



**2021**

# **ANNUAL REPORT**

---



# ***CONTANTS***

|  |    |
|--|----|
| Company Information                          | 02 |
| Vision and Mission Statements                | 03 |
| Financial Highlights                         | 04 |
| Notice of Annual General Meeting             | 05 |
| Director's Report to the Members             | 06 |
| Director's Report in Urdu                    | 09 |
| Auditor's Report to members                  | 12 |
| Financial Position                           | 18 |
| Profit & Loss Account                        | 20 |
| Statement of Comprehensive Income            | 21 |
| Cash Flow Statement                          | 22 |
| Statement of Changing in Equity              | 24 |
| Notes to the Financial Statement             | 25 |
| Pattern of Shareholding (Ordinary Shares)    | 61 |
| Pattern of Share holding (Preference Shares) | 63 |
| Form of Proxy                                | 64 |

# Company Information

|                                |   |
|--------------------------------|---|
| <b>Chairman</b>                | Mian Muhammad Latif   |
| <b>Chief Executive</b>         | Mr. Muhammad Naeem  |
| <b>Directors</b>               | Mian Muhammad Javaid Iqbal<br>Mr. Muhammad Faisal Latif<br>Mr. Tariq Ayoub Khan<br>Mr. Masood Ul Hassan<br>Mr. Muhammad Hashim<br>Mr. Muhammad Salman Javed   |
| <b>Nominee Director</b>        | Mrs. Sobia Chughtai   |
| <b>Major Bankers</b>           | Allied Bank Limited.<br>Askari Bank Limited.<br>Al Baraka Bank (Pakistan) Limited.<br>Citibank, N.A.<br>Faysal Bank Limited.<br>First Credit & Investment Bank Limited.<br>Habib Bank Limited.<br>Habib Metropolitan Bank Limited.<br>KASB Bank Limited.<br>National Bank of Pakistan.<br>NIB Bank Limited.<br>Orix Leasing (Pakistan) Limited.<br>Pak Oman Investment Company Limited.<br>Pak Kuwait Investment Company (Pvt.) Limited.<br>Pak Libya Holding Company (Pvt.) Limited.<br>Saudi Pak Industrial & Agricultural Investment Company (Pvt.) Ltd.<br>Silk Bank Limited.<br>Standard Chartered Bank (Pakistan) Limited.<br>The Bank of Punjab.<br>United Bank Limited. |
| <b>Chief Financial Officer</b> | Mr. Faisal Ali Sarwar   |
| <b>Company Secretary</b>       | Muhammad Arshad   |
| <b>Auditors</b>                | RSM Avais Hyder Liaquat Nauman<br>Chartered Accountants.  |
| <b>Shares Registrar</b>        | F.D. Registrar Services (SMC-Pvt.) Limited<br>Office # 1705, 17th Floor, Saima Trade Tower-A,<br>I.I. Chundrigar Road, Karachi.<br>Tel :021-32271905-6/021-354 78192-3  |
| <b>Registered Office</b>       | Nishatabad, Faisalabad.<br>Tel:+92 41 8754472-8<br>Fax:+92 41 8752400, 8752700  |
| <b>E-mail Address</b>          | <a href="mailto:chenab@chenabgroup.com">chenab@chenabgroup.com</a>  |
| <b>Website Address</b>         | <a href="http://www.chenabgroup.com">www.chenabgroup.com</a>  |
| <b>Works</b>                   | -Spinning Unit- Toba Tek Singh.<br>-Weaving Unit- Kharianwala, Distt: Sheikhpura.<br>-Weaving Unit- Shahkot, Distt: Nankana Sahib.<br>-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 the art 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.

## Financial Highlights

|  | 2021           | 2020           | 2019           | 2018            | 2017            | 2016            | 2015            |
|--|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Operational performance</b>                           |                |                |                |                 |                 |                 |                 |
| Sales-net  | -              | -              | 360,869,643    | 915,909,663     | 1,764,452,242   | 2,007,632,402   | 2,213,846,121   |
| Cost of sales  | -              | -              | (430,828,397)  | (1,081,014,516) | (2,493,140,675) | (2,259,157,207) | (2,575,659,197) |
| Gross profit   | -              | -              | (69,958,754)   | (165,104,853)   | (728,688,433)   | (251,524,805)   | (361,813,076)   |
| Operation (loss) / profit                                | (144,480,491)  | (149,267,541)  | (155,039,514)  | (303,610,504)   | (868,913,029)   | (403,287,485)   | (523,972,039)   |
| Profit / (loss) before taxation                          | 1,019,812,487  | (81,248,670)   | 145,625,462    | (261,067,736)   | (970,675,503)   | (379,229,841)   | (466,824,482)   |
| Profit / (loss) after taxation                           | 999,742,641    | (96,579,788)   | 141,364,554    | (281,858,960)   | (992,228,304)   | (389,703,307)   | (479,385,251)   |
| <b>Financial position</b>                                |                |                |                |                 |                 |                 |                 |
| Property,Plant and equipment                             | 9,651,578,837  | 9,729,874,102  | 10,717,044,490 | 10,993,406,655  | 11,185,697,330  | 10,848,915,539  | 11,052,466,480  |
| Right-of-use assets                                      | 169,522,097    | 171,248,441    | 173,047,260    | -               | -               | -               | -               |
| Investment Property                                      | 873,060,285    | 889,195,976    | -              | -               | -               | -               | -               |
| Long term deposits                                       | 11,738,715     | 11,738,715     | 12,636,768     | 12,636,768      | 12,636,768      | 12,636,768      | 12,636,768      |
| Fixed capital expenditure                                | 10,705,899,934 | 10,802,057,234 | 10,902,728,518 | 11,006,043,423  | 11,198,334,098  | 10,861,552,307  | 11,065,103,248  |
| Current assets   |                |                |                |                 |                 |                 |                 |
| Store,spare parts and loose tools                        | 28,743,953     | 28,743,953     | 28,743,953     | 36,190,798      | 67,364,712      | 422,273,351     | 424,702,996     |
| stocks in trade  | 230,000        | 230,000        | 230,000        | 29,794,979      | 32,775,124      | 334,657,862     | 445,370,174     |
| Other current assets                                     | 95,648,347     | 139,577,791    | 138,395,255    | 1,838,023,531   | 1,820,136,526   | 1,824,969,368   | 1,836,360,526   |
| Cash and cash equivalents                                | 34,341,523     | 12,917,307     | 17,565,397     | 18,790,040      | 28,422,073      | 24,231,624      | 27,300,940      |
|  | 158,963,823    | 181,469,051    | 184,934,605    | 1,922,799,348   | 1,948,698,435   | 2,606,132,205   | 2,733,734,636   |
| Total assets   | 10,864,863,757 | 10,983,526,285 | 11,087,663,123 | 12,928,842,771  | 13,147,032,533  | 13,467,684,512  | 13,798,837,884  |
| Current liabilities                                      |                |                |                |                 |                 |                 |                 |
| Short term bank borrowing                                | 4,344,992,444  | 4,344,992,444  | 4,344,992,444  | 4,344,994,597   | 4,342,498,926   | 4,988,748,313   | 5,785,580,429   |
| Currant portion of long term financing/lease liabilities | 3,855,894,245  | 3,557,894,245  | 3,104,745,818  | 2,981,041,297   | 2,784,877,799   | 2,757,064,088   | 2,675,538,035   |
| Other current liabilities                                | 1,040,371,780  | 2,154,526,358  | 2,164,051,501  | 3,239,709,865   | 3,133,986,777   | 2,842,070,097   | 2,385,469,560   |
|  | 9,241,258,469  | 10,057,413,047 | 9,613,789,763  | 10,565,745,759  | 10,261,363,502  | 10,587,882,498  | 10,846,588,024  |
| Net working capital                                      | 1,623,605,288  | 926,113,238    | 1,473,873,360  | 2,363,097,012   | 2,885,669,031   | 2,879,802,014   | 2,952,249,860   |
| Non-current liabilities                                  | 1,350,079,426  | 1,653,575,144  | 2,351,752,556  | 3,410,477,832   | 3,672,011,347   | 3,270,026,044   | 3,026,454,436   |
| Shareholder's equity                                     | 273,525,862    | (727,461,906)  | (877,879,196)  | (1,047,380,820) | (786,342,316)   | (390,224,030)   | (74,204,576)    |
| <b>Profiability analysis</b>                             |                |                |                |                 |                 |                 |                 |
| Gross profit / (loss) to sale (%)                        | -              | -              | (19.39)        | (18.03)         | (41.30)         | (12.53)         | (16.34)         |
| Net profit / (loss) to sale (%)                          | -              | -              | 39.17          | (28.50)         | (55.01)         | (18.89)         | (21.09)         |
| Return on Investment (%)                                 | 9.34           | (0.89)         | 1.30           | (0.16)          | (7.55)          | (2.89)          | (3.47)          |
| Return on equity (%)                                     | 365.50         | 13.28          | (16.10)        | 1.99            | 15.15           | 6.97            | 9.14            |
| Earnings per share(Rupees)                               | 8.49           | (0.84)         | 1.23           | (0.18)          | (8.63)          | (3.39)          | (4.17)          |
| <b>Financial analysis</b>                                |                |                |                |                 |                 |                 |                 |
| Current ratio(time)                                      | 0.02           | 0.02           | 0.02           | 0.18            | 0.19            | 0.25            | 0.25            |
| Debt to equity (time)                                    | 34.87          | (7.14)         | (11.13)        | (6.09)          | (0.84)          | (0.91)          | (0.91)          |
| Total Debt to Total Assets                               | 0.88           | 0.47           | 0.88           | 0.49            | 0.42            | 0.38            | 0.35            |
| Total Debt to Fixed Assets                               | 0.89           | 0.48           | 0.90           | 0.58            | 0.49            | 0.47            | 0.43            |

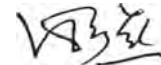
## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that 37<sup>th</sup> Annual General Meeting of the shareholders of the Company will be held at 11.30 A.M. on Monday the 09<sup>th</sup> October, 2023 at the Registered office of the Company at Nishatabad, Faisalabad to transact the following business:-

### **ORDINARY BUSINESS**

1. To confirm the Minutes of the last meeting dated July 17, 2023.
2. To consider and approve the annual audited financial statements of the company for the year ended June 30, 2021 along with auditor's report and directors report thereon M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants, Faisalabad.
3. The shareholders have already approved the appointment of External Auditors M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants, 478-D, Peoples Colony No.1, Faisalabad for financial year 2022 in the last AGM held on 17-07-2023.
4. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD



(MUHAMMAD ARSHAD)  
COMPANY SECRETARY

FAISALABAD  
SEPTEMBER 15, 2023

### **NOTES:**

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 Annual General Meeting for verification.
3. All other members should bring their Original Computerized 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 place before you report and audited accounts of the company for the year ended June 30, 2021, when the affairs of the Company were run by the Joint Official Liquidators appointed by the Court.

### REVENUE

The main revenue during this period was generated from the rental of certain business assets as the company was under liquidation. The core activity of sales and purchases was not carried out during this period too. The liquidator carried out day-to-day operational expenses to maintain the security of the assets along with some legal expenses out of these revenues.

### FINANCIAL RESULTS

The financial results for the year ended June 30, 2021, with comparative figures, are as follows: -

|   | 2021<br>Rupees | 2020<br>Rupees |
|---|----------------|----------------|
| Sales                                     | -              | -              |
| Cost of sales                             | -              | -              |
| Gross loss                                | -              | -              |
| Operating expenses                        |                |                |
| Selling and distribution expenses         | -              | -              |
| Administrative expenses                   | (144,480,491)  | (149,267,541)  |
|   | (144,480,491)  | (149,267,541)  |
| Operating Loss                            | (144,480,491)  | (149,267,541)  |
| Other income                              | 1,164,322,567  | 68,204,934     |
| Finance cost                              | (29,589)       | (186,063)      |
| Profit/(loss) before taxation             | 1,019,812,487  | (81,248,670)   |
| Provision for taxation                    | (20,069,846)   | (15,331,118)   |
| Profit/(loss) for the year after taxation | 999,742,641    | (96,579,788)   |
| Earnings per share- Basic& diluted        | 8.49           | (0.84)         |

### TO RATIFY BOARD'S RESOLUTION (S)

To ratify the Board's resolutions passed by the Directors by way of circulation under clause 78 of the Articles of Association of the Company since the holding of the last meeting i.e 22-06-2023.

### MATERIAL EVENTS

- After the approval of the Scheme of Arrangement the sponsors tried their best to improve the financial health of the company. The main objective was to make it more sustainable. To achieve this goal sponsors approached related parties to help the company, through allowing writing off receivables. The related parties keeping in view of the difficulties of the company has allowed to write off their outstanding balances. This has resulted into the profit for the year and company has achieved a positive equity.
- The Company was under liquidation since 13-07-2017 but the management filed a Scheme of Arrangement for the revival of Company. The Scheme of Arrangement got approved from the court on 14-09-2021. With the grace of the almighty company has successfully implemented the Scheme of Arrangement.

- iii) Under the Scheme of Arrangement new Bank Accounts were opened with Habib Bank Limited, Circular Road, Faisalabad. Up till the signing of this report, an amount of Rs.669.517 million was adjusted against the total principal liability of the company. Sponsors loan at Rs.350 million was also deposited in HBL Account and the same was subordinated to the total loans of the banks. Sponsors have sold their own shareholding to an investor to generate funds for the company.

