



**Chenab**  
LIMITED

**2015**

Financial Statement  
For The Third Quarter Ended  
March 31, (Unaudited)



# Contents

Company Information	02
Director's Report to the Members	03
Balance Sheet	04
Profit & Loss Account	05
Statement of Comprehensive Income	05
Cash Flow Statement	06
Statement of Changing in Equity	07
Notes to the Financial Statement	08

# Company Information

Chief Executive

Mian Muhammad Latif

Mian Muhammad Javaid Iqbal  
Mr. Muhammad Naeem  
Mr. Muhammad Faisal Latif  
Mr. Muhammad Farhan Latif  
Mr. Muhammad Zeeshan Latif  
Mst. Shahnaz Latif

Major Bankers

Allied Bank Limited.  
AlBaraka Bank (Pakistan) Limited.  
Citibank, N.A  
Habib Bank Limited.  
Habib Metropolitan Bank Limited.  
KASB Bank Limited.  
National Bank of Pakistan.  
NIB Bank Limited.  
Standard Chartered Bank (Pakistan) Limited.  
The Bank of Punjab.  
United Bank Limited.

Company Secretary/  
Chief Financial Officer `

Mr. Muhammad Arshad

Audit Committee

Mr. Muhammad Farhan Latif – Chairman  
Mr. Muhammad Zeeshan Latif  
Mst. Shahnaz Latif

Auditors

Avais Hyder Liaquat Nauman  
Chartered Accountant

Legal Advisor

Ch. Shahid Mehmood (Advocate)

Shares Registrar

Consulting One (Pvt.) Limited.  
478-D, Peoples Colony No.1, Faisalabad.  
Tel: 041-8541965

Registered Office

Nishatabad, Faisalabad.  
Tel: +92 41 8754472-8  
Fex: +92 41 8752700, 8752400  
chenab@chenabgroup.com

Website Address

www.chenabgroup.com

-Spinning Unit  
-Weaving Unit  
-Weaving Unit  
-Processing & Stitching Units

– Toba Tek Singh  
– Kharianwala, Distt. Sheikhpura.  
– Shahkot, Distt. Nankana Sahib  
– Nishatabad, Faisalabad.

## **DIRECTOR'S REPORT TO THE SHAREHOLDERS**

The directors' place before you the un-audited financial statements of the company together with its notes for nine month's period ended on March 31, 2015.

### **SALES AND SERVICES REVENUE**

Sales revenue of Rs.1,373.977 million and revenue from services of Rs.241.720 million aggregating to Rs.1,615.697 million was earned during the period under report as compared to the sales and services revenue of Rs.1,636.829 million achieved during the same period of preceding year despite the prevailing adverse situation.

### **FINANCIAL RESULTLS**

During the period under report, the company sustained financial loss of Rs.325.108 million as compared with financial loss of Rs.301.627 million in the preceding in the continuing adverse circumstances tracing to the energy crisis.

### **FUTURE PROSPECTUS**

In the recently announced Textile Policy 2014-2019, there is target to double the textile exports of the country from US\$ 13 billion to US\$ 26 billion in next five years and for this purpose a fund of Rs.64.15 million has also been allocated. The said policy strongly aimed to support the underperforming companies, chiefly engage in value addition like us, in order to achieve this export target. The Textile Ministry has also promised to take measures to give priority to the textile industry for availability of energy to fully utilize the GSP Plus status. Mover, stable cotton prices, reduction in interest rates, significant drop in oil prices and the increase in demand of Pakistan textile products in the international market, especially in EU countries all these factors have created a conducive business environment for the local textile industry. The company has a great opportunity to reap the benefit of this favorable situation subject to the financial support by the financial institutions to the company by way of providing additional working capital and restructuring of existing loans on flexible terms & conditions.

### **ACKNOWLEDGEMENT**

The directors are thankful to the shareholders, financial institutions and customers of the company who have always extended their support in one way or the other to its cause. They also place on record their appreciation of the dedicated services rendered by its employees during this period.

**FOR AND ON BEHALF OF  
BOARD OF DIRECTORS**



**(MIAN MUHAMMAD LATIF)  
CHIEF EXECUTIVE OFFICER**

**DATED: 29-04-2015  
PLACE: FAISALABAD**

# BALANCE SHEET

As at March 31, 2015.

