FINANCIAL
STATEMENTS
2018

Chenab
LIMITED

Contents

Company Information

	Mian Muhammad Latif
	Mian Muhammad Javaid Iqbal Mr. Muhammad Naeem Mr. Muhammad Faisal Latif Mr. Muhammad Farhan Latif Mr. Muhammad Zeeshan Latif Mr. Tariq Ayub Khan
Major Bankers	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.
Company Secretary/ Chief Financial Officer	Mr. Muhammad Arshad
Auditors	Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants.
Shares Registrar	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
Registered Office	Nishatabad, Faisalabad. Tel:+92 41 8754472-8 Fax:+92 41 8752400, 8752700 chenab@chenabgroup.com
Website Address	www.chenabgroup.com
Works	-Spinning Unit - Toba Tek Singh. -Weaving Unit - Kharianwala, Distt: Sheikhupura. -Weaving Unit - Shahkot, Distt: Nankana Sahib. -Processing & Stitching Units – Nishatabad, Fsd.

Vision

To be a competitive and customer focused organization with continuing commitment to excellence and standards.

Mission Statement

- To be the business house of first choice for customers.
- To be a change leader.
- To produce innovative, relevant and cost effective products.
- Setting and maintaining high standards.
- To earn profits by achieving optimum level of production by using state of are technologies.
- To provide ideal working conditions to employees and to take care in their career planning and reward them according to their skill and responsibility.
- To meet social and cultural obligations towards society being a patriotic and conscientious corporate citizens.

Fianancial Highlights

	2018	2017	2016	2015	2014	2013	2012
Operational performance							
Sales-net	915,910	1,764,452	2,007,632	2,213,846	2,265,551	2,171,725	2,606,632
Cost of sales	1,081,015	2,493,141	2,259,157	2,575,659	2,515,062	2,546,224	3,943,890
Gross profit	(165,105)	(728,689)	(251,525)	(361,813)	(249,511)	(374,499)	(1,337,258)
Operation (loss) / profit	(303,610)	(868,913)	(99,201)	(206,345)	(129,634)	(226,525)	(1,316,787)
Loss/Profit before taxtion	(261,067)	(970,676)	(379,230)	(466,824)	(389,041)	(488,509)	(1,672,947)
Loss/Profit after taxtion	(20,791)	(992,228)	(389,703)	(479,385)	(399,289)	(493,799)	(1,690,468)
Financial position							
Property,Plant and equipment	10,993,406	11,185,697	10,848,916	11,052,466	11,046,052	11,253,800	11,462,209
Capital work in progress	-	-	-	-	-	-	-
Long term deposits	12,637	12,637	12,637	12,637	12,637	12,637	8,805
Fixed capital expenditure	11,006,043	11,198,334	10,861,553	11,065,103	11,058,689	11,266,437	11,471,014
Total assets	12,928,842	13,147,032	13,467,685	13,798,837	14,487,041	15,045,669	15,495,014
Current asset							
Store,spare parts and stocks in trade	65,984	100,140	756,931	870,072	1,086,824	1,185,960	1,370,828
Other current assets	1,838,025	1,820,136	1,824,970	1,836,361	2,303,428	2,576,549	2,623,465
Cash and cash equivalents	18,790	28,422	24,231	27,301	38,100	16,723	29,707
Total	1,922,799	1,948,698	2,606,132	2,733,734	3,428,352	3,779,232	4,024,000
Current liabilities							
Short term bank borrowing	4,342,494	4,342,499	4,988,748	5,785,580	5,681,149	5,746,683	5,570,582
Currant portion of long term loans/morabaha	2,981,040	2,784,879	2,757,063	2,675,537	2,416,944	2,054,106	1,716,298
Other current liabilities	3,242,212	3,133,986	2,842,071	2,385,471	2,972,167	3155952	3,309,028
Total	10,565,746	10,261,364	10,587,882	10,846,588	11,070,260	10,956,741	10,595,908
Net working capital	(8,642,947)	(8,312,666)	(7,981,750)	(8,112,854)	(7,641,908)	(7,177,509)	(6,571,908)
Long term loans/Finance lease, morabaha	3,400,162	2,708,314	2,353,982	2,086,486	2,378,188	2,786,025	3,196,416
Shareholder's equity	1,047,380	6,547,438	(5,588,895)	(5,244,931)	(4,781,852)	(4,428,460)	(3,965,244)
Profiability analysis							
Gross profit to sale (%)	(18.03)	(41.30)	(12.53)	(16.34)	(11.01)	(17.24)	(51.30)
Loss/Profit befor tax to sales (%)	(28.50)	(55.01)	(18.89)	(21.09)	(17.17)	(22.49)	(64.18)
Loss/Profit after tax to sales (%)	(2.27)	(56.23)	(19.41)	(21.65)	(17.62)	(22.74)	(64.85)
Return on Investment (%)	(0.16)	(7.55)	(2.89)	(3.47)	(2.76)	(3.28)	(10.91)
Return on equity (%)	(1.99)	(15.15)	6.97	9.14	8.35	11.15	42.63
Earnings per share(Rupees)	(0.18)	(8.63)	(3.39)	(4.17)	(3.47)	(4.29)	(14.70)
Financial analysis							
Current ratio(time)	0.18	0.19	0.25	0.25	0.31	0.34	0.38
Debt to equity (time)	6.09	0.84	(0.91)	(0.91)	(1.00)	(1.09)	(1.24)
Total Debt to Total Assets	0.49	0.42	0.38	0.35	0.33	0.32	0.32
Total Debt to Fixed Assets	0.58	0.49	0.47	0.43	0.43	0.43	0.43

NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that the Extra Ordinary General Meeting of the shareholders of **CHENAB LIMITED** will be held at 02.00 P.M. on Friday the 28 January, 2022 at Registered Office of the Company i.e, Nishatabad, Faisalabad to transact the following business:-

1. To confirm the minutes of the last meeting.

   To consider and approve the annual audited financial statements of the company for the year ended June 30, 2018 along with auditor's report and reply to the Audit observations thereon audited by M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, Lahore who were appointed by the High Court Lahore on the requirement of Joint Official Liquidators.

2. To appoint, Auditors for the next financial year 2018-19 and to fix their remuneration. M/s Avais Hyder Liaquat Nauman, Charted Accountants 478-D Peoples Colony No.1, Faisalabad has given their consent for appointment as auditors of the company for the year 2018-19.

3. To transact any other business with the permission of chair.

FOR AND ON BEHALF OF
CHENAB LIMITED

FAISALABAD
JANUARY 03, 2022

(MUHAMMAD ARSHAD)
COMPANY SECRETARY

NOTES:

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1) A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting. A proxy must be a member of the company.

2) Shareholders whose shares are deposited with Central Depository Company (CDC), or their Proxies are requested to bring their original National Identity Cards (CNICs) or Passports alongwith the Participants ID numbers and their account numbers at the time of attending the Extra Ordinary General Meeting for verification.

3) All other members should bring their Original National Identity Cards for identification purpose.

4) The shareholders are requested to notify the company immediately the change in their address, if any.

DIRECTORS' REPORT TO THE MEMBERS

The directors take the opportunity to present before you report and audited accounts of the company for the year ended June 30, 2018. The Company had gone under Liquidation by the Lahore High Court Lahore vide its order dated 13-07-2017, which was reversed on 29-10-2021.

SALES REVENUE

Sales revenue of Rs.916 million has been earned during the year as compared to Rs.1.764 billion achieved during the preceding year showing 48.10% decrease due to unfavorable circumstances.

FINANCIAL RESULTS AND REASONS FOR LOSS

Due to losses, the working capital resources of the company have diluted and the company could not execute entire available export orders due to continual paucity of funds.

In view of adverse situation, the company has sustained financial loss of Rs.282 million as compared with previous year loss of Rs.992 million.

However, the financial results for the year ended June 30, 2018 with comparative figures are as follows:-

	2018 Rupees	2017 Rupees
Sales	915,909,663	1,764,452,242
Cost of sales	(1,081,014,516)	(2,493,140,675)
Gross loss	(165,104,853)	(728,688,433)
Operating expenses		
Selling and distribution expenses	(23,129,309)	(12,761,833)
Administrative expenses	(115,376,342)	(127,462,763)
	(138,505,651)	(140,224,596)
Operating Loss	(303,610,504)	(868,913,029)
Other income	51,759,846	35,374,118
Finance cost	(9,217,078)	(137,136,592)
Loss before taxation	(261,067,736)	(970,675,503)
Provision for taxation	(20,791,224)	(21,552,801)
Loss for the year after taxation	(281,858,960)	(992,228,304)
Earnings per share- Basic& diluted	(2.45)	(8.63)

DIVIDEND ON PREFERENCE SHARES

In view of financial losses the payment of dividend on non voting cumulative preference shares has been deferred till the availability of profits for appropriation.

NON PAYMENT OF DEBT OBLIGATIONS

Due to financial losses sustained by the company, it could not pay debt obligations to its financial creditors in accordance with terms of loan agreements. Accordingly the Lahore High Court Lahore issued winding up order dated 13-07-2017 on the complaint of one of its small creditors.

A BRIEF ON REVIVAL OF THE COMPANY

Earlier, Lahore High Court Lahore vide its order dated 13-07-2017 announced the winding up of the company in a petition filed by a small creditor of the company. However, the major banks of the company did not consider the winding up company as solution for recovery of debt. The banks took into consideration Chenab's excellent track record for the last 35 years and its great capacity to bounce back to pay all its financial obligations through normal course of business. The default made by the company in payment of debt was purely due to some un-controllable local & international factors including past severe energy crises in the country.

Therefore; with consultation of the Sponsors a "Scheme of Arrangement" for the revival of the company was prepared by the secured creditors and filed in the Lahore High Court, Lahore vide a petition C.O. No. 2660 of 2021. Accordingly, two separate meetings of the secured creditors and contributories/members were held on 22-02-2021 under the supervision of two chairmen appointed by Honorable Court wherein the said Scheme was approved by 90.40% of secured creditors in attendance and 100% of contributories/Members present in person or through proxies. The Court also allowed the said Scheme and recalled its earlier winding up order.

FUTURE PROSPECTUS

1) The growth of Pakistan textile is expected to increase by about 30% for the current fiscal year. This significant increase is attributed by the subsidized energy tariff and formation of the conducive policies by the government for the textile sector. Keeping in view of the potential growth, recently a heavy investment has been seen in the textile industry. The company is also ready to get the benefit of this good opportunity. No major capital investment is required by the company. Only some renovation work is needed which has already been started after the restoration of the corporate status of the company.

2) Working Capital required during initial years have also been arranged through sponsors' loan, sale of noncore assets of the company and banks are also committed to provide fresh export based working capital limits as per requirements.

3) The company has huge production capacity and due to limited working capital arrangements during initial years the entire capacity cannot be used for own exports/sales. Therefore; the management has planned to run the available capacity on toll manufacturing basis. The company has good repute for quality products. Therefore; it is hoped that there will be no shortage of customers requiring the toll manufacturing services.

4) Now with the approval of revival Scheme, a realistic repayment schedule based on actual cash flow of the company has been fixed for the all lender banks/DFIs of the company. During the next 14 years no heavy markup like in the past is required to be paid by the company. The intensive litigation of the banks against the company has come to an end. Now, the management will be in a better position to focus on production/sales and to repay debt of the company as per schedule.

EXPLANATION TO AUDITORS' OBSERVATIONS

A. PREFERENCE SHARES.

As per Scheme of arrangement dated 14-09-2021 approved by Honorable Lahore High Court Lahore position of redemption of preference shares shall be as under

I. Each of the following Lenders currently hold preference shares of the following outstanding amounts (based on the shares face value):

Lenders	Paid-up and outstanding amount of preference Shares at Face Value
Habib Bank Limited	PKR 100,000,000
Askri Bank Limited	PKR 100,000,000
National Bank of Pakistan	PKR 100,000,000

II. The abovementioned amounts will be repaid to each of the Lenders (and any other preference shareholder) in equal quarterly installments (over a three (3) year period commencing from the first calendar quarter end to occur after the repayment of the total Principal Debt in 14 years.

B. SECP has initiated proceedings for investigations under section 257 of the Companies Act, 2017. The company has challenged the order and the Honourable Islamabad High Court has stayed the proceedings.

C. The management is in regular contact with foreign customers for recovery of old trade debt.

D. Small amount of Balances lying in various Bank Accounts were provided as per books record yet due to litigation certain Banks did not provide balance confirmation Certificates. There is no material impact on financial statements for this short coming.

E. Similarly reconciliation statements in respect of stores, stock in trade and other were also provided. Hence observation is unwarranted.

CORPORATE SOCIAL RESPONSIBILITY

Because of liquidation of the Company the disclosure of above said information is ignored in these Accounts

PATTERN OF SHARHEOLDING

The pattern of shareholding as at June 30, 2018 including the information under the code of corporate governance for ordinary and non voting cumulative preference shares is annexed.

BOARD OF DIRECTORS AND THEIR MEETING

Because of liquidation of the Company the powers of Board existing at the time of liquidation order has been ceased under Section 365 of the Companies Act, 2017 therefore no meeting was conducted.

AUDIT COMMITTEE

Because of liquidation of the Company Audit Committee was not functional.

CODE OF CORPORATE GOVERNANCE

Provisions of the code of Corporate Governance were not applicable in view of liquidation of Company.

AUDITORS

The Board has also recommended appointment as External Auditors to M/s Avais Hyder Liaquat Nauman, Chartered Accountants, Faisalabad of the Company for the next financial year 2018-19.

