

# *Financial Statements*

*For the 3rd quarter ended Mar, 31  
(Unaudited) 2017*

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## Company Information

<b>Chief Executive Officer</b>	Mian Muhammad Latif
<b>Directors</b>	Mian Muhammad Javaid Iqbal Mr. Muhammad Naeem Mr. Muhammad Faisal Latif Mr. Muhammad Farhan Latif Mr. Muhammad Zeeshan Latif Mr. Tariq Ayub Khan
<b>Major Bankers</b>	Allied Bank Limited. Askari Bank Limited. AlBaraka Bank (Pakistan) Limited. Citibank, N.A. Faysal Bank Limited. First Credit & Investment Bank Limited. Habib Bank Limited. Habib Metropolitan Bank Limited. KASB Bank Limited. National Bank of Pakistan. NIB Bank Limited. Orix Leasing (Pakistan) Limited. Pak Oman Investment Company Limited. Pak Kuwait Investment Company (Pvt.) Limited. Pak Libya Holding Company (Pvt.) Limited. Saudi Pak Industrial & Agricultural Investment Silk Bank Limited. Standard Chartered Bank (Pakistan) Limited. The Bank of Punjab. United Bank Limited.
<b>Company Secretary/ Chief Financial Officer</b>	Mr. Muhammad Arshad
<b>Audit Committee</b>	Mr. Tariq Ayub Khan - Chairman Mr. Muhammad Farhan Latif Mr. Muhammad Zeeshan Latif
<b>Auditors</b>	Avais Hyder Liaquat Nauman Chartered Accountants.
<b>Legal Advisor</b>	Ch. Shahid Mehmood (Advocate)
<b>Shares Registrar</b>	F.D. Registrar Services (SMC-Pvt.) Limited Office # 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. Tel:021-32271905-6/021-35478192-3
<b>Registered Office</b>	Nishatabad, Faisalabad. Tel:+92 41 8754472-8 Fax:+92 41 8752400, 8752700 chenab@chenabgroup.com www.chenabgroup.com
<b>Website Address</b>	
<b>Works</b>	-Spinning Unit - Toba Tek Singh. -Weaving Unit - Kharianwala, Distt: Sheikhpura. -Weaving Unit - Shahkot, Distt: Nankana Sahib. -Processing & Stitching Units – Nishatabad, Fsd.

## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

The directors' feel immense pleasure to present before you the un-audited financial statements of the company together with its notes for nine month's period ended on March 31, 2017.

### **SALES AND SERVICES REVENUE**

Sales revenue of Rs.1174.013 million and revenue from services of Rs.268.853 million aggregating to Rs.1442.866 million was earned during the period under report as compared to the sales and services revenue of Rs.1489.658 million achieved during the same period of the preceding year.

### **FINANCIAL RESULTS**

In view of favourable business circumstances, the company has earned profit at Rs.9.290 million as compared with financial loss of Rs.373.757 million in the preceding period.

### **FUTURE PROSPECTUS**

Due to regular supply of energy, the management expects to augment further its sales revenue. Moreover, recently announced bailout incentive of Rs.180 billion by the government for the exporters will also give positively impact on the exports of the company.

The management efforts for making rescheduling arrangements with the banks have been partly materialized as certain lenders have restructured the loans. The management is hopeful that rescheduling arrangements with other lenders will also be materialized shortly.

The management is pursuing vigorously to dispose off certain non core fixed assets to meet the requirement of working capital.

### **ACKNOWLEDGEMENT**

The board of directors places on record its appreciation for the support of the shareholders, government agencies, financial institutions and customers.

The board would also like to express their appreciation for the services and dedicated efforts being continuously rendered by all the employees of the company and hope that they will continue with these efforts in future also.