	Notes	(Un-audited) March 31, 2015 Rupees	(Audited) June, 30 2014 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
120,000,000 ordinary shares of Rs.10/- each		1,200,000,000	1,200,000,000
80,000,000 cumulative preference shares of Rs.10/- each		<u>800,000,000</u>	<u>800,000,000</u>
Issued, subscribed and paid up capital		1,150,000,000	1,150,000,000
Cumulative preference shares		800,000,000	800,000,000
Capital reserves		526,409,752	526,409,752
Revenue reserves		(7,564,216,406)	(7,258,262,136)
		(5,087,806,654)	(4,781,852,384)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		4,978,112,802	5,000,307,165
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		2,156,802,029	2,354,392,019
Liabilities against assets subject to finance lease		20,196,235	23,796,233
Deferred liability		879,870,051	820,137,783
		3,056,868,315	3,198,326,035
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,653,497,396	1,617,948,321
Interest / markup payable		1,275,379,181	1,274,156,966
Short term borrowings	3	5,838,726,704	5,681,149,135
Current portion of :			
Long term financing		2,614,755,167	2,478,462,446
Liabilities against assets subject to finance lease		13,029,169	10,357,526
Provision for taxation - income tax		7,613,766	8,185,918
		11,403,001,383	11,070,260,312
<b>CONTINGENCIES AND COMMITMENTS</b>			
	4	-	-
		<u>14,350,175,846</u>	<u>14,487,041,128</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	10,894,287,207	11,046,052,265
		12,636,768	12,636,768
		10,906,923,975	11,058,689,033
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		449,002,327	470,895,120
Stock in trade		614,903,492	615,928,703
Trade debts	6	2,204,327,310	2,137,721,119
Loans and advances		60,359,373	69,259,931
Deposits and prepayments		13,645,940	12,659,170
Other receivables		33,000,923	34,781,389
Tax refunds due from Government		40,480,214	49,006,097
Cash and bank balances		27,532,292	38,100,566
		3,443,251,871	3,428,352,095
		<u>14,350,175,846</u>	<u>14,487,041,128</u>

The annexed notes form an integral part of this condensed interim financial report

  
MUHAMMAD NAEEM  
(DIRECTOR)


  
MIAN MUHAMMAD LATIF  
(CHIEF EXECUTIVE OFFICER)


## PROFIT AND LOSS ACCOUNT(Un-audited)

For the 3rd Quarter ended March 31, 2015.

	Note	Quarter ended March 31,		3rd Quarter ended March 31,	
		2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
Sales	7	568,135,582	576,953,317	1,615,697,403	1,636,828,722
Cost of sales	8	610,212,769	593,376,851	1,753,972,394	1,853,344,555
Gross (loss)		(42,077,187)	(16,423,534)	(138,274,991)	(216,515,833)
Other operating income	9	5,267,114	2,564,227	16,979,129	109,648,852
		(36,810,073)	(13,859,307)	(121,295,862)	(106,866,981)
Selling and distribution expenses		6,195,634	3,141,397	22,072,282	10,824,202
Administrative expenses		31,334,386	32,919,828	93,437,036	94,889,874
Other operating expenses		-	-	-	-
Finance cost	10	21,846,488	36,989,623	76,124,805	85,356,755
		59,376,508	73,050,848	191,634,123	191,070,831
(Loss) for the period before taxation		(96,186,581)	(86,910,155)	(312,929,985)	(297,937,812)
Provision for taxation	1	2,139,001	577,584	12,177,985	3,688,763
(Loss) for the period after taxation		(98,325,582)	(87,487,739)	(325,107,970)	(301,626,575)
Earnings per share - Basic		(0.86)	(0.76)	(2.83)	(2.62)

The annexed notes form an integral part of this condensed interim financial report

  
**MUHAMMAD NAEEM**  
(DIRECTOR)

  
**MIAN MUHAMMAD LATIF**  
(CHIEF EXECUTIVE OFFICER)

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the 3rd Quarter ended March 31, 2015.