ACKNOWLEDGEMENT

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

For and on behalf of
BOARD OF DIRECTORS

(MIAN MUHAMMAD LATIF)
CHIEF EXECUTIVE

FAISALABAD
JANUARY 03, 2022

ڈائریکٹرز رپورٹ برائے ممبران

ڈائریکٹرز کمپنی کی سالانہ رپورٹ برائے مالی سال 30 جون 2018 اور پڑتال شدہ حسابات آپکے سامنے پیش کرتے ہیں۔ کمپنی لاہور ہائی کورٹ لاہور کے حکم کے تحت بمورخہ 13-07-2017 کو تحلیل ہوگئی تھی جو کہ بعدازاں مورخہ 29-10-2021 کو بحال ہوگئی ہے۔

سیلز ریونیو:

916 ملین روپے کا سیلز ریونیو دورانِ سال حاصل کیا گیا بمقابلہ 1.764 بلین روپے جو پچھلے سال حاصل کیا گیا تھا۔ نامساعد حالات کے پیشِ نظر اس میں 48.10 فیصد کمی واقع ہوئی ہے۔

مالی نقصانات اور نقصان کی وجوہات:

نقصانات کی وجہ سے کمپنی کے مالی ذرائع تحلیل ہو چکے ہیں اور کمپنی دستیاب شدہ برآمدی آرڈرز فنڈز کی کمی وجہ سے پورے نہیں کرسکی، نامساعد صورتِ حال کی وجہ سے کمپنی کو 282 ملین روپے کا مالی نقصان برداشت کرنا پڑا بمقابلہ 992 ملین روپے کا جو کہ پچھلے مالی سال کا تھا، تاہم مالی نتائج برائے سال 30 جون 2018 بمقابلہ 2017 مندرجہ ذیل ہیں۔

	2017	2018
	روپے	روپے
سیلز	1,764,452,242	915,909,663
لاگت برائے سیلز	(2,493,140,675)	(1,081,014,516)
گراس نقصان	(728,688,433)	(165,104,853)
اخراجات		
فروخت اور تقسیم اخراجات	(12,761,833)	(23,129,309)
انتظامی اخراجات	(127,462,763)	(115,376,342)
	(140,224,596)	(138,505,651)
جاری نقصان	(868,913,029)	(303,610,504)
دیگر آمدنی	35,374,118	51,759,846
مالیات لاگت	(137,136,592)	(9,217,078)
ٹیکس سے قبل نقصان	(970,675,503)	(261,067,736)
متعین کردہ ٹیکس	(21,552,801)	(20,791,224)
سال کا نقصان	(992,228,304)	(281,858,960)
بنیادی اور تحلیل شدہ فی حصہ آمدن	(8.63)	(2.45)

منافع برائے ترجیح شیئرز:

مالی نقصانات کی وجہ سے منافع برائے نان ووٹنگ کیمولیٹو ترجیحی شیئرز منافع کی دستیابی اور مختص کرنے تک موخر کردیا گیا ہے۔

قرضوں کی عدم ادائیگی:

مالی نقصانات برداشت کرنے کی وجہ سے قرضوں کی ادائیگی متعلقہ اداروں کو طے شدہ معاہدے کے تحت ادا نہ کرپائی جس پر ایک بنک جسکا قرضہ بھی معمولی سا تھا کی شکایت پر لاہور ہائی کورٹ لاہور نے کمپنی کو تحلیل کرنے کا حکم بمورخہ 13-07-2017 جاری کردیا تھا۔

مختصراً بحالی کی روداد:

لاہور ہائی کورٹ لاہور بمورخہ 13-07-2017 کے حکم نامہ کے تحت ایک بنک جسکا معمولی قرضہ تھا کی درخواست پر کمپنی کو تحلیل کر دیا تھا تاہم کمپنی کے سرکردہ بنکس نے اس حکم سے اتفاق نہ کرتے ہوئے اس حکم کو قرضوں کی وصولی کے لئے مناسب نہ سمجھا اور کمپنی کی ماضی کی 35 سالہ شاندار تاریخ، وسیع پیداواری صلاحیت کے پیشِ نظر اور قرضوں کی واپسی کاروبار سے ہی کی جائے۔ قرضوں کی واپسی کی وجوہات نامساعد ملکی اور بین الاقوامی معاملات بشمول گیس کے بحران کی وجہ سے ہوئی۔ اس لئے سپانسرز کی مشاورت سے کمپنی کی بحالی کے لئے قرض دینے والے بنکس نے ایک درخواست نمبری Co No. 2660/2021 لاہور ہائی کورٹ لاہور میں دائر کردی ہے آخر کار دو الگ الگ اجلاس مورخہ 22-02-2021 قرض دینے والے بنکس اور حصہ داران دو چیئر مین جنھیں عدالت نے مقرر کیا تھا کی سربراہی میں ہوئے جسمیں کمپنی کی بحالی کو 90.40% قرضے دینے والے بنکس اور 100% حصہ داران نے ذاتی طور یا پراکسی کے ذریعے منظور کرلیا اس پر عدالت عالیہ نے اس طریقہ کو منظور کیا اور تحلیل شدہ حکم نامہ واپس ہو گیا۔

مستقبل کا کیفیت نامہ:

1- پاکستان کی ٹیکسٹائل دورانِ مالی سال 30% تک بڑھ جانے کی امید ہے یہ نمایاں ترقی سستے داموں انرجی ٹیرف اور سود مند حکومت کی ٹیکسٹائل کے لئے اقدامات کی بدولت ہے اس نمایاں ترقی کے پیشِ نظر بہت زیادہ سرمایہ کاری ٹیکسٹائل سیکٹر میں دیکھی گئی ہے۔ کمپنی ہذا اس صورتِ حال کا بغیر سرمایہ کاری کے فائدہ اٹھا سکتی ہے کمپنی کا کارپوریٹ بحالی معمولی نوعیت کی مرمت کا کام پہلے سے ہی شروع کردیا گیا ہے۔

2- شروع کے سالوں کے لئے درکار سرمایہ سپانسرز کے قرضوں ناپیداواری اثاثوں کی فروخت اور بنکس کی برآمدی آرڈرز کے لئے فریش ورکنگ کیپٹل ضرورت کی بنیاد پر فراہم کئے جائینگے۔

3- کمپنی کی کافی مقدار میں پیداواری صلاحیت اور مختصر جاری سرمایہ کے ابتدائی سالوں کے انتظامات کے پیشِ نظر اپنی برآمدات / فروخت کے لئے نہیں کیا جا سکتا اس لئے انتظامیہ نے طے کیا ہے کہ دستیاب صلاحیت کو مقامی مصنوعات کے لئے مختص کی جائے جس کے لئے کمپنی کی اچھی شہرت ہے اس لئے اس کام کیلئے سرمایہ کی کمی نہ ہوگی۔

4- موجودہ بحالی سکیم کے تحت ایک حقیقت پر مبنی قرضوں کی ادائیگی کا دستیاب فنڈز کے مطابق تمام بنکس اور مالیاتی اداروں کا شیڈول طے کیا گیا ہے جس کے مطابق آنے والے چودہ سالوں میں ماضی کی طرح بھاری سودا نہیں کیا جائے گا اور پریشان کرنے والے بنکس کی قانونی چارہ جوئی بھی ختم ہوگئی ہے اب انتظامیہ بہتر انداز میں پیداوار فروختگی اور قرضہ کی ادائیگی طے شدہ شیڈول کے مطابق اپنی توجہ مبذول کر سکے گی۔

ایڈیٹر کے خدشات پر وضاحت:

ترجیحی شیئرز کے معاملات:

A) کمپنی کے بحالی سکیم مورخہ 14-09-2021 جسے لاہور ہائی کورٹ منظور کر چکی ہے۔ ترجیحی شیئرز کی واپسی مندرجہ ذیل طریقوں سے ہوگی۔

i) ہر ایک ترجیحی شیئرز رکھنے والے کو بنیادی شیئر کی فیس ویلیو کے تحت ادائیگی ہوگی۔

حبیب بنک لمیٹڈ	Rs:100,000,000
عسکری بنک لمیٹڈ	Rs:100,000,000
نیشنل بنک آف پاکستان	Rs:100,000,000

ii) مندرجہ بالا رقوم ہر ایک ترجیحی شیئرز رکھنے والوں کو ادا کی جائیگی یا اسی طرح دوسرے ترجیحی شیئرز رکھنے والوں کو بھی تین برابر کی اقساط میں پرنسپل قرضہ 14 سال میں ادا ہونے کے بعد تین سال میں ادا کی جائیگی۔

B) سکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان نے کمپنیز ایکٹ 2017 سیکشن 257 کے تحت تحقیقات شروع کی تھیں۔ اس حکم نامے کو اسلام آباد ہائیکورٹ میں چیلنج کیا ہوا ہے اور عدالت سے اس ضمن میں کارروائی کو روک دیا گیا ہے۔

C) انتظامیہ پرانے بھیجے گئے برآمدی مال کی وصولی کیلئے غیر ملکی گاہکوں سے مسلسل رابطے میں ہے۔

D) معمولی رقوم جو کہ مختلف بنکس اکاؤنٹس میں پڑی تھی قانونی چارہ جوئی کی وجہ سے بیلنس کنفرمیشن سرٹیفکیٹ نہیں پیش کر سکیں تاہم بنکس سٹیٹ منٹس مہیا کر دی گئیں تھیں

جسکا کوئی نمایاں اکاؤنٹس پر اثر نہیں ہے۔

(E اسی طرح سٹورز اور سٹاک اِن ٹریڈ اور دوسرے اکاؤنٹس کی پڑتال پیش کر دی گئی تھیں تا ہم یہ مشاہدہ غیر ضروری ہے۔

کارپوریٹ سماجی ذمہ داریاں:

کمپنی کے تحلیل ہونے کی وجہ سے مذکورہ بالا معلومات کو اِن اکاؤنٹس میں نظر انداز کر دیا گیا ہے۔

شیئر ہولڈنگ کا انداز

شیئر ہولڈنگ کا انداز 30 جون 2018 پر بشمول معلومات کوڈ پر کارپوریٹ گورنس کے زیرِ تحت برائے عام اور نان ووٹنگ کیمولیٹو پر فینس شیئر منسلک ہے۔

بورڈ آف ڈائریکٹرز اور انکے اجلاس:

کمپنی کے تحلیل ہونے کی وجہ سے ڈائریکٹران کے اختیارات کمپنیز ایکٹ 2017 کے سیکشن 365 کے تحت ختم ہو گئے تھے اس لئے کوئی اجلاس نہیں ہوا۔

آڈٹ کمیٹی:

کمپنی کے تحلیل ہونے کی وجہ سے آڈٹ کمیٹی غیر فعال تھی۔

کارپوریٹ گورننس:

کمپنی کے تحلیل ہونے کی وجہ سے کارپوریٹ گورننس کے ضابطے کی دفعات لاگو نہیں تھی۔

آڈیٹرز:

بورڈ آف ڈائریکٹرز نے بیرونی آڈیٹرز کے طور پر میسرز اویس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹس فیصل آباد کو برائے سال 19-2018 کیلئے مقرر کرنے کی سفارش کی ہے۔

تسلیم و تحسین:

بورڈ آف ڈائریکٹر اس بات کی ستائش کو ریکارڈ پر لاتے ہیں جو تعاون شیئر ہولڈرز گورنمنٹ ایجنسیز اور مالیاتی اداروں کی طرف سے دیا گیا۔

بورڈ آف ڈائریکٹرز کی جانب سے:

میاں محمد لطیف

چیف ایگزیکٹو

فیصل آباد

3 جنوری 2022

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INDEPENDENT AUDITORS' REPORT

To the Joint Liquidators of Chenab Limited – In winding up under the orders of the Honourable Lahore High Court

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the annexed financial statements of **Chenab Limited – In winding up under the orders of the Honourable Lahore High Court** (the Company), which comprise the statement of financial position as at **30 June 2018** and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(a) The Company, as disclosed in note 1.3, has incurred a net total comprehensive loss during the year of Rs. 239.287 million, as on 30 June 2018 its accumulated losses are Rs. 9,263.134 million, equity is negative by Rs. 1,047.380 million and current liabilities exceeds the current and liquid assets by Rs. 8,642.946 million and Rs. 8,708.932 million, respectively. There are difficulties in recoveries against debts & advances and making payment to creditors and bankers. The company has not paying-off dividend against cumulative preference shares due to the operational and financial problems. The company has adverse key financial ratios and loss of key staff without replacement. It had not redeemed preference shares on exercise of put options by holders of preference shares due to tight cash flow situation. The Company is facing deterioration in relationship with bankers because of non-compliance with terms of loans agreements and banks and financial institutions have also filed cases for recovery and winding up of the Company which the management is defending. SECP has initiated proceedings for investigations under the Companies Ordinance, 1984 (now the Companies Act, 2017). The litigations has also adversely affected the process of negotiations with banks for extension and re-scheduling of credit facilities. There is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the Company's current situation. The company has challenged the order and the Honourable Islamabad High Court has stayed the proceedings. Further on 13 July 2017 the Lahore High Court ordered to wind up the company under the provision of the Companies Ordinance, 1984 and appointed joint official liquidators of Chenab Limited. The ex-management filed an appeal before Supreme Court of Pakistan against this order and leave of appeal was not granted and dismissed on 08 January 2019.These conditions indicate the existence of significant material uncertainties which may cast significant doubt on ability of the company to continue as going concern, to realize its assets and to discharge its liabilities in normal course of business. However, these financial statements do not include any adjustment relating to the recoverability and classification of recorded assets and classifications of liabilities that might be necessary should the company be unable to continue as going concern. Under the circumstances use of going concern assumption is not appropriate;

(b) We did not receive any response to our letters requesting for confirmations of balances outstanding on account of Long Term Financing, Short Term Bank Borrowings, Deferred markup, Interest/Markup Payable on Long Term Financing, Interest/Markup Payable on Short Term Bank Borrowings and Cash at Banks amounting to Rs. 5,101.278 million (note 8), Rs. 4,344.995 million (note 13), Rs. 813.374 million (note 10), Rs. 536.598 million (note 12), Rs. 681.291 million (note 12) and Rs. 15.813 million (note 24) respectively. Bank statements regarding bank balances of Rs. 6.078 million were also not made available. The long Term loan payable to Saudi Pak Industrial & Agricultural Investment Company amounting to Rs 58.351 million transferred to Interest/Markup payable for which bank confirmation and supporting documents were not available. Payments and current portion of long term loans are not supported by evidencing documents. Furthermore, repayment schedules provided are by the management and not certified by the banks. The terms and conditions of borrowings could not be verified due to non-availability of relevant facility letters and updated summary sheet. Deferred markup was recognised in previous years with no movement during the year and we have not been provided with payment schedules, workings and supporting documents. Therefore, relevant figures, classification and information relating to these balances could not be substantiated;

(c) No response has been received from Legal Advisors and Tax Consultants regarding pending litigations and contingencies as on 30 June 2018 except from one tax consultant who confirmed following pending cases along with opinion thereon, which are not disclosed by management in the financial statements:

Writ Petition No.25426/2013, 31009/2014 and 13381/2016 (Income Tax)

These writ petitions were filed against selection of cases for audit for Tax year 2011. It is not possible to determine the tax liability as the department has been restrained from initiating proceedings under section 122 by Honourable Lahore High Court, Lahore vide order dated 25 April 2016 in W.P No. 13381/2016.

