-II, Lahore.

Note 2

Basis of preparation

2.1 Going concern assumption

The Company has accumulated losses stand at of Rs.138.251 million (June 30, 2023: Rs.137.686 million) as against issued, subscribed and paid up capital of Rs.98.60 million as at March 31, 2024 (June 30, 2023: Rs.98.60 million) and as of that date the Company's current liabilities exceed its current assets by Rs.39.72 million (June 30, 2023: Rs.39.15 million) resulting in liquidity problems. The operations of Company ceased and these operations remained suspended during the year due to working capital constraints and unfavorable business conditions and the Company has also applied for Voluntarily Delisting from the Pakistan Stock Exchange on May 08, 2017 but decision is still pending. These factors along with matters described in condensed interim financial statements may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business, for which no adjustments have been incorporated in these financial statements.

In spite of the huge accumulated losses and negative current ratio, the management is confident to obtain continued support from its sponsors and lenders and also confident about a binding acquisition / merger agreement with ITANZ Technology Private Limited Company, therefore, these Financial Statements have been prepared on a going concern basis.

2.2 Basis of accounting

2.2.1 This condensed interim financial information comprise of the condensed interim statement of financial position of the Company as at 31st March 2024 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes forming part thereof for the quarter ended March 31, 2024.

2.2.2 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provision of and directives issued under the Companies Act, 2017.

Where the provision of and directives issues under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2.3 These condensed financial information do not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2023.

ZAHUR COTTON MILLS LIMITED*Notes to and forming part of the financial information*

2.2.4 Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2023, whereas comparatives of condensed interim statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the three months period ended March 31, 2024.

2.2.5 These condensed interim financial statements are being submitted to the shareholders as required under Section 237 of the Companies Act, 17 ("the Act") and the Listing Regulations of Pakistan Stock Exchnage Limited and are unaudited as required by the Act and Listed Companies (Code of Corporate Governance) Regulations 2019.

Note 3**Use of estimates and judgements**

- 3.1 The preparation of this condensed interim financial statements require the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
- 3.2 During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the audited annual published Financial Statements of the Company for the year ended 30th June, 2023.

Note 4**Statement of consistency in accounting policies**

- 4.1 The accounting policies and methods of computations adopted for the preparation of this condensed interim Financial information are the same as applied in the preparation of the preceding annual published Financial Statements of the Company for the year ended 30th June, 2023.
- 4.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period were either not relevant to the Company's operations or did not have any impact on the accounting policies of the Company.

Note 5**Issued, subscribed and paid up capital**

	UN-AUDITED MAR 31, 2024	AUDITED JUN 30, 2023
	Rupees	Rupees
Issued, subscribed and paid-up capital 9,860,000 (June 30, 2023: 9,860,000)		
Ordinary Shares of Rs.10 each fully paid in cash	<u>98,600,000</u>	<u>98,600,000</u>

- 5.1 No shares were issued or cancelled during the period (30-06-2023: Nil). Therefore, reconciliation of number of shares outstanding is not provided.

Note 6**Trade and Other Payables**

	UN-AUDITED MAR 31, 2024	AUDITED JUN 30, 2023
	Rupees	Rupees
Trade creditors	2,788,771	2,788,771
Advances from customers - unsecured	1,602,002	1,602,002
Accrued liabilities and advances - unsecured	8,740,722	8,392,722
Auditor's remuneration	150,000	260,000
	<u>13,281,495</u>	<u>13,043,495</u>

6.1

ZAHUR COTTON MILLS LIMITED*Notes to and forming part of the financial information***6.1 Accrued liabilities and advances - unsecured**

		UN-AUDITED MAR 31, 2024	AUDITED JUN 30, 2023
		Rupees	Rupees
Advances	6.1.1	1,373,927	1,373,927
Accrued liabilities	6.1.2	7,366,795	7,018,795
		<u>8,740,722</u>	<u>8,392,722</u>

6.1.1 Advances represents Rs. 609,149, Rs. 18,153, and Rs. 746,625 (30-06-2023: 1,373,927) payable to CEO / director, other related party and the associated company (associated due to common directorship) respectively. These amounts relates to expenditure incurred by the Director, other related party and the associated company on the Company's behalf.