FOR AND ON BEHALF OF  
BOARD OF DIRECTORS



(MIAN MUHAMMAD LATIF)  
CHIEF EXECUTIVE OFFICER

DATED: 26-04-2017  
PLACE: FAISALABAD

## ڈائریکٹرز رپورٹ برائے حصہ داران

ڈائریکٹرز ولی مسرت کے ساتھ کینیڈا کے نو ماہی حسابات (انٹیر آڈٹ) پابت 31 مارچ 2017 بروز جمعیتات آپ کے سامنے پیش کرتے ہیں

### کلز اور خدمات ریونیو

1174.013 ملین روپے کاروبار کی فروخت سے اور 268.853 ملین روپے کاروبار کی خدمات سے اس طرح مجموعی طور پر 1442.866 ملین روپے کاروبار کی فروخت والی مدت میں حاصل کیا گیا ہے مقابلہ پچھلے سال اسی مدت میں کلز اور خدمات کاروبار 1489.658 ملین روپے کا حاصل کیا گیا تھا۔

### بالی نتائج

موزوں کاروباری حالات کے پیش نظر کمپنی نے 9.290 ملین روپے کا منافع حاصل کیا جبکہ مقابلہ پچھلے سال اسی مدت میں 373.757 ملین روپے کا نقصان برداشت کرنا پڑا۔

### مستقبل کا کیفیت نامہ

- ☆ اترقی کی باقاعدگی سے دستیابی ہونے پر انتظامیہ امید کرتی ہے کہ کلز ریونیو مزید بڑھے گا۔ مزید برآں حالیہ ای میں حکومت نے 180 ملین روپے کا ٹیکسٹائل برآمد کنندگان کیلئے مالیات کیلج دینے کا اعلان کیا ہے جس کے مثبت اثرات کمپنی کی ایکسپورٹ پر بھی ہونگے۔
- ☆ انتظامیہ کی کوششوں سے جلدی طور پر کچھ بکنس سے لیے گئے قرضوں کی نئے سرے سے ادائیگی کے شیڈول حاصل کر لیے ہے۔ انتظامیہ امید کرتی ہے کہ باقی ماندہ بکنس سے بھی نئے ادائیگی شیڈولز جلد حاصل کر لیں گے۔
- ☆ انتظامیہ غیر پیسہ اداریہ اشراجات کو فروخت کرنے کیلئے بھرپور کوشش کر رہی ہے تاکہ سرمایہ کاری کی ضرورت کو پورا کیا جائے۔

### تسلیم و تحسین

بورڈ آف ڈائریکٹرز اس بات کو سہاوتے ہوئے ریکارڈ پر لے کر آئے کہ جو تعاون شیئر ہولڈرز، گورنمنٹ انجینئرز، مالیاتی اداروں اور خریداروں کی طرف سے دیا گیا۔ بورڈ اس امر کی بھی ستائش کرتا ہے جو کمپنی کے ملازمین کی طرف سے لگا تار ترقی سے خدمات ادا کی گئیں اور امید کرتا ہے کہ یہ خدمات مستقبل میں بھی اسی طرح جاری رہیں گی۔

### منجانب بورڈ آف ڈائریکٹرز



میاں محمد لطیف  
چیف ایگزیکٹو

فیصل آباد

26 اپریل 2017

**BALANCE SHEET**

As at March 31, 2017.

	Notes	(Un-audited) March 31, 2017 Rupees	(Audited) June, 30 2016 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		800,000,000	800,000,000
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		(8,038,504,389)	(8,065,304,934)
		(5,562,094,637)	(5,588,895,182)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		5,726,564,042	5,198,671,152
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		2,743,675,594	2,344,586,556
Liabilities against assets subject to finance lease		6,976,233	9,396,234
Deferred liability		988,182,316	908,779,724
Deferred revenue		7,263,530	7,263,530
		3,746,097,673	3,270,026,044
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,994,502,163	1,673,383,761
Interest / markup payable		1,141,562,931	1,158,212,870
Short term borrowings	3	4,377,112,926	4,988,748,313
Current portion of :			
Long term financing		2,720,186,182	2,734,086,182
Liabilities against assets subject to finance lease		25,397,906	22,977,906
Provision for taxation - income tax		16,380,569	10,473,466
		10,275,142,677	10,587,882,498
<b>CONTINGENCIES AND COMMITMENTS</b>	4	-	-
		14,185,709,755	13,467,684,512
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	11,239,466,804	10,848,915,539
		12,636,768	12,636,768
		11,252,103,572	10,861,552,307
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		440,637,216	422,273,351
Stock in trade		627,699,362	334,657,862
Trade debts	6	1,730,978,933	1,706,118,676
Loans and advances		45,461,615	41,974,099
Deposits and prepayments		13,289,585	12,495,014
Other receivables		17,214,228	28,781,403
Tax refunds due from Government		33,261,226	35,600,176
Cash and bank balances		25,064,018	24,231,624
		2,933,606,183	2,606,132,205
		14,185,709,755	13,467,684,512

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, 2017.

Note	Quarter ended March 31,		3rd Quarter ended March 31,		
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees	
Sales	7	486,890,566	514,949,451	1,442,866,681	1,489,658,359
Cost of sales	8	393,012,480	566,008,807	1,235,875,979	1,676,227,642
Gross Profit / (loss)		93,878,086	(51,059,356)	206,990,702	(186,569,283)
Other operating income	9	(17,474,379)	3,413,829	31,907,383	11,274,378
		76,403,707	(47,645,527)	238,898,085	(175,294,905)
Selling and distribution expenses		3,479,708	5,586,658	9,761,328	15,132,729
Administrative expenses		31,489,590	33,617,537	96,372,799	99,095,762
Other operating expenses					
Workers' profit participation fund		403,664	-	1,378,898	-
Finance cost	10	33,361,128	24,485,662	105,185,995	76,126,188
		68,734,090	63,689,857	212,699,020	190,354,679
Profit / (Loss) for the period before taxation		7,669,617	(111,335,384)	26,199,065	(365,649,584)
Provision for taxation	11	5,513,935	2,825,542	16,908,824	8,107,827
Profit / (Loss) for the period after taxation		2,155,682	(114,160,926)	9,290,241	(373,757,411)
Earnings per share - Basic	7	0.02	(0.99)	0.08	(3.25)

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, 2017.

	Quarter ended March 31,		3rd Quarter ended March 31,		
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees	
Profit / (Loss) for the period		2,155,682	(114,160,896)	9,290,241	(373,757,411)
Other comprehensive income for the					
Period incremental depreciation on					
revalued assets for the period		(13,969,711)	19,792,971	12,082,110	31,370,374
Revalued deferred tax for the period			4,420,549	5,428,194	7,191,085
		(11,814,029)	(89,947,376)	26,800,545	(335,195,952)

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, 2017.

	3rd Quarter ended March 31,	
	2017 Rupees	2016 Rupees
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	26,199,065	(365,649,584)
Adjustments for:		
Depreciation / impairment loss		
on property, plant and equipment	149,194,015	154,990,246
Provision for staff retirement gratuity	30,387,640	26,593,421
Profit on disposal of property, plant and equipment	193,493	200,852
Finance cost	105,185,995	76,126,188
Balances written back	(22,073,314)	(1,749,921)
Operating cash flows before working capital changes	289,086,894	(109,488,798)
Changes in working capital (Increase) / decrease in current assets		
Stores, spares and loose tools	(18,363,865)	230,060
Stock in trade	(293,041,500)	13,347,301
Trade debts	(24,860,257)	475,743
Loans and advances	(3,487,516)	8,849,028
Deposits and prepayments	(794,571)	(223,187)
Other receivables	10,874,164	(7,679,660)
Tax refunds due from Government	(1,931,215)	574,941
	(331,604,760)	15,574,226
Increase/ (Decrease) in current liabilities		
Trade and other payables	343,191,716	541,871,266
	11,586,956	557,445,492
Cash generated from operating activities	300,673,850	447,956,695
Income tax paid	(6,038,545)	(9,243,817)
Finance cost paid	(61,343,745)	(47,098,209)
Staff retirement gratuity paid	(6,049,042)	(5,648,489)
Net cash generated from operating activities	227,242,518	385,966,180
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	-	(657,543)
Proceeds from disposal of property, plant and equipment	550,000	380,000
Net cash generated / (used) in investing activities	550,000	(277,543)
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing obtained	-	5,625,315
Repayment of:		
Long term financing	(163,400,000)	(296,233,761)
Liabilities against assets subject to finance lease	-	-
Increase in short term bank borrowings - net	(63,560,124)	(99,060,308)
Net cash generated from financing activities	(226,960,124)	(389,668,754)
Net increase / (decrease) in cash and cash equivalents (a+b+c)	832,394	(3,980,117)
Cash and cash equivalents at the beginning of the period	24,231,624	27,300,940
Cash and cash equivalents at the end of the period	25,064,018	23,320,823