Appeal before Tribunal for assessment years 1997-98 to 2002-2003 and Tax years 2003 to 2005. (Income Tax)

All these appeals have been decided by the Honourable Tribunal in favour of the taxpayer vide order dated 28 April 2017. Reference application filed by the department are pending before the Honourable Lahore High Court, Lahore. The correct amount of revenue involved cannot be determined at this stage.

Appeal filed before the Honourable Appellate Tribunal Inland Revenue, Lahore Bench, Lahore for Tax year 2010 (Income Tax)

The department has filed miscellaneous application before the Honourable Appellate Tribunal Inland Revenue, Lahore Bench, Lahore against its order dated 11 July 2013. The matter involved was stay against recovery of Income Tax demand of Rs. 4,369,683/- through adjustment of refund. No amount of revenue is involved.

STA No.323/LB/2012 (Sales Tax)

This appeal has been filed by the department before the Honourable Appellate Tribunal Inland Revenue, Lahore Bench, Lahore against the order of CIR (A), Regional Tax Office, Faisalabad dated 23 December 2011 in appeal No. 368/2011. Tax amount of Rs. 7,318,105/- is involved in appeal. The appeal has not been decided so far.

Custom appeal N0.6/2004 (Customs)

This appeal has been filed by the department before the Honourable Lahore High Court, Lahore against the order of customs, Excise and Sales Tax Appellate Tribunal Lahore dated 2 December 2013 in Customs appeal No. 754/LB/2003. Following amounts are involved in appeal:

Custom Duty	2,594,882/-
Sale Tax	1,946,161/-
Penalty	25,000/-
Total	4,566,043/-

Power of attorney was filed on 5 May 2004. The appeal is pending before the Honourable, Lahore High Court Lahore and there is every likelihood of success in this case.

Moreover, all other contingencies, as disclosed in note 14 (Contingencies and Commitments), are not supported by details and also remained unconfirmed. Accordingly, the reliability of information disclosed in financial statements could not be ascertained.

(d) The Company has not conducted impairment testing of its property, plant and equipment (note 15) which constitute a departure from International Financial Reporting Standards. Details and evidence additions of Rs. 6.453 million and disposals having WDV of Rs. 194,397/- along with respective depreciation were not made available to us. Any impact of the same on assets, liabilities and on statement of profit or loss of the Company is not determined. Further, the workings and evidences of incremental depreciation for the year of Rs. 21.752 million, forced sale value of revalued asset of Rs. 8,852.929 million and carrying values of revalued assets if there had been no revaluation of Rs. 5,035.160 million as disclosed in note 5 not provided to us.

(e) The Company is not providing for mark-up since July 2011 in respect of certain long term financing and short term borrowings in view of its requests to the respective lenders to convert all outstanding liabilities into non serviceable loans / loans subject to reduced rate of mark-up [Refer Note 14 (Contingencies and commitments) and 30 (Finance Cost) to the financial statements]. The impact of this has not been determined due to non-availability of sufficient appropriate audit evidence. Finance cost amounting to Rs. 9.217 million is also not supported by the appropriate supporting evidences and could not be relied on;

(f) We were appointed as auditors of the company after end of the year and thus did not observe the physical verification of Stock in Trade, Stores, Spare parts and Loose Tools and Cash in Hand amounting to Rs. 29.795 million (note 18), Rs. 36.191 million (note 17) and Rs. 1.18 million (note 24) respectively, at the end of the year. We were unable to satisfy ourselves by alternative means concerning the inventories and cash held at 30 June 2018. Further, the stocks are valued at cost and we have not been provided with documents and evidences to evaluate whether the cost is lower than their Net Realizable Value (NRV). Quantitative movement of stocks is not available and application of policies of 'Stores, spares and loose tools' and 'Stock in trade' as disclosed in note 2.13 and 2.14 respectively could also not be verified. Since these balances enter determination of state of the company's affairs, financial performance and cash flows, we were unable to determine whether any adjustments might have been necessary in respect of the company's financial statements for the year ended on 30 June 2018. Further, Store in transit amounting to US$ 39,600 (calculated @ 86.83 equal to Rs. 3,438,574/-) is outstanding since 2010. The recovery of the amount appears to be doubtful and has not been provided for in financial statements;

(g) Consumption of Stores, Spare parts and Loose Tools amounting to Rs. 144.037 million, as per detail provided by management, and purchases and consumption of raw material amounting to Rs. 433.945 million and Rs. 440.914 million respectively, as disclosed in note 26.1.1, could not be substantiated due to lack of appropriate supporting evidences;

(h) The Company has followed the IAS-19 "Employee Benefits" for determining gratuity payable under Industrial & Commercial Employment (Standing Orders) Ordinance, 1968, recognised liability of Rs. 138.622 million and disclosed the information as per actuarial report, as explained in note 10.1, but we have not been provided with supporting evidences to verify the base data used for valuations in actuarial report. Accordingly, the information used for the preparation of actuarial report could not be confirmed;

(i) We have neither received confirmations nor dispatch evidences of the loans from directors and associates amounting to Rs. 244.313 million and Rs. 54.915 million respectively. Therefore, relevant figures, classification and information relating to these balances could not be substantiated. Nature of loans from directors and associates, as disclosed in note 8.4 and 8.5, seems to be same, but directors' loan is recorded at historical cost and whereas loan from associates is stated to be recorded at amortised cost and the reason for difference in treatment is not explained. Loans from associates become partially due for repayment on 30 June 2017 but still considered as non-current liability. Further, workings of calculations for amortized cost was not available and related Deferred Revenue amounting to Rs. 10.315 million (note 8.5) could not be substantiated due to lack of appropriate evidences.

In view of lack of evidence, it could not be established that workings and disclosures are in line with IAS – 39 and Technical Release 32 of ICAP;

(j) Due to non-availability of details/workings, confirmations from banks, repayment schedule, lease agreement and facility letters; Liabilities against assets subject to finance lease and mark up payable on them amounting to Rs. 28.703 million and Rs. 7.409 million respectively along with terms, classification and note contents could not be verified;

(k) Working of current taxation for the year of Rs. 20.791 million (note 31) and unrecognised deferred tax asset of Rs. 170.174 million (note 10.2) duly verified by tax advisor is not provided to us due to which the amounts and related disclosures could not be substantiated;

(l) Out of total trade debts of Rs. 1,728.210 million (note 19), (including Rs. 1,699.220 million receivables from foreign parties) Rs. 1,715.382 million, as disclosed in note 37.2.1, are past due. These past due trade debts appear to be impaired but no provision in respect of doubtful debts has been made in the financial statements. The quantum of provision required has not been determined and, therefore, its impact on results for the year and equity could not be quantified. Further, State Bank of Pakistan (SBP) has also issued show cause notices on failure to collect proceeds against exports which may results in penalty up to five times of the value of goods, this fact is not disclosed in financial statements;

(m) Balances confirmations of foreign parties were not circularized by the management due to non-availability of email addresses and management did not allow communication in hard form;

(n) All circularised balance confirmation requests remained un-responded in respect of 'trade creditors', 'advances from customers', 'trade debt – Local', 'loans to employees' and 'advances to suppliers/contractors' amounting to Rs. 492.339 million, Rs. 224.407 million, Rs. 25.252 million, Rs. 0.762 million and Rs. 19.918 million respectively. We were unable to satisfy ourselves about the 'trade creditors' (note 11), 'advances from customers' (note 11), 'trade debt – Local' (note 19), 'loans to employees' (note 20) and 'advances to suppliers/contractors' (note 20) amounting to Rs. 1,023.299 million, Rs. 358.173 million, Rs. 28.989 million, Rs. 0.762 million and Rs. 20.904 million respectively by alternative means;

(o) The detail of 'Unclaimed dividend' of Rs. 0.366 million were not provided to us. Further, we have not received the evidences ensuring the compliance of Section 244 of Companies Act, 2017 and disclosure requirement in this respect;

(p) We have not been provided with the details reconciling the export sales as per financial statements of Rs. 384.589 million, with export sales as per sales tax return of Rs. 344.424 million. Due to the lack of sufficient and appropriate evidences, respective balances could not be substantiated;

(q) Details of month wise salaries, wages and related expenses provided along with supporting documents for the month of June 2018 are not in agreement with each other and full payment evidences were not made available to us accordingly respective balances could not be verified; and

(r) Following balances and information incorporated in financial statements could not be substantiated due to lack of appropriate workings and documents;

   i) 'Accrued Liabilities' of Rs. 155.850 million and 'Other' of Rs. 2.770 million (note 11),
   ii) 'Long term deposits of Rs. 12.637 million (note 16),
   iii) 'Deposits and prepayments' of Rs. 10.832 million (note 21) and 'Other receivables' of Rs 18.139 million (note 22),
   iv) 'Income tax' Rs. 14.307 million and 'Sales Tax'' of Rs. 14.859 million (note 23),
   v) 'Cost of sales', 'Selling and distribution expenses' and 'Administrative expenses' in note 26, 27 and 28 respectively,
   vi) 'Other Income' amounting to Rs. 51.760 million (note 29),
   vii) Loss per share- basic and diluted of Rs 2.45 per share (note 32),
   viii) Remuneration to Chief Executive Officer, Directors and Executives (note 33),
   ix) Transactions with Related Parties (note 34),
   x) Installed Capacity and Actual Production (note 35),
   xi) Number of Employees (note 36), and
   xii) Financial Risk Management Objectives and Policies (note 37),
   xiii) Opening trial balances and grouping in reconciliation with last year financial statements.

Material Uncertainty Relating to Going Concern

Refer to ***Basis for Disclaimer of Opinion*** section para (a) of our report.

Emphasis of Matter

As regards security deposit amounting to Rs 432 Million (note.11), the agreement shows that the amount is "advance from customer" rather "security deposit" thus the amount is disclosed under wrong nomenclature.

Other Matter

The financial statements signed by General Manager Accounts have been received in response to our letter of 24 April 2021 along with his comments, as detailed in letter no. REF:No.CL/043/21 and dated:20 May 2021 received on 24 May 2021. These comments along with unsigned annexes comprising 183 pages have been duly considered. Apparently, most of the comments and annexes sent are irrelevant and do not require any change except some minor modifications. These modification have been incorporated in paras (a), (b), (c), (g), (h),(l),(n) (o), (p), and (q) of basis of disclaimer of opinion section and emphasis of matter have been included in the report, after taking into consideration all the information provided in above letter and subsequent confirmations received from banks and tax advisor up to 14 June 2021.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing and to issue an auditors' report. However, because of the matters described in the basis for disclaimer of opinion paragraph of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that:

a) Because of the significance of the matters described in the Basis for Disclaimer of Opinion section we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on;

   i. whether proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017),

   ii. whether the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns,

   iii. whether the investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business, and

b) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Mr. Rashid Rahman Mir.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Lahore: 15 JUN 2021

BALANCE SHEET

AS AT JUNE 30, 2018

(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)

	Note	2018 Rupees	2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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	**3**	**1,150,000,000**	**1,150,000,000**
Cumulative preference shares	**4**	**800,000,000**	**800,000,000**
Surplus on revaluation of property, plant and equipment	**5**	**5,739,343,363**	**5,761,095,295**
Capital reserves	**6**	**526,409,752**	**526,409,752**
Revenue reserves	**7**	**(9,263,133,935)**	**(9,023,847,363)**
		(1,047,380,820)	**(786,342,316)**
NON-CURRENT LIABILITIES			
Long term financing	**8**	**2,448,167,352**	**2,708,314,404**
Liabilities against assets subject to finance lease	**9**	**-**	**-**
Deferred liabilities	**10**	**951,995,760**	**953,382,223**
Deferred revenue		**10,314,720**	**10,314,720**
		3,410,477,832	**3,672,011,347**
CURRENT LIABILITIES			
Trade and other payables	**11**	**1,972,091,940**	**1,925,390,330**
Unclaimed dividend		**366,071**	**366,071**
Interest / markup payable	**12**	**1,225,297,876**	**1,187,067,622**
Short term bank borrowings	**13**	**4,344,994,597**	**4,342,498,926**
Current portion of :			
Long term financing	**8**	**2,952,338,753**	**2,754,542,792**
Liabilities against assets subject to finance lease	**9**	**28,702,544**	**30,335,007**
Provision for taxation - income tax		**41,953,978**	**21,162,754**
		10,565,745,759	**10,261,363,502**
CONTINGENCIES AND COMMITMENTS	**14**		
		12,928,842,771	**13,147,032,533**

The annexed notes from 1 to 41 form an integral part of these financial statements.

MUHAMMAD NAEEM
(DIRECOR)

	Note	2018 Rupees	2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating assets	15	10,993,406,655	11,185,697,330
Long term deposits	16	12,636,768	12,636,768
		11,006,043,423	11,198,334,098
CURRENT ASSETS			
Stores, spares and loose tools	17	36,190,798	67,364,712
Stock in trade	18	29,794,979	32,775,124
Trade debts	19	1,728,209,931	1,705,648,751
Loans and advances	20	51,675,148	41,166,291
Deposits and prepayments	21	10,832,233	12,618,185
Other receivables	22	18,139,386	27,503,488
Tax refunds due from Government	23	29,166,833	33,199,811
Cash and bank balances	24	18,790,040	28,422,073
		1,922,799,348	1,948,698,435
		12,928,842,771	13,147,032,533

MIAN MUHAMMAD LATIF
(CHIEF EXECUTIVE OFFICER)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2018

(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)

	Note	2018 Rupees	2017 Rupees
Sales	25	915,909,663	1,764,452,242
Cost of sales	26	(1,081,014,516)	(2,493,140,675)
Gross loss		(165,104,853)	(728,688,433)
Operating Expenses			
Selling and distribution expenses	27	(23,129,309)	(12,761,833)
Administrative expenses	28	(115,376,342)	(127,462,763)
		(138,505,651)	(140,224,596)
Operating Loss		(303,610,504)	(868,913,029)
Other income	29	51,759,846	35,374,118
Finance cost	30	(9,217,078)	(137,136,592)
Loss before taxation		(261,067,736)	(970,675,503)
Provision for taxation	31	(20,791,224)	(21,552,801)
Loss for the year		(281,858,960)	(992,228,304)
Loss per share- Basic and diluted	32	(2.45)	(8.63)

The annexed notes from 1 to 41 form an integral part of these financial statements.