	Quarter ended March 31,		3rd Quarter ended March 31,	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
(Loss) for the period	(98,325,582)	(87,487,739)	(325,107,970)	(301,626,575)
Other comprehensive income for the Period incremental depreciation on revalued assets for the period	5,183,989	3,542,792	19,153,700	18,158,041
	(93,141,593)	(83,944,947)	(305,954,270)	(283,468,534)

The annexed notes form an integral part of this condensed interim financial report

  
**MUHAMMAD NAEEM**  
(DIRECTOR)

  
**MIAN MUHAMMAD LATIF**  
(CHIEF EXECUTIVE OFFICER)


# CASH FLOW STATEMENT (Un-audited)

For the 3rd Quarter ended March 31, 2015.

	3rd Quarter ended March 31,	
	2015	2014
	Rupees	Rupees
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(312,929,985)	(297,937,812)
Adjustments for:		
Depreciation / impairment loss		
on property, plant and equipment	154,838,423	158,958,616
Provision for staff retirement gratuity	19,201,236	16,083,755
Profit on disposal of property, plant and equipment	308,105	1,457,025
Finance cost	76,124,805	85,356,755
Balances written back	(8,411,407)	(101,819,948)
Operating cash flows before working capital changes	<u>(70,868,823)</u>	<u>(137,901,609)</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	21,892,793	68,800,616
Stock in trade	1,025,211	(32,048,819)
Trade debts	(66,606,191)	(48,809,818)
Loans and advances	8,900,558	(18,218,908)
Deposits and prepayments	(986,770)	(1,011,407)
Other receivables	2,687,604	11,615,050
Tax refunds due from Government	6,590,235	11,627,990
	<u>(26,496,560)</u>	<u>(8,045,296)</u>
Increase/ (Decrease) in current liabilities		
Trade and other payables	<u>43,584,271</u>	<u>32,746,190</u>
	<u>17,087,711</u>	<u>24,700,894</u>
Cash (used in) from operating activities	(53,781,112)	(113,200,715)
Income tax paid	(11,721,627)	1,303,297
Finance cost paid	(32,940,356)	(6,277,210)
Staff retirement gratuity paid	(4,471,864)	(3,384,322)
Net cash (used in ) from operating activities	<u>(102,914,959)</u>	<u>(121,558,950)</u>
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(3,165,260)	(1,645,821)
Proceeds from disposal of property, plant and equipment	400,000	1,645,000
Net cash (used) / genrated in investing activities	<u>(2,765,260)</u>	<u>(821)</u>
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing obtained	5,700,000	-
Repayment of:		
Long term financing	(66,997,269)	(45,820,000)
Liabilities against assets subject to finance lease	(1,168,355)	(790,000)
Increase in short term bank borrowings - net	157,577,569	175,466,374
Net cash genrated from financing activities	<u>95,111,945</u>	<u>128,856,374</u>
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(10,568,274)	7,296,603
Cash and cash equivalents at the beginning of the period	38,100,566	16,723,312
Cash and cash equivalents at the end of the period	<u>27,532,292</u>	<u>24,019,915</u>

The annexed notes form an integral part of this condensed interim financial report

  
MUHAMMAD NAEEM  
(DIRECTOR)


  
MIAN MUHAMMAD LATIF  
(CHIEF EXECUTIVE OFFICER)

**CHENAB LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 3RD QUARTER ENDED MARCH 31, 2015.**

	Share Capital		Capital Reserves			Revenue Reserves		Total	
	Issued, subscribed and paid up capital	Cumulative preference shares	Premium on issue of ordinary shares	Book difference of capital under scheme of arrangement	Preference shares redemption reserve	General reserve	Unappropriated profit	sub total	
-----Rupees-----									
Balance as at July 01, 2013	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(6,960,392,729)	(6,883,959,895)	(4,407,550,143)
(Loss) for the period							(301,626,575)	(301,626,575)	(301,626,575)
Incremental depreciation on revalued assets for the period	-	-	-	-	-	-	18,158,041	18,158,041	18,158,041
Balance as at March 31, 2014	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(7,243,861,263)	(7,167,428,429)	(4,691,018,677)
(Loss) for the period							(97,661,955)	(97,661,955)	(97,661,955)
Other comprehensive income Item that will not be subsequently reclassified to profit or loss:									
Incremental depreciation on revalued assets for the period	-	-	-	-	-	-	11,072,457	11,072,457	11,072,457
Remeasurement of define benefit liability	-	-	-	-	-	-	(4,244,209)	(4,244,209)	(4,244,209)
Balance as at June 30, 2014	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(7,334,694,970)	(7,258,262,136)	(4,781,852,384)
(Loss) for the period							(325,107,970)	(325,107,970)	(325,107,970)
Other comprehensive income Item that will not be subsequently reclassified to profit or loss:									
Incremental depreciation on revalued assets for the period	-	-	-	-	-	-	19,153,700	19,153,700	19,153,700
	-	-	-	-	-	-	(305,954,270)	(305,954,270)	(305,954,270)
Balance as at March 31, 2015	<b>1,150,000,000</b>	<b>800,000,000</b>	<b>120,000,000</b>	<b>63,552,610</b>	<b>342,857,142</b>	<b>76,432,834</b>	<b>(7,640,649,240)</b>	<b>(7,564,216,406)</b>	<b>(5,087,806,654)</b>