## **FUTURE PROSPECTS**

- 1) The next year i.e 2021-22 was partially under liquidation period. Reversal of liquidation order took place on 29-10-2021 thereafter the management of the company was handed over to its original sponsors. The sponsors then started the BMR and rehabilitation process. The Company finally started its commercial operation after completing overhauling and necessary BMR on 01-04-2022.
2. Working Capital required during initial years have also been arranged through sponsors' loan, the sale of non-core assets of the company the banks also committed to providing fresh export-based working capital limits as per requirements.
3. The company has a huge production capacity and due to limited working capital arrangements during the initial years entire capacity cannot be used for its own exports/sales. Therefore; the management has planned to run the available capacity on a toll manufacturing basis. The company has a good reputation for quality products. With the Grace of the Almighty, the management has achieved the planned/desired production capacity utilisations under different segments with the approval of the revival Scheme, a realistic assumptions-based repayment schedule on the basis of the actual repayment capacity of the company has been worked out with 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.

## **EXPLANATION TO AUDITORS' OBSERVATIONS**

- (a) Redemption of preference shares liabilities has been settled in the Scheme of Arrangement as Under:-
- I. Each of the following Lenders currently hold preference shares of the following outstanding amounts (based on the share's face value):

| Lenders                   | Paid-up and outstanding amount of preference Shares at Face Value |
|---------------------------|---|
| Habib Bank Limited        | PKR 100,000,000   |
| Askari 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 shareholders) 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.
  - III. Some of the preference shareholders are in litigation with the company on the conversion formula. As the matter is under litigation therefore till the outcome of the case preference share cannot be converted into ordinary shares hence diluted EPS cannot be calculated.
- (b) Majority of the preference shareholders have opted to convert their shares into ordinary shares but the matter is pending with court, Reference Note:- 4.3.
- (c) No deferred tax liability has been provided during the year because the management feels that in coming years at the start of the commercial operations and after the complete implementation of the SOA the deferred tax assets will be created and the same will be reversed.
- (d&e) The company circulated the confirmation letters to all the selected parties by the auditor. The Company remained non-operational for a long period of time therefore some parties were not responding which was beyond our control.
- (f) The company has properly disclosed the outstanding liability



- (g) In view of the Scheme of Arrangement no accrual of markup is required and a copy of the same is provided to the auditors. Refer to Note no 40
- (h) The company was under liquidation and the joint liquidator has to operate under the instruction of the court therefore this revaluation was carried out at that particular date by them.
- (i) To fulfill the daily requirements of the company the Joint Official Liquidator has rented some of the key assets. They did not carry out the valuation at that time. However, the company management now disclosed the assets under investment property as per the requirement of the IAS.
- (j&l) The physical verification of stocks, Cash in hand, and others could not be done due to the liquidation of the company.
- (k) The company is hopeful that it will receive the outstanding amount. The company's management is now following up with the customer for the recovery. Therefore, need no adjustment in these balances.
- (m) The company was under liquidation and was not operational during the year under reference. The profit is due to reversal of some accounting entries. No profit from operational activities was generated. Moreso due to non operational nature during that year No real workers were employed by the company.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Because of the liquidation of the Company in the year under report, the disclosure of the above-said information is ignored in these Accounts

#### **PATTERN OF SHAREHOLDING**

The pattern of shareholding as at June 30, 2021, 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 the liquidation of the Company the powers of the 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 the liquidation of the Company in the year under report, Audit Committee was not functional.

#### **CODE OF CORPORATE GOVERNANCE**

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

#### **AUDITORS**

The Company's Board has already approved the appointment of External Auditor to M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants, Faisalabad for financial year 2022 in the last Board's Meeting held on 22-06-2023.

#### **ACKNOWLEDGEMENT**

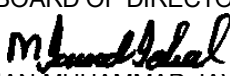
The board of directors places on record its appreciation for the support of the shareholders, government agencies, and financial institutions.

#### **NOTE:-**

Since Chief Executive Officer is out of Country on the day of Board's meeting hence Directors report has been signed by the two Directors u/s 232 of the Companies Act, 2017.

FAISALABAD  
September 15, 2023

  
(MUHAMMAD FAISAL LATIF)  
(DIRECTOR)

For and on behalf of  
BOARD OF DIRECTORS  
  
(MIAN MUHAMMAD JAVAID IQBAL)  
(DIRECTOR)

## ڈائریکٹرز رپورٹ برائے ممبران

ڈائریکٹرز آپ کے سامنے 30 جون 2021ء کو ختم ہونے والے مالی سال کے لئے کمپنی کے آڈٹ شدہ اکاؤنٹس کی رپورٹ پیش کرنے کا موقع لیتے ہیں اس مالی سال میں کمپنی کے معاملات کے عدالت کے ذریعے مقرر کردہ جوائنٹ آفیشل لیکویڈیٹرز کے ذریعے دیکھے گئے۔

### ریونیو:-

کمپنی کے زیر تھلیل ہونے کی وجہ سے اس عرصہ میں ریونیو کمپنی کے اثاثوں کو کرایہ پر دینے کی وجہ سے حاصل ہوا۔ اس عرصہ میں خریداری اور بیچنے کی کاروباری سرگرمیاں نہ ہوئی۔ لیکویڈیٹرز کے روزانہ کی بنیاد پر ہونے والے اخراجات بشمول سکیورٹی سٹاف اور قانونی اخراجات میں آمدن سے کئے۔

### مالیاتی نتائج:-

تقابلے اعداد و شمار ختم ہونے والے مالی سال 30 جون 2021ء کے نتائج حسب ذیل ہیں۔

| 2020/روپے     | 2021/روپے     | سیلز                             |
|---------------|---------------|----------------------------------|
| ---           | ---           | لاگت برائے سیلز                  |
| ---           | ---           | مجموعی نقصان                     |
| ---           | ---           | اخراجات                          |
| ---           | ---           | فروخت اور تقسیم اخراجات          |
| (149,267,541) | (144,480,491) | انتظامی اخراجات                  |
| (149,267,541) | (144,480,491) | جاری نقصان                       |
| (149,267,541) | (144,480,491) | دیگر آمدنی                       |
| 68,204,934    | 1,164,322,567 | مالیاتی لاگت                     |
| (186,063)     | (29,589)      | ٹیکس سے پہلے منافع / نقصان       |
| (81,248,670)  | 1,019,812,487 | متعین کردہ ٹیکس                  |
| (15,331,118)  | (20,069,846)  | ٹیکس کے بعد سال کا منافع / نقصان |
| (96,579,788)  | 999,742,641   | بنیادی اور تھلیل شدہ فی حصہ آمدن |
| (0.84)        | 8.49          |                                  |

### بورڈ کی قراردادوں کی توثیق:-

گذشتہ میٹنگ 22-06-2023 کے انعقاد کے بعد کمپنی کے آرٹیکلز آف ایسوسی ایشن کی شق 78 کے تحت سرکولیشن کے ذریعے ڈائریکٹرز کی قراردادوں کی حاصل کردہ منظوری کی توثیق کرنا۔

## نمایاں واقعات:-

- (i)۔ بندوبست کی گئی سکیم کی منظوری کے بعد سپانسرز نے کمپنی کی مالی حالت کو بہتر کرنے کیلئے ممکنہ حد تک کوشش کی جس کا مقصد کمپنی کو مالی لحاظ سے زیادہ سے زیادہ بہتر کرنے کا تھا۔ اس مقصد کیلئے سپانسرز نے متعلقہ کاروباری پارٹیز سے مدد لینے کیلئے رجوع کیا تاکہ واجب الادا رقوم کو ختم کیا جائے ان پارٹیز نے کمپنی کی مشکلات کے پیش نظر اجازت دے دی کہ ان کے بقایا رقوم کو ختم کیا جائے۔ اس وجہ سے موجودہ سال میں نفع ہو گیا ہے اور کمپنی کی راس مثبت ہو گئی ہے۔
- (ii)۔ کمپنی مورخہ 13-07-2017 سے زیر تحلیل تھی۔ لیکن انتظامیہ نے بندوبست کی گئی سکیم کمپنی کو بحالی کیلئے دائر کر دی تھی اور یہ سکیم مورخہ 14-09-2021 کو عدالت عالیہ نے منظور کر لی تھی۔ اللہ تعالیٰ کے فضل و کرم سے یہ سکیم کامیابی سے مکمل کر لی گئی ہے۔
- (iii)۔ اس بندوبست کی گئی سکیم کے تحت نئے بینک اکاؤنٹس حبیب بینک لمیٹڈ سرکلر روڈ فیصل آباد میں کھلوائے گئے ہیں جن میں اس رپورٹ کے دستخط ہونے تک مبلغ 517-669 ملین روپے کمپنی کے واجبات کی مد میں ایڈجسٹ کئے گئے۔ سپانسرز نے 350 ملین روپے حبیب بینک میں جمع کروادیئے ہیں جو کمپنی کے تمام قرضہ جات کی دوسرے درجہ میں شمار ہوگا۔ کمپنی کیلئے فنڈز کی دستیابی کے لئے سپانسرز نے ایک انویسٹر کو اپنے شیئر فروخت کر دیئے ہیں۔

## مستقبل کا کیفیت نامہ:-

- (i)۔ اگلے مالی سال 2021-22 میں کمپنی جزوی طور پر زیر تحلیل رہی۔ مورخہ 29-10-2021 کو عدالت نے کمپنی کے تحلیل ہونے کا حکم نامہ واپس لے لیا تھا۔ جس کے بعد کمپنی اصل مالکان کے حوالے کر دی گئی تھی تب اصل مالکان نے کمپنی کے اثاثوں کی مرمت اور بحالی کا کام شروع کیا اور بلا آخر مورخہ 01-04-2022 کو مرمت اور بحالی کے بعد کاروباری پروڈکشن شروع کر دی تھی۔
- (ii)۔ ابتدائی طور پر سرمایہ کی ضرورت کو سپانسرز کے قرضہ اور غیر پیداواری اثاثوں کی فروخت سے حاصل کر لیا ہے۔ تاہم بینکوں نے ضرورت کے تحت برآمدی آرڈرز کے لئے سرمایہ فراہم کرنے کا وعدہ بھی کیا ہے۔
- (iii)۔ سرمایہ کی کمی کے باعث برآمدی آرڈرز دستیاب شدہ پروڈکشن کی صلاحیت کے پیش نظر حاصل نہ کی گئی ہے۔ اس لئے انتظامیہ نے دستیاب شدہ وسیع پروڈکشن کو دوسرے گاہکوں کے لئے مہیا کرنے کا فیصلہ کیا ہے۔ کمپنی اعلیٰ معیار کی مصنوعات بنانے کی شہرت یافتہ ہے۔ اللہ تعالیٰ کے فضل و کرم سے کمپنی نے مختلف پیداواری مراحل پر مشتمل پیداواری صلاحیت حاصل کی ہے۔ بندوبست کی گئی سکیم کے تحت اب حقیقت پر مبنی قرضوں کی ادائیگی اور دستیاب پروڈکشن صلاحیت کو بروئے کار لانے کے لئے عملی جامع کا منصوبہ قرض فراہم کرنے والے بینکس اور مالیاتی اداروں کو دے دیا ہے آنے والے چودہ سالوں میں ماضی کی طرح بھاری سود نہیں ادا کیا جائے گا۔

## آڈیٹرز کے خدشات پر وضاحت:-

(A)۔ ترجیحی حصص کی ذمہ داریوں کا ازالہ بندوبست کی گئی سکیم میں حسب ذیل کیا گیا ہے۔

| قرض دینے والے               | فیس ویلیو پر ترجیحی حصص کی ادائیگی اور بقایا رقم |
|-----------------------------|--|
| (i) حبیب بینک لمیٹڈ         | 100,000,000/- پاکستانی روپے                      |
| (ii) عسکری بینک لمیٹڈ       | 100,000,000/- پاکستانی روپے                      |
| (iii) نیشنل بینک آف پاکستان | 100,000,000/- پاکستانی روپے                      |

مذکورہ بالا رقوم ہر ایک ترجیحی شیئر پر قرضہ دینے والوں کو یا اسی طرح ترجیحی شیئر رکھنے والوں کو تین برابر کی اقساط میں پرنسپل قرضہ 14 سال میں ادا ہونے کے بعد تین سال بعد ادا کی جائیگی۔ کچھ ترجیحی حصہ داران نئے کنورژن فارمولا کو عدالتوں میں لے گئے ہیں۔ چونکہ یہ معاملہ عدالتوں میں ہے اس لئے حتمی فیصلہ تک ترجیحی شیئر عام شیئر میں تبدیل نہیں ہو سکتے اس لئے DILUTED EPS وضع نہیں کی جاسکتی۔

(B)۔ ترجیحی حصص رکھنے والے زیادہ مقدار میں حصہ داران نے ان شیئرز کو آڈیٹری شیئرز میں تبدیل کرنے کے لئے اپنی مرضی ظاہر کر دی ہے۔ لیکن یہ معاملہ ابھی عدالت میں زیر التوا ہے۔ بحوالہ ریفرنس 3-4۔

(C)۔ ڈیفرنڈ ٹیکس کی رقوم مہیا نہیں کی گئی چونکہ انتظامیہ محسوس کرتی ہے کہ آنے والے سالوں میں کمرشل کاروباری سرگرمیاں شروع ہو جائیں گی اور بندوبست کی گئی سکیم کے مکمل نافذ العمل ہونے کے بعد ڈیفرنڈ ٹیکس اثاثے وجود میں آئیں گے اور ڈیفرنڈ ٹیکس کی رقم واپس ہو جائیگی۔

(D&E)۔ کمپنی نے بیلنس کنفرمیشن کیلئے آڈیٹرز کے منتخب کردہ پارٹیز کو خطوط بھیجے ہیں۔ چونکہ کمپنی لمبے عرصہ تک غیر فعال رہی ہے اس لئے کچھ پارٹیز نے ان خطوط پر کوئی جواب نہیں دیا اور یہ معاملہ کمپنی کے دائرہ کار سے باہر ہے۔