MUHAMMAD NAEEM
(DIRECTOR)

MIAN MUHAMMAD LATIF
(CHIEF EXECUTIVE OFFICER)

Note:

i) These financial statments relates to the liquidation period audit under the supervision of joint Official Liquidators appointe by the Honourable Lahore High court Lahore

ii) Consequent upon revesal of winding up order dated 29/10/2021 issued by the Honourable Lahore High court Lahore the Board has adopted these financal Statments

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018
(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)

	Note	2018 Rupees	2017 Rupees
Loss for the year		(281,858,960)	(992,228,304)
Other comprehensive income for the year			
Items that may be subsequently reclassified to profit or loss		-	-
Items that will not be subsequently reclassified to profit or loss:			
Incremental depreciation on revalued assets for the year - net of deferred tax		21,751,932	22,671,239
Related deferred tax		-	4,675,834
Remeasurement of defined benefit liability		20,820,456	7,646,150
Related deferred tax		-	(1,307,348)
		42,572,388	33,685,875
Total comprehensive loss for the year		(239,286,572)	(958,542,429)

The annexed notes from 1 to 41 form an integral part of these financial statements.

MUHAMMAD NAEEM
(DIRECTOR)

MIAN MUHAMMAD LATIF
(CHIEF EXECUTIVE OFFICER)

Note:

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CASH FLOW ST STATEMENT

FOR THE YEAR ENDED JUNE 30, 2018

(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)

		2018 Rupees	2017 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(261,067,736)	(970,675,503)
Adjustments for:			
Depreciation on operating assets		198,549,634	202,956,377
Provision for staff retirement gratuity		37,340,224	39,793,065
Gain on disposal of operating assets		(155,603)	(363,168)
Finance cost		9,217,078	137,136,592
Balances written back - net	-	-	(19,164,794)
Operating cash flows before working capital changes		(16,116,403)	(610,317,431)
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spares and loose tools		31,173,914	354,908,639
Stock in trade		2,980,145	301,882,738
Trade debts		(22,561,180)	469,925
Loans and advances		(10,508,857)	4,359,302
Deposits and prepayments		1,785,952	(123,171)
Other receivables		9,364,102	(8,722,085)
Tax refunds due from Government		4,032,978	(1,869,800)
		16,267,054	650,905,548
Increase in current liabilities			
Trade and other payables		32,944,271	229,647,509
		49,211,325	880,553,057
Cash generated from operations		33,094,922	270,235,626
Income tax paid		-	(11,582,184)
Finance cost paid		29,013,176	(20,580,625)
Staff retirement gratuity paid		(4,148,892)	(7,586,887)
Net cash generated from operating activities		57,959,206	230,485,930
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in operating assets		(6,453,356)	-
Proceeds from disposal of operating assets		350,000	600,000
Net cash generated from / (used in) investing activities		(6,103,356)	600,000

	2018 Rupees	2016 Rupees
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	-	22,690,000
Repayment of :		
Long term financing	(62,351,091)	(185,000,000)
Liabilities against assets subject to finance lease	(1,632,463)	(2,039,132)
Increase (Decrease) in short term bank borrowings - net	2,495,671	(62,546,349)
Net cash used in financing activities	(61,487,883)	(226,895,481)
Net (decrease) in cash and cash equivalents (a+b+c)	(9,632,033)	4,190,449
Cash and cash equivalents at the beginning of the year	28,422,073	24,231,624
Cash and cash equivalents at the end of the year	18,790,040	28,422,073

The annexed notes from 1 to 41 form an integral part of these financial statements.

MUHAMMAD NAEEM
(DIRECTOR)

MIAN MUHAMMAD LATIF
(CHIEF EXECUTIVE OFFICER)

Note:

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)

				Capital reserves				Revenue reserves			
	Issued, subscribed and paid up capital	Cumulative preference shares	Surplus on revaluation of property, plant and equipment	Premium on issue of ordinary shares	Book difference of capital under scheme of arrangement for amalgamation	Preference shares redemption reserve	Sub total	General reserve	Accumulated loss	Sub total	Total
					Rupees						
Balance as at July 01 2016	1,150,000,000	800,000,000	5,198,671,152	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,141,737,768)	(8,065,304,934)	(390,224,030)
Total comprehensive (loss) for the year											
(Loss) for the year	-	-		-	-	-	-	-	(992,228,304)	(992,228,304)	(992,228,304)
Other comprehensive income											
Items that may be subsequently reclassified to profit or loss:	-	-		-	-	-	-	-	-	-	-
Items that will not be subsequently reclassified to profit or loss:											
Incremental depreciation on revalued assets for the year	-	-	(22,671,239)	-	-	-	-	-	22,671,239	22,671,239	-
Related deferred tax surplus	-	-	45,120,382	-	-	-	-	-	4,675,834	4,675,834	49,796,216
Surplus during the year	-	-	539,975,000	-	-	-	-	-	-	-	539,975,000
Remeasurement of defined benefit liability	-	-		-	-	-	-	-	7,646,150	7,646,150	7,646,150
Related deferred tax	-	-		-	-	-	-	-	(1,307,348)	(1,307,348)	(1,307,348)
	-	-	562,424,143	-	-	-	-	-	(958,542,429)	(958,542,429)	(396,118,286)
Balance as at June 30, 2017	1,150,000,000	800,000,000	5,761,095,295	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(9,100,280,197)	(9,023,847,363)	(786,342,316)
Total comprehensive (loss) for the year											
(Loss) for the year	-	-		-	-	-	-	-	(281,858,960)	(281,858,960)	(281,858,960)
Other comprehensive income											
Items that may be subsequently reclassified to profit or loss:	-	-		-	-	-	-	-	-	-	-
Items that will not be subsequently reclassified to profit or loss:											
Incremental depreciation on revalued assets for the year	-	-	(21,751,932)	-	-	-	-	-	21,751,932	21,751,932	-
Related deferred tax	-	-		-	-	-	-	-	-	-	-
Remeasurement of defined benefit liability	-	-		-	-	-	-	-	20,820,456	20,820,456	20,820,456
Related deferred tax	-	-		-	-	-	-	-	-	-	-
	-	-	(21,751,932)	-	-	-	-	-	(239,286,572)	(239,286,572)	(261,038,504)
Balance as at June 30, 2018	1,150,000,000	800,000,000	5,739,343,363	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(9,339,566,769)	(9,263,133,935)	(1,047,380,820)

The annexed notes from 1 to 41 form an integral part of these financial statements.

MUHAMMAD NAEEM
(DIRECTOR)

MIAN MUHAMMAD LATIF
(CHIEF EXECUTIVE OFFICER)

Note:

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018
(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)

1. STATUS AND ACTIVITIES

1.1 Chenab Limited (the Company) is incorporated as a public limited company under the Companies Ordinance, 1984 (Now Companies Act 2017) and is listed on Pakistan Stock Exchange. The registered office of the Company is situated at Nishatabad, Faisalabad, in the province of Punjab. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. Geographical location and address of business units/plants are following:

Discription	Location	Address
Registered/Head Office	Faisalabad	Nishatabad, faisalabad
Spinning Unit-I	Toba Tek Singh	3 K.M Shorkot Road, Toba Tek Singh
Weaving Unit-1	Kharianwala	11 K.M Main Faisalabad Lahore Road, Kharianwala, Sheikhupura
Weaving Unit-II	Nankana Sahib	7 K.M Main Faisalabad Lahore Road, Kotla Kalo Shahkot, Nankana Sahib
Processing & Stitching Units	Faisalabad	Main Faisalabad Lahore Road, Nishatabad, Faisalabad

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 net comprehensive loss of Rs.239.287 million. As at June 30, 2018 the accumulated loss of the Company is Rs.9,263.134 million and the current liabilities exceed its current assets by Rs. 8,642.946 million. The Company has not redeemed preference shares on exercise of put options for three 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. SECP has initiated proceedings for investigations under the Companies Ordinance, 1984.The company has challanged the order and the Honourable Islamabad High Court has stayed the proceedings. 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 all lenders are not so far fully materialised, however the management has been able to reach at agreement with five major lenders to restructure the loans. The facilities diminishing musharika, term finance, murabah finance and demand finance were settled. Certain short term facilities were converted to long term loans. 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 has also adopted the available legal recourse. The management's efforts to dispose 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. Additionally, in order to improve liquidity position of the company, the management is also focusing on arranging advance payments from local as well as export customers. The company could not produce desired results due to operational difficulties mainly due to non-availability of working capital facilities. Due to low production, 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 slow settlements with bankers. The management is negotiating with banks for working capital facilities. The management is confident that the Company will be able to continue as a going concern.

Upon filing application for winding up the company by M/s Saudi Pak Industrial & Agricultural Investment Compnay Limited,Islamabad before Company Judge, Lahore High Court, Lahore the instant company has gone into liquidation on 13 July 2017 vide its order given in civil original no. 43 of 2011. Consequently, Mr.Aurangzeb Mirza,Advocate and Mr.Jalal Ahsan, FCA of M/s Ahsan & Ahsan, Chartered Accountants, Lahore were appointed as official liquidator. Therafter, the ex-management filed an appeal before Supreme Court of Pakistan against this order and leave of appeal was not granted and dismissed on 08 January 2019.

The official liquidators sought permission for audit of accounts for the year ended 30 June 2018 and M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, Lahore were appointed Auditors.

1.4 These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

1.5 All the significant transactions and events that have affected the company's financial position and performance during the year have been appropriately disclosed in respective notes.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of

- International Financial Reporting Standards(IFRSs) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Initial Application of a Standard, Amendment or an Interpretation to an Existing Standard and Forthcoming Requirements

2.2.1 amendments in the statutory financial reporting framework applicable to the Company:

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for thepreparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to,

Note	Particular
1	Geographical location and address of business units/plants
2	Significant transactions & events effecting the company's financial position
	Particulars of immovable assets of the Company
	Management assessment of sufficiency of tax provision in the financial statements
	Change in threshold for identification of executives
34	Additional disclosure requirements for related parties
35	Additional disclosure requirements for production capacity
33	Additional disclosure requirements for number of employees

2.2.2 Standards, interpretations that became effictive but are not relevant to the company:

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the company other than increased disclosures in certain cases:

The following standards (revised or amended) and interpretations became effective for the current financial year but areeither not relevant or do not have any material effect on the financial statements of the company other than increased disclosures in certain cases:

- IFRS-12 Disclosure of Interests in Other Entities (Amended)
- IAS-7 Statement of Cash Flows (Amended)
- IAS-12 Income Taxes (Amended)

2.2.3 Forthcoming requirements not effective in current year and not considered relevant:

The following standards (revised or amended) and interpretations of approved accounting standards are only effective foraccounting periods beginning from the dates specified below. These standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than increaseddisclosures in certain cases:

- IFRS 1 - First-time Adoption of International Financial Reporting Standards - (Amended)-(effective for annual periods beginning on or after 1 January 2018) - Not notified by SECP.
- IFRS 2 - Share Based Payments - (Amended)-(applicable for annual periods beginning on or after 1 January 2018).
- IFRS 3 - Business Combinations - (Amended)-(applicable for annual periods beginning on or after 1 January 2019) (IFRS 17 will replace IFRS 4 as of 1 January 2021).
- IFRS 4 - Insurance contracts - (Amended)-(applicable for annual periods beginning on or after 1 January 2018)- Not notified by SECP.
- IFRS 9 - Financial Instruments: Classification and Measurements - (applicable for annual periods beginning on or after 1 July 2018).
- IFRS 12 - Disclosure of Interests in Other Entities (Amended) - (applicable for annual periods beginning on or after 1 January 2017).
- IFRS 11 - Joint Arrangements (Amended by Annual Improvements to IFRS Standards 2015–2017 Cycle)- (applicable for annual periods beginning on or after 1 January 2019).
- IFRS 14 - Regulatory Deferral Accounts - (applicable for annual periods beginning on or after 1 January 2016) - Not notified by SECP.
- IFRS 15 - Revenue from Contracts with Customers - (applicable for annual periods beginning on or after 1 July 2018
- IFRS 16 - Leases - (applicable for annual periods beginning on or after 1 January 2019).
- IFRS 17- Insurance Contracts - (effective for annual periods beginning on or after 1 January 2021) - Not notified by SECP
- IAS 7- Statement of cash flows (amended) (efficive for annual period beging on or after 1 January 2017).
- IAS 12- Income Taxes - (Amended)-(effective for annual periods beginning on or after 1 January 2019).
- IAS 19 - Employee Benefits-(Amended)- (effective for annual periods beginning on or after 1 January 2019).
- IAS 28 - Investments in Associates-(Amendments resulting from annual improvements 2014-2016 cycle)-(effective for annual periods beginning on or after 1 January 2018).
- IAS 28 - Investments in Associates-(Amended by Long-term Interests in Associates and Joint Ventures)- (effective for annual periods beginning on or after 1 January 2019).
- IAS 39 - Financial Instruments: Recognition and Measurement -(Amended)- (effective for annual periods beginning on or after 1 January 2018).
- IAS 40 - Investment Property - (Amended)-(applicable for annual periods beginning on or after 1 January 2018).

- IFRIC 22 - Foreign Currency Transaction and Advance Consideration - (applicable for annual periods beginning on or after 1 January 2018).
- IFRIC 23 - Uncertainity Over Income Tax Treatments - (applicable for annual periods beginning on or after 1 January 2019).

2.3 Basis of preparation

These financial statements have been prepared under the "historical cost convention" except: -

- certain property, plant and equipment carried at valuation; and
- staff retirement gratuity carried at present value.

The principal accounting policies adopted are set out below:

2.4 Staff retirement benefits

The Company operates a defined benefit plan - unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. Cumulative unrecognised net actuarial gains and losses that exceed ten percent of present value of defined benefit obligation are amortised over the expected average remaining working lives of participating employees.

2.5 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Asset held under finance lease is recognised as asset of the Company at its fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liability against asset subject to finance lease. The liability is classified as current and non current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liability against asset subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

2.6 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Company or not.

2.7 Provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.8 Provision for taxation

Current

Provision for current taxation is based on income taxable at the current tax rates after taking into account tax rebates and tax credits available under the law.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

2.9 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

2.10 Property, plant and equipment

Property, plant and equipment except freehold land and capital work in progress are stated at cost / revaluation less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount. Capital work in progress is valued at cost.

Depreciation is charged to income applying the reducing balance method at the rates specified in the property, plant and equipment note, except plant and machinery and electric installations. Plant and machinery is depreciated applying the unit of production method subject to minimum charge of Rs. 100 million to cover obsolescence and electric installations are depreciated applying the straight line method over their economic serviceable life taken at 25 years.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition or capitalisation and up to the month preceding the month of disposal respectively.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

When parts of an item of property, plant and equipment have different useful lives, they are recognised as separate items of property, plant and equipment.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of property, plant and equipment are included in current income.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognised in income. Deficit on revaluation of an item of property, plant and equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets and surplus realised on disposal of revalued asset is transferred to unappropriated profit / (accumulated loss) through statement of comprehensive income.

Assets subject to finance lease

In view of certainty of ownership of the assets at the end of the lease period, assets subject to finance lease are stated at cost less accumulated depreciation. These assets are depreciated over their expected useful lives on the same basis as owned assets except building under lease which is depreciated on straight line basis over its lease term of 61 years.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss account in the period in which these are incurred.

2.12 Impairment

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.13 Stores, spares and loose tools

These are valued at moving average cost less allowances for obsolete or slow moving items, if any. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

2.14 Stock in trade

Stock in trade except wastes are valued at lower of cost and net realisable value. Cost is determined as follows:

Raw material	Average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost to make the sales. Average manufacturing cost consists of direct materials, labour and a proportion of manufacturing overheads.

2.15 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

2.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

2.17 Foreign currency translation

Transactions in currencies other than Pak Rupee are recorded at the rates of exchange prevailing on the dates of transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Exchange differences are included in current income. All non-monetary items are translated into Pak Rupee at exchange rates prevailing on the dates of transactions.

2.18 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.19 Offsetting of financial asset and financial liability

A financial asset and a financial liability is off-set and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales are recorded on dispatch of goods.

2.21 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

2.22 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IASs / IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory and staff retirement gratuity. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3. Issued, subscribed and paid up capital

2018	2017		2018	2017
Number of shares			Rupees	Rupees
35,985,702	35,985,702	Ordinary shares of Rs. 10/- each fully paid in cash.	359,857,020	359,857,020
73,869,559	73,869,559	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares.	738,695,590	738,695,590
5,144,739	5,144,739	Ordinary shares of Rs. 10/- each issued as fully paid under scheme of arrangement for amalgamation.	51,447,390	51,447,390
115,000,000	115,000,000		1,150,000,000	1,150,000,000

3.1 All the shere are similar with respect to their rights on voting, dividend board selection, first refusal and block voting.

4. Cumulative preference shares

2018	2017		2018	2017
Number of shares			Rupees	Rupees
80,000,000	80,000,000	Cumulative preference shares of Rs. 10/- each fully paid in cash.	800,000,000	800,000,000

4.1 The preference shares are non-voting, cumulative and redeemable. These are listed on Pakistan Stock Exchange. The holders are entitled to cumulative preferential dividend at 9.25% per annum on the paid up value of preference shares. In case profits in any year are insufficient to pay preferential dividend, the dividend will be accumulated and payable in next year.

4.2 In case the Company fails to redeem cumulative preference shares upon exercise of put options by the holders for any two consecutive years, the holders were entitled to convert the cumulative preference shares into ordinary shares at a price equal to lower of:

a) 75% of market value of shares or
b) 75% of book value (break up value) or
c) face value of shares

The date to exercise put options have been expired on September 25, 2010.

4.3 The holders of 55,080,498 cumulative preference shares called upon to convert preference shares into ordinary shares due to non-redemption of their holding on exercise of put options for two consecutive years. The Company proposed to issue new ordinary shares to preference shareholders holding 49,984,998 cumulative preference shares who have called upon to convert their shares, as per conversion formula laid down in the Prospectus (Refer above 4.2) and Articles of Association of the Company. In view of the reservations, one of the investors filed application under Section 474 of the Companies Ordinance 1984 before the Securities and Exchange Commission of Pakistan which was not entertained by the SECP and Appellate bench being out of domain of Companies Ordinance 1984. SECP has initiated preceding in the court of district and session judge at Karachi alleging trading activities of shares of the company in the manner prohibited under section 17 of Securities and Exchange Ordinance 1969. Since the subject matter of value for conversion of preference shares into ordinary shares is subjudice, the management will issue new ordinary shares on the disposal of the case filed by SECP. The matter of conversion of balance 5,095,500 cumulative preference shares is also pending till the resolution of matter in the court.

4.4 The cumulative preference shares have been classified as part of equity capital in accordance with the terms and conditions of issue, taking into consideration the classification of share capital as indicated in the various provisions of the Companies Ordinance, 1984. Further the contradictions between classification of share capital in the various provisions of the Companies Ordinance, 1984 and International Accounting Standards is pending for clarification before the Securities and Exchange Commission of Pakistan.

4.5 The company has executed agreement with a banking company to buy back cumulative preference shares amounting to Rs. 100 million. The company will pay purchase consideration in installments commencing from year 2023.

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Opening balance		5,761,095,295	5,198,671,152
Surplus arisen on revaluation carried out during the year		-	539,975,000
Incremental depreciation on revalued assets for the year		(21,751,932)	(22,671,239)
Deferred tax reversed on surplus	10.2	-	45,120,382
		5,739,343,363	5,761,095,295

5.1 Freehold land was revalued by M/S Protectors as on 30 September 2016 on the basis of market values and was incorporated in financial statements for the second quarter ended on December 31, 2016 which was notified by the board in board meeting of February 27, 2017. However valuation of other assets was not carried out as significant variation in value was not expected.

5.2 Previously such revaluation of freehold land, Building on freehold land, plant and machinery, electronic installations and generators were carried at on the basis of market Forced sale value of revalued asset at the date of revaluation was Rs. 8,852,929,275/- and had there been no revaluation the carrying values of those assets would have been of Rs. 5,035,160,255/- (refer note 15.2).

5.3 Effective 30 May 2017, the Companies Act, 2017 (Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). Section 235 of the repealed Ordinance related to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act. The said section of the repealed Ordinance specified the presentation relating to revaluation of property, plant and equipment which was not in accordance with the requirements of IAS 16 "Property Plant and Equipment" as applicable in Pakistan. Consequently, the Company changed its presentation for revaluation surplus on property, plant and equipment to bring it in conformity with the requirements of IAS 16 "Property Plant and Equipment ". Due to change in presentation, the revaluation surplus on property, plant and equipment is now presented in the statement of financial position and statement of changes in equity as a reserve i.e. part of equity.

5.4 Previously, the Company's presentation for surplus on revaluation of property, plant and equipment was in accordance with provision of Section 235 of the repealed Companies Ordinance, 1984. Had the presentation not being changed, the surplus on revaluation of property, plant and equipment would have been shown as a separate line item (below equity in the statement of financial position) amounting to Rs. 5,739,343,363/- (2017: Rs. 5,761,095,295/-).

	Note	2018 Rupees	2017 Rupees
6.			
Premium on issue of ordinary shares		120,000,000	120,000,000
Merger reserve	5.1	63,552,610	63,552,610
Preference shares redemption reserve	5.2	342,857,142	342,857,142
		526,409,752	526,409,752

6.1 It represents book difference of capital under schemes of arrangement for amalgamation.

6.2 It was created as per directive of State Bank of Pakistan and transferable into accumulated loss in due course as the dates of exercising put options for redemption have already been expired.

7. Revenue reserves

	Note	2018 Rupees	2017 Rupees
General reserve		76,432,834	76,432,834
(Accumulated loss)			
Opening balance		(9,100,280,197)	(8,141,737,768)
Total comprehensive loss for the year		(239,286,572)	(958,542,429)
		(9,339,566,769)	(9,100,280,197)
		(9,263,133,935)	(9,023,847,363)

8. Long term financing

	Note	2018 Rupees	2017 Rupees
Secured			
Under mark up arrangements			
From banking companies			
Fixed assets finance	8.1	239,227,233	239,227,233
Demand finances	8.1	1,305,200,000	1,305,200,000
Term finances	8.1	2,686,553,038	2,690,553,038
Long term finance	8.1	157,245,796	157,245,796
Dinishing mudarba		-	
From financial institutions			
Term finances	8.1	560,260,533	560,260,533
Long term finances	8.1	78,791,139	78,791,139
Not subject to mark up			
From financial institutions			
Term finance IX	8.2	-	58,351,091
Term finance XI	8.3	74,000,000	74,000,000
		5,101,277,739	5,163,628,830
Less : Current portion			
Installments over due		2,952,338,753	2,604,042,792
Payable within one year		-	150,500,000
		2,952,338,753	2,754,542,792
		2,148,938,986	2,409,086,038
Unsecured from			
Directors	8.4	244,313,086	244,313,086
Associates	8.5	54,915,280	54,915,280
		2,448,167,352	2,708,314,404

8.1 The terms of repayment of finances are as under;

Nature of loans	Balance Rupees	Number of installments	Payment rests	Commencement date	Ending date	Markup rate
From banking companies:						
Fixed assets finance	239,227,233	10	Half yearly	30-Sep-10	31-Mar-15	6 Months KIBOR + 0.5% p.a
Demand finances						
III	65,000,000	15	Quarterly	26-Jun-10	26-Dec-13	3 Months KIBOR + 1.5% p
IV	146,000,000	10	Half yearly	30-Sep-10	31-Mar-15	6 Months KIBOR + 0.5% p.a
VII	1,094,200,000	**(Refer Note 8.1.1)**				
	1,305,200,000					
Term finances						
III	106,250,000	60	Monthly	01-Nov-09	01-Oct-14	1 Month KIBOR + 0.5% p.a
IV	462,852,000	20	Quarterly	30-Sep-10	30-Jun-15	3 Months KIBOR + 2.5% p.a with a floor of 11% p.a
V	121,000,000	10	Quarterly	30-Sep-10	31-Dec-12	3 Months KIBOR + 3% p.a with a floor of 12% p.a
VI	130,000,000	60	Monthly	01-Nov-09	01-Oct-14	1 Month KIBOR + 0.5%
X	490,865,000	**(Refer Note 8.1.2)**				
XI	844,497,000	**(Refer Note 8.1.3)**				
XII	531,089,038	**(Refer Note 8.1.4)**				
	2,686,553,038					
Long term finances						
IV	65,754,250	20	Quarterly	30-Sep-07	30-Jun-13	SBP rate + 2% p.a
VII	40,000,000	4	Half yearly	20-Jun-09	20-Dec-10	SBP rate + 2% p.a
VIII	38,433,050	14	Quarterly	01-Jan-07	31-Jan-11	SBP rate + 2% p.a
X	13,058,496	24	Quarterly	28-Mar-10	28-Dec-15	SBP rate + 2% p.a
	157,245,796					
From financial institutions:						
Term finances						
I	300,000,000	20	Quarterly	01-Mar-11	01-Dec-15	6 M KIBOR + 2.5% p.a
II	93,750,000	60	Monthly	23-Jan-11	23-Dec-15	6 M KIBOR + 3% p.a with a floor of 10% p.a and rebate of 6% p.a during the grace period.
III	47,916,667	60	Monthly	27-Jan-11	27-Dec-15	6 M KIBOR + 3% p.a with a floor of 10% p.a and rebate of 6% p.a during the grace period.
IV	37,500,000	8	Quarterly	01-Mar-11	01-Dec-12	6 M KIBOR + 3% p.a
V	48,537,616	12	Quarterly	29-Jul-11	29-Apr-14	3 M KIBOR + 2.5% p.a
VI	17,578,125	16	Quarterly	29-Apr-09	29-Jan-13	6 M KIBOR + 3% p.a
VII	14,978,125	16	Quarterly	29-Apr-09	29-Jan-13	6 M KIBOR + 3% p.a
	560,260,533					
Long term finances						
II	3,090,689	36	Monthly	09-Jan-07	09-Dec-09	SBP rate + 2% p.a
III	12,586,768	48	Monthly	28-Apr-07	28-Mar-11	SBP rate + 2% p.a
IV	24,737,636	9	Half yearly	31-Dec-07	31-Dec-12	SBP rate + 2% p.a
V	12,179,477	13	Quarterly	31-Mar-07	28-Feb-10	SBP rate + 2% p.a
VI	18,888,895	13	Quarterly	31-Mar-07	28-Feb-11	SBP rate + 2% p.a
VII	7,307,674	13	Quarterly	31-Mar-07	31-Mar-11	SBP rate + 2% p.a
	78,791,139					

The loans are secured against first charge over fixed assets of the Company ranking pari passu with the charges created in respect of export and running finances (Refer Note 13.2) and murabaha finances (Refer Note 13.3). These are further secured by personal guarantee of directors of the Company.

The effective rate of mark up charged during the year ranges from 5% to 9% per annum.

8.1.1 The loan is repayable as under ;

No. of installments	Installment amount	Balance amount	Commencing from	Ending on
1	20,000,000	14,700,000	30-Sep-15	-
27	20,000,000	540,000,000	31-Dec-15	30-Jun-22
8	41,850,000	334,800,000	30-Sep-22	30-Jun-24
4	44,350,000	177,400,000	30-Sep-24	30-Jun-25
1	27,300,000	27,300,000	30-Sep-25	-
41		1,094,200,000		

It is subject to mark up at the rate of 5% per annum. Overdue mark up plus mark up for the period till September 30, 2025 will be repaid in 20 equal instalments commencing from December 30, 2025 and ending on September 30, 2030 (Refer Note 10). The securities have been disclosed in Note 8.1 above.