The annexed notes form an integral part of these financial statements.

  
**MUHAMMAD NAEEM**  
(DIRECTOR)

  
**MIAN MUHAMMAD LATIF**  
(CHIEF EXECUTIVE)



# ***Selected Explanatory Notes to The Condensed Interim Financial Report(UNaudited)*** **FOR THE 3rd Quarter Ended March 31, 2015.**

## **1. STATUS AND ACTIVITIES**

- 1.1** Chenab Limited (the Company) is incorporated as a public limited company under the Companies Ordinance, 1984 (the Ordinance) and is listed on Karachi Stock Exchange. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. The registered office of the Company is situated at Nishatabad, Faisalabad in the province of Punjab. The cloth processing unit is located at Nishatabad, District Faisalabad and stitching units are located at Nishatabad, District Faisalabad. Weaving units are located at Sheikhpura Road, Kharranwala, District Sheikhpura and Shahkot, District Nankana Sahib. Spinning unit is located at Shorkot Road, District Toba Tek Singh, in the province of Punjab.
- 1.2** Pursuant to schemes of arrangement approved by the Honourable Lahore High Court, Lahore, assets, liabilities and reserves of Faisal Weaving (Private) Limited, Latif Weaving (Private) Limited and Chenab Finishing (Private) Limited were merged with the Company with effect from December 31, 1998 and assets, liabilities and reserves of Chenab Fibres Limited were merged with the Company with effect from April 01, 2003.
- 1.3** The Company has incurred loss of Rs. 325.11 million (2013 : Rs. 214.14 million). As at March 31, 2015 the accumulated loss of the Company is Rs. 7,564.22 million (June 30, 2014: Rs. 7,334.69 million), shareholders' equity is negative by Rs. 5,087.81 million (June 30, 2014: Rs. 4,781.85 million) and the current liabilities of the company exceed its current assets by Rs. 7,959.75 million (June 30, 2014: Rs. 7,641.91 million). The Company has not redeemed preference shares on exercise of put options for two consecutive years by holders of preference shares due to tight cash flow situation. The Company has not been able to comply with terms of certain loan agreements. Certain banks and financial institutions have filed cases for recovery and winding up of the Company which the management is defending. The litigation has also adversely affected the process of negotiations with banks for extension and re-scheduling of credit facilities.

Management's efforts for making re-scheduling arrangements with lenders are not so far fully materialised, however the management has been able to reach at agreement with two major lenders to restructure the loan. Short term facilities were converted to long term loans and fresh short term credit facilities were obtained. The Company has reached a settlement with another lender and fresh facility of export finance was obtained. The management is hopeful that arrangements with other lenders will also materialise in due course. The management is vigorously pursuing the recovery of old outstanding debts and also exploring the possibility of disposal of certain non core fixed assets to meet the working capital requirements.

On the operational side, the management continued toll manufacturing and making efforts to increase the volume of business. In view of prolonged energy crisis and delay in anticipated improvement in gas supply through purchase of LNG, the management decided to make necessary adjustments in machinery to use coal based boilers and oil heaters as an alternate source of energy to increase capacity utilization. The planning to enhance alternate energy source could not produce desired results due to operational difficulties and non-availability of working capital facilities. Due to continued load management by the utility suppliers, the desired results could not be achieved and the core issue of higher operating cost due to lower production could not be resolved. The management is in regular contact with foreign customers and making small export shipments. The quantum of export could not be increased despite export orders due to shortage of working capital and delay in settlements with bankers. The management is negotiating with banks for working capital facilities and successful settlements of overdue loans and hopeful of favourable results. The management is confident that the Company will be able to continue as a going concern.