(F)۔ ادا کرنے والی رقوم کو مناسب طور پر دکھایا گیا ہے۔

- (G)۔ بندوبست کی گئی سکیم کی وجہ سے مارک اپ کی رقم مہیا نہیں کی گئی۔ یہ سکیم آڈیٹرز کو مہیا کر دی گئی ہے بحوالہ نوٹ نمبر 40۔
- (H)۔ زیر تحلیل کمپنی کو لیکویڈیٹرز نے عدالت عالیہ کے تحت چلانا تھا اس وجہ سے اثاثوں کی ری ویلویویشن ایک مقررہ وقت تک کرائی گئی۔
- (i)۔ روزمرہ کی ضروریات کے تحت لیکویڈیٹرز نے کمپنی کے کچھ اثاثے کرایہ پر دیئے تھے۔ اس وقت ان اثاثوں کی ویلویویشن نہ کرائی گئی۔ تاہم انتظامیہ نے انوسٹیٹ پر اپریل ہیڈ کے تحت ان اثاثوں کو IAS ٹینڈرز کے تحت دکھایا ہے۔
- (J&L)۔ کمپنی کے زیر تحلیل ہونے کی وجہ سے شاؤک کیش ان ہینڈ اور دیگر معاملات کی تصدیق نہ ہو سکی۔
- (K)۔ انتظامیہ پر امید ہے کہ واجب الوصول رقم مل جائیگی۔ اب انتظامیہ رقوم کی وصولی کے لئے سرگرم عمل ہے لہذا ان رقوم کو ختم کرنے کی ضرورت نہیں ہے۔
- (M)۔ زیر بحث مالی سال میں کمپنی زیر تحلیل تھی اور غیر فعال تھی۔ حاصل کیا گیا منافع کچھ اکاؤنٹنگ ٹرانزکشن کی واپسی کرنے پر ہوا۔ جبکہ کوئی منافع کمپنی کو چلانے کی وجہ سے نہیں حاصل ہوا۔ غیر فعال ہونے کی وجہ سے دوران سال کوئی ملازم کمپنی نے حقیقت میں نہیں رکھا۔

### کارپوریٹ سماجی ذمہ داریاں :-

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

### شیر ہولڈنگ کا انداز :-

شیر ہولڈنگ کا انداز 30 جون 2021 پر بشمول معلومات کو ڈ آف کارپوریٹ گورننس کے زیر تحت برائے عام اور غیر ووٹنگ کی مجموعی پرفارمنس منسلک ہے۔

### بورڈ آف ڈائریکٹرز اور انکے اجلاس :-

کمپنی کے تحلیل ہونے کی وجہ سے ڈائریکٹران کے اختیارات کمینیز 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 کا کوڈ :-

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

### آڈیٹرز :-

کمپنی کا بورڈ پہلے ہی ایکسٹرنل آڈیٹرز میسرز RSM اولیس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس فیصل آباد کی تقرری برائے سال 2022 جسکی منظوری پچھلی بورڈ میننگ منعقدہ 22-06-2023 کو دے دی گئی تھی۔۔

### تسلیم و تحسین :-

بورڈ آف ڈائریکٹرز حصص یافتگان و سرکاری ایجنسیوں اور مالیاتی اداروں کی حمایت کے لئے اپنی تعریف ریکارڈ پر رکھتا ہے۔

### نوٹ :-

چونکہ سی ای او بورڈ میننگ والے دن ملک سے باہر ہیں اس لئے کمپنی ایکٹ 2017 کے سیکشن 232 کے تحت دو ڈائریکٹرز نے ڈائریکٹرز کی رپورٹ پر دستخط کئے ہیں

*M. J. J. J.*

میاں محمد جاوید اقبال

(ڈائریکٹر)

*M. J. J. J.*

محمد فیصل لطیف

(ڈائریکٹر)

(حسب الحکم بورڈ آف ڈائریکٹرز)

فیصل آباد :- 15 ستمبر 2023ء



RSM Avasi Hyder Liaquat Nauman  
Chartered Accountants

478-D, Peoples Colony No. 1  
Faisalabad – Pakistan

T: +92 (41) 854 1165, 854 1965  
F: +92 (41) 854 2765

[www.rsmpakistan.pk](http://www.rsmpakistan.pk)

## INDEPENDENT AUDITOR'S REPORT

To the members of Chenab Limited

### Report on the Audit of the Financial Statements

#### Qualified opinion

We have audited the annexed financial statements of Chenab Limited (the Company), which comprise the statement of financial position as at June 30, 2021, 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, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, except for the effects of the matters described in *Basis for Qualified Opinion* section of our report, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Qualified Opinion

- a) The company had issued cumulative, redeemable preference shares of Rs.800 million containing put option (note 4) and has not complied with the requirement of IFRS-9 with respect to accounting treatment of Compound Financial instruments including in prior years, which constitutes a departure from the said IFRS. Preference shares with a put option carries the dilutive effect as per IAS 33 - Earnings per Share. The above mentioned accounting treatment restricts the true and fair presentation of the financial statements;

#### Other Offices at:

Lahore : 92 (42) 356 72731-3

Karachi : 92 (21) 356 55975-6

Islamabad : 92 (51) 211 4096-8

Rawalpindi : 92 (51) 519 3135

Quetta : 92 (81) 282 9809

Peshawar : 92 (91) 827 8310-527 7205

Kabul : 93 (799) 058155



- b) The company has not provided the amount of preference dividend payable as per the terms under which preference shares were issued;
- c) The deferred tax liability of Rs. 595.41 million has not been provided in the financial statements. Had the deferred tax liability been provided, the profit for the year would have been decreased by Rs. 595.41 million and accumulated loss increased by Rs. 595.41 million.
- d) 'Trade creditors' include old outstanding balances amounting to Rs. 356.76 million. We could not verify the liability through direct confirmations or by applying alternate audit procedures. The effect of adjustment, had the liability been verified, could not be determined;
- e) 'Contract liabilities' include old outstanding balances amounting to Rs. 15.34 million. We could not verify the liability through direct confirmations or by applying alternate audit procedures. The effect of adjustment, had the liability been verified, could not be determined;
- f) Security deposit includes an amount of Rs. 12.48 million which has not been kept in a separate bank as required under section 217 of the Companies Act, 2017;
- g) As discussed in detail in note 14 to the financial statements, the Company has not provided markup, since July 2011 in respect of certain long term financing and short term borrowings. The quantum of adjustment, had the markup been provided, and its impact on liabilities and the statement of profit or loss of the Company could not be determined;
- h) The company has stated property plant and equipment at the revaluation in the statement of financial position. The company has not revalued its assets as per requirements of paragraphs 31 and 34 of IAS-16. The quantum of adjustment, had the revaluation been made, could not be determined. Further, impairment testing has not been carried out as per requirements of paragraph 12 of IAS-36 'Impairment of Assets' in view of adverse effect on the operational activities. Any impact of the same on assets, liabilities and on the statement of profit or loss of the Company could not be determined;

The company has neither maintained updated fixed asset register nor any policy to conduct periodic physical verification of fixed assets is followed. Due to above reasons, the existence, completeness and valuation of the property and equipment could not be verified;

- i) In prior year transfer from property, plant and equipment to investment property was made at written down value against the International accounting standard (IAS-40). The said treatment could impact the comparability of the current period's figures with the corresponding figures of prior periods. The quantum of adjustment, had the revaluation been made, could not be determined;



- j) We could not observe the physical verification of Stores, spare parts and Loose tools and Stock in trade, amounting to Rs. 28.74 million and Rs. 0.23 million respectively as we were appointed after the year end. We could not satisfy ourselves as to existence and valuation of stocks and stores through application of alternate audit procedures;
- k) Trade debts of Rs. 18.29 million and advances to suppliers of Rs. 17.95 million respectively are long outstanding. We have not received direct confirmations of balances. The balances in our opinion are impaired against which no provision has been made. Had the provision been made, the profit for the year would have been decreased by Rs. 36.24 million and accumulated loss increased by Rs. 36.24 million;
- l) We could not observe the physical verification of Cash in hand at the end of the year as we were appointed after the year end. We could not satisfy ourselves about existence of cash in hand by applying alternate audit procedures;
- m) The company has not contributed an amount of Rs. 50.99 million to the Workers Participation Fund as required under section 3 of the Companies Profits (Workers Participation) Act, 1968. Had the amount been contributed, the profit for the year would have been decreased by Rs. 50.99 million and accumulated loss increased by Rs. 50.99 million.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Material Uncertainty relating to Going Concern**

The Company suffered financial difficulties. These condition as set forth in Note 1.3, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Emphasis of Matter-Subsequent Event**

We draw attention to Note 37 of the financial statements, which discloses the occurrence of significant event subsequent to the statement of Financial Position date. Our opinion is not modified in respect of this matter.



### **Key Audit Matter**

We have determined that there are no key audit matters to communicate in our report.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

### **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.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**


Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) 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;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

### **Other Matter**

The financial statements of the Company for the year ended June 30, 2020, were audited by another firm of chartered accountants who expressed qualified opinion on those financial statements on June 22, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Hamid Masood.

  
RSM AVAIS HYDER LIAQUAT NAUMAN  
CHARTERED ACCOUNTANTS

**Place:** Faisalabad

**Date:** 15-09-2023

**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**  
**(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)**

|  | Note | 2021<br>Rupees        | 2020<br>Rupees        |
|--|------|-----------------------|-----------------------|
| <b>EQUITY AND LIABILITIES</b>                              |      |                       |                       |
| <b>SHARE CAPITAL AND RESERVES</b>                          |      |                       |                       |
| <b>Authorised capital</b>                                  |      |                       |                       |
| 120,000,000 ordinary shares<br>of Rs.10/- each             |      | 1,200,000,000         | 1,200,000,000         |
| 80,000,000 cumulative preference<br>shares of Rs.10/- each |      | 800,000,000           | 800,000,000           |
| Issued, subscribed<br>and paid up capital                  | 3    | 1,150,000,000         | 1,150,000,000         |
| Cumulative preference shares                               | 4    | 800,000,000           | 800,000,000           |
| Directors' loan  | 5    | 244,313,086           | 244,313,086           |
| Surplus on revaluation of<br>property, plant and equipment | 6    | 5,648,413,621         | 5,680,840,915         |
| Capital reserves   | 7    | 526,409,752           | 526,409,752           |
| Revenue reserves   | 8    | (8,095,610,597)       | (9,129,025,659)       |
|  |      | 273,525,862           | (727,461,906)         |
| <b>NON-CURRENT LIABILITIES</b>                             |      |                       |                       |
| Long term financing  | 9    | 1,337,816,038         | 1,633,872,452         |
| Lease Liabilities  | 10   | -                     | -                     |
| Deferred liabilities                                       | 11   | 12,263,388            | 17,759,106            |
| Deferred revenue   |      | -                     | 1,943,586             |
|  |      | 1,350,079,426         | 1,653,575,144         |
| <b>CURRENT LIABILITIES</b>                                 |      |                       |                       |
| Trade and other payables                                   | 12   | 988,651,883           | 2,122,876,307         |
| Unclaimed dividend   |      | 366,071               | 366,071               |
| Short term bank borrowings                                 | 13   | 4,344,992,444         | 4,344,992,444         |
| Current portion of :                                       |      |                       |                       |
| Long term financing  | 9    | 3,827,191,701         | 3,529,191,701         |
| Lease Liabilities  | 10   | 28,702,544            | 28,702,544            |
| Provision for taxation - income tax                        |      | 51,353,826            | 31,283,980            |
|  |      | 9,241,258,469         | 10,057,413,047        |
| <b>CONTINGENCIES AND COMMITMENTS</b>                       | 14   | -                     | -                     |
|  |      | <b>10,864,863,757</b> | <b>10,983,526,285</b> |


The annexed notes from 1 to 40 form an integral part of these financial statements.



**MUHAMMAD FAISAL LATIF**  
**(DIRECTOR)**

The financial statements are signed by the two directors, as provided under section 232 of the Companies Act, 2017 as the Chief Executive was not available in Pakistan.

|                                 | Note | 2021<br>Rupees        | 2020<br>Rupees        |
|---------------------------------|------|-----------------------|-----------------------|
| <b>ASSETS</b>                   |      |                       |                       |
| <b>NON-CURRENT ASSETS</b>       |      |                       |                       |
| Property, plant and equipment   |      |                       |                       |
| Operating assets                | 15   | 9,651,578,837         | 9,729,874,102         |
| Right-of-use assets             | 16   | 169,522,097           | 171,248,441           |
| Investment Property             | 17   | 873,060,285           | 889,195,976           |
| Long term deposits              | 18   | 11,738,715            | 11,738,715            |
|                                 |      | 10,705,899,934        | 10,802,057,234        |
| <b>CURRENT ASSETS</b>           |      |                       |                       |
| Stores, spares and loose tools  | 19   | 28,743,953            | 28,743,953            |
| Stock in trade                  | 20   | 230,000               | 230,000               |
| Trade debts                     | 21   | 18,774,802            | 25,357,484            |
| Loans and advances              | 22   | 31,450,863            | 25,647,006            |
| Deposits and prepayments        | 23   | 10,627,120            | 10,627,120            |
| Other receivables               | 24   | 9,548,778             | 33,460,794            |
| Tax refunds due from Government | 25   | 25,246,784            | 44,485,387            |
| Cash and bank balances          | 26   | 34,341,523            | 12,917,307            |
|                                 |      | 158,963,823           | 181,469,051           |
|                                 |      | <b>10,864,863,757</b> | <b>10,983,526,285</b> |

  
**MIAN MUHAMMAD JAVAID IQBAL**  
 (DIRECTOR)

The financial statements are signed by the two directors, as provided under section 232 of the Companies Act, 2017 as the Chief Executive was not available in Pakistan.

# STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2021

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

|  | Note | 2021<br>Rupees     | 2020<br>Rupees      |
|--|------|--------------------|---------------------|
| Sales  |      | -                  | -                   |
| Cost of sales                                |      | -                  | -                   |
| Gross Profit/ (loss)                         |      | -                  | -                   |
| <b>Operating Expenses</b>                    |      |                    |                     |
| Selling and distribution expenses            |      | -                  | -                   |
| Administrative expenses                      | 27   | (144,480,491)      | (149,267,541)       |
| Operating Loss                               |      | (144,480,491)      | (149,267,541)       |
| Other income                                 | 28   | 1,164,322,567      | 68,204,934          |
| Finance cost                                 | 29   | (29,589)           | (186,063)           |
| Profit/ (Loss) for the year before taxation  |      | 1,019,812,487      | (81,248,670)        |
| Provision for taxation                       | 30   | (20,069,846)       | (15,331,118)        |
| Profit/ (Loss) for the year                  |      | <b>999,742,641</b> | <b>(96,579,788)</b> |
| Profit / (loss) per share- Basic and diluted | 31   | <b>8.49</b>        | <b>(0.84)</b>       |

The annexed notes from 1 to 40 form an integral part of these financial statements.



MUHAMMAD FAISAL LATIF  
(DIRECTOR)



MIAN MUHAMMAD JAVAID IQBAL  
(DIRECTOR)

The financial statements are signed by the two directors, as provided under section 232 of the Companies Act, 2017 as the Chief Executive was not available in Pakistan.

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)**

|  | <b>2021<br/>Rupees</b> | <b>2020<br/>Rupees</b> |
|--|------------------------|------------------------|
| Profit/ (Loss) for the year  | 999,742,641            | (96,579,788)           |
| Other comprehensive income for the year                            |                        |                        |
| Items that will not be subsequently reclassified to profit or loss |                        |                        |
| Remeasurement of defined benefit liability                         | 1,245,127              | 2,683,992              |
| Total comprehensive income/ (loss) for the year                    | <u>1,000,987,768</u>   | <u>(93,895,796)</u>    |

The annexed notes from 1 to 40 form an integral part of these financial statements.



**MUHAMMAD FAISAL LATIF**  
**(DIRECTOR)**



**MIAN MUHAMMAD JAVAID IQBAL**  
**(DIRECTOR)**

The financial statements are signed by the two directors, as provided under section 232 of the Companies Act, 2017 as the Chief Executive was not available in Pakistan.



**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)**

|  | <b>2021<br/>Rupees</b> | <b>2020<br/>Rupees</b> |
|--|------------------------|------------------------|
| <b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>           |                        |                        |
| Profit / (loss) before taxation                          | 1,019,812,487          | (81,248,670)           |
| Adjustments for:   |                        |                        |
| Depreciation of operating assets                         | 78,295,265             | 81,166,156             |
| Depreciation of right-of-use assets                      | 1,726,344              | 1,798,819              |
| Depreciation of investment property                      | 16,135,691             | 16,808,011             |
| Provision for staff retirement gratuity                  | 2,210,225              | 3,625,018              |
| Gain on disposal of operating assets                     | -                      | (1,479,755)            |
| Finance cost   | 29,589                 | 186,063                |
| Balances written back - net                              | (1,077,814,611)        | (642,772)              |
| Operating cash flows before working capital changes      | 40,394,990             | 20,212,870             |
| Changes in working capital                               |                        |                        |
| (Increase) / decrease in current assets                  |                        |                        |
| Trade debts  | (4,330,202)            | 152,601                |
| Loans and advances                                       | (7,477,095)            | (5,386,947)            |
| Deposits and prepayments                                 | -                      | 31,500                 |
| Other receivables  | (3,362,080)            | 2,383,462              |
|  | (15,169,377)           | (2,819,384)            |
| (Decrease) in current liabilities                        |                        |                        |
| Trade and other payables                                 | (3,771,808)            | (23,335,513)           |
|  | (18,941,185)           | (26,154,897)           |
| Cash generated from / (used in) operations               | 21,453,805             | (5,942,027)            |
| Finance cost paid  | (29,589)               | (186,063)              |
| Net cash generated from / (used in) operating activities | 21,424,216             | (6,128,090)            |
| <b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>           |                        |                        |
| Proceeds from disposal of operating assets               | -                      | 1,480,000              |
| Net cash generated from investing activities             | -                      | 1,480,000              |

|   | 2021<br>Rupees    | 2020<br>Rupees    |
|---|-------------------|-------------------|
| Net increase/ (decrease) in cash and cash equivalents (a+b) | 21,424,216        | (4,648,090)       |
| Cash and cash equivalents at the beginning of the year      | 12,917,307        | 17,565,397        |
| Cash and cash equivalents at the end of the year            | <u>34,341,523</u> | <u>12,917,307</u> |

The annexed notes from 1 to 40 form an integral part of these financial statements.



**MUHAMMAD FAISAL LATIF**  
(DIRECTOR)



**MIAN MUHAMMAD JAVAID IQBAL**  
(DIRECTOR)

The financial statements are signed by the two directors, as provided under section 232 of the Companies Act, 2017 as the Chief Executive was not available in Pakistan.



**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)**


|  | Issued,<br>subscribed<br>and paid up<br>capital | Cumulative<br>preference<br>shares | Loan from<br>Director | Surplus on<br>revaluation of<br>property, plant<br>and equipment | Capital reserves                             |  |   | Sub total   | Revenue reserves   |                     |                 | Total         |
|--|---|------------------------------------|-----------------------|--|--|--|---|-------------|--------------------|---------------------|-----------------|---------------|
|  |   |                                    |                       |  | Premium on<br>issue of<br>ordinary<br>shares | Book difference of<br>capital under scheme<br>of arrangement for<br>amalgamation | Preference<br>shares<br>redemption<br>reserve |             | General<br>reserve | Accumulated<br>loss | Sub total       |               |
|  | R u p e e s                                     |                                    |                       |  |  |  |   |             |                    |                     |                 |               |
| Balance as at July 01 2019   | 1,150,000,000                                   | 800,000,000                        | -                     | 5,714,390,631  | 120,000,000                                  | 63,552,610   | 342,857,142                                   | 526,409,752 | 76,432,834         | (9,145,112,413)     | (9,068,679,579) | (877,879,196) |
| <b>Total comprehensive (loss)<br/>for the year</b>                     |   |                                    |                       |  |  |  |   |             |                    |                     |                 |               |
| (loss)/Profit for the year   | -   | -                                  | -                     | -  | -  | -  | -   | -           | -                  | (96,579,788)        | (96,579,788)    | (96,579,788)  |
| Other comprehensive income   |   |                                    |                       |  |  |  |   |             |                    |                     |                 |               |
| Items that will not be subsequently<br>reclassified to profit or loss: |   |                                    |                       |  |  |  |   |             |                    |                     |                 |               |
| Remeasurement of defined benefit liability                             | -   | -                                  | -                     | -  | -  | -  | -   | -           | -                  | 2,683,992           | 2,683,992       | 2,683,992     |
|  | -   |                                    |                       |  |  |  |   |             |                    |                     |                 | -             |
|  |   |                                    |                       |  |  |  |   |             |                    | (93,895,796)        | (93,895,796)    |               |
| Incremental depreciation on<br>revalued assets for the year            | -   | -                                  | -                     | (33,549,715.66)  | -  | -  | -   | -           | -                  | 33,549,716          | 33,549,716      | -             |
|  |   |                                    |                       |  |  |  |   |             |                    |                     |                 |               |
| Transaction with owner   |   |                                    |                       |  |  |  |   |             |                    |                     |                 |               |
| Loan from director   | -   | -                                  | 244,313,086           | -  | -  | -  | -   | -           | -                  | -                   | -               | 244,313,086   |
| Balance as at June 30, 2020  | 1,150,000,000                                   | 800,000,000                        | 244,313,086           | 5,680,840,915  | 120,000,000                                  | 63,552,610   | 342,857,142                                   | 526,409,752 | 76,432,834         | (9,205,458,493)     | (9,129,025,659) | (727,461,906) |
| <b>Total comprehensive (loss)<br/>for the year</b>                     |   |                                    |                       |  |  |  |   |             |                    |                     |                 |               |
| Profit /(Loss) for the year  | -   | -                                  | -                     | -  | -  | -  | -   | -           | -                  | 999,742,641         | 999,742,641     | 999,742,641   |
| Other comprehensive income   |   |                                    |                       |  |  |  |   |             |                    |                     |                 |               |
| Items that will not be subsequently<br>reclassified to profit or loss: |   |                                    |                       |  |  |  |   |             |                    |                     |                 |               |
| Remeasurement of defined benefit liability                             | -   | -                                  | -                     | -  | -  | -  | -   | -           | -                  | 1,245,127           | 1,245,127       | 1,245,127     |
|  | -   | -                                  | -                     | -  | -  | -  | -   | -           | -                  | 1,000,987,768       | 1,000,987,768   | 1,000,987,768 |
| Incremental depreciation on<br>revalued assets for the year            | -   | -                                  | -                     | (32,427,294)   | -  | -  | -   | -           | -                  | 32,427,294          | 32,427,294      | -             |
| Balance as at June 30, 2021  | 1,150,000,000                                   | 800,000,000                        | 244,313,086           | 5,648,413,621  | 120,000,000                                  | 63,552,610   | 342,857,142                                   | 526,409,752 | 76,432,834         | (8,172,043,431)     | (8,095,610,597) | 273,525,862   |

(Refer Note)

5

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
**MUHAMMAD FAISAL LATIF**  
**(DIRECTOR)**

  
**MIAN MUHAMMAD JAVAID IQBAL**  
**(DIRECTOR)**

The financial statements are signed by the two directors, as provided under section 232 of the Companies Act, 2017 as the Chief Executive was not available in Pakistan.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021.

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

### 1 GENERAL INFORMATION

- 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:

| Description                  | Location       | Address   |
|------------------------------|----------------|---|
| Registered/Head Office       | Faisalabad     | Nishatabad, Faisalabad.   |
| Spinning Unit                | Toba Tek Singh | 3 K.M Shorkot Road, Toba Tek Singh.                                   |
| Weaving Unit-I               | Kharianwala    | 11 K.M Main Faisalabad Lahore Road, Kharianwala, Sheikhpura.          |
| 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.                  |
| Stitching Unit               | Faisalabad     | Jhumra road Gatti, Faisalabad.  |
| Office                       | Karachi        | 14-15 Clifton, Karachi.   |

- 1.2 Pursuant to schemes of arrangement approved by the Honorable 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 Fibers Limited were merged with the Company with effect from April 01, 2003.
- 1.3 As at June 30, 2021 the accumulated loss of the Company is Rs. 8,172.04 million and the current liabilities exceed its current assets by Rs. 9,082.29 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. The company was wound up by the order of Honorable Lahore High Court dated July13, 2017 due to application filed by one of the creditor because of breach of debt covenants. The company preferred an appeal before the Honorable Supreme Court against this order but leave of appeal was not granted and dismissed vide order dated January 08, 2019 and official liquidator was appointed under the winding up order. SECP has initiated proceedings for investigations under the U/S-257 of Companies Act 2017,(Section 265 of the repealed Companies Ordinance, 1984.) The company has challenged the order and the Honourable Lahore High Court has stayed the proceedings.

The sponsors of the Company filed a Scheme of Arrangement before Lahore High Court Lahore on January 20, 2021 u/s 279 to 283 and 285(8) of companies Act, 2017 for reversal of winding up order whereupon a meeting was held on February 22, 2021 by the Share holders and Secured creditors of the company under the Chairmen ship of lawyers duly appointed by the Honorable Lahore High Court Lahore. 100% contributories/shareholders and 90.40% Secured Creditors approved the said scheme of arrangement. Which was approved by the Court on September 14, 2021 and subsequently the Court issued Reversal of winding up order dated October 29, 2021 and Company was handed over to the management.

According to Scheme of Arrangement the breakup of Principal Debt owed to each of the Lenders individually is bifurcated in the Tier 1 Debt consisting of Rs. 4,737,486,364/- and Tier 2 debt of Rs.4,737,486,364/- aggregated to Rs.9,474,972,728/-. Tier 1 debt shall be repaid in seven and half (7.5) years from the effective Date. The Tier 2 debt shall be repaid in six and a half (6.5) years from the earlier of (i) the date on which the Tier 1 Debt is repaid, and (ii) the date by which Tier 1 Debt is required to be repaid as per repayment schedule agreed under scheme of arrangement.

The Company shall pay the Principal Debt and Mark-Up to the Agent Bank and the Agent Bank shall pay each lenders it's pro-rata share of such repayments.

In view of approval of scheme of arrangement by the lenders/financial institutions the management is confident that it's implementation will result in improvement in the financial and operational condition of the Company are discussed below:

**(a) Disposal of non-core assets**

The management is committed to dispose off non core assets, within the grace period of one year from the effective date on which scheme of arrangement is approved. Disposal proceeds of non core assets of Rs 1.4 Billion will result in payment of loan amounts as well as injection in the working capital of the company for carrying out it's operations.

**(b) Settlement / rescheduling of loans / finances with lenders**

As per scheme of arrangement lenders/ financial institutions payment of principal is proposed over the course of 14 years from the effective date. This will improve the financial health and also settle all the disputes with the lenders/financial institutions.