8.1.2 Total amount of the loan was Rs. 499.581 million out of which Rs. 6 million was payable in 12 equal monthly installments commenced from July 01, 2011 and ended on June 01, 2012, Rs. 243.581 million is payable in 54 equal monthly installments commenced from July 01, 2012 and ended on December 01, 2016 and terms of repayment of balance amount of Rs. 250 million are not decided.

It is subject to mark up at the rate of 9% per annum. Markup will be deferred and will be repaid in 34 monthly installments commencing from January 2017 and ending on October 2019 (Refer Note 10). Markup accrual and deferral has been suspended due to filing of case for recovery by the lender.

8.1.3 Short term finance of Rs 672.265 million (Refer Note.13), Term Finance II Rs.191.482 million and Term Finance VIII Rs. 118.750 million was converted into long term loan. It is repayable as under;

No. of installments	Installment amount	Total amount	Commencing from	Ending on
8	500,000	4,000,000	31-05-17	31-12-17
12	1,000,000	12,000,000	31-01-18	31-12-18
12	2,000,000	24,000,000	31-01-19	31-12-19
12	5,000,000	60,000,000	31-01-20	31-12-20
24	10,000,000	240,000,000	31-01-21	31-12-22
11	43,160,000	474,760,000	31-01-23	30-11-23
1	33,737,000	33,737,000	31-12-23	
24		848,497,000		

Outstanding markup of Rs 33.056 million plus interest on outstanding principal calculated at the rate of 50% of the interest rate declared by the State Bank of Pakistan for relevant years is payable in 12 monthly installments starting from 01-01-2024 till 31-12-2024.

8.1.4 Short term finance of Rs 549.089 million (Refer Note.13) was converted into long term loan during the year. Outstanding amount is repayable as under;

No. of installments	Installment amount	Total amount	Commencing from	Ending on
5	1,000,000	5,000,000	31-Dec-16	30-Apr-17
6	5,500,000	33,000,000	31-May-17	30-Nov-17
12	4,000,000	48,000,000	31-Dec-17	30-Nov-18
12	5,000,000	60,000,000	31-Dec-18	30-Nov-19
12	6,000,000	72,000,000	31-Dec-19	30-Nov-20
12	7,000,000	84,000,000	31-Dec-20	30-Nov-21
12	9,000,000	108,000,000	31-Dec-21	31-Oct-22
11	10,000,000	110,000,000	31-Dec-22	31-Oct-23
1	11,089,000	11,089,000	30-Nov-23	-
78		531,089,000		

8.2 Mark up of Rs. 58.351 million outstanding as at November 30, 2009 has been converted into term finance IX. It was repayable in 4 equal quarterly installments commenced from September 01, 2010 and ended on June 01, 2011. It is not subject to mark up. The securities are disclosed in Note 8.1.

8.3 It is payable in 47 monthly installments as under;

No. of	Installment amount	Total amount	Commencing	Ending on
1	500,000	500,000	5-Dec-13	-
12	1,000,000	12,000,000	5-Jan-14	5-Dec-14
12	1,500,000	18,000,000	5-Jan-15	5-Dec-15
12	2,000,000	24,000,000	5-Jan-16	5-Dec-16
9	2,000,000	18,000,000	5-Jan-17	5-Sep-17
1	1,500,000	1,500,000	5-Oct-17	-
47		74,000,000		

It is secured against first charge over fixed assets of the Company.

8.4 These are interest free. Directors' loan of Rs. 196.617 million (2017: Rs. 196.617 million) is subordinated to fixed assets finance and term finances III, VI, VII and X and long term finance VII from banking companies and term finances IV, V, VI and VII from financial institutions. Terms of repayment of these loans have not been decided so far. The loans are stated at cost as there is no likelihood of repayment of these loans during the year.

8.5 These are interest free. These loans are recognised at amortised cost. Loans amounting to Rs 37.58 million (2017: Rs. 37.58 million) are repayable in lump sum after June 30,2020 and loans amounting Rs 27.65, million (2017: Rs. 27.65) are repayable in lump sum on June 30, 2017. Using prevailing market interest rate for an equivalent loan of 10.12% for loans payable after June 30, 2020 and 9.25% for loans payable on June 30, 2017, the fair value of these loans is estimated at Rs. 54.91 million (2017: Rs 54.91 million). The difference of Rs. 10.31 million (2017: Rs 10.31 million) between the gross proceeds and the fair value of these loans is the benefit derived from the interest free loans and is recognised as deferred revenue.

8.6 Terms and conditions of all above loans have been extracted from old facility letters / setellement agreements as updated documentation is not available due to pending disputes with the banks

	Note	2018 Rupees	2017 Rupees
9. Liabilities against assets subject to finance lease			
Opening balance		30,335,007	32,374,140
Paid / adjusted during the year		(1,632,463)	(2,039,133)
	9.2	28,702,544	30,335,007
Shown under current liabilities			
Installments over due		(28,702,544)	(20,938,773)
Payable within one year		-	(9,396,234)
		(28,702,544)	(30,335,007)
		-	-

9.1 These represent plant and machinery and generators acquired under separate lease agreements. The purchase option is available to the Company on payment of last installment and surrender of deposit at the end of the lease period.

9.2 The principal plus financial charges are payable over the lease period in monthly and half yearly installments. The liability represents the total minimum lease payments discounted at 11.27% to 17.13% per annum (2017 : 11.27% to 17.13% per annum) being the interest rates implicit in leases.

9.3 The future minimum lease payments to which the Company is committed as at the year end are as under:

	2018	2017
Year ending June 30,		
2017	-	-
2017	-	-
2019	36,111,453	37,743,916
	36,111,453	37,743,916
Financial charges		
Payable	(7,408,911)	(7,408,909)
Allocated to future periods	-	-
	(7,408,911)	(7,408,909)
	28,702,542	30,335,007

9.4 Reconciliation of minimum lease payments and their present value is given below:

	2018		2017	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	Rupees			
Due within one year	36,111,453	28,702,542	37,743,916	30,335,007
Due after one year but not later than five years	-	-	-	-
	36,111,453	28,702,542	37,743,916	30,335,007

10. Deferred liabilities

	Note	2018 Rupees	2017 Rupees
Deferred taxation		-	-
Staff retirement gratuity	10.1	138,621,902	140,008,365
Deferred taxation	10.2	-	-
Deferred mark up on:			
Demand finance VII	8.1.1	550,243,219	550,243,219
Term finance X	8.1.2	168,535,129	168,535,129
Liabilities against assets subject to finance lease	9.2	16,823,258	16,823,258
Term finance XI	8.1.3	77,772,252	77,772,252
		813,373,858	813,373,858
		951,995,760	953,382,223

10.1 Staff retirement gratuity

10.1.1 General description

The scheme provides terminal benefits for all employees of the Company who attain the minimum qualifying period of service as defined in the scheme. Annual charge is based on actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation is carried out as at June 30, 2018.

	Note	2018 Rupees	2017 Rupees
10.1.2 Balance sheet reconciliation as at June 30,			
Present value of defined benefit obligation		138,621,902	140,008,365
10.1.3 Movement in net liability recognized			
Opening balance		140,008,365	124,371,905
Charge for the year	10.1.4	37,340,224	39,793,065
Paid / adjusted during the year		(4,148,892)	(7,586,887)
Benefits payable		(13,757,339)	(8,923,568)
Remeasurement of obligation		(20,820,456)	(7,646,150)
Balance at June 30,		138,621,902	140,008,365
10.1.4 Charge for the year			
Service cost		23,710,019	31,051,126
Interest cost		13,822,668	8,741,939
		37,532,687	39,793,065
10.1.5 Principal actuarial assumptions			
Discount factor used		10% Per annum	7.25% Per annum
Expected rate of increase in salaries		10% Per annum	7.25% Per annum
Expected average remaining working lives of participating employees		10 years	10 years

10.1.6 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Reworked defined benefit obligation	
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	100 bps	124,427,900	141,763,379
Salary increase rate	100 bps	142,315,222	123,793,370

10.1.7 The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied as for calculating the liability of staff retirement gratuity.

10.2 Deferred taxation

	Note	2018	2017
Opening balance		-	48,488,868
(Reversed) during the year on surplus		-	(45,120,382)
Deferred tax related to incremental depreciation transferred to unappropriated profit		-	(4,675,834)
Deferred tax related to remeasurement of staff retirement gratuity		-	1,307,348
	10.2.1	-	-

10.2.1 It comprises of the followings:

	2018	2017
Deferred tax liability :		
Difference in tax and accounting bases of property, plant and equipment	1,017,697,376	1,050,825,072
Deferred tax assets :		
Unadjusted tax losses	(1,159,261,784)	(1,159,261,784)
Staff retirement gratuity	(23,701,735)	(23,938,794)
Lease liability	(4,907,594)	(5,186,715)
Unrecognised Deferred Tax Asset	170,173,737	137,562,221
	-	-

10.2.1.1 In absence of future taxable profits projections, amount of Rs. 170,173,737 (2017: Rs. 137.265 million) has not been recognized as deferred tax asset.

	Note	2018 Rupees	2017 Rupees
11. Trade and other payables			
Creditors		1,023,298,668	1,021,456,896
Accrued liabilities		155,849,900	101,547,728
Advance from customers		358,173,151	367,598,038
Unclaimed dividend		-	-
Other		2,770,221	2,787,668
		1,972,091,940	1,925,390,330
12. Interest / markup payable			
Interest / mark up payable on:			
Long term financing		536,597,965	492,641,849
Liabilities against assets subject to finance lease		7,408,911	7,408,909
Short term bank borrowings		681,291,000	687,016,864
		1,225,297,876	1,187,067,622
13. Short term bank borrowings			
Secured			
Under mark up arrangements			
Export finances	13.2	3,668,552,114	3,669,073,443
Finance against trust receipts	13.2	18,304,000	18,304,000
Running finance	13.2	437,588,483	437,588,483
Murabaha finances	13.3	220,550,000	217,533,000
		4,344,994,597	4,342,498,926

13.1 The aggregate unavailed short term borrowing facilities available to the Company are nil (2017: Rs. Nill). Total sanctioned limits are Rs. 5.17 billion (2017: Rs. 5.17 billion) out of which limits of Rs. 5.17 billion (2017: Rs 5.17 billion) are expired and renewable.

13.2 These are secured against first charge over current assets of the Company , lien on import / export documents and second charge over current and fixed assets of the Company. These are further secured by personal guarantee of directors of the Company and mortgage of property and corporate guarantee. Certain export and running finances are further secured against first charge over fixed assets of the Company ranking pari pasu with the charges created in respect of long term financing (Refer Note 8.1) and murabaha finances (Refer Note 13.3). Export finances of Rs. 374.13 million (2017: Rs. 374.13 million) are also secured against equitable mortgage / deposit of title deeds of personal properties of directors and an associate. Un-expired loans were subject to mark up at the rate of one month KIBOR plus 0.5% per annum and three months KIBOR plus 0.5% per annum during previous year. Mark up charged on these loans during the year ranges from 6.68% to 10.28% per annum (2017: 6.68 to 10.28% per annum).

13.3 These are secured against first charge over fixed assets of the Company ranking pari passu with the charges created in respect of long term financing (Refer Note 8.1) and export and running finances (Refer Note 13.2). These are further secured by personal guarantee of directors of the Company. Un-expired loans were subject to mark up at the rate of six months KIBOR plus 1% per annum and KIBOR plus 2% per annum during previous year. Mark up charged on these loans during the year ranges from 7.04% to 9.07% per annum (2017: 7.04% to 9.07% per annum).

13.4 Terms and conditions of all above loans have been extracted from old facility letters / setellement agreements as updated documentation is not availabledue to pendign disputes with the banks

14. CONTINGENCIES AND COMMITMENTS

Contingencies

In respect of bank guarantees issued on behalf of the Company Sui Northern Gas Pipelines Limited for supply of gas	26,131,300	26,131,300
Demand of wealth tax not acknowledged in view of pending appeals	1,016,400	1,016,400
Liability of workers' welfare fund not acknowledged. The Company is claiming exemption from levy The Company is claiming exemption from levy	-	-
Demands of Employees' Old Age Benefits Institution and Punjab Employees' Social Security Institution are not acknowledged in view of pending litigation	37,018,122	37,018,122
Liability of markup not acknowledged in view of Company's request for availing non serviceable grace period on the outstanding liabilities. Mark up has been calculated at the last agreed mark up rates.	1,021,686,391	1,021,686,391
Liability of Gas Infrastructure development cess not acknowledged in view of pending petitions	19,019,198	19,019,198
Cases are pending before Foreign Exchange adjudication officer, State Bank of Pakistan for non repatriation of export proceeds within prescribed times. The default may attract penalties. The financial impact cannot be determined at this stage	-	-
Certain lenders have filed cases for recovery of long term and short term finances with claim of cost of funds. The claim has not been acknowledged due to pending litigation. Amount of claim cannot be determined at this stage.	-	-
Dividend for cumulative preference shares will be accumulated and payable in the ensuing years when the sufficient amount of profit will be available for appropriation.	342,360,000	319,309,000

Commitments

There was no commitments as on 30 June 2018 (2017: Nil)