- 1.4** This condensed interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements of IAS 34 differ with the requirements of the Companies Ordinance, 1984, the provisions of or the directives issued under the Companies Ordinance, 1984 have been followed.
- 2.1.2** This condensed interim financial information is un-audited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.
- 2.1.3** This condensed interim financial information does not include all the information required for a complete set of financial statements, and should be read in conjunction with the published audited financial statements of the Company for the year ended June 30, 2014.

## 2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

### 2.2.1 Standards, amendments to standards and interpretations becoming effective in current period:

There are amendments to certain standards and interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 01, 2012 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial report.

### 2.2.2 Standards, amendments to standards and interpretations becoming effective in future:

There are certain other new standards, amendments to standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2013 but are considered not to be relevant or do not have any significant effect on Company's operations and are, therefore, not detailed in this condensed interim financial report.

## 2.3 Basis of preparation

This condensed interim financial information has been prepared under the "historical cost convention" except staff retirement gratuity carried at present value and certain property, plant and equipment carried at valuation.

## 2.4 Accounting policies and methods of computation

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 the published audited financial statements for the year ended June 30, 2014.

## 2.5 Change in accounting policy

2.5.1 The preparation of financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and 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.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in this condensed interim financial information are the same as those disclosed in the published audited financial statements for the year ended June 30, 2014.

2.5.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2014.

	(Un-audited) March 31, 2015 Rupees	(Audited) June, 30 2014 Rupees
<b>3. Short term borrowings</b>		
Secured		
Under mark up arrangements		
From banking companies		
Export finances	5,095,093,249	4,936,910,225
Finance against trust receipt	18,304,000	18,304,000
Running fianace	547,823,615	547,977,473
Murabaha finances	177,505,840	177,957,437
	<u>5,838,726,704</u>	<u>5,681,149,135</u>

3.1 The aggregate unavailed short term borrowing facilities available to the Company are Rs. 88.234 million (June 30, 2014: Rs. 128.20 million). Total sanctioned limits are Rs. 6.334 billion (June 30, 2014: Rs. 6.23 billion) out of which Rs. 5.172 billion (June 30, 2014: Rs. 5.58 billion) are expired and renewable.

## 4. CONTINGENCIES AND COMMITMENTS

There is no significant change in contingencies since the date of published audited financial statements for the year ended June 30, 2014 except the following:

	(Un-audited) March 31, 2015	(Audited) June, 30 2014
Liability of markup not acknowledged in view of loan rescheduling applications filed to allow non serviceable grace period on the outstanding liabilities	<u>1,661,447,095</u>	<u>1,580,926,041</u>

## 5. Property, plant and equipment

Operating assets	<u>10,894,287,207</u>	<u>11,046,052,265</u>
------------------	-----------------------	-----------------------

## 5.1 ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT - AT COST

	3rd Quarter ended March 31, 2015		3rd Quarter ended March 31, 2014	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposal Rupees
Owned				
Plant and machinery	14,000	-	1,231,698	-
Electric installations	9,300	-	-	-
Factory equipment	-	-	30,846	-
Furniture and fixture	11,315	-	-	-
Office equipment	759,025	-	81,025	-
Vehicles	2,320,500	(1,234,380)	-	187,975
	<u>3,114,140</u>	<u>(1,234,380)</u>	<u>1,343,569</u>	<u>187,975</u>

	(Un-audited)	(Audited)
	March 31, 2015 Rupees	June 30 2014 Rupees
<b>6. Trade debts</b>		
Considered good		
Secured		
Foreign	45,556,301	30,498,205
Unsecured		
Foreign	1,908,934,048	1,910,815,664
Local	249,836,961	196,407,250
	<u>2,158,771,009</u>	<u>2,107,222,914</u>
	<u>2,204,327,310</u>	<u>2,137,721,119</u>

### 6.1 The aging of trade debts is as under:

Not past due	246,754,175	208,937,398
Past due within one year	75,956,415	22,956,979
Past due over one year	1,881,616,720	1,905,826,742
	<u>1,957,573,135</u>	<u>1,928,783,721</u>
	<u>2,204,327,310</u>	<u>2,137,721,119</u>

The management is taking measures for the recovery of past due trade debts and is in the process of negotiations and settlement with the customers. Considering these factors and the fact that legal recourse for recovery of past due debts is available to the Company, the Company believes that past due trade debts do not require any impairment..