**(c) Additional Working Capital facility**

The company required the running facility for managing it's working capital in two consecutive years as proposed under the scheme of arrangement.

**(d) Induction of fresh equity**

Sponsors will arrange an injection of fresh equity through the sale of personal shares into the company by realizing Rs. 350 Million as per Scheme of arrangement.

The above mentioned proposals will help to overcome the financial and operational problems of the Company. Considering management's plans and adherence to facilities approved under the arrangement as discussed in para (a) to (d) above, management is confident that the Company will be able to continue as a going concern.

- 1.4 The Company has not carried out any commercial activity during the year due to winding up order and appointment of liquidator.
- 1.5 These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.
- 1.6 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 (IFRS's) 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 IFRS's, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

### **2.2.1 Standards, amendments to standards and interpretations becoming effective in current year**

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2020 and therefore, have been applied in preparing these financial statements.

#### **- Amendments to IAS 1 and IAS 8 - Definition of Material**

The amendments are made to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The concept of "obscuring" material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from "Could influence" to "Could reasonably be expected to influence".

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments have no material impact on the disclosures or on the amounts reported in the company's financial statements

#### **- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform**

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments are applicable to transactions that are either business combinations or asset acquisitions.

The application of amendments have no material impact on the financial statements of the company.

#### **- Amendments to IFRS 16 Leases: - Covid – 19 related rent concessions**

These amendments make it easier for lessees to account for covid-19-related rent concessions such as rent holidays and temporary rent reductions.

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19 related rent concessions that reduce lease payments due on or before 30 June 2021.

The amendments have no material impact on the disclosure or on the amounts reported in the company's financial statements.

#### **- The Amendments to References to the Conceptual Framework for Financial Reporting**

The Company has adopted amendments to References to the conceptual framework in IFRS,s. The amendments are intended to replace reference to a previous version of the IASB,s conceptual framework with a reference to the current version.

The amendments have no material impact on the disclosures or on the amounts reported in the company's financial statements.

### **2.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant**

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2020 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

### **2.2.3 Standards, amendments to standards and interpretations becoming effective in future periods**

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

#### **- Amendments to IFRS 3 - Definition of a Business**

The amendments relates to the definition of a "business" in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not.

The amendments clarify that to be considered a "business", an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and asset is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in single identifiable asset or group of similar assets.

The amendments are applicable to transactions that are either business combinations or asset acquisitions.

The application of amendments have no material impact on the financial statements of the company.

#### **- IFRS 17 Insurance Contracts**

IFRS 17 Insurance Contracts is a new accounting standard for insurance contracts. The standard covers recognition, measurement, presentation and disclosure of insurance contracts, Once effective, the standard will replace IFRS 4 Insurance Contracts.

The standard applies to all types of insurance contracts. Overall objective of the standard is to provide an accounting model for insurance contracts covering all relevant accounting aspects.

The standard is effective for reporting periods starting on or after January 01, 2023.

The application of the standard is not expected to have any material impact on the company's financial statements.

#### **- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate is replaced with an alternative nearly risk-free interest rate.

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognized. If they are not substantial, the updated effective interest rate is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognized in profit or loss.

The amendments are effective for the annual periods beginning on or after January 01, 2021

The amendments are not expected to have any material impact on company's financial statements.

- **Amendments to IAS 16 - Property, Plant and Equipment**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments are effective for the annual periods beginning on or after January 01, 2022.

The amendments are not expected to have any material impact on company's financial statements.

- **Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract**

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities - General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.

The amendments are effective for accounting periods beginning on or after 1 January 2022.

The application of amendments is not expected to have any material impact on the company's financial statements.

- **Amendments to IAS 1 - Classification of Liabilities as Current or Noncurrent**

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

- **Amendments to IAS 1 - Disclosure of Accounting Policies**

In February 2021, the Board issued amendments to IAS 1 the amendments aim to help entities provide accounting policy disclosures that are more useful by:

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

- **Amendments to IAS 8 - Definition of Accounting Estimates**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

- **Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgment is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendments are effective for the annual periods beginning on or after January 01, 2023.

The amendments are not expected to have any material impact on the company's financial statements.

- **Annual improvements to IFRS – 2018 – 2020**

- IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

- IFRS 9 Financial Instruments

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- IAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The amendments are effective for the annual periods beginning on or after January 01, 2022.

The amendments are not expected to have any material impact on the company's financial statements.

#### **2.2.4 Standards, amendments to standards and interpretations becoming effective in future period but not relevant.**

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

## **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 – (as a lessee)**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### **i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

### **ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.



In calculating the initial present value of lease payments, the Company uses the rate of implicit in the lease. If these rate cannot be readily determined the company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in Interest-bearing loans.

### **iii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

## **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 statement of financial position date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

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 statement of financial position date.

Deferred tax charged or credited in the statement of profit or loss, except in case of items credited or charged to equity in which case it is included in equity.

## **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.10 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.

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).

## **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 the statement of 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 Investment property**

Investment property which is property held to earn rentals and / or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on investment property is charged to income on reducing balance method at the rate of 4% per annum. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalised while no depreciation is charged for the month in which the property is disposed off.

Repairs and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of investment property if any, are recognised in current income.

### **2.14 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.

### **2.15 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.

### **2.16 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.

### **2.17 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.

### **2.18 Foreign currency translation**

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

Gains and losses arising on retranslation are included in net profit or loss for the period.

## **2.19 Financial instruments**

### **2.19.1 Financial assets**

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

- Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

- Financial assets at fair value through other comprehensive

Financial assets at fair value through other comprehensive income are held within a business model whose objective is both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets are measured at fair value at initial recognition and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

## **2.20 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 realize the asset and settle the liability simultaneously.

## **2.21 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.

Sale of goods is recognised at a point in time when control of goods is transferred to customers.

Revenue from conversion receipts is recognised when services are rendered.

## **2.22 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.

## **2.23 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, revaluation of land, buildings, plant and machinery, electric installations and generators, provision for doubtful receivables and slow moving inventory, staff retirement gratuity and estimate relating to provision for both current and deferred taxation. 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

| 2021               | 2020               |   | 2021                 | 2020                 |
|--------------------|--------------------|---|----------------------|----------------------|
| 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           |
| <u>115,000,000</u> | <u>115,000,000</u> |   | <u>1,150,000,000</u> | <u>1,150,000,000</u> |

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

### 4. Cumulative preference shares

| 2021              | 2020              |   | 2021               | 2020               |
|-------------------|-------------------|---|--------------------|--------------------|
| Number of shares  |                   |   | Rupees             | Rupees             |
| <u>80,000,000</u> | <u>80,000,000</u> | Cumulative preference shares of Rs. 10/- each fully paid in cash. | <u>800,000,000</u> | <u>800,000,000</u> |

- 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:
- 75% of market value of shares or
  - 75% of book value (break up value) or
  - 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. SECP has initiated proceedings 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 However as per scheme of arrangement approved by Honorable Lahore High Court subsequent to the statement of financial position date, redemption of preference shares shall be as under:-

I. Each of the following Lenders currently hold preference shares of the following outstanding amount (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   |
| Askari Bank Limited       | PKR 100,000,000   |
| National Bank of Pakistan | PKR 100,000,000   |

II. The above mentioned 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.

|                           | 2021<br>Rupees     | 2020<br>Rupees     |
|---------------------------|--------------------|--------------------|
| <b>5. DIRECTORS' LOAN</b> | <b>244,313,086</b> | <b>244,313,086</b> |

**5.1** These loans are accounted for under Technical Release -32 "Accounting Directors Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements for the period beginning on or after January 01, 2016.

**5.2** These loans are interest free and are repayable at the discretion of the company. These loans are subordinated to the financial facilities availed from banks.

|   | 2021<br>Rupees       | 2020<br>Rupees       |
|---|----------------------|----------------------|
| <b>6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b> |                      |                      |
| Opening balance   | 5,680,840,915        | 5,714,390,631        |
| Incremental depreciation on revalued assets for the year          | (32,427,294)         | (33,549,716)         |
|   | <b>5,648,413,621</b> | <b>5,680,840,915</b> |

**6.1** Freehold land was revalued by M/S Protectors as on 30 September 2016 on the basis of market values of Rs.2,731,860,000 (force sale value of Rs.2,322,081,000) and incorporated in financial statements for the second quarter ended on December 31, 2016 which was ratified 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.

**6.2** 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 values, by independent valuer "Protectors" on June 30, 2015 of Rs. 8,005,510,305/-. (force sale value of Rs. 6,526,155,859/-). The valuation was based on un-observable inputs which was Level 3 of fair value hierarchy.

|                                      | Note | 2021<br>Rupees     | 2020<br>Rupees     |
|--------------------------------------|------|--------------------|--------------------|
| <b>7. Capital reserves</b>           |      |                    |                    |
| Premium on issue of ordinary shares  |      | 120,000,000        | 120,000,000        |
| Merger reserve                       | 7.1  | 63,552,610         | 63,552,610         |
| Preference shares redemption reserve | 7.2  | 342,857,142        | 342,857,142        |
|                                      |      | <b>526,409,752</b> | <b>526,409,752</b> |

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

**7.2** 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.

|  | Note | 2021<br>Rupees         | 2020<br>Rupees         |
|--|------|------------------------|------------------------|
| <b>8. Revenue reserves</b>                       |      |                        |                        |
| General reserve                                  |      | 76,432,834             | 76,432,834             |
| (Accumulated loss)                               |      |                        |                        |
| Opening balance                                  |      | (9,205,458,493)        | (9,145,112,413)        |
| Total comprehensive income / (loss) for the year |      | 1,000,987,768          | (93,895,796)           |
| Incremental depreciation on revalued assets      |      | 32,427,294             | 33,549,716             |
|  |      | <b>(8,172,043,431)</b> | <b>(9,205,458,493)</b> |
|  |      | <b>(8,095,610,597)</b> | <b>(9,129,025,659)</b> |

|                               | Note | 2021<br>Rupees       | 2020<br>Rupees       |
|-------------------------------|------|----------------------|----------------------|
| <b>9. Long term financing</b> |      |                      |                      |
| Secured                       |      |                      |                      |
| Under mark up arrangements    |      |                      |                      |
| From banking companies        |      |                      |                      |
| Fixed assets finance          | 9.1  | 239,227,233          | 239,227,233          |
| Demand finances               | 9.1  | 1,305,200,000        | 1,305,200,000        |
| Term finances                 | 9.1  | 2,686,553,038        | 2,686,553,038        |
| Long term finance             | 9.1  | 157,245,796          | 157,245,796          |
| From financial institutions   |      |                      |                      |
| Term finances                 | 9.1  | 560,260,533          | 560,260,533          |
| Long term finances            | 9.1  | 78,791,139           | 78,791,139           |
| Not subject to mark up        |      |                      |                      |
| From financial institutions   |      |                      |                      |
| Term finance XI               | 9.2  | 74,000,000           | 74,000,000           |
|                               |      | <u>5,101,277,739</u> | <u>5,101,277,739</u> |
| Less : Current portion        |      |                      |                      |
| Installments over due         |      | 3,529,191,701        | 3,280,191,701        |
| Payable within one year       |      | 298,000,000          | 249,000,000          |
|                               |      | <u>3,827,191,701</u> | <u>3,529,191,701</u> |
|                               |      | <u>1,274,086,038</u> | <u>1,572,086,038</u> |
| Unsecured from                |      |                      |                      |
| Directors                     |      | -                    | 244,313,086          |
| Transferred to Equity         | 5    | -                    | (244,313,086)        |
|                               |      | -                    | -                    |
| Associates                    | 9.3  | 63,730,000           | 61,786,414           |
|                               |      | <u>1,337,816,038</u> | <u>1,633,872,452</u> |

**9.1 The terms of repayment of finances are as under;**

| Nature of loans                | Balance<br>Rupees | Number of<br>installments | Payment<br>rests | Commencement<br>date | Ending<br>date | Markup<br>rate   |
|--------------------------------|-------------------|---------------------------|------------------|----------------------|----------------|--|
| <b>From banking companies:</b> |                   |                           |                  |                      |                |  |
| Fixed assets<br>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.a.                             |
| 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 9.1.1)        |                  |                      |                |  |
|                                | 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.<br>with a floor of 11% p.a. |
| V                              | 121,000,000       | 10                        | Quarterly        | 30-Sep-10            | 31-Dec-12      | 3 Months KIBOR + 3%<br>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 9.1.2)        |                  |                      |                |  |
| XI                             | 844,497,000       | (Refer Note 9.1.3)        |                  |                      |                |  |
| XII                            | 531,089,038       | (Refer Note 9.1.4)        |                  |                      |                |  |
|                                | 2,686,553,038     |                           |                  |                      |                |  |



| Nature of loans                     | Balance<br>Rupees | Number of<br>installments | Payment<br>rests | Commencement<br>date | Ending<br>date | Markup<br>rate   |
|-------------------------------------|-------------------|---------------------------|------------------|----------------------|----------------|--|
| 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       |                           |                  |                      |                |  |
| <b>From financial institutions:</b> |                   |                           |                  |                      |                |  |
| 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<br>with a floor of 10% p.a<br>and rebate of 6% p.a<br>during the grace<br>period. |
| III                                 | 47,916,667        | 60                        | Monthly          | 27-Jan-11            | 27-Dec-15      | 6 M KIBOR + 3% p.a<br>with a floor of 10% p.a<br>and rebate of 6% p.a<br>during the grace<br>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 Company is facing financial and operational problems. As part of its long term plan to overcome these problems, the management had filed applications to its bankers / financial institutions to reschedule the existing long term and short term borrowings along with outstanding mark up thereon 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. Subsequently scheme of arrangement with the lenders for rescheduling of borrowing, was approved whereby entire borrowing is rescheduled over the course of 14 years (refer note 36.5) and past markup has been waived off therefore, no provision for markup has been made.

#### 9.1.1 The loan is repayable as under ;

| No. of<br>installments | Installment<br>amount | Balance<br>amount    | Commencing<br>from | Ending<br>on |
|------------------------|-----------------------|----------------------|--------------------|--------------|
| 1                      | 20,000,000            | 14,700,000           | 30-Sep-15          | 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          | 30-Sep-25    |
| <b>41</b>              |                       | <b>1,094,200,000</b> |                    |              |

**9.1.2** Total amount of the loan was of Rs. 490.865 million out of which Rs. 240.865 million was payable in 53 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 have not decided yet.

**9.1.3** The loan is repayable as under ;

| No. of installments | Installment amount | Total amount       | Commencing from | Ending on |
|---------------------|--------------------|--------------------|-----------------|-----------|
| 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        | 31-12-23  |
| <b>72</b>           |                    | <b>844,497,000</b> |                 |           |

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.

**9.1.4** The loan 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                   | 11,089,038         | 11,089,038         | 30-Nov-23       | 30-Nov-23 |
| <b>83</b>           |                    | <b>531,089,038</b> |                 |           |

**9.2** It was payable in 47 monthly installments as under;

| No. of    | Installment amount | Total amount      | Commencing | Ending on |
|-----------|--------------------|-------------------|------------|-----------|
| 1         | 500,000            | 500,000           | 5-Dec-13   | 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   | 5-Oct-17  |
| <b>47</b> |                    | <b>74,000,000</b> |            |           |

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

**9.3** These are interest free. These loans are recognised at amortised cost. Loans amounting to Rs 63.73 million (2020: Rs. 61.79 million) were repayable in lump sum after June 30,2020. Using prevailing market interest rate for an equivalent loan of 10.12% for loans payable after June 30, 2020 the fair value of these loans is estimated at Rs. 63.73 million (2020: Rs 63.73 million). The difference of Rs. Nil million (2020: Rs 1.94 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.

#### 9.4 Subsequent as per Scheme of arrangement

According to Scheme of Arrangement the breakup of Principal Debt owed to each of the Lenders individually (that involves long term financing, short term borrowing and lease liabilities) is bifurcated into two equal portions as Tier 1 Debt and Tier-2 Debt each of Rs. 4,737,486,364/- aggregating to Rs.9,474,972,728/-.

Tier 1 Debt shall be repaid in seven and half years from the effective date September,14-2021. Tier 2 Debt shall be repaid in 6 and half years after Tier 1. Tier 1 Debt and Tier 2 Debt is to be paid in quarterly installments on the last day of each calendar year i.e March 31st, Jun, 30 September, 30 and 31st December.

The first year after the effective date shall be a grace period subject to any repayment during the first year from proceeds of sale of non core assets as described in the scheme.

The Company shall pay the 75% of disposal proceeds realized from the disposal of non core assets to the Agent bank and the Agent Bank shall pay each lenders it's pro-rata share of such repayments and the balance 25% of proceeds will be injected as working capital for operations of the company.

Thereafter, the company shall make the payments of Principal and Mark-Up from it's own resources to the Agent Bank which shall pay each lenders it's pro-rata share of such repayments as elucidated under the Scheme of Arrangement.

The past Mark up and the initial tier 2 Debt markup shall be waived off by the lenders if the Principal Debt (Tier-1 and Tier-2) and Mark-Up (Tier-1 Debt markup and Subsequent Tier-2 Debt markup) are paid timely and in accordance with the repayment Schedule under scheme of Arrangement. However, in case of any default in making all or any of payments stated above, full amount of such waived amounts (Past markup and Initial Tier-2 Debt markup) shall stand due and become payable.

|                                 | Note | 2021<br>Rupees | 2020<br>Rupees |
|---------------------------------|------|----------------|----------------|
| <b>10. Lease Liabilities</b>    |      |                |                |
| Opening balance                 | 10.2 | 28,702,544     | 28,702,544     |
| Shown under current liabilities |      |                |                |
| Installments over due           |      | (28,702,544)   | (28,702,544)   |
|                                 |      | <u>-</u>       | <u>-</u>       |

**10.1** 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.

**10.2** The principal 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 (2020 : 11.27% to 17.13% per annum) being the interest rates implicit in the leases.

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

Year ending June 30,

|                             |                    |                    |
|-----------------------------|--------------------|--------------------|
| 2021                        | -                  | 36,111,455         |
| 2022                        | 36,111,455         | -                  |
|                             | <u>36,111,455</u>  | <u>36,111,455</u>  |
| Financial charges           |                    |                    |
| Payable                     | (7,408,911)        | (7,408,911)        |
| Allocated to future periods | -                  | -                  |
|                             | <u>(7,408,911)</u> | <u>(7,408,911)</u> |
|                             | <u>28,702,544</u>  | <u>28,702,544</u>  |

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

|  | 2021                   |   | 2020                   |   |
|--|------------------------|---|------------------------|---|
|  | Minimum lease payments | Present value of minimum lease payments | Minimum lease payments | Present value of minimum lease payments |
|  | ----- Rupees -----     |   |                        |   |
| Due within one year                              | 36,111,455             | 28,702,544                              | 36,111,455             | 28,702,544                              |
| Due after one year but not later than five years | -                      | -                                       | -                      | -                                       |
|  | 36,111,455             | 28,702,544                              | 36,111,455             | 28,702,544                              |

**10.5** On the reporting date, the installments of lease liabilities amounting to Rs. 28.70 million were over due. The over due installments were not paid subsequently.

**10.6** These lease liabilities are proposed to be rescheduled subsequently as per scheme of Arrangement (Refer Note No.9.4)

|                                 | Note | 2021<br>Rupees    | 2020<br>Rupees    |
|---------------------------------|------|-------------------|-------------------|
| <b>11. Deferred liabilities</b> |      |                   |                   |
| Staff retirement gratuity       | 11.1 | 12,263,388        | 17,759,106        |
| Deferred taxation               | 11.2 | -                 | -                 |
|                                 |      | <u>12,263,388</u> | <u>17,759,106</u> |

#### 11.1 Staff retirement gratuity

##### 11.1.1 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, 2021.

|   | Note   | 2021<br>Rupees    | 2020<br>Rupees    |
|---|--------|-------------------|-------------------|
| <b>11.1.2 Balance sheet reconciliation as at June 30,</b> |        |                   |                   |
| Present value of defined benefit obligation               |        | <u>12,263,388</u> | <u>17,759,106</u> |
| <b>11.1.3 Movement in net liability recognized</b>        |        |                   |                   |
| Opening balance   |        | 17,759,106        | 18,475,005        |
| Charge for the year                                       | 11.1.4 | 2,210,225         | 3,625,018         |
| Benefits payable  |        | (6,460,816)       | (1,656,925)       |
| Remeasurement of obligation                               |        | (1,245,127)       | (2,683,992)       |
| Balance at June 30,                                       |        | <u>12,263,388</u> | <u>17,759,106</u> |
| <b>11.1.4 Charge for the year</b>                         |        |                   |                   |
| Service cost  |        | 700,701           | 992,330           |
| Interest cost   |        | 1,509,524         | 2,632,688         |
|   |        | <u>2,210,225</u>  | <u>3,625,018</u>  |

|   | 2021             | 2020           |
|---|------------------|----------------|
| <b>11.1.5 Principal actuarial assumptions</b>                       |                  |                |
| Discount factor used  | 15.75% Per annum | 8.5% Per annum |
| Expected rate of increase in salaries                               | 15.75% Per annum | 8.5% Per annum |
| Expected average remaining working lives of participating employees | 8 years          | 8 years        |

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

|                          | 2021<br>Rupees | 2020<br>Rupees |
|--------------------------|----------------|----------------|
| Current liability        | 12,263,388     | 17,759,106     |
| +1% Discount rate        | 11,128,881     | 15,379,328     |
| -1% Discount rate        | 13,556,255     | 20,803,804     |
| +1% Salary increase rate | 13,544,436     | 20,772,676     |
| -1% Salary increase rate | 11,119,621     | 15,359,010     |

**11.1.7** 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.

**11.1.8** the following demographic assumptions were used in valuing the liabilities under the plan.

|                |                       |
|----------------|-----------------------|
| Mortality      | Adjusted SLIC 2001-05 |
| Disability     | N.A.                  |
| Withdrawal     | Moderate              |
| Retirement age | 60 Years              |

## 11.2 Deferred taxation

**It comprises of the followings:**

|   | 2021<br>Rupees | 2020<br>Rupees  |
|---|----------------|-----------------|
| Deferred tax liability :  |                |                 |
| Difference in tax and accounting bases of property, plant and equipment | 1,561,765,969  | 1,195,528,768   |
| Deferred tax assets :   |                |                 |
| Unadjusted tax losses   | (938,472,716)  | (1,113,782,979) |
| Staff retirement gratuity   | (2,681,279)    | (3,238,715)     |
| Lease liability   | (6,275,552)    | (5,234,462)     |
| Tax Credits   | (18,925,580)   | (18,925,580)    |
| Unrecognised Deferred Tax Liability                                     | 595,410,842    | 54,347,032      |
|   | -              | -               |

|                                       | Note | 2021<br>Rupees       | 2020<br>Rupees       |
|---------------------------------------|------|----------------------|----------------------|
| <b>12. Trade and other payables</b>   |      |                      |                      |
| Creditors                             |      | 723,463,765          | 1,011,804,642        |
| Accrued liabilities                   |      | 218,620,753          | 212,395,410          |
| Contract liabilities                  |      | 31,302,366           | 431,703,588          |
| Security deposit                      |      | 12,475,288           | 442,225,288          |
| Other                                 |      | 2,789,711            | 24,747,379           |
|                                       |      | <u>988,651,883</u>   | <u>2,122,876,307</u> |
| <b>13. Short term bank borrowings</b> |      |                      |                      |
| Secured                               |      |                      |                      |
| Under mark up arrangements            |      |                      |                      |
| Export finances                       | 13.2 | 3,668,552,114        | 3,668,552,114        |
| Finance against trust receipts        | 13.2 | 18,301,847           | 18,301,847           |
| Running finance                       | 13.2 | 437,588,483          | 437,588,483          |
| Murabaha finances                     | 13.3 | 220,550,000          | 220,550,000          |
|                                       |      | <u>4,344,992,444</u> | <u>4,344,992,444</u> |

**13.1** The aggregate unavailed short term borrowing facilities available to the Company are nil (2020: Rs. nil million). Total sanctioned limits were Rs. 5.17 billion (2020: Rs. 5.17 billion) which were 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 passu with the charges created in respect of long term financing (Refer Note 9.1) and Murabaha finances (Refer Note 13.3). Export finances of Rs. 374.13 million (2020: Rs. 374.13 million) are also secured against equitable mortgage / deposit of title deeds of personal properties of directors and an associate. The Company is facing financial and operational problems. As part of its long term plan to overcome these problems, the management had filed applications to its bankers / financial institutions to reschedule the existing long term and short term borrowings along with outstanding mark up thereon 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. Subsequently scheme of arrangement with the lenders for rescheduling of borrowing including the short term borrowings, was approved whereby entire short term borrowing is converted into long term loan (refer note 36.5) and past markup has been waived off therefore, no provision for markup has been made.

**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 9.1) and export and running finances (Refer Note 13.2). These are further secured by personal guarantee of directors of the Company. The management has also filed applications to its bankers / financial institutions with respect to rescheduling of existing long term and short term borrowings along with outstanding mark up thereon 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, hence no provision of markup has been made with respect to these finances. (Refer Note 13.2).

#### 14. CONTINGENCIES AND COMMITMENTS

##### Contingencies

| Name of the court, agency or authority    | Description of the factual basis of the proceeding and relief sought  | Principal parties                    | Date instituted |
|---|---|--------------------------------------|-----------------|
| Income tax                                | The department has filed miscellaneous applications for tax year 2010 before the Honorable Appellate Tribunal Inland Revenue, Lahore Bench, Lahore against its order whereby relief has been granted to the taxpayer. The matter involved was stayed against recovery of Income tax demand of Rs. 4,369,683/- through adjustment of refund. The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.                    | Federal Board of Revenue vs. Company | 11 July,2013    |
| Appellate Tribunal Inland Revenue, Lahore | The department has filed miscellaneous applications for tax year 2012 before the Honorable Appellate Tribunal Inland Revenue, Lahore Bench, Lahore against Commissioner Inland Revenue(Appeals) order whereby relief has been awarded to the taxpayer. Tax amount of Rs. 8,634,737/- (2020: Rs. 8,634,737) is involved in the case. The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.                            | Federal Board of Revenue vs. Company | 05 June,2014    |
|   | The Company has filed the appeals before the Honorable Appellate Tribunal Inland Revenue, Lahore Bench, Lahore for tax years 2013, 2015 and 2016 respectively against the CIR(A) orders. Tax demands of Rs. 4,456,880/-, 13,887,489/- and 10,315,279/- respectively are involved in the appeals. Currently the cases are pending for adjudication before ATIR. The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements. | Company vs. Federal Board of Revenue | 22 July,2020    |

| Name of the court, agency or authority | Description of the factual basis of the proceeding and relief sought | Principal parties | Date instituted |
|--|--|-------------------|-----------------|
|--|--|-------------------|-----------------|

#### Sales tax

|   |   |                                      |                   |
|---|---|--------------------------------------|-------------------|
| Appellate Tribunal Inland Revenue, Lahore | An appeal has been filed by the department before the Honorable Appellate Tribunal Inland Revenue, Lahore Bench, Lahore against the order of CIR (A), Regional Tax Office, Faisalabad in appeal No. 368/2011 whereby relief has been granted to the taxpayer. Tax amount of Rs. 7,318,105/- (2020: 7,318,105) is involved in the appeal. The appeal has not been decided so far. The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements. | Federal Board of Revenue vs. Company | December 23, 2011 |
|---|---|--------------------------------------|-------------------|

|  |   |                                      |                   |
|--|---|--------------------------------------|-------------------|
|  | The company has filed an appeal before the Honorable Appellate Tribunal Inland Revenue, Lahore Bench, Lahore against the order of CIR (A), Regional Tax Office, Faisalabad in appeal No. 296/2020. Tax amount of Rs. 32,249,198/- is involved in the appeal. Currently the case is pending for adjudication before ATIR. The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements. | Company vs. Federal Board of Revenue | November 25, 2020 |
|--|---|--------------------------------------|-------------------|

#### Other

|                   |  |                                |                   |
|-------------------|--|--------------------------------|-------------------|
| Lahore High Court | An appeal has been filed by the customs department before the Honorable Lahore High Court, Lahore against the order of Customs, Excise and Sales Tax Appellate Tribunal Lahore in Customs Appeal No. 754/LB/2003 which includes Custom duty of Rs. 2,594,882/- sales tax of Rs. 1,946,161 and penalty of Rs. 25,000/- (2020: Rs. 2,594,882/- sales tax of Rs. 1,946,161 and penalty of Rs. 25,000/-). The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements. | Customs Department vs. Company | December 02, 2013 |
|-------------------|--|--------------------------------|-------------------|



|  | 2021<br>Rupees | 2020<br>Rupees |
|--|----------------|----------------|
| In respect of bank guarantees issued on behalf of the Company Sui Northern Gas Pipelines Limited for supply of gas.  | 33,266,900     | 33,266,900     |
| Demand of wealth tax not acknowledged in view of pending appeals.  | 1,016,400      | 1,016,400      |
| Demands of Employees' Old Age Benefits Institution and Punjab Employees' Social Security Institution are not acknowledged in view of pending litigation.   | 20,611,375     | 20,611,375     |
| Liability of Gas Infrastructure development cess not acknowledged in view of pending petitions.  | 23,383,079     | 23,383,079     |
| 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.  | -              | -              |
| Liability of markup of Rs. 2,038.67 million (2020: Rs. 2,038.67 million) not acknowledged in view of company's request for waiver.   |                |                |
| According to the Scheme of arrangement past markup accrued and the cost of fund to respective lenders till the effective date will be waived off provided the company makes no default in making payments of principals (Tier -1 and Tier-2 Debt) and markup (Tier-1 and Subsequent Tier-2 Debt markup) under the scheme of Arrangement.                               | -              | -              |
| Correct amount of past due markup will be acknowledged after the Agent bank receives the figure of markup defaulted under each lender agreement.   |                |                |
| 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.   | 411,510,899    | 388,460,360    |
| Certain lenders have filed cases for recovery of long term and short term finances with claim of cost of funds. The claim of liquidated damages not acknowledged due to pending litigation.  | 89,868,889     | 89,868,889     |
| Certain creditors have filed suits for recovery of old outstanding balances before Session Court Faisalabad. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements. | 33,414,587     | -              |

### Commitments

There were no commitments as on 30 June 2021 (2020: Nil)

## 15. Property, plant and equipment

### Operating assets

|   | Company owned |                           |                     |                        |              |                   |                       |                  |              |             |                |
|---|---------------|---------------------------|---------------------|------------------------|--------------|-------------------|-----------------------|------------------|--------------|-------------|----------------|
|   | Freehold land | Building on freehold land | Plant and machinery | Electric installations | Generators   | Factory equipment | Furniture and fixture | Office equipment | Vehicles     | Sign boards | Sub total      |
| -----Rupees-----  |               |                           |                     |                        |              |                   |                       |                  |              |             |                |
| <b>At July 01, 2019</b>                                     |               |                           |                     |                        |              |                   |                       |                  |              |             |                |
| 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       | 13,078,089   | 525,248     | 11,556,259,101 |
| Accumulated depreciation                                    | -             | (258,974,390)             | (298,489,939)       | (42,117,718)           | (67,816,330) | (61,988,793)      | (29,776,474)          | (68,057,919)     | (11,506,243) | (486,805)   | (839,214,611)  |
| Net book value  | 2,731,860,000 | 1,460,033,090             | 5,962,957,282       | 222,855,880            | 297,782,670  | 14,486,392        | 9,332,050             | 16,126,837       | 1,571,846    | 38,443      | 10,717,044,490 |
| <b>Year ended June 30, 2020</b>                             |               |                           |                     |                        |              |                   |                       |                  |              |             |                |
| Opening net book value                                      | 2,731,860,000 | 1,460,033,090             | 5,962,957,282       | 222,855,880            | 297,782,670  | 14,486,392        | 9,332,050             | 16,126,837       | 1,571,846    | 38,443      | 10,717,044,490 |
| Disposals:  |               |                           |                     |                        |              |                   |                       |                  |              |             |                |
| Cost  | -             | -                         | -                   | -                      | -            | -                 | -                     | -                | (325,000)    | -           | (325,000)      |
| Accumulated depreciation                                    | -             | -                         | -                   | -                      | -            | -                 | -                     | -                | 324,755      | -           | 324,755        |
|   | -             | -                         | -                   | -                      | -            | -                 | -                     | -                | (245)        | -           | (245)          |
| Transfer to Investment Property (Refer note 17)             |               |                           |                     |                        |              |                   |                       |                  |              |             |                |
| Cost  | (485,803,713) | (476,719,350)             | -                   | -                      | -            | -                 | -                     | -                | -            | -           | (962,523,063)  |
| Accumulated depreciation                                    | -             | 56,519,076                | -                   | -                      | -            | -                 | -                     | -                | -            | -           | 56,519,076     |
|   | (485,803,713) | (420,200,274)             | -                   | -                      | -            | -                 | -                     | -                | -            | -           | (906,003,987)  |
| Depreciation charge   | -             | (41,593,313)              | (9,772,073)         | (10,598,944)           | (14,889,134) | (1,448,639)       | (933,205)             | (1,612,684)      | (314,320)    | (3,844)     | (81,166,156)   |
| Closing net book value                                      | 2,246,056,287 | 998,239,503               | 5,953,185,209       | 212,256,936            | 282,893,536  | 13,037,753        | 8,398,845             | 14,514,153       | 1,257,281    | 34,599      | 9,729,874,102  |
| <b>At June 30, 2020</b>                                     |               |                           |                     |                        |              |                   |                       |                  |              |             |                |
| Cost / revaluation  | 2,246,056,287 | 1,242,288,130             | 6,261,447,221       | 264,973,598            | 365,599,000  | 76,475,185        | 39,108,524            | 84,184,756       | 12,753,089   | 525,248     | 10,593,411,038 |
| Accumulated depreciation                                    | -             | (244,048,627)             | (308,262,012)       | (52,716,662)           | (82,705,464) | (63,437,432)      | (30,709,679)          | (69,670,603)     | (11,495,808) | (490,649)   | (863,536,936)  |
| Net book value  | 2,246,056,287 | 998,239,503               | 5,953,185,209       | 212,256,936            | 282,893,536  | 13,037,753        | 8,398,845             | 14,514,153       | 1,257,281    | 34,599      | 9,729,874,102  |
| <b>Year ended June 30, 2021</b>                             |               |                           |                     |                        |              |                   |                       |                  |              |             |                |
| Opening net book value                                      | 2,246,056,287 | 998,239,503               | 5,953,185,209       | 212,256,936            | 282,893,536  | 13,037,753        | 8,398,845             | 14,514,153       | 1,257,281    | 34,599      | 9,729,874,102  |
| Depreciation charge   | -             | (39,929,580)              | (9,772,073)         | (10,598,944)           | (14,144,677) | (1,303,775)       | (839,885)             | (1,451,415)      | (251,456)    | (3,460)     | (78,295,265)   |
| Closing net book value                                      | 2,246,056,287 | 958,309,923               | 5,943,413,136       | 201,657,992            | 268,748,859  | 11,733,978        | 7,558,960             | 13,062,738       | 1,005,825    | 31,139      | 9,651,578,837  |
| <b>At June 30, 2021</b>                                     |               |                           |                     |                        |              |                   |                       |                  |              |             |                |
| Cost / revaluation  | 2,246,056,287 | 1,242,288,130             | 6,261,447,221       | 264,973,598            | 365,599,000  | 76,475,185        | 39,108,524            | 84,184,756       | 12,753,089   | 525,248     | 10,593,411,038 |
| Accumulated depreciation                                    | -             | (283,978,207)             | (318,034,085)       | (63,315,606)           | (96,850,141) | (64,741,207)      | (31,549,564)          | (71,122,018)     | (11,747,264) | (494,109)   | (941,832,201)  |
| Net book value  | 2,246,056,287 | 958,309,923               | 5,943,413,136       | 201,657,992            | 268,748,859  | 11,733,978        | 7,558,960             | 13,062,738       | 1,005,825    | 31,139      | 9,651,578,837  |
| Annual rate of depreciation (%)                             |               | 4                         | -                   | 25 Years               | 5            | 10                | 10                    | 10               | 20           | 10          |                |
|   |               | Note                      | 2021 Rupees         | 2020 Rupees            |              |                   |                       |                  |              |             |                |
| 15.1 Depreciation for the year has been allocated as under: |               |                           |                     |                        |              |                   |                       |                  |              |             |                |
| Administrative expenses                                     | 27            |                           | 78,295,265          | 81,166,156             |              |                   |                       |                  |              |             |                |

**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, 2021 and 2020 would have been as follows:

| 2021                      |                      |                          |                      |
|---------------------------|----------------------|--------------------------|----------------------|
| Description               | Cost                 | Accumulated depreciation | Written down value   |
| ----- R u p e e s -----   |                      |                          |                      |
| Freehold land             | 88,714,638           | -                        | 88,714,638           |
| Building on freehold land | 2,113,125,299        | 1,104,101,895            | 1,009,023,404        |
| Plant and machinery       | 5,626,624,731        | 2,148,844,376            | 3,477,780,355        |
| Electric installations    | 304,777,663          | 203,302,273              | 101,475,390          |
| Generators                | 245,077,888          | 170,599,386              | 74,478,502           |
|                           | <u>8,378,320,219</u> | <u>3,626,847,930</u>     | <u>4,751,472,289</u> |

| 2020                      |                      |                          |                      |
|---------------------------|----------------------|--------------------------|----------------------|
| Description               | Cost                 | Accumulated depreciation | Written down value   |
| ----- R u p e e s -----   |                      |                          |                      |
| Freehold land             | 88,714,638           | -                        | 88,714,638           |
| Building on freehold land | 2,113,125,299        | 1,062,059,253            | 1,051,066,046        |
| Plant and machinery       | 5,626,624,731        | 2,148,844,376            | 3,477,780,355        |
| Electric installations    | 304,777,663          | 191,111,166              | 113,666,497          |
| Generators                | 245,077,888          | 166,679,465              | 78,398,423           |
|                           | <u>8,378,320,219</u> | <u>3,568,694,260</u>     | <u>4,809,625,959</u> |

**15.3** The forced sale value of revalued freehold land, building on freehold land , plant and machinery, electric installations and generators was Rs. 7,761,018,859/-as on June 30, 2016.

**15.4** Particulars of immovable property (i.e.. Land and building) in the name of company are as follows:-

| Sr. No. | Location   | Usage of Immovable property   | Area of Land        |
|---------|--|-------------------------------|---------------------|
| 1       | 3 K.M Shorkot Road, Toba Tek Singh                                   | Spinning unit & Colony        | 157 Kanal 04 Marlas |
| 2       | 11 K.M Main Faisalabad Lahore Road, Kharianwala, Sheikhpura          | Weaving Unit                  | 115 Kanal 4 Marlas  |
| 3       | 7 K.M Main Faisalabad Lahore Road, Kotla Kalo Shahkot, Nankana Sahib | Weaving Unit                  | 197 Kanal 16 Marlas |
| 4       | Main Faisalabad Lahore Road, Nishatabad, Faisalabad                  | Processing unit & Head office | 211.054 Kanal       |
| 5       | Jhumra road Gatti, Faisalabad  | Stitching Hall                | 16 Kanal 13 Marlas  |
| 6       | Main Lahore Road, Khurrianwala, Faisalabad                           | Stitching Hall                | 331 Kanal 15 Marlas |
| 7       | 27 Y Madina town, Faisalabad   | Residence                     | 1 Kanal 55Sft.      |
| 8       | 40-W Main Susan Road Faisalabad                                      | Residence                     | 1 Kanal 55Sft.      |
| 9       | 42-W Main Susan Road Faisalabad                                      | Residence                     | 1 Kanal 55Sft.      |
| 10      | 44-W Main Susan Road Faisalabad                                      | Residence                     | 1 Kanal 55Sft.      |
| 11      | 14-15 Clifton, Karachi   | Office                        | 4414 Sq.Ft          |

**15.5** Disposal of Property and equipment

| Description | Cost           | Accumulated depreciation | Written down value | Sales proceeds   | Gain/(Loss)      | Particulars of buyers |
|-------------|----------------|--------------------------|--------------------|------------------|------------------|-----------------------|
| 2021        | -              | -                        | -                  | -                | -                |                       |
| <b>2020</b> | <b>325,000</b> | <b>324,755</b>           | <b>245</b>         | <b>1,480,000</b> | <b>1,479,755</b> |                       |

