ZAHUR COTTON MILLS LIMITED

QUARTERLY REPORT
(Un-Audited)

3RD QUARTER ENDED
MARCH 31, 2020

COMPANY INFORMATION

BOARD OF DIRECTORS	MR. JAVED ZAHUR (Chairman/Chief Executive) MRS. MUKAMILA JAVED M/S. RABIA ZAHUR MRS. MAHREEN GUL HASSAN MR. NAZIR AKHTAR MR. KHAN MUHAMMAD MR. M. TANVEER
AUDIT COMMITTEE	M/S. RABIA ZAHUR MR. NAZIR AKHTAR MR. M TANVEER
COMPANY SECRETARY	M/S. RABIA ZAHUR
AUDITORS	M/S. ANWAR, TARIQ & CO., CHARTERED ACCOUNTANTS 1ST FLOOR, 84-B-I, GHALIB ROAD, GULBERG III, LAHORE-54660 PAKISTAN
LEGAL ADVISOR	MR. QAMAR-UZ- ZAMAN
BANKERS	BANK AL-HABIB LIMITED HABIB METROPOLITAN BANK LIMITED MUSLIM COMMERCIAL BANK LIMITED AL-BARAKA BANK
REGISTERED OFFICE & MILLS	94TH K.M. LAHORE-MULTAN ROAD NEAR PUL JAURIAN, AKHTARABAD, DISTT. OKARA PAKISTAN PHONE : (049) 4500428-29
REGISTRAR	SHARES DEPARTMENT M/S. CORPLINK (PVT) LIMITED WINGS ARCADE, 1-K COMMERCIAL MODEL TOWN LAHORE. PHONE : (042) 35839182, 35887262 Fax: (042) 35869037

ZAHUR COTTON MILLS LIMITED

DIRECTORS' REPORT

DEAR SHAREHOLDER

On behalf of Board of Directors of the Company, we are pleased to present un-audited accounts for the 3rd quarter ended 31st March, 2020.

The sponsors are in the process of de-listing and shares buy back with Pakistan Stock Exchange and SECP.

The accounting policies adopted for the presentation of Quarterly accounts are the same as applied in the preparation of preceding annual accounts of the Company.

These accounts are un-audited, being submitted to the shareholders as required under the Companies Act 2017.

ON BEHALF OF BOARD OF DIRECTORS

LAHORE **(JAVED ZAHUR)**
24th APRIL 2020 **CHAIRMAN / C E O**

ZAHUR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - (Un-Audited)
AS AT 31ST MARCH, 2020

	NOTE	(UNAUDITED) 31ST MAR., 2020 RUPEES	(AUDITED) 30TH JUNE, 2019 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital:			
20,000,000 (30th June 2019: 20,000,000) Ordinary Shares of Rs.10 each		200,000,000	200,000,000
SHARE CAPITAL			
Issued, Subscribed and Paid Up Capital			
9,860,000 (30th June 2019: 9,860,000) Ordinary Shares of Rs.10 each		98,600,000	98,600,000
REVENUE RESERVES			
Accumulated Loss		(227,209,335)	(224,067,429)
CAPITAL RESERVES			
Deposit for Shares		20,066,240	20,066,240
Revaluation Surplus on Property, Plant and Equipment - Net of Tax	6	46,137,196	46,848,519
Total Shareholders' Equity		(62,405,899)	(58,552,670)
NON-CURRENT LIABILITIES			
Long Term Financing	7	114,584,161	114,849,161
Deferred Tax Liability	8	12,125,891	12,416,432
		126,710,052	127,265,593
CURRENT LIABILITIES			
Trade and Other Payables	9	8,845,907	8,187,491
Provision for Taxation		-	296,324
		8,845,907	8,483,815
CONTINGENCIES AND COMMITMENTS	10	-	-
		73,150,060	77,196,738
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	11	72,050,331	73,892,142
Long Term Deposits		68,210	68,210
		72,118,541	73,960,352
CURRENT ASSETS			
Income Tax Refund due from the Government		1,200	-
Cash and Bank Balances	12	1,030,319	3,236,386
		1,031,519	3,236,386
		73,150,060	77,196,738

The annexed Notes from 1 to 18 form an integral part of these Interim Condensed Financial Statements
Statement under section 232(1) of the Companies Act, 2017:
Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

CHIEF EXECUTIVE **DIRECTOR**

ZAHUR COTTON MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (Un-Audited)
FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH, 2020

		NINE MONTHS ENDED 31 MARCH,		QUARTER ENDED 31 MARCH,	
	NOTE	2020 RUPEES	2019 RUPEES	2020 RUPEES	2019 RUPEES
Sales		-	-	-	-
Cost of Sales		1,841,811	1,841,811	613,937	613,937
Gross Loss		(1,841,811)	(1,841,811)	(613,937)	(613,937)
Administrative Expenses	14	(2,301,860)	(3,765,540)	(986,721)	(1,328,162)
Operating Loss		(4,143,671)	(5,607,351)	(1,600,658)	(1,942,099)
Other Income	15	-	6,418,868	-	2,867,318
(Loss) / Profit after Other Income		(4,143,671)	811,517	(1,600,658)	925,219
Finance Cost	16	(99)	(1,144)	(35)	(276)
(Loss) / Profit for the Period before taxation		(4,143,770)	810,373	(1,600,693)	924,943
Taxation		290,541	(1,096,967)	96,847	(521,819)
Net (Loss) / Profit for the period after taxation		(3,853,229)	(286,594)	(1,503,846)	403,124
(Loss) / Earning Per Share-Basic and Diluted		(0.39)	(0.03)	(0.15)	0.04

The annexed Notes from 1 to 18 form an integral part of these Interim Condensed Financial Statements

Statement under section 232(1) of the Companies Act, 2017:
Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

CHIEF EXECUTIVE **DIRECTOR**

ZAHUR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (Un-Audited)
FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH, 2020

PARTICULARS	NOTE	NINE MONTHS ENDED 31ST MARCH, 2020 RUPEES	NINE MONTHS ENDED 31ST MARCH, 2019 RUPEES	QUARTER ENDED 31ST MARCH, 2020 RUPEES	QUARTER ENDED 31ST MARCH, 2019 RUPEES
Net (Loss)/Profit after Taxation for the Period		(3,853,229)	(286,594)	(1,503,846)	403,124
Other Comprehensive Income:					
Items that will not be reclassified to profit or loss account		-	-	-	-
Items that may be reclassified subsequently to profit or loss account		-	-	-	-
		-	-	-	-
Total Comprehensive (Loss) / Profit		(3,853,229)	(286,594)	(1,503,846)	403,124

The annexed Notes from 1 to 18 form an integral part of these Interim Condensed Financial Statements

Statement under section 232(1) of the Companies Act, 2017:
Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

CHIEF EXECUTIVE **DIRECTOR**

CONDENSED INTERIM CASH FLOW STATEMENT - (Un-Audited)
FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH, 2020

	NINE MONTHS ENDED 31ST MARCH 2020 RUPEES	NINE MONTHS ENDED 31ST MARCH 2019 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) / Profit before Taxation	(4,143,770)	810,373
Adjustments For:		
Depreciation	1,841,811	1,841,811
Finance Cost	99	1,144
	1,841,910	1,842,955
OPERATING (LOSS) / PROFIT BEFORE WORKING CAPITAL CHANGES	(2,301,860)	2,653,328
(Increase) in Current Assets:		
Other Receivables	-	(1,154,239)
Increase in Current Liabilities:		
Trade and Other Payables	658,416	858,916
	658,416	(295,323)
Cash (Used in) / Generated from Operations	(1,643,444)	2,358,005
Income Tax Paid	(297,524)	(794,820)
Finance Cost Paid	(99)	(1,144)
	(297,623)	(795,964)
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	(1,941,067)	1,562,041
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Finances	(265,000)	(425,000)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(265,000)	(425,000)
NET (DECREASE) /INCREASE IN CASH AND CASH EQUIVALENTS	(2,206,067)	1,137,041
Cash and Cash Equivalents at beginning of the Period	3,236,386	1,993,231
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,030,319	3,130,272

The annexed Notes from 1 to 18 form an integral part of these Interim Condensed Financial Statements

Statement under section 232(1) of the Companies Act, 2017:
Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

CHIEF EXECUTIVE **DIRECTOR**

ZAHUR COTTON MILLS LIMITED

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY - (Un-Audited)
FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH, 2020

PARTICULARS	PAID-UP CAPITAL	REVENUE RESERVE (ACCUMULATED LOSS)	CAPITAL RESERVES: SHARE DEPOSIT MONEY	CAPITAL RESERVES: REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT	TOTAL
	R U P E E S				
Balance as at 30th June, 2018 Audited	**98,600,000**	**(222,551,797)**	**20,066,240**	**47,796,950**	**(56,088,607)**
Total Comprehensive Loss for the Nine Months ended 31st March, 2019	-	(286,594)	-	-	(286,594)
Transferred from surplus on revaluation of property plant and equipments on account of incremental depreciation - net of tax		711,323		(711,323)	-
Balance as at 31st March, 2019 (Un-audited)	**98,600,000**	**(222,127,068)**	**20,066,240**	**47,085,627**	**(56,375,201)**
Total Comprehensive Loss for the Quarter ended 30th June, 2019	-	(2,177,469)	-	-	(2,177,469)
Transferred from surplus on revaluation of property plant and equipments on account of incremental depreciation - net of tax	-	237,108	-	(237,108)	-
Balance as at 30th June, 2019 Audited	**98,600,000**	**(224,067,429)**	**20,066,240**	**46,848,519**	**(58,552,670)**
Total Comprehensive Loss for the Nine Months ended 31st March, 2020	-	(3,853,229)	-	-	(3,853,229)
Transferred from surplus on revaluation of property plant and equipments on account of incremental depreciation - net of tax		711,323		(711,323)	-
Balance as at 31st March, 2020 (Un-audited)	**98,600,000**	**(227,209,335)**	**20,066,240**	**46,137,196**	**(62,405,899)**

The annexed Notes from 1 to 20 form an intergral part of this condensed interim financial information.

Statement under section 232(1) of the Companies Act, 2017:

Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

CHIEF EXECUTIVE **DIRECTOR**

ZAHUR COTTON MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (Un-Audited)
FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH, 2020

1 **STATUS AND OPERATIONS OF THE COMPANY**

Zahur Cotton Mills Limited was incorporated in Pakistan on April 21, 1990 as a Public Limited Company under the Companies Ordinance, 1984 (now the Companies Act, 2017). Its Ordinary Shares are quoted on Pakistan Stock Exchanges. The principal activity of the Company is manufacturing and selling of grey fabric which continued to remain suspended during the Year. The Company is domiciled in Pakistan and the registered office of the company is situated at 94 KM, Multan Road, Lahore near Pul Jaurian, Akhtarabad, Distt: Okara.

2 **GOING CONCERN ASSUMPTION**

The condensed interim financial statement for the nine months ended 31st March, 2020 reflects a Loss after taxation of Rs.3,853,229 (March 31, 2019: Loss Rs. 286,594) and as at that date it has accumulated losses of Rs. 227,209,335 (June 30, 2019: Rs. 224,067,429). Further, its current liabilities exceeded its current assets by Rs.7,814,388 (June 30, 2019: Rs.5,247,429). The operations of the company ceased and these operations remained suspended during the nine months due to working capital constraints and unfavourable business conditions. These factors raise doubt about the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, any adjustments relating to recoverability of recorded assets and liabilities have not been incorporated in the condensed interim financial statement. As the management is confident to obtain continued support from its sponsors and lenders, therefore, the condensed interim financial statement have been prepared on a going concern basis.

3 **BASIS OF PREPARATION**

3.1 The condensed interim financial information of the Company for the period ended March 31, 2020 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, “Interim Financial Reporting” and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information is being present and submitted to the shareholders as required by the Listing Regulations of the Pakistan Stock Exchange and under section 237 of the Companies Act, 2017.

3.2 The condensed interim financial information does not include all the information required for the complete set of financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2019.

4 **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial statement are the same as applied in the preparation of the preceding audited annual financial statements of the company for the year ended 30th June, 2019.

Amendments to certain existing standards and interpretation on approved accounting standards effective during the period were not relevant to the Company's operations and not have any impact on the accounting policies of the Company.

5 **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2019.

ZAHUR COTTON MILLS LIMITED

		(UNAUDITED) 31ST MAR., 2020 RUPEES	(AUDITED) 30TH JUNE, 2019 RUPEES
6	**SURPLUS ON REVALUATION OF OPERATING ASSETS**		
6.1	This is made up as follows:		
	Land - Freehold	17,665,900	17,665,900
	Buildings	28,171,296	28,882,619
	Plant and Machinery	300,000	300,000
		46,137,196	46,848,519
6.2	**Buildings on freehold land**		
	Balance as at 01 July	41,299,051	42,634,869
	Transferred to retained earnings in respect of incremental depreciation charged during the year	(1,001,864)	(1,335,818)
		40,297,187	41,299,051
	Related deferred tax liability	(12,125,891)	(12,416,432)
		28,171,296	28,882,619

6.3 The Company revalued its freehold Land, Buildings on freehold Land and Plant and Machinery as at 18th January, 2017. The Revaluation exercise was carried-out by independent Valuer (Approved Valuer of Pakistan Banks Association), on replacement value basis. The revaluation of these Assets resulted in a surplus of Rs. 62.493 Million, which was credited to "Surplus on Revaluation of Fixed Assets Account" , on that date. The difference between depreciation based on the revalued carrying amount of the asset charged to profit and loss account and depreciation based on the asset's original cost, net of tax is reclassified from revaluation surplus to retained earnings.

7	**LONG TERM FINANCING**			
7.1	These unsecured financing have been obtained from:			
	Related Parties -			
	Chief Executive		37,687,575	37,687,575
	Directors	(Note 7.2)	28,588,131	28,688,131
		(Note 7.3)	66,275,706	66,375,706
	Loan from Others	(Note 7.4)	48,308,455	48,473,455
			114,584,161	114,849,161
7.2	**LOAN FROM DIRECTORS** is made up as follows:			
	Balance at beginning of the Year		28,688,131	28,688,131
	Less: Payments during the Year		100,000	-
	Balance at end of the year		28,588,131	28,688,131

7.3 These unsecured and interest free loans have been obtained from the Related Parties i.e. Sponsors of the Company. These loans have been obtained to meet the working capital requirements of the Company and repayment period is yet not finalized.

7.4 This interest free and unsecured financing has been consented by the lenders of the Company and are payable on demand. This is made up as follows:

Balance at beginning of the Year		48,473,455	48,473,455
Less: Payment during the Period		165,000	-
Balance at end of the Period		48,308,455	48,473,455
8 DEFERRED LIABILITIES			
8.1 These comprise of:			
Deferred Tax Liability	(Note 8.2)	12,125,891	12,416,432
		12,125,891	12,416,432

8.2 This represents the related deferred tax liability on Revaluation Surplus of Fixed Assets.

	(UNAUDITED) 31ST MAR., 2020 RUPEES	(AUDITED) 30TH JUNE, 2019 RUPEES
9 TRADE AND OTHER PAYABLES comprise of:		
Creditors	2,857,185	2,466,269
Accrued Liabilities	4,376,720	3,739,220
Advances from Customers	1,602,002	1,972,002
Security against Godown	10,000	10,000
	8,845,907	8,187,491

10 CONTINGENCIES AND COMMITMENTS

10.1 **CONTINGENCIES**

Rs. Nil (30 June 2019: Rs. Nil)

10.2 **COMMITMENTS**

Rs. Nil (30 June 2019: Rs. Nil)