6.1.2 This includes 6.067 million (30-06-2023 6.067 million) payable to CEO of the Company on account of salaries. During the period accrued liabilities increased by Rs 225,000 and Rs. 123,000 on account of salaries payable to CFO of the company and annual listing fee payable to Pakistan Stock Exchange Limited respectively.

Note 7

Short term borrowings

		UN-AUDITED MAR 31, 2024	UN-AUDITED JUN 30, 2023
		Rupees	Rupees
These unsecured financing have been obtained from:			
Related Parties - unsecured	7.1	25,950,501	25,950,501
Other than related parties - unsecured			
- ITANZ Technology (Pvt.) Limited	7.2	500,250	173,250
		<u>26,450,751</u>	<u>26,123,751</u>

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

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

Note 8

Contingencies and commitments

There were no material contingencies and commitments outstanding as at 31-03-2024 (30-06-2023: Nil).

Note 9

Long Term Deposits

This represents security deposit with WAPDA

Note 10

Cash and Bank Balances

	UN-AUDITED MAR 31, 2024	AUDITED JUN 30, 2023
	Rupees	Rupees
Cash in Hand	1,495	1,695
Balance with banks		
- Current Accounts	6,185	6,195
- Demand deposits	2,120	2,120
- Savings Accounts	903	903
	<u>10,703</u>	<u>10,913</u>

ZAHUR COTTON MILLS LIMITED*Notes to and forming part of the financial information*

Note 11

Administrative Expenses

	NINE MONTHS ENDED 31ST MAR,		THREE MONTHS ENDED 31ST MAR,	
	2024	2023	2024	2023
	Rupees	Rupees	Rupees	Rupees
Salaries and other benefits	225,000	225,000	75,000	75,000
Communication expenses	-	10,000	-	-
Fees and subscriptions	123,000	125,750	-	-
Printing and Stationary	-	22,500	-	12,000
Advertisement	67,000	15,000	-	15,750
Misc. Expenses	-	12,000	-	-
Auditor's remuneration	150,000	-	-	-
	<u>565,000</u>	<u>410,250</u>	<u>75,000</u>	<u>102,750</u>

Note 12

Loss per share12.1 **Basic**

	NINE MONTHS ENDED 31ST MAR,		THREE MONTHS ENDED 31ST MAR,	
	2024	2023	2024	2023
	Rupees	Rupees	Rupees	Rupees
Net Profit / (Loss) after taxation	(565,210)	(410,665)	(75,000)	(102,900)
Weighted average number of ordinary shares at the end of the period.	9,860,000	9,860,000	9,860,000	9,860,000
Net Profit / (Loss) after taxation	<u>(0.06)</u>	<u>(0.04)</u>	<u>(0.01)</u>	<u>(0.01)</u>

12.2 **Diluted**

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

Note 13

Financial Instruments and related disclosures

13.1 These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2023. The Company's financial risk management objective and policies are consistent with that disclosed in the audited annual financial statements of the Company for the year ended 30 June 2023.

13.2 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values. The Company analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows;

- Quoted prices [unadjusted] in active markets for identical assets or liabilities [level 1];
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly [i.e. as prices] or indirectly [i.e. derived from prices] [level 2]; and
- Inputs for the asset or liability that are not based on observable market data [level 3].

ZAHUR COTTON MILLS LIMITED

Notes to and forming part of the financial information

Note 14

Transactions with related parties

The related parties comprise of subsidiary companies, associated companies, other related companies, directors of the Company and entities under common directorship, key management personnel and post employment benefit plans. Amounts due to related parties are shown under respective notes to these condensed interim financial statements. There are no related party transactions other than those disclosed in the relevant note.

Company is currently doing business in the personal property of Chief Executive and he is not charging any rent or utilities to the company.

Note 15

Date of authorization for issue

These Financial Statements were authorized for issue on April 30, 2024 by the Board of Directors of the Company.

Note 16

General

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR