



**ZAHUR COTTON  
MILLS LIMITED**

QUARTERLY REPORT  
(UN-AUDITED)  
(1st QUARTER)  
ENDED  
30th SEPTEMBER, 2020

# ZAHUR COTTON MILLS LIMITED

## DIRECTORS' REVIEW

On behalf of the Board of Directors, I would like to present the interim financial information of the Company for the quarter ended September 30, 2020 along with interim financial information of the Company.

	September 30, 2020	September 30, 2019
	Rupees	Rupees
Loss before Tax	(1,172,058)	(1,348,701)
Taxation	97,935	96,847
Loss after Tax	(1,074,123)	(1,251,854)
Accumulated loss	(228,643,326)	(224,416,261)
Incremental Depreciation on Revaluation	239,770	237,108
Loss per Share	(0.11)	(0.13)

### Performance Review

Due to the unfavourable market condition and non availability of working capital ,the operation of the Company remained closed during the quarter under consideration.

### Delisting from Pakistan Stock Exchange

The Company has also applied for Voluntarily Delisting from the Pakistan Stock Exchange on 8th May, 2017 but decision is still pending.

### COVID-19 EFFECTS

COVID-19 indicators in Pakistan showed a certain slowdown in Pakistan as the new financial year started. However, this has not effected the Company because the production and sale is suspended (closed) since long.

### Future Prospect

The management is confident to restart its production and commercial activities in future subject to favorable conditions. The company intends to repay its partial liabilities on the restart of the operations and in the process of delisting from the stock exchange. Management is endeavoring to resume the production of the Company as soon as conditions get better in near future and funds have been arranged.

### 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

Lahore

10th Novemeber, 2020

Javed Zahur

(Director / Chief Executive)

## ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2020ء کو اختتام پذیر سہ ماہی کے لئے کمپنی کی عبوری مالیاتی معلومات ازراہ مسرت پیش کرتا ہوں۔

30 ستمبر 2019	30 ستمبر 2020ء	
(1,348,701)	(1,172,058)	خسارہ بمعہ ٹیکس
96,847	97,935	ٹیکسیشن
(1,251,854)	(1,074,123)	خسارہ علاوہ ٹیکس
(224,416,261)	(228,643,326)	مجموع خسارہ
237,108	239,770	دوبارہ تعین پر رعایتی تخفیف
(0.13)	(0.11)	فی حصص خسارہ

کارکردگی کا جائزہ

منڈی کے ناموافق حالات اور سرمایہ کی عدم دستیابی کی وجہ سے کمپنی کے آپریشن زیر جائزہ سہ ماہی کے دوران بند رہے۔

پاکستان اسٹاک ایکسچینج سے ترک اندراج

کمپنی نے 8 مئی 2017ء کو پاکستان اسٹاک ایکسچینج سے رضا کارانہ ترک کے لئے درخواست دی تھی لیکن فیصلہ ابھی زیر التوا ہے۔

کورونا وائرس کے اثرات

نئے مالیاتی سال کے آغاز پر پاکستان میں کورونا وائرس کے کیسز کی تعداد میں نمایاں کمی واقع ہوئی ہے۔ تاہم، عرصہ کئی سال سے کمپنی کی پیداوار و فروخت معطل (بند) ہونے کی وجہ سے کمپنی متاثر نہ ہوئی ہے۔

مستقبل کے امکانات

انتظامیہ موافق حالات پیدا ہونے پر مستقبل میں پیداواری و تجارتی سرگرمیوں کا آغاز کرنے کے لئے پرامید ہے۔ کمپنی اپنے اپنے آپریشنز کے دوبارہ آغاز اور اسٹاک ایکسچینج سے عدم اندراج پر اپنے جزوی و اجابت ادا کرنے کا ارادہ رکھتی ہے۔ انتظامیہ مستقبل قریب میں حالات کی بہتری اور سرمایہ کی دستیابی پر کمپنی کی پیداوار کے آغاز کی کوششیں کر رہی ہے۔

اعتراف

چیف ایگزیکٹو اور ڈائریکٹرز کمپنی کے حصص داران اور قرض خواہان کی مدد اور رہنمائی کے لئے تہہ دل سے شکر گزار ہیں۔

منجانب برائے بورڈ آف ڈائریکٹرز

جاوید ظہور

(ڈائریکٹر / چیف ایگزیکٹو)