15. Property, plant and equipment

Operating assets

	Company owned										Under lease				
	Freehold land	**Building on freehold land**	**Plant and machinery**	**Electric installations**	**Generators**	**Factory equipment**	**Furniture and fixture**	**Office equipment**	**Vehicles**	**Sign boards**	**Sub total**	**Building**	**Plant and machinery**	**Generators**	**Sub total**	**Total**
	---Rupees---															
At July 01, 2016																
Cost / revaluation	2,191,885,000	1,719,007,480	6,258,904,811	261,874,000	365,599,000	76,475,185	39,108,524	84,178,308	37,503,330	525,248	11,035,060,886	7,405,200	203,768,114	65,966,667	277,139,981	11,312,200,867
Accumulated depreciation	-	(68,760,299)	(97,719,793)	(10,474,960)	(18,279,950)	(56,603,591)	(26,307,358)	(62,063,610)	(28,381,004)	(472,514)	(369,063,079)	(2,065,772)	(60,002,196)	(32,154,281)	(94,222,249)	(463,285,328)
Net book value	2,191,885,000	1,650,247,181	6,161,185,018	251,399,040	347,319,050	19,871,594	12,801,166	22,114,698	9,122,326	52,734	10,665,997,807	5,339,428	143,765,918	33,812,386	182,917,732	10,848,915,539
Year ended June 30, 2017																
Opening net book value	2,191,885,000	1,650,247,181	6,161,185,018	251,399,040	347,319,050	19,871,594	12,801,166	22,114,698	9,122,326	52,734	10,665,997,807	5,339,428	143,765,918	33,812,386	182,917,732	10,848,915,539
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation	539,975,000										539,975,000					539,975,000
Cost	-	-	-	-	-	-	-	-	(2,303,187)	-	(2,303,187)	-	-	-	-	(2,303,187)
Accumulated depreciation	-	-	-	-	-	-	-	-	2,066,355	-	2,066,355	-	-	-	-	2,066,355
	-	-	-	-	-	-	-	-	(236,832)	-	(236,832)	-	-	-	-	(236,832)
Depreciation charge	-	(66,009,887)	(97,719,793)	(10,474,960)	(17,365,953)	(1,987,159)	(1,280,117)	(2,211,470)	(1,809,542)	(5,273)	(198,864,154)	(121,397)	(2,280,207)	(1,690,619)	(4,092,223)	(202,956,377)
Closing net book value	2,731,860,000	1,584,237,294	6,063,465,225	240,924,080	329,953,097	17,884,435	11,521,049	19,903,228	7,075,952	47,461	11,006,871,821	5,218,031	141,485,711	32,121,767	178,825,509	11,185,697,330
At July 01, 2017																
Cost / revaluation	2,731,860,000	1,719,007,480	6,258,904,811	261,874,000	365,599,000	76,475,185	39,108,524	84,178,308	35,200,143	525,248	11,572,732,699	7,405,200	203,768,114	65,966,667	277,139,981	11,849,872,680
Accumulated depreciation	-	(134,770,186)	(195,439,586)	(20,949,920)	(35,645,903)	(58,590,750)	(27,587,475)	(64,275,080)	(28,124,191)	(477,787)	(565,860,878)	(2,187,169)	(62,282,403)	(33,844,900)	(98,314,472)	(664,175,350)
Net book value	2,731,860,000	1,584,237,294	6,063,465,225	240,924,080	329,953,097	17,884,435	11,521,049	19,903,228	7,075,952	47,461	11,006,871,821	5,218,031	141,485,711	32,121,767	178,825,509	11,185,697,330
Year ended June 30, 2018																
Opening net book value	2,731,860,000	1,584,237,294	6,063,465,225	240,924,080	329,953,097	17,884,435	11,521,049	19,903,228	7,075,952	47,461	11,006,871,821	5,218,031	141,485,711	32,121,767	178,825,509	11,185,697,330
Additions	-	-	2,542,410	3,099,598	-	-	-	6,448	804,900	-	6,453,356	-	-	-	-	6,453,356
Surplus on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals:																
Cost	-	-	-	-	-	-	-	-	(3,560,568)	-	(3,560,568)	-	-	-	-	(3,560,568)
Accumulated depreciation	-	-	-	-	-	-	-	-	3,366,171	-	3,366,171	-	-	-	-	3,366,171
	-	-	-	-	-	-	-	-	(194,397)	-	(194,397)	-	-	-	-	(194,397)
Depreciation charge	-	(63,369,492)	(97,720,727)	(10,568,854)	(16,497,655)	(1,788,444)	(1,152,105)	(1,990,968)	(1,449,885)	(4,746)	(194,542,876)	(121,397)	(2,279,273)	(1,606,088)	(4,006,758)	(198,549,634)
Closing net book value	2,731,860,000	1,520,867,802	5,968,286,908	233,454,824	313,455,442	16,095,991	10,368,944	17,918,708	6,236,570	42,715	10,818,587,904	5,096,634	139,206,438	30,515,679	174,818,751	10,993,406,655
At June 30, 2018																
Cost / revaluation	2,731,860,000	1,719,007,480	6,261,447,221	264,973,598	365,599,000	76,475,185	39,108,524	84,184,756	32,444,475	525,248	11,575,625,487	7,405,200	203,768,114	65,966,667	277,139,981	11,852,765,468
Accumulated depreciation	-	(198,139,678)	(293,160,313)	(31,518,774)	(52,143,558)	(60,379,194)	(28,739,580)	(66,266,048)	(26,207,905)	(482,533)	(757,037,583)	(2,308,566)	(64,561,676)	(35,450,988)	(102,321,230)	(859,358,813)
Net book value	2,731,860,000	1,520,867,802	5,968,286,908	233,454,824	313,455,442	16,095,991	10,368,944	17,918,708	6,236,570	42,715	10,818,587,904	5,096,634	139,206,438	30,515,679	174,818,751	10,993,406,655
Annual rate of depreciation (%)		4	-	-	05	10	10	10	20	10		-	-	05		

	Note	2017 Rupees	2016 Rupees		
15.1 Depreciation for the year has been allocated as under:					
Cost of goods manufactured	26.1	193,951,930	197,649,975	83,562	
Administrative expenses	28	4,597,704	5,306,402		41,722
		198,549,634	202,956,377		

15.2 Had there been no revaluation, related figures of freehold land, building on freehold land, plant and machinery, electric installations and generators as at June 30, 2018 and 2017 would have been as follows:

2018			
Description	**Cost**	**Accumulated depreciation**	**Written down value**
	---------Rupees-----------		
Freehold land	88,714,638	-	88,714,638
Building on freehold land	2,113,125,299	972,645,648	1,140,479,651
Plant and machinery	5,629,167,141	2,051,123,649	3,578,043,492
Electric installations	307,877,261	166,822,846	141,054,415
Generators	245,077,888	158,209,829	86,868,059
	8,383,962,227	3,348,801,972	5,035,160,255

2017			
Description	**Cost**	**Accumulated depreciation**	**Written down value**
	---------Rupees-----------		
Freehold land	88,714,638	-	88,714,638
Building on freehold land	2,113,125,299	925,125,663	1,187,999,636
Plant and machinery	5,626,624,731	1,953,402,922	3,673,221,809
Electric installations	304,777,663	154,537,845	150,239,818
Generators	245,077,888	153,637,826	91,440,062
	8,378,320,219	3,186,704,256	5,191,615,963

16. Long term deposits	Note	Rupees	Rupees
Lease key money		1,679,435	3,311,898
Security deposits		12,636,768	12,636,768
		14,316,203	15,948,666
Less: Current portion - Lease key money		1,679,435	3,311,898
		12,636,768	12,636,768

17. Stores, spares and loose tools

Stores	27,700,410	56,081,654
Spares	8,490,388	11,283,058
Loose tools	-	-
	36,190,798	67,364,712

18. Stock in trade

Raw material	1,130,424	8,099,205
Work in process	17,319,498	6,462,587
Finished goods	11,238,383	18,079,178
Waste	106,674	134,154
	29,794,979	32,775,124

Stock in trade at net realizable value is Nil (2017: Nil).

19. Trade debts

Considered good		
Secured		
Foreign	7,485,243	7,485,243
Unsecured		
Foreign	1,691,735,048	1,668,088,376
Local	28,989,640	30,075,132
	1,720,724,688	1,698,163,508
	1,728,209,931	1,705,648,751

20. Loans and advances

Considered good		
Loans to employees		
Executives	-	-
Others	762,237	868,365
Advances		
Suppliers / contractors	20,904,201	23,608,821
Income tax	30,008,710	16,689,105
	51,675,148	41,166,291

21. Deposits and prepayments

Deposits			
Security deposits		1,292,858	1,292,858
Current portion of long term deposits	16	1,679,435	3,311,898
Guarantee / export margin		7,686,327	7,644,616
Prepayments		173,613	368,813
		10,832,233	12,618,185

22. Other receivables

Export rebate / duty drawback	14,752,696	25,054,636
Excise duty	2,448,852	2,448,852
Other	937,838	-
	18,139,386	27,503,488

23. Tax refunds due from Government

Sales tax	14,859,454	18,892,432
Income tax	14,307,379	14,307,379
	29,166,833	33,199,811

24. Cash and bank balances

Cash in hand	1,179,881	7,739,420
Cash at banks		
In current accounts	17,610,159	20,682,653
	18,790,040	28,422,073

25. Sales

	Note		
Export			
Fabrics / made ups / garments	25.1	384,588,574	482,977,022
Add: Export rebate / duty drawback		4,255,954	21,022,314
		388,844,528	503,999,336
Less:			
Commission		3,821,804	1,289,605
Discount		-	-
		3,821,804	1,289,605
		385,022,724	502,709,731
Local			
Yarn		1,670,000	540,802,124
Fabrics / made ups		180,419,887	373,757,298
Processing, conversion and stitching charges		348,797,052	347,183,089
		530,886,939	1,261,742,511
		915,909,663	1,764,452,242

25.1 It includes exchange gain of Rs 24,760,660 /- (2017: Rs. 720,259/-).

26. Cost of sales

	Note		
Cost of goods manufactured	26.1	1,074,146,241	2,378,666,139
Finished goods			
Opening stock		18,213,332	132,687,868
Closing stock		(11,345,057)	(18,213,332)
		6,868,275	114,474,536
Cost of sales		1,081,014,516	2,493,140,675

26.1 Cost of goods manufactured

	Note		
Raw material consumed	26.1.1	440,913,559	1,093,366,719
Salaries, wages and benefits		175,172,103	216,280,804
Staff retirement benefits		27,878,908	31,834,452
Stores and spares		72,292,538	90,426,683
Dyes and chemicals		37,250,023	39,288,443
Packing material		29,265,117	39,915,495
Repairs and maintenance		1,399,709	3,469,451
Fuel and power		28,510,839	124,097,624
Insurance		-	2,169,161
Depreciation	15.1	193,951,930	197,649,975
Loss on sale of stores, spare parts and loose tools	26.1.2	-	320,796,407.94
Other		78,368,432	114,982,430
		1,085,003,152	2,274,277,645
Work in process			
Opening stock		6,462,587	110,851,081
Closing stock		(17,319,498)	(6,462,587)
		(10,856,911)	104,388,494
		1,074,146,241	2,378,666,139

26.1.1 Raw material consumed

Opening stock	8,099,205	91,118,913
Purchases including purchase expenses	433,944,778	1,010,347,011
	442,043,983	1,101,465,924
Closing stock	(1,130,424)	(8,099,205)
	440,913,559	1,093,366,719

26.1.2

Value of Stores, Spare Parts and loose tools Sold	-	365,334,904
Sale proceeds	-	(44,538,496)
	-	320,796,408

27. Selling and distribution expenses

Advertisement and publicity	54,998	84,528
Carriage and freight	13,805,833	4,817,695
Export clearing and forwarding	5,371,304	5,209,586
Export development surcharge	914,617	1,255,973
Other	2,982,557	1,394,051
	23,129,309	12,761,833

28. Administrative expenses

	Note	2018 Rupees	2017 Rupees
Directors' remuneration		-	3,900,000
Salaries and benefits		62,456,549	68,660,287
Staff retirement benefits		9,461,316	7,958,613
Electricity		655,177	686,643
Postage, telephone and telex		2,346,732	2,923,152
Vehicles running and maintenance		6,366,623	8,414,579
Travelling and conveyance		4,793,527	14,267,555
Printing and stationery		954,674	1,506,719
Entertainment		3,807,385	3,645,290
Fees and subscriptions		6,995,478	2,435,554
Legal and professional		9,700,500	4,042,800
Rent, rates and taxes		1,145,399	1,246,142
Auditors' remuneration	28.1	690,000	1,064,800
Repairs and maintenance		296,320	1,076,947
Depreciation	15.1	4,597,704	5,306,402
Insurance		1,060,863	250,796
Other		48,095	76,484
		115,376,342	127,462,763

28.1 Auditors' remuneration

Audit fee	630,000	840,000
Half yearly review	-	184,800
Out of pocket expenses	60,000	40,000
	690,000	1,064,800

29. Other income

Income from assets other than financial assets:		
Sale of waste material	967,447	1,370,265
Rental income	36,174,635	14,475,891
Gain on disposal of operating assets	155,603	363,168
Balances written back - net	14,462,161	19,164,794
	51,759,846	35,374,118

30. Finance cost

Interest / mark up on:			
Long term financing	30.1	-	79,450,632
Liabilities against assets subject to finance lease		-	1,776,362
Short term bank borrowings	30.1	4,759,394	51,084,245
Bank charges and commission		4,457,684	4,825,353
		9,217,078	137,136,592

30.1 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 and short term borrowings along with outstanding mark up thereon (except demand finance VII, term finance XI, own source finance and murabaha finance) 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 and short term finances has been made as the mark up expense amount depends on the outcome of the application.

31. Provision for taxation

	Note	2018 Rupees	2017 Rupees
Current			
For the year		20,791,224	21,162,754
For prior years		-	390,047
Deferred	31.1	-	-
		20,791,224	21,552,801

31.1 Deferred tax on surplus on revaluation of assets has been provided during last year to the extent of net deferred tax liability after adjustment of deductible temporary differences.

31.2 The relationship between tax expense and accounting loss

The relationship between tax expense and accounting loss has not been presented in these financial statements as the income from local sales is not subject to tax due to tax losses, income from export sales and related services is subject to final tax under section 153 ,154 and 169 of the Income Tax Ordinance, 2001 and rental income is separately subject to tax under normal tax regime .

32. Loss per share- Basic and diluted

		2018	2017
Loss for the year	Rupees	(281,858,960)	(992,228,304)
Weighted average number of ordinary shares outstanding during the year	Numbers	115,000,000	115,000,000
Earnings per share- Basic and diluted	Rupees	(2.45)	(8.63)

32.1 There is no dilutive effect on the basic earning per share of the Company.

33. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2018			2017		
	Chief Executive Officer	**Director**	**Executives**	**Chief Executive Officer**	**Director**	**Executives**
	---- Rupees ----					
Remuneration	-	-	4,428,998	1,600,000	1,000,000	5,870,597
House rent allowance	-	-	1,328,699	480,000	300,000	1,893,321
Medical allowance	-	-	442,900	160,000	100,000	587,058
Utility allowance	-	-	442,900	160,000	100,000	498,894
	-	-	6,643,497	2,400,000	1,500,000	8,849,870
Number of persons	-	-	3	1	2	5

34. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertaking, directors and key management personnel. Amounts due to and due from related parties are shown under relevant notes to the financial statements. Remuneration to Chief Executive Officer, Directors and Executives is disclosed in Note 33. There is no other significant transaction with related parties.