11 PROPERTY PLANT AND EQUIPMENT

11.1 These are made up as follows:

PARTICULARS	COST		DEPRECIATION				W.D.V.
	AS AT 1ST JULY, 2019	AS AT 31ST MARCH, 2020	RATE %	TO 30TH JUNE, 2019	PROVIDED FOR THE PERIOD	TO 31ST MARCH, 2020	AS AT 31ST MARCH, 2020
	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees
Land - Freehold							
Cost	2,258,100	2,258,100	-	-	-	-	2,258,100
Revaluation Surplus	17,665,900	17,665,900	-	-	-	-	17,665,900
	19,924,000	19,924,000		-	-	-	19,924,000
Buildings on Freehold Land							
Cost	37,330,978	37,330,978	3%	24,961,887	839,947	25,801,834	11,529,144
Revaluation Surplus	44,527,278	44,527,278	3%	3,228,227	1,001,864	4,230,091	40,297,187
	81,858,256	81,858,256		28,190,114	1,841,811	30,031,925	51,826,331
Plant and Machinery							
Cost	23,219,389	23,219,389	5%	23,219,389	-	23,219,389	-
Revaluation Surplus	300,000	300,000	5%	-	-	-	300,000
	23,519,389	23,519,389		23,219,389	-	23,219,389	300,000
Fire Fighting Equipment	38,566	38,566	10%	38,566	-	38,566	-
Furniture and Fixtures	1,903,061	1,903,061	10%	1,903,061	-	1,903,061	-
Electric Installations	2,294,667	2,294,667	5%	2,294,667	-	2,294,667	-
Office Equipment	1,209,500	1,209,500	10%	1,209,500	-	1,209,500	-
Vehicles	2,039,691	2,039,691	20%	2,039,691	-	2,039,691	-
31st March, 2020:	132,787,130	132,787,130		58,894,988	1,841,811	60,736,799	72,050,331
30th June, 2019:	132,787,130	132,787,130		56,439,241	2,455,747	58,894,988	73,892,142

11.2 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.

11.3 The depreciation for the period has been charged to Cost of Sales.

11.4 Force sales value of Land, Building and Plant and Machinery is Rs. 15,939,000/-, Rs. 47,470,000/- and Rs. 225,000/- respectively.

ZAHUR COTTON MILLS LIMITED

	(UNAUDITED) 31ST MAR., 2020 RUPEES	(AUDITED) 30TH JUNE, 2019 RUPEES
12 **CASH AND BANK BALANCES** comprise of:		
Cash in Hand	9,586	27,926
Cash with Banks in:		
Current Accounts	1,017,711	3,205,438
Demand Deposits	2,119	2,119
Primax Classic Saving Account	903	903
	1,020,733	3,208,460
	1,030,319	3,236,386

	NINE MONTHS ENDED 31ST MARCH,		QUARTER ENDED 31ST MARCH,	
	2020 RUPEES	2019 RUPEES	2020 RUPEES	2019 RUPEES
13 **COST OF SALES** comprise of:				
Depreciation (Note 11.1)	1,841,811	1,841,811	613,937	613,937
	1,841,811	1,841,811	613,937	613,937
14 **ADMINISTRATION EXPENSES**				
14.1 These comprise of:				
Directors Remuneration	1,080,000	1,080,000	360,000	360,000
Salaries and Other Benefits	180,000	171,000	60,000	60,000
Communication Expenses	104,256	12,300	91,496	5,000
Power and Fuel	-	117,868		-
Travelling and Conveyance	115,580	234,500	-	-
Rent, Rates and Taxes	3,125	30,000	3,125	2,500
Printing and Stationery	372,000	790,916	372,000	-
Fees and Subscriptions	143,999	640,000	10,000	500,000
Legal and Professional Charges	34,500	30,000	11,500	10,000
Advertisement	16,500	15,500	-	-
Vehicle Repair and Maintenance	74,600	106,234	28,600	35,662
Repair and Maintenance	177,300	537,222	50,000	355,000
	2,301,860	3,765,540	986,721	1,328,162

15 **OTHER INCOME** comprises of Lease Rentals of Godowns.

16 **FINANCE COST** represents Bank Charges

17 **FIGURES** in these Condensed Interim Financial statement have been rounded off to the nearest Rupee.

18 **DATE OF AUTHORIZATION FOR ISSUE**

These Financial Statements were authorized for issue on **24th April, 2020** by the Board of Directors of the Company.

CHIEF EXECUTIVE **DIRECTOR**

BOOK POST

If undelivered please return to:

ZAHUR COTTON MILLS LIMITED
94TH K.M. LAHORE-MULTAN ROAD
NEAR PUL JAURIAN, AKHTARABAD,
DISTT. OKARA, PAKISTAN