لاہور

10 نومبر 2020ء

# ZAHUR COTTON MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020 (UNAUDITED)

	NOTE	Un-audited September 30, 2020 RUPEES	Audited June 30, 2020 RUPEES
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>SHARE CAPITAL AND RESERVES</u></b>			
Authorized Capital:			
20,000,000 (June 30, 2020: 20,000,000) Ordinary Shares of Rs.10 each		200,000,000	200,000,000
<b>Issued, Subscribed and Paid-up Capital</b>			
9,860,000 (2020: 9,860,000) Ordinary Shares of Rs.10 each (Fully paid in Cash)		98,600,000	98,600,000
<b><u>REVENUE RESERVES</u></b>			
Accumulated Loss		(228,643,326)	(227,808,973)
<b><u>CAPITAL RESERVES</u></b>			
Deposit for Shares	5	20,066,240	20,066,240
Revaluation Surplus on Property, Plant and Equipment - Net of Tax	6	45,975,749	46,215,520
		66,041,989	66,281,760
<b>Total Shareholders' Equity</b>		(64,001,337)	(62,927,213)
<b><u>NON-CURRENT LIABILITIES</u></b>			
Deferred Tax Liability - net	7	11,563,178	11,661,113
<b><u>CURRENT LIABILITIES</u></b>			
Trade and Other Payables	8	9,278,169	8,936,319
Short term borrowings	9	114,584,161	114,584,161
		123,862,330	123,520,480
<b><u>CONTINGENCIES &amp; COMMITMENTS</u></b>			
	10	-	-
		71,424,171	72,254,380
<b><u>ASSETS</u></b>			
<b><u>NON-CURRENT ASSETS</u></b>			
Property, Plant and Equipment	11	70,766,208	71,383,895
Long Term Deposits		68,210	68,210
		70,834,418	71,452,105
<b><u>CURRENT ASSETS</u></b>			
Income tax refunds due from the government		1,200	1,200
Cash and Bank Balances	12	588,553	801,075
		589,754	802,275
		71,424,171	72,254,380

The annexed Notes from 1 to 18 form an integral part of this condensed interim financial information (un-audited).

CHIEF EXECUTIVE

DIRECTOR

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	NOTE	QUARTER ENDED SEPTEMBER, 30 2020 RUPEES	SEPTEMBER, 30 2019 RUPEES
Sales		-	-
Cost of sales		-	-
<b>Gross Profit</b>		-	-
ADMINISTRATIVE EXPENSES	13	(1,172,058)	(1,348,701)
NET LOSS FOR THE PERIOD before Taxation		(1,172,058)	(1,348,701)
TAXATION	14	97,935	96,847
NET LOSS FOR THE PERIOD after Taxation		(1,074,123)	(1,251,854)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,074,123)	(1,251,854)
LOSS PER SHARE-Basic and Diluted	15	-0.11	-0.13

The annexed Notes from 1 to 18 form an integral part of this condensed interim financial information (un-audited).

CHIEF EXECUTIVE

DIRECTOR

# ZAHUR COTTON MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	NOTE	<u>QUARTER ENDED</u>	
		September 30, 2020 RUPEES	September 30, 2019 RUPEES
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>			
Net Loss before Taxation		(1,172,058)	(1,348,701)
Adjustments for Depreciation		617,687	613,937
		(554,371)	(734,764)
<b>EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES</b>			
Increase / (Decrease) in Current Liabilities:			
Trade and Other Payables		341,850	300,000
		(212,521)	(434,764)
Cash Used in Operations		-	-
Income Tax Paid		-	-
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		(212,521)	(434,764)
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		-	-
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		-	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(212,521)	(434,764)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		801,075	3,236,386
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	12	588,554	2,801,622

The annexed Notes from 1 to 18 form an integral part of this condensed interim financial information (un-audited).

CHIEF EXECUTIVE

DIRECTOR

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

<u>PARTICULARS</u>	<u>NOTE</u>	<u>CAPITAL RESERVES</u>			<u>TOTAL</u>	
		<u>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</u>	<u>REVENUE RESERVE (ACCUMULATED LOSS)</u>	<u>SHARE DEPOSIT MONEY</u>		<u>REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT</u>
R U P E E S						
Balance as at June 30, 2019 Audited		98,600,000	(223,401,515)	20,066,240	47,174,601	(57,560,674)
Loss for the Period		-	(1,251,854)	-	-	(1,251,854)
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive loss for the 1st Quarter ended September 30, 2019		-	(1,251,854)	-	-	(1,251,854)
Transferred from surplus on revaluation of property plant and equipments on account of incremental depreciation - net of tax			237,108		(237,108)	-
<b>Balance as at September 30, 2019 (Un-audited)</b>		98,600,000	(224,416,261)	20,066,240	46,937,493	(58,812,528)
<b>Balance as at June 30, 2020 Audited</b>		98,600,000	(227,808,973)	20,066,240	46,215,520	(62,927,213)
Total Comprehensive Loss for 1st quarter ended September 30, 2020			(1,074,123)	-	-	(1,074,123)
Transferred from surplus on revaluation of property plant and equipments on account of incremental depreciation - net of tax			239,770		(239,770)	-
<b>Balance as at September 30, 2020 (Un-audited)</b>		98,600,000	(228,643,326)	20,066,240	45,975,750	(64,001,336)

The annexed Notes from 1 to 18 form an integral part of this condensed interim financial information (un-audited).