	Quarter ended March 31,		3rd Quarter ended March 31,	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
<b>7. Sales</b>				
Export				
Fabrics / made ups / garments	206,523,462	123,701,126	515,076,549	297,031,626
Add: Export rebate / duty drawback	1,293,591	668,797	3,592,150	2,044,023
	<u>207,817,053</u>	<u>124,369,923</u>	<u>518,668,699</u>	<u>299,075,649</u>
Less:				
Commission	742,179	1,194,170	2,050,885	4,095,248
Discount	1,164,204	150,885	2,380,026	709,763
	<u>1,906,383</u>	<u>1,345,055</u>	<u>4,430,911</u>	<u>4,805,011</u>
	<u>205,910,670</u>	<u>123,024,868</u>	<u>514,237,788</u>	<u>294,270,638</u>
Local				
Yarn	232,656,267	327,270,269	683,717,864	948,873,523
Fabrics / made ups	65,762,982	41,912,835	176,020,983	135,234,290
Processing, conversion and stitching charges	63,805,663	84,745,345	241,720,768	258,450,271
	<u>568,135,582</u>	<u>576,953,317</u>	<u>1,615,697,403</u>	<u>1,636,828,722</u>
<b>8. Cost of sales</b>				
Cost of goods manufactured (Note 10.1)	634,657,840	625,600,870	1,779,719,610	1,880,588,830
Finished goods				
Opening stock	422,589,768	448,301,912	421,287,623	453,281,656
Closing stock	(447,034,839)	(480,525,931)	(447,034,839)	(480,525,931)
	<u>(24,445,071)</u>	<u>(32,224,019)</u>	<u>(25,747,216)</u>	<u>(27,244,275)</u>
	<u>610,212,769</u>	<u>593,376,851</u>	<u>1,753,972,394</u>	<u>1,853,344,555</u>

## 8.1 Cost of goods manufactured

Raw material				
consumed (Note 10.1.1)	343,836,899	386,480,590	917,695,526	1,051,931,042
Salaries, wages and benefits	63,550,853	57,424,629	187,209,226	173,535,522
Staff retirement benefits	4,910,381	3,627,805	14,731,143	11,283,415
Stores and spares	30,400,350	38,080,825	102,674,919	128,853,082
Dyes and chemicals	11,278,369	16,563,181	51,869,739	49,897,131
Packing material	7,796,671	10,067,224	39,911,204	38,730,221
Repairs and maintenance	3,171,393	2,746,373	10,459,353	7,538,257
Fuel and power	37,130,706	57,006,084	178,932,843	226,142,061
Insurance	546,453	364,852	1,702,225	1,413,698
Depreciation	49,134,916	50,773,748	150,945,801	154,665,591
Other	40,973,318	15,468,514	96,096,462	36,760,677
	<u>592,730,309</u>	<u>638,603,825</u>	<u>1,752,228,441</u>	<u>1,880,750,697</u>
Work in process				
Opening stock	151,995,256	105,482,891	137,558,894	118,323,979
Closing stock	(110,067,725)	(118,485,846)	(110,067,725)	(118,485,846)
	<u>41,927,531</u>	<u>(13,002,955)</u>	<u>27,491,169</u>	<u>(161,867)</u>
	<u>634,657,840</u>	<u>625,600,870</u>	<u>1,779,719,610</u>	<u>1,880,588,830</u>

### 8.1.1 Raw material consumed

Opening stock	73,036,080	46,306,648	57,082,186	54,600,246
Purchases including purchase expenses	328,601,747	399,416,865	918,414,268	1,056,573,719
	<u>401,637,827</u>	<u>445,723,513</u>	<u>975,496,454</u>	<u>1,111,173,965</u>
Closing stock	(57,800,928)	(59,242,923)	(57,800,928)	(59,242,923)
	<u>343,836,899</u>	<u>386,480,590</u>	<u>917,695,526</u>	<u>1,051,931,042</u>

## 9. Other operating income

Income from assets other than financial assets:				
Sale of waste material	398,264	403,732	1,430,242	1,235,134
Rental income	2,321,750	2,160,000	6,829,375	5,136,250
Gain on disposal of property, plant and equipment	308,105	-	308,105	1,457,520
Balances written back - net	2,238,995	-	8,411,407	101,819,948
	<u>5,267,114</u>	<u>2,564,227</u>	<u>16,979,129</u>	<u>109,648,852</u>