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



MUHAMMAD NAEEM  
(DIRECTOR)



MIAN MUHAMMAD LATIF  
(CHIEF EXECUTIVE OFFICER)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE 3RD QUARTER ENDED MARCH 31, 2017.**

	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, 2015	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(7,797,773,804)	(7,721,340,970)	(5,244,931,218)
<b>Total comprehensive</b>									
(Loss) for the period							(373,757,411)	(373,757,411)	(373,757,411)
Incremental depreciation on revalued assets for the period							31,370,374	31,370,374	31,370,374
Related deferred tax							7,191,086	7,191,086	7,191,086
Balance as at March 31, 2015	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(8,132,969,755)	(8,066,536,921)	(5,580,127,169)
<b>Total comprehensive</b>									
(Loss) for the period							(15,945,896)	(15,945,896)	(15,945,896)
Other comprehensive income									
Items that will not be subsequently reclassified to profit or loss:									
Incremental depreciation on revalued assets for the year							(7,859,385)	(7,859,385)	(7,859,385)
Related deferred tax							(2,027,071)	(2,027,071)	(2,027,071)
Remeasurement of defined benefit liability							20,812,395	20,812,395	20,812,395
Related deferred tax							(3,748,056)	(3,748,056)	(3,748,056)
Balance as at June 30, 2016	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(8,141,737,768)	(8,065,304,934)	(5,588,895,182)
<b>Total comprehensive</b>									
Profit for the period							9,290,241	9,290,241	9,290,241
Other comprehensive (loss)									
Incremental depreciation on revalued assets for the period							12,082,110	12,082,110	12,082,110
Related deferred tax							5,428,194	5,428,194	5,428,194
Balance as at March 31, 2017	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(8,114,937,223)	(8,038,504,389)	(5,562,094,637)

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

  
**MUHAMMAD NAEEM**  
(DIRECTOR)

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

**Selected Explanatory Notes to The Condensed Interim Financial Report(UNaudited)  
FOR THE 3rd Quarter Ended March 31, 2017.**

**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, Kharriarwala, 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 earned profit of Rs. 9.29 million (2016 : Rs. (373.76) million). As at March 31, 2017 the accumulated loss of the Company is Rs. 8,038.50 million (June 30, 2016: Rs. 8,141.74 million), shareholders' equity is negative by Rs. 5,562.09 million (June 30, 2016: Rs. 5,588.90 million) and the current liabilities of the company exceed its current assets by Rs. 7,341.48 million (June 30, 2016: Rs. 7,981.75 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 has not been materialised so far due to adverse economic conditions.

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, 2016.

**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 certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2016 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2016.

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

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2017 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2016.