CHIEF EXECUTIVE

DIRECTOR

# ZAHUR COTTON MILLS LIMITED

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED) ZAHUR COTTON MILLS LIMITED

### **1 STATUS AND OPERATIONS OF THE COMPANY**

The Company was incorporated in Pakistan on April, 21, 1990 as public limited Company under the Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore Stock Exchanges. The principal activity of the Company is to manufacturing and selling of grey fabric which continued to remain suspended during the Year. The Registered Office and Factory / mills of the Company is situated at 94 KM, Lahore - Multan Road, near Pul Jaurian, Akhtarabad, Distt: Okara.

### **2 BASIS OF PREPARATION**

#### **2.1 STATEMENT OF COMPLIANCE**

- (i) This condensed interim unconsolidated financial information of the Company for the three months period ended 30 September 2020 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and Provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued 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.
- (ii) This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements as at for the year ended 30 June 2020.
- (iii) The comparative Statement of Financial Position presented in this condensed interim financial information has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2020, whereas the comparative condensed interim statement of Profit or Loss and Comprehensive Income, condensed interim Statement of Cash Flow and condensed interim Statement of Changes in Equity are extracted from the unaudited condensed interim financial information for the period ended 30 September 2019.
- (v) This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act 2017.

#### **2.2 BASIS OF MEASUREMENT**

This condensed interim financial information has been prepared under the historical cost convention except that the land and buildings are stated at fair values determined by an independent valuer and the Company's liability under its defined benefit plan (gratuity) which is determined on the present value of the defined benefit obligations determined by an independent actuary.

#### **2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

This condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional currency and all financial information presented has been rounded-off to the nearest thousand Rupee except where stated otherwise.

### **3 ACCOUNTING POLICIES AND COMPUTATION METHODS**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended 30 June 2020.

### **4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

### **5 SHARE DEPOSIT MONEY**

This has been received from Sponsor (Mr. Javed Zahur ) against Right Issue.

# ZAHUR COTTON MILLS LIMITED

	UN-AUDITED SEPTEMBER 30, 2020 RUPEES	AUDITED JUNE 30, 2020 RUPEES
<b>6 SURPLUS ON REVALUATION OF OPERATING ASSETS</b>		
6.1 This is made up as follows:		
Freehold land	17,665,900	17,665,900
Buildings on freehold land	28,373,894	29,322,326
Plant and Machinery	175,725	186,375
	46,215,519	47,174,601
Incremental depreciation charged on revalued property, plant and equipment during the year transferred to retained earnings - net of deferred tax	(239,770)	(959,081)
	45,975,749	46,215,520
6.2 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		
6.3 The latest revaluation of the Company's freehold Land, Buildings on freehold Land and Plant and Machinery was carried on at 18th January, 2017. The Revaluation exercise was carried-out by independent Valuer M/S Hamid Mukhtar & Co (Pvt) Ltd. (Approved Valuer of Pakistan Banks Association), on fair market 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, to comply with the requirement of the Repealed Companies Ordinance, 1984 (now Companies Act, 2017). 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.		
	UN-AUDITED SEPTEMBER 30, 2020 RUPEES	AUDITED JUNE 30, 2020 RUPEES
<b>7 DEFERRED LIABILITIES</b>		
7.1 These comprise of:		
Deferred Tax Liability	(Note 7.2) 11,563,178	11,661,113
	11,563,178	11,661,113
7.2 This represents the related deferred tax liability on Revaluation Surplus of Fixed Assets.		
	UN-AUDITED SEPTEMBER 30, 2020 RUPEES	AUDITED JUNE 30, 2020 RUPEES
<b>8 TRADE AND OTHER PAYABLES</b> comprise of:		
Creditors	2,538,771	2,538,771
Accrued Liabilities	5,137,396	4,795,546
Advances from Customers	1,602,002	1,602,002
	9,278,169	8,936,319
<b>9 SHORT TERM BORROWINGS</b>		
9.1 These are unsecured and have been obtained from:		
Related Parties -		
Chief Executive	37,687,575	37,687,575
Directors	28,588,131	28,588,131
	66,275,706	66,275,706
Loan from other related parties	48,308,455	48,308,455
	114,584,161	114,584,161
9.2 These unsecured and interest free loans have been obtained from the related parties i.e. directors / sponsors of the Company. These loans have been obtained to meet the working capital requirements of the Company and are repayable on demand.		
<b>10 CONTINGENCIES AND COMMITMENTS</b>		
10.1 CONTINGENCIES		
Rs. Nil (June 30, 2020: Rs. Nil)		
10.2 COMMITMENTS		
Rs. Nil (June 30, 2020: Rs. Nil)		
<b>11 Property, Plant and Equipment</b>		
Opening written down value	71,383,895	73,854,642
Depreciation charged for the period / year	(617,687)	(2,470,747)
	70,766,208	71,383,895
<b>12 CASH AND BANK BALANCES</b> comprise of:		
Cash in Hand	5,426	8,806
Cash with Banks in:		
Current Accounts	580,105	789,247
Demand Deposits	2,119	2,119
Saving Account	903	903
	583,127	792,269
	588,553	801,075