35. INSTALLED CAPACITY AND ACTUAL PRODUCTION

Textile Product	Unit	Rated capacity per annum		Actual production per annum	
		2018	**2017**	**2018**	**2017**
Fabrics	Mtrs	9,000,000	9,000,000	642,250	730,732
Made ups	Mtrs	59,000,000	59,000,000	425,211	525,710
Garments	Mtrs	3,500,000	3,500,000	395,525	615,902

Reasons for shortfall

- Closure due to load management by suppliers of gas and electricity.
- Financial problems being faced by the Company.
- It is difficult to describe precisely the production capacity of textile products being manufactured since it fluctuates widely depending upon various factors such as simple / multi-function articles, small and large size articles, special articles and the pattern of articles adopted.

36. NUMBER OF EMPLOYEES

	2018	**2017**
	------Numbers--------	
Total number of employees as at June 30,	1270	1,804
Total number of factory employees as at June 30,	1042	1,925
Average number of employees for the year	1,295	2,035
Average number of factory employees for the year	1517	2415

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimize risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

	2018 Rupees	2017 Rupees

37.1 FINANCIAL INSTRUMENTS BY CATEGORY

	2018 Rupees	2017 Rupees
Financial assets:		
Loans and receivables at amortised cost		
Trade debts	1,728,209,931	1,705,648,751
Loans and advances	762,237	868,365
Deposits	10,832,233	25,254,953
Other receivables	-	-
Cash and bank balances	18,790,040	28,422,073
	1,758,594,441	1,760,194,142
Financial liabilities:		
Financial liabilities at amortised cost		
Long term financing	5,400,506,105	5,462,857,196
Liabilities against assets subject to finance lease	28,702,544	30,335,007
Trade and other payables	1,181,918,789	1,126,158,363
Interest / markup payable	1,225,297,876	1,187,067,622
Short term bank borrowings	4,344,994,597	4,342,498,926
	12,181,419,911	12,148,917,114

37.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

37.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company is exposed to concentration of credit risk towards the major customers M/S Alam B.V. Raaigars Holland, M/S C.G.I Limited UAE and M/S Chenone Stores Limited. The trade debts receivable from these customers constitute 72.07% (2017: 72.67%) of the total receivables. The maximum exposure to credit risk at the reporting date is as follows:

	2018 Rupees	2017 Rupees
Trade debts	1,728,209,931	1,705,648,751
Loans and advances	762,237	868,365
Deposits	10,832,233	25,254,953
Other receivables	-	-
Bank balances	17,610,159	20,682,653
	1,757,414,560	1,752,454,722

Due to the Company's long standing relations with counter parties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Company.

For trade debts, credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The majority of customers of the Company are situated in Pakistan.

The Company's most significant customers are industrial users of yarn, foreign departmental stores and trading houses. The break-up of amounts due from customers is as follows:

	2018 Rupees	2017 Rupees
Alam B.V. Raaigars Holland	428,190,433	428,190,433
C.G.I. Limited U.A.E	807,215,615	807,215,615
Chenone Stores Limited	1,380,000	4,380,000
Other customers	491,423,883	465,862,703
	1,728,209,931	1,705,648,751

The aging of trade debts as at balance sheet date is as under:

	2018 Rupees	2017 Rupees
Not past due	12,827,714	23,327,749
Past due within one year	7,348,538	93,627,512
Past due over one year	1,708,033,679	1,588,693,490
	1,715,382,217	1,682,321,002
	1,728,209,931	1,705,648,751

The management is taking measures for the recovery of past due trade debts and continuously pursuing the recovery through negotiations with the customers. The company has initiated the legal proceedings for recovery against some 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 recognition of any impairment. The credit risk exposure is limited in respect of bank balances as bank balances are placed with local banks having good credit rating from international and local credit rating agencies.

37.2.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of interest rate risk arises from long term and short term borrowings from banks. The Company is not providing markup on long term and short term borrowings as referred in Note 30.1. The interest rate profile of the Company's other interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not effect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

Had interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, loss for the year and negative equity would have been higher / lower by Rs. 97.442 million (2017: Rs. 26.990 million). The impact of variation in interest rate has been considered only of borrowings in respect of which mark up has been provided in these financial statements.

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign debtors and bills payable. The total foreign currency risk exposure on reporting date amounted to Rs.0.002/- million (2017: Rs. 1,783.931 million).

At June 30, 2018, if the currency had weakened / strengthened by 5% against the foreign currencies with all other variables held constant, loss for the year and negative equity would have been lower / higher by Rs 84.961 million (2017: Rs. 80.95 million)

iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. The Company is not exposed to equity price risk.

37.3 Fair values of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

37.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Debt is calculated as total external borrowings ('long term financing', ' liabilities against assets subject to finance lease' and 'short term borrowings' as shown in the balance sheet). Equity comprises of shareholders' equity as shown in the balance sheet under 'share capital and reserves' and subordinated long term finance from directors.

The information relating to capital employed by the Company as of June 30, 2017 and 2016 were as follows:

37.5 Overdue anc current portion of loans and mark up

On the reporting date, the installments of long term financing amounting to Rs.2,952.339 million (2017:Rs.2,754.543 million) along with mark up of Rs.536.598 million (2017: Rs. 492.642 million), lease finances amounting to Rs.28.703 million (2017: Rs. 30.335 million) along with mark up of Rs.7.409 million (2017: Rs.7.409 million) and short term borrowings amounting to Rs. 4,344.995 million (2017: Rs. 4,342.499 million) along with mark up of Rs.681.291 million (2017: Rs. 687.017 million) were over due to be paid in next year.

On reporting date, the carrying amount of loans relevant to above loan were long term financing Rs. 5,101.278 million (2017: Rs.5,163.929 million), lease finances Rs. 28.702 million (2017: Rs.30.335 million) and short term borrowings Rs. 4,377.113 million (2017: Rs. 4,987.890 million).

The company has executed an agreement with one of the lender to restructure the loans. As per agreement outstanding loan of Rs. 1,242.168 million and markup of Rs. 25.010 million have been rescheduled. The Company's requests for restructuring of the overdue loans and markup and conversion into non serviceable loans for reasonable period of time are pending with the other lenders (Refer Note 30.1).

38. IMPACTS OF COVID-19 ON THE FINANCIAL STATEMENTS

A novel strain of corona virus (COVID-19) that was classified as a pandemic by the World Health Organization in March 2020, impacting countries globally. This pandemic has significantly affected all segments of economy. The fair value determination at the measurement date has become more challenging due to the uncertainty of the economic impact of COVID-19. The Company expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and management have evaluated and concluded that there is no additional uncertainty other than those disclosed at note 1.3 and there are no material implications of COVID-19 impacts that requires disclosures/ adjustments in these financial statements.

39. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There is no any event after the statement of financial position date causing any adjustment to / disclosure in financial statements.

40. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue on **15 June 2021** by the Board of Directors of the Company.

41. GENERAL

Figures have been rounded off to the nearest Rupee except where mentioned rounding off in Rupees in thousands.

MUHAMMAD NAEEM
(DIRECTOR)

MIAN MUHAMMAD LATIF
(CHIEF EXECUTIVE OFFICER)

Note:

i) These financial statments relates to the liquidation period audit under the supervision of joint Official Liquidators appointe by the Honourable Lahore High court Lahore

ii) Consequent upon revesal of winding up order dated 29/10/2021 issued by the Honourable Lahore High court Lahore the Board has adopted these financal Statments

Form 34

Pattern of Holding of Ordinary Shares
Held by Shares Holders as at June 30, 2018

Share Holders	From	To	Total Shares
97	1	100	3,879
486	101	500	230,114
283	501	1,000	280,205
540	1,001	5,000	1,729,250
233	5,001	10,000	1,961,093
85	10,001	15,000	1,104,047
62	15,001	20,000	1,158,500
59	20,001	25,000	1,420,001
27	25,001	30,000	767,500
15	30,001	35,000	501,000
20	35,001	40,000	769,148
12	40,001	45,000	512,506
24	45,001	50,000	1,186,723
4	50,001	55,000	216,500
8	55,001	60,000	467,004
2	60,001	65,000	129,500
5	65,001	70,000	347,500
3	70,001	75,000	221,500
2	75,001	80,000	157,000
8	80,001	90,000	683,500
17	90,001	100,000	1,685,000
1	100,001	110,000	110,000
4	110,001	125,000	479,500
4	125,001	140,000	521,500
1	140,001	150,000	143,500
1	150,001	170,000	170,000
7	175,001	200,000	1,335,000
4	200,001	250,000	881,500
4	255,001	300,000	1,185,000
4	300,001	400,000	1,419,636
3	400,001	500,000	1,357,500
1	500,001	550,000	550,000
2	550,001	700,000	1,194,500
2	700,001	850,000	1,473,500
3	850,001	950,000	2,748,500
1	1,000,001	1,050,000	1,041,500
1	1,150,001	1,200,000	1,159,000
1	2,500,001	3,000,000	2,813,545
1	3,500,001	3,550,000	3,502,834
1	3,605,001	3,650,000	3,608,218
1	6,000,001	6,200,000	6,138,587
1	7,000,001	7,500,000	7,459,184
1	8,000,001	8,500,000	8,416,948
1	14,500,001	15,000,000	14,876,483
1	16,500,001	17,000,000	16,681,483
1	20,000,001	20,500,000	20,201,112
2044			**115,000,000**

Note: The Slabs not applicable, have not been shown.

Categories of Shareholders

Categories of Shareholders		Number	Share held	Percentage
Directors, Chief Executive and their spouse, children				
Mian Muhammad Latif	Chief Executive Officer	1	16,681,483	14.51
Mian Muhammad Javaid Iqbal	Director	1	14,876,483	12.94
Mr.Muhammad Naeem	Director	1	20,201,112	17.57
Mr.Muhammad Faisal Latif	Director	1	2,813,545	2.45
Mr.Muhammad Farhan Latif	Director	1	8,416,948	7.32
Mr.Muhammad Zeeshan Latif	Director	1	6,138,587	5.34
Mr. Tariq Ayub Khan	Director	1	1,000	0.00
Mst.Shahnaz Latif	Spouse	1	7,459,184	6.49
Mst.Tehmina Yasmin	Spouse	1	285	0.00
Mst.Prveen Akthar	Spouse	1	338	0.00
Mr Umair Javaid	Son	1	1,519	0.00
Financial Institutions,Insurance Companies,Investment Companies, Joint Stock Companies ,Leasing Companies,Mutual Fund, Textile & etc.				
Investment Companies		1	25,000	0.02
Joint Stock Companies		8	110,895	0.10
Manufacturing & Trading		1	8,000	0.01
Provident Fund		1	10,000	0.01
Textile		1	56	0.00
Individuals		2021	38,255,565	33.27
		2044	**115,000,000**	**100.00**

Form 34

Pattern of Holding of Preference Shares

Held by Shares Holders as at June 30,2018

ShareHolders	From	To	Total Shares
39	1	100	1,044
628	101	500	310,755
121	501	1,000	119,024
319	1,001	5,000	992,836
155	5,001	10,000	1,286,229
80	10,001	15,000	1,053,000
48	15,001	20,000	870,502
37	20,001	25,000	869,082
37	25,001	30,000	1,046,000
16	30,001	35,000	534,355
12	35,001	40,000	455,152
7	40,001	45,000	303,000
22	45,001	50,000	1,080,000
10	50,001	55,000	522,500
8	55,001	60,000	471,500
5	60,001	65,000	315,500
1	65,001	70,000	70,000
12	70,001	80,000	907,500
6	80,001	90,000	499,500
25	90,001	100,000	2,466,500
26	100,001	150,000	3,163,656
20	150,001	200,000	3,611,500
7	200,001	250,000	1,560,714
5	250,001	300,000	1,400,500
5	300,001	400,000	1,715,511
4	400,001	600,000	1,977,500
4	600,001	800,000	2,649,140
1	800,001	1,000,000	1,000,000
1	1,000,001	1,100,000	1,010,000
1	1,300,001	1,400,000	1,367,500
2	1,500,001	3,000,000	4,013,000
3	9,995,001	10,000,000	30,000,000
1	12,355,001	12,360,000	12,357,000
1668			**80,000,000**

Note: The Slabs not applicable, have not been shown.

Sharesholder's Category	Numbe Shareh	Number of Shares Held	Percentage
Son of Director	1	64,500	0.08
Financial Institutions	5	43,357,000	54.20
Joint Stock Companies	7	1,589,001	1.99
Textile	1	137	0.00
Individuals	1654	34,989,362	43.74
	1668	**80,000,000**	**100.00**

Form of Proxy

I/We ______________________________ of ____
being a Member of **Chenab Limited** (the "Company") holding __________________________ shares, hereby appoint ____________________ of ________________________________ who is also a Member of the Company, as my/our proxy to vote for me/us, and on my/our behalf at the 34nd Extra Ordinary General Meeting of the Company to be held on January 28, 2022, and at any adjournment thereof.

Signed this _____________ day of ______________2022.

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Revenue Stamp Rs.5/-

____

The Signature should agree with the specimen signature registered with the Company

WITNESSES:

1.	Signature	_________________	2.	Signature	_________________
	Name	_________________		Name	_________________
	NIC	_________________		NIC	_________________
	Address	_________________		Address	_________________

Note:

1. This Proxy, duly completed, signed and witnessed, must be received at the registered office of the Company, Nishatabad, Faisalabad no later than forty-eight (48) Hours before the time appointed for the Meeting.

2. No person shall act as proxy who is not member of the Company (except that a corporation may appoint a person who is not a member).

3. If a Member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

4. The Proxy shall produce his original NIC or original passport at the time of the Meeting.

5. In case of individual CDC Account holders, attested copy of NIC or passport (as the case may be) of the beneficial owner will have to be provided with this Proxy.

6. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the nominee shall be submitted alongwith this Proxy (unless it has been Provide earlier).

Book Post

If not deliverd return to :

Chenab
LIMITED

Nishatabad, Faisalabad - Pakistan
Tel: +92 41 8754475-76
Fax: +92 41 8752400, 8752700
Email: chenab@chenabgroup.com
Web: www.chenabgroup.com