### 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, 2016.

### 2.5 Estimates, judgments and risk management policies

**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, 2016.

**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, 2016.

### 3. Short term borrowings

Secured

Under mark up arrangements

From banking companies

Export finances

Finance against trust receipt

Running finance

Murabaha finances

	(Un-audited) March 31, 2017 Rupees	(Audited) June, 30 2016 Rupees
	3,703,687,443	4,329,016,481
	18,304,000	18,304,000
	437,588,483	437,588,483
	217,533,000	203,839,349
	<u>4,377,112,926</u>	<u>4,988,748,313</u>

**3.1** The aggregate unavailed short term borrowing facilities available to the Company are Rs. 71.91 million (June 30, 2016: Rs. 177.402 million). Total sanctioned limits are Rs. 5.07 billion (June 30, 2016: Rs. 5.62 billion) out of which Rs. 4.46 billion (June 30, 2016: Rs. 4.99 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, 2016 except the following:

Liability of markup not acknowledged in view of  
loan rescheduling applications filed to

allow non serviceable grace period on the outstanding liabilities

	(Un-audited) March 31, 2017	(Audited) June, 30 2016
	1,029,213,527	1,021,686,391

### 5. Property, plant and equipment

Operating assets

	11,239,466,804	10,848,915,539
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#### 5.1 ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT - AT COST

	3rd Quarter ended March 31, 2017		3rd Quarter ended March 31, 2016	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposal Rupees
Owened				
Plant and machinery	-	-	260,000	-
Office equipment	-	-	209,043	-
Vehicles	-	(2,186,487)	-	(964,200)
	-	(2,186,487)	469,043	(964,200)

### 6. Trade debts

Considered good

Secured

Foreign

Unsecured

Foreign

Local

	(Un-audited) March 31, 2017 Rupees	(Audited) June, 30 2016 Rupees
	4,443,004	7,236,655
	1,688,060,404	1,656,551,224
	38,475,525	42,330,797
	<u>1,726,535,929</u>	<u>1,698,882,021</u>
	<u>1,730,978,933</u>	<u>1,706,118,676</u>

6.1 The aging of trade debts is as under:

Not past due	49,357,752	175,312,556
Past due within one year	8,018,495	6,292,115
Past due over one year	1,673,602,686	1,524,514,005
	1,681,621,181	1,530,806,120
	1,730,978,933	1,706,118,676

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,	
	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees
<b>7. Sales</b>				
Export				
Fabrics / made ups / garments	139,182,484	210,439,250	368,592,598	523,617,598
Add: Export rebate / duty drawback	1,599,767	2,202,853	4,042,858	5,204,410
	140,782,251	212,642,103	372,635,456	528,822,008
Less:				
Commission	639,911	1,299,914	639,911	5,087,129
Discount	-	493,799	-	493,799
	639,911	1,793,713	639,911	5,580,928
	140,142,340	210,848,390	371,995,545	523,241,080
Local				
Yarn	174,824,137	179,338,888	540,365,124	632,560,068
Fabrics / made ups	77,845,263	58,062,871	261,652,607	162,037,556
Processing, conversion and stitching charges	94,078,826	66,699,302	268,853,405	171,819,655
	486,890,566	514,949,451	1,442,866,681	1,489,658,359
<b>8. Cost of sales</b>				
Cost of goods manufactured (Note 10.1)	383,684,116	550,423,086	1,352,063,454	1,671,105,678
Finished goods				
Opening stock	258,203,707	181,309,695	132,687,868	170,845,938
Closing stock	(248,875,343)	(165,723,974)	(248,875,343)	(165,723,974)
	9,328,364	15,585,721	(116,187,475)	5,121,964
	393,012,480	566,008,807	1,235,875,979	1,676,227,642
<b>8.1 Cost of goods manufactured</b>				
Raw material consumed (Note 10.1.1)	198,563,438	334,460,359	780,527,367	917,497,057
Salaries, wages and benefits	59,056,174	66,049,651	174,422,667	196,063,505
Staff retirement benefits	8,103,888	6,399,885	24,310,225	19,199,656
Stores and spares	17,555,628	20,736,834	64,317,289	64,671,454
Dyes and chemicals	8,014,847	9,853,478	24,110,669	28,225,876
Packing material	4,476,582	13,977,651	27,729,063	47,312,870
Repairs and maintenance	1,336,235	1,348,543	2,961,619	4,063,556
Fuel and power	28,966,295	47,200,542	113,744,847	139,221,888
Insurance	571,087	582,716	1,738,734	1,760,961
Depreciation	46,412,493	50,076,628	145,237,481	150,888,803
Other	26,938,071	35,008,442	90,029,693	97,403,440
	399,994,738	585,694,729	1,449,129,654	1,666,309,066
Work in process				
Opening stock	191,606,659	119,910,973	110,851,081	159,979,228
Closing stock	(207,917,281)	(155,182,616)	(207,917,281)	(155,182,616)
	(16,310,622)	(35,271,643)	(97,066,200)	4,796,612
	383,684,116	550,423,086	1,352,063,454	1,671,105,678
<b>8.1.1 Raw material consumed</b>				
Opening stock	95,172,381	105,871,477	91,118,913	114,545,008
Purchases including purchase expenses	274,297,795	339,705,165	860,315,192	914,068,332
	369,470,176	445,576,642	951,434,105	1,028,613,340
Closing stock	(170,906,738)	(111,116,283)	(170,906,738)	(111,116,283)
	198,563,438	334,460,359	780,527,367	917,497,057