## 10. Finance cost

Interest / mark up on:				
Long term financing	6,921,901	17,408,269	36,251,730	53,659,999
Liabilities against assets subject to finance lease	975,250	853,758	1,784,812	2,638,570
Short term borrowings	4,390,252	16,802,069	7,869,158	24,671,227
Bank charges and commission	641,834	1,925,527	2,461,432	4,386,959
	<u>12,929,237</u>	<u>36,989,623</u>	<u>48,367,132</u>	<u>85,356,755</u>

10.1 The Company is facing financial and operational problems. As part of its long term plan to overcome these problems, the management has filed applications to its bankers / financial institutions to reschedule the existing long term finances and short term borrowings along with outstanding mark up thereon (except demand finance VII, own source finances and murabaha finances) and to convert the entire outstanding liabilities into non serviceable loans / loans subject to reduced rate of mark up for a reasonable period of time. The Company is hopeful that its bankers / financial institutions will consider the proposals favorably, therefore no further provision of markup in respect of these long term financing and short term borrowings has been made as the mark up expense amount depends on the outcome of the applications.

	Quarter ended March 31,		3rd Quarter ended March 31,	
	2015	2014	2014	2013
	Rupees	Rupees	Rupees	Rupees
<b>11. Provision for taxation</b>				
Current				
For the period	2,139,001	577,584	7,613,766	3,769,714
For the prior periods	-	-	4,564,219	(80,951)
Deferred	-	-	-	-
	<u>2,139,001</u>	<u>577,584</u>	<u>12,177,985</u>	<u>3,688,763</u>

### 11.1

The provision for taxation made in this condensed interim financial information is subject to adjustment in annual financial statements.

## 12. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of an associated undertaking, directors and key management personnel. The Company has not carried out any significant transaction with related parties during the year except payment of remuneration to Chief Executive Officer, Directors and Executives amounting to Rs. 3,600,000/- (2013 : Rs. 6,342,003).

## 13. Overdue loans

On the balance sheet date, the installments of long term financing amounting to Rs. 1,949.59 million (June 30, 2014: Rs. 1,987.27 million) alongwith mark up of Rs. 543.21 million (June 30, 2014: Rs. 543.21 million), lease finances amounting to Rs. 7.51 million (June 30, 2014: Rs. 7 million) alongwith mark up of Rs. 2.155 million (June 30, 2014: Rs. 1.55 million) and short term borrowings amounting to Rs. 5,582.70 million (June 30, 2014: Rs. 5,444.50 million) alongwith mark up of Rs. 730.013 million (June 30, 2014: Rs. 729.40 million) were over due.

On the balance sheet date, the carrying amount of loans relevant to above overdues were long term financing Rs. 4,435.00 million (June 30, 2014: Rs. 3,941.77 million), lease finances Rs. 33.22 million (June 30, 2014: Rs. 34.15 million) and short term borrowings Rs.5,838.72 million (June 30, 2014: Rs. 5,444.50 million).

The Company's requests for restructuring of the overdue loans and related markup and conversion into non serviceable loans / loans subject to reduced rate of mark up for a reasonable period of time are under negotiation with the lenders (Refer Note 10.1).

## 14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on **29-04-2015** by the Board of Directors of the Company.

## 15. GENERAL

- (i) There is no unusual item included in this condensed interim financial report which is affecting liabilities, assets, loss, comprehensive loss, cash flows or equity of the Company.
- (ii) The provision for taxation made in this condensed interim financial report is subject to adjustment in annual financial statements. Deferred tax asset of Rs. 488.12 million (June 30, 2012: Rs. 437.76 million) has not been recognised in this condensed interim financial report in view of uncertain future results.
- (iii) Figures have been rounded off to the nearest Rupee.



**MUHAMMAD NAEEM**  
(DIRECTOR)



**MIAN MUHAMMAD LATIF**  
(CHIEF EXECUTIVE OFFICER)



# Chenab

LIMITED

Nishatabad, Faisalabad - Pakistan

Tel: +92-41-8754472-76

Fax: +92-41-8752400,8752700

Email: [chenab@chenabgroup.com](mailto:chenab@chenabgroup.com) [www.chenabgroup.com](http://www.chenabgroup.com)