# ZAHUR COTTON MILLS LIMITED

	UN-AUDITED Quarter Ended SEPTEMBER 30, 2020 RUPEES	UN-AUDITED Quarter Ended SEPTEMBER 30, 2019 RUPEES
<b>13 ADMINISTRATION EXPENSES</b>		
13.1 These comprise of:		
Directors Remuneration	360,000	360,000
Salaries and Other Benefits	60,000	60,000
Communication Expenses	5,330	6,400
Travelling and Conveyance	-	60,000
Fees and Subscriptions	100,000	110,000
Legal and Professional Charges	10,000	10,000
Bank Charges	41	64
Vehicle Running and Maintenance	19,000	11,000
Repair and Maintenance	-	117,300
Depreciation (Note 11.3)	617,687	613,937
	1,172,058	1,348,701

## 14 TAXATION

### 14.1 This represents:

Current Year	-	-
Deferred Tax	(97,935)	(96,847)
	(97,935)	(96,847)

## 15 LOSS PER SHARE

### 15.1 BASIC LOSS PER SHARE

Net Loss attributable to Ordinary Shareholders:	(1,074,123)	(1,251,854)
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Weighted Average Number of Ordinary  
Shares Outstanding during the Year

NUMBER OF SHARES
9,860,000
9,860,000

Loss per Share

RUPEES	RUPEES
(0.11)	(0.13)

### 15.2 DILUTED EARNINGS LOSS PER SHARE

There is no dilution effect on the basic loss per share as the Company has no such commitments.

## 16 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	UN-AUDITED FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 RUPEES		UN-AUDITED FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 RUPEES		
	CHIEF EXECUTIVE	DIRECTOR	CHIEF EXECUTIVE	DIRECTOR	
	Managerial Remuneration	200,000	40,000	200,000	40,000
	House Rent Allowance	80,000	16,000	80,000	16,000
Medical Allowance	20,000	4,000	20,000	4,000	
	300,000	60,000	300,000	60,000	
Number of Persons	1	1	1	1	

16.2 In addition to above, Chief Executive is provided with running, repair and maintenance of his Vehicle and payment of his mobile phone Bills.

17 **FIGURES** in this condensed interim financial information have been rounded off to the nearest Rupee.

## 18 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information was authorized for issue on 10th November, 2020 by the Board of Directors of the Company.

**CHIEF EXECUTIVE**

**DIRECTOR**

# ZAHUR COTTON MILLS LIMITED

## COMPANY INFORMATION

### BOARD OF DIRECTORS

MRS. MUKAMILA JAVED (Chairperson)  
MR. JAVED ZAHUR (Chief Executive)  
MS. RABIA ZAHUR  
MRS. MAHREEN GUL HASSAN  
MR. NAZIR AKHTAR  
MR. KHAN MUHAMMAD  
MR. M. TANVEER

### AUDIT COMMITTEE

MS. RABIA ZAHUR  
MR. NAZIR AKHTAR  
MR. M TANVEER

### COMPANY SECRETARY

MS. 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

### REGISTRAR

SHARES DEPARTMENT  
M/S. CORPLINK (PVT) LIMITED  
WINGS ARCADE, 1-K COMMERCIAL  
MODEL TOWN LAHORE.  
PHONE : (042) 35839182, 35887262  
Fax: (042) 35869037

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