## 9. Other operating income

Income from assets other than financial assets:				
Sale of waste material	376,088	792,853	966,009	1,975,542
Rental income	3,301,236	2,498,625	8,526,115	7,348,063
Gain on disposal of property, plant and equipment	341,945	122,351	341,945	200,852
Balances written back - net	(21,493,648)	-	22,073,314	1,749,921
	<u>(17,474,379)</u>	<u>3,413,829</u>	<u>31,907,383</u>	<u>11,274,378</u>

## 10. Finance cost

Interest / mark up on:				
Long term financing	19,343,504	13,014,678	61,699,987	40,476,051
Liabilities against assets subject to finance lease	-	548,839	1,034,221	1,617,982
Long term murabaha	-	-	-	-
Short term borrowings	13,224,256	8,908,685	38,829,798	28,662,344
Bank charges and commission	793,368	2,013,460	3,621,989	5,369,811
	<u>33,361,128</u>	<u>24,485,662</u>	<u>105,185,995</u>	<u>76,126,188</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.

11. Provision for taxation	Quarter ended March 31,		3rd Quarter ended March 31,	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Current				
For the period	5,513,935	2,782,627	16,380,569	8,107,827
For the prior periods	-	42,916	528,255	-
	<u>5,513,935</u>	<u>2,825,543</u>	<u>16,908,824</u>	<u>8,107,827</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. 3,797,044/- (2016 : Rs. 6,342,003).

## 13. Overdue loans

On the balance sheet date, the installments of long term financing amounting to Rs. 2,720.18 million (June 30, 2016: Rs. 2,526.13 million) alongwith mark up of Rs. 492.64 million (June 30, 2016: Rs. 492.64 million), lease finances amounting to Rs. 6.97 million (June 30, 2016: Rs. 13.378 million) alongwith mark up of Rs. 4.94 million (June 30, 2016: Rs. 3.637 million) and short term borrowings amounting to Rs. 4,377.11 million (June 30, 2016: Rs. 4,666.650 million) alongwith mark up of Rs. 643.04 million (June 30, 2016: Rs. 661.934 million) were over due.

On the balance sheet date, the carrying amount of loans relevant to above overdues were long term financing Rs. 5,164.27 million (June 30, 2016: Rs. 4,111.72 million), lease finances Rs. 32.37 million (June 30, 2016: Rs. 32.37 million) and short term borrowings Rs. 4,377.11 million (June 30, 2016: Rs. 4,987.89 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 **26-04-2017** by the Board of Directors of the Company.

## 15. GENERAL

- 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.
- Provision for workers' profit participation fund made in this condensed interim financial information is subject to adjustment in the annual financial statements.
- Figures have been rounded off to the nearest Rupee.

  
**MUHAMMAD NAEEM**  
(DIRECTOR)

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

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