## 16. Right-of-use assets

|                                 | Building         | Plant and machinery | Generator    | Total         |
|---------------------------------|------------------|---------------------|--------------|---------------|
|                                 | -----Rupees----- |                     |              |               |
| <b>As at July 1, 2019</b>       |                  |                     |              |               |
| Cost                            | 7,405,200        | 203,768,114         | 65,966,667   | 277,139,981   |
| Accumulated depreciation        | (2,429,963)      | (64,685,986)        | (36,976,772) | (104,092,721) |
| Net book value                  | 4,975,237        | 139,082,128         | 28,989,895   | 173,047,260   |
| <b>Year ended June 30, 2020</b> |                  |                     |              |               |
| Opening net book value          | 4,975,237        | 139,082,128         | 28,989,895   | 173,047,260   |
| Depreciation expense            | (121,397)        | (227,927)           | (1,449,495)  | (1,798,819)   |
|                                 | 4,853,840        | 138,854,201         | 27,540,400   | 171,248,441   |
| <b>At June 30, 2020</b>         |                  |                     |              |               |
| Cost                            | 7,405,200        | 203,768,114         | 65,966,667   | 277,139,981   |
| Accumulated depreciation        | (2,551,360)      | (64,913,913)        | (38,426,267) | (105,891,540) |
| Net book value                  | 4,853,840        | 138,854,201         | 27,540,400   | 171,248,441   |
| <b>Year ended June 30, 2021</b> |                  |                     |              |               |
| Opening net book value          | 4,853,840        | 138,854,201         | 27,540,400   | 171,248,441   |
| Depreciation expense            | (121,397)        | (227,927)           | (1,377,020)  | (1,726,344)   |
|                                 | 4,732,443        | 138,626,274         | 26,163,380   | 169,522,097   |
| <b>At June 30, 2021</b>         |                  |                     |              |               |
| Cost                            | 7,405,200        | 203,768,114         | 65,966,667   | 277,139,981   |
| Accumulated depreciation        | (2,672,757)      | (65,141,840)        | (39,803,287) | (107,617,884) |
| Net book value                  | 4,732,443        | 138,626,274         | 26,163,380   | 169,522,097   |
| Annual rate of depreciation (%) | 61 Years         | Unit of Production  | 5%           |               |

**Depreciation for the year  
has been allocated as under:**

Administrative expenses

| Note | 2021<br>Rupees | 2020<br>Rupees |
|------|----------------|----------------|
| 27   | 1,726,344      | 1,798,819      |

|   | Note | 2021<br>Rupees     | 2020<br>Rupees     |
|---|------|--------------------|--------------------|
| <b>17. Investment property</b>                                |      |                    |                    |
| <b>Land</b>   |      |                    |                    |
| Opening balance   |      | 485,803,713        | -                  |
| Transfer from operating assets                                | 15   | -                  | 485,803,713        |
|   |      | <u>485,803,713</u> | <u>485,803,713</u> |
| <b>Building</b>   |      |                    |                    |
| Opening Balance   |      | 403,392,263        | -                  |
| Transfer from operating assets                                | 15   | -                  | 420,200,274        |
| Depreciation charge   | 27   | (16,135,691)       | (16,808,011)       |
| Closing net book value as at June 30,                         |      | <u>387,256,572</u> | <u>403,392,263</u> |
|   |      | <u>873,060,285</u> | <u>889,195,976</u> |
| Annual rate of depreciation on building (%)                   |      | 4                  | 4                  |
| 17.1 Fair value of land and buildings approximates it's cost. |      |                    |                    |
| <b>18. Long term deposits</b>                                 |      |                    |                    |
| Lease key money   |      | 1,679,435          | 1,679,435          |
| Security deposits   |      | 11,738,715         | 11,738,715         |
|   |      | <u>13,418,150</u>  | <u>13,418,150</u>  |
| Less: Current portion - Lease key money                       |      | 1,679,435          | 1,679,435          |
|   |      | <u>11,738,715</u>  | <u>11,738,715</u>  |
| <b>19. Stores and spares</b>                                  |      |                    |                    |
| Stores  |      | 21,606,856         | 21,606,856         |
| Spares  |      | 7,137,097          | 7,137,097          |
|   |      | <u>28,743,953</u>  | <u>28,743,953</u>  |
| <b>20. Stock in trade</b>                                     |      |                    |                    |
| Finished goods  |      | 200,180            | 200,180            |
| Waste   |      | 29,820             | 29,820             |
|   |      | <u>230,000</u>     | <u>230,000</u>     |
| <b>21. Trade debts</b>  |      |                    |                    |
| Considered good   |      |                    |                    |
| Unsecured   |      |                    |                    |
| Local   |      | 18,774,802         | 25,357,484         |
|   |      | <u>18,774,802</u>  | <u>25,357,484</u>  |
| <b>22. Loans and advances</b>                                 |      |                    |                    |
| Considered good   |      |                    |                    |
| Loans to employees  |      | 637,537            | 637,537            |
| Advances  |      |                    |                    |
| Suppliers / contractors                                       |      | 17,949,284         | 19,622,522         |
| Income tax  |      | 12,864,042         | 5,386,947          |
|   |      | <u>31,450,863</u>  | <u>25,647,006</u>  |

|  | Note | 2021<br>Rupees       | 2020<br>Rupees     |
|--|------|----------------------|--------------------|
| <b>23. Deposits and prepayments</b>  |      |                      |                    |
| Deposits   |      |                      |                    |
| Security deposits  |      | 1,261,358            | 1,261,358          |
| Current portion of long term deposits  | 18   | 1,679,435            | 1,679,435          |
| Guarantee / export margin  |      | 7,686,327            | 7,686,327          |
|  |      | <u>10,627,120</u>    | <u>10,627,120</u>  |
| <b>24. Other receivables</b>   |      |                      |                    |
| Export rebate / duty drawback  |      | 2,318,406            | 6,161,182          |
| Excise duty  |      | 2,448,852            | 2,448,852          |
| Other  |      | 4,781,520            | 24,850,760         |
|  |      | <u>9,548,778</u>     | <u>33,460,794</u>  |
| <b>25. Tax refunds due from Government</b>   |      |                      |                    |
| Income tax   |      | 25,246,784           | 26,716,519         |
| Sales tax  |      | -                    | 17,768,868         |
|  |      | <u>25,246,784</u>    | <u>44,485,387</u>  |
| <b>26. Cash and bank balances</b>  |      |                      |                    |
| Cash at banks  |      |                      |                    |
| In current accounts  |      | 34,341,523           | 12,917,307         |
|  |      | <u>34,341,523</u>    | <u>12,917,307</u>  |
| <b>27. Administrative expenses</b>   |      |                      |                    |
| Salaries and benefits  |      | 17,557,267           | 19,074,589         |
| Staff retirement benefits  |      | 2,210,225            | 3,625,018          |
| Utility Expenses   |      | 1,524,741            | 2,927,008          |
| Travelling and conveyance  |      | 170,820              | 83,538             |
| Printing and stationery  |      | 10,982               | 6,597              |
| Fees and subscriptions   | 27.1 | 20,833,514           | 16,265,403         |
| Legal and professional   |      | 130,000              | 618,000            |
| Rent, rates and taxes  |      | 4,321,042            | 3,381,902          |
| Auditors' remuneration   | 27.2 | 750,000              | 1,267,500          |
| Depreciation of operating assets   | 15.1 | 78,295,265           | 81,166,156         |
| Depreciation of right-of-use assets  | 16   | 1,726,344            | 1,798,819          |
| Depreciation of investment property  | 17   | 16,135,691           | 16,808,011         |
| Other  |      | 814,600              | 2,245,000          |
|  |      | <u>144,480,491</u>   | <u>149,267,541</u> |
| <b>27.1</b> This includes Liquidator's Fees of Rs. 14,902,494/- (2020; Rs. 10,312,184) |      |                      |                    |
|  |      | 2021<br>Rupees       | 2020<br>Rupees     |
| <b>27.2 Auditors' remuneration</b>   |      |                      |                    |
| Audit fee  |      | 552,000              | 552,000            |
| Half yearly review   |      | 138,000              | 138,000            |
| Out of pocket expenses   |      | 60,000               | 60,000             |
| Audit fee of previous auditor appointed by court                                       |      | -                    | 517,500            |
|  |      | <u>750,000</u>       | <u>1,267,500</u>   |
| <b>28. Other income</b>  |      |                      |                    |
| Income from assets other than financial assets:  |      |                      |                    |
| Rental income  |      | 86,507,956           | 66,082,407         |
| Gain on disposal of operating assets   |      | -                    | 1,479,755          |
| Balances written back - net  |      | 1,077,814,611        | 642,772            |
|  |      | <u>1,164,322,567</u> | <u>68,204,934</u>  |

|  | Note    | 2021<br>Rupees     | 2020<br>Rupees      |
|--|---------|--------------------|---------------------|
| <b>29. Finance cost</b>  |         |                    |                     |
| Interest / mark up on:   |         |                    |                     |
| Long term financing  | 36.5    | -                  | -                   |
| Liabilities against assets subject to finance lease                    |         | -                  | -                   |
| Short term bank borrowings   | 36.5    | -                  | -                   |
| Bank charges and commission  |         | 29,589             | 186,063             |
|  |         | <u>29,589</u>      | <u>186,063</u>      |
| <b>30. Provision for taxation</b>                                      |         |                    |                     |
| Current  |         |                    |                     |
| For the year   |         | 20,069,846         | 15,331,118          |
| <b>30.1 The relationship between tax expense and accounting loss</b>   |         |                    |                     |
| Profit / (Loss) before taxation  |         | 1,019,812,487      | (81,248,670)        |
| Tax on accounting profit at the applicable tax rate of 29%             |         | 295,745,621        | -                   |
| Tax on Inadmissible Expenses   |         | 28,526,582         | -                   |
| Tax on Admissible Expenses   |         | (82,471,566)       | -                   |
| Tax effect of :  |         |                    |                     |
| Separate block of rental income  |         | 25,087,307         | 19,163,898          |
| Expenses that are admissible in earning rental income                  |         | (5,017,461)        | (3,832,780)         |
| Adjustment of tax on carried forward business losses                   |         | (241,800,637)      | -                   |
|  |         | <u>20,069,846</u>  | <u>15,331,118</u>   |
| <b>31. Profit / (loss) per share- Basic and diluted</b>                |         |                    |                     |
| Profit/ (Loss) for the year after taxation                             |         | 999,742,641        | (96,579,788)        |
| Less: Dividend on cumulative preference shares at 9.25%                |         | 23,050,539         | -                   |
| Profit/ (Loss) attributable to ordinary shareholders                   | Rupees  | <u>976,692,102</u> | <u>(96,579,788)</u> |
| Weighted average number of ordinary shares outstanding during the year | Numbers | <u>115,000,000</u> | <u>115,000,000</u>  |
| Earnings per share- Basic and diluted                                  | Rupees  | <u>8.49</u>        | <u>(0.84)</u>       |

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

## **32. REMUNERATION TO EXECUTIVES**

|                      | 2021<br>Executives<br>Rupees | 2020<br>Executives<br>Rupees |
|----------------------|------------------------------|------------------------------|
| Remuneration         | 2,133,658                    | 2,492,004                    |
| House rent allowance | 746,775                      | 872,196                      |
| Medical allowance    | 213,137                      | 249,204                      |
| Utility allowance    | 106,911                      | 124,596                      |
|                      | <u>3,200,481</u>             | <u>3,738,000</u>             |
| Number of persons    | 2                            | 2                            |

### 33. 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 Executives is disclosed in Note 35. There is no other significant transaction with related parties.

### 34. INSTALLED CAPACITY AND ACTUAL PRODUCTION

| Textile Product | Unit | Rated capacity per annum |            | Actual production per annum |      |
|-----------------|------|--------------------------|------------|-----------------------------|------|
|                 |      | 2021                     | 2020       | 2021                        | 2020 |
| Fabric          | Mtrs | 9,000,000                | 9,000,000  | -                           | -    |
| Made ups        | Mtrs | 59,000,000               | 59,000,000 | -                           | -    |
| Garments        | Mtrs | 3,500,000                | 3,500,000  | -                           | -    |

#### Reasons for shortfall

- The operational activities of the company was ceased due to winding up order.

| 2021              | 2020 |
|-------------------|------|
| -----Numbers----- |      |
|                   |      |
| 38                | 44   |
| 0                 | 0    |
| 41                | 44   |
| 0                 | 0    |

### 35. NUMBER OF EMPLOYEES

Total number of employees as at June 30,  
Total number of factory employees as at June 30,  
Average number of employees for the year  
Average number of factory employees for the year

### 36. 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.

#### 36.1 FINANCIAL INSTRUMENTS BY CATEGORY

##### Financial assets:

Loans and receivables at amortised cost

Long term deposits

Trade debts

Loans and advances

Deposits

Other receivables

Cash and bank balances

##### Financial liabilities:

Financial liabilities at amortised cost

Long term financing

Lease Liabilities

Trade and other payables

Short term bank borrowings

| 2021<br>Rupees | 2020<br>Rupees |
|----------------|----------------|
|                |                |
| 11,738,715     | 11,738,715     |
| 18,774,802     | 25,357,484     |
| 637,537        | 637,537        |
| 8,947,685      | 8,947,685      |
| 4,781,520      | 24,850,760     |
| 34,341,523     | 12,917,307     |
| 79,221,782     | 84,449,488     |
|                |                |
| 5,165,007,739  | 5,163,064,153  |
| 28,702,544     | 28,702,544     |
| 944,874,229    | 1,248,947,431  |
| 4,344,992,444  | 4,344,992,444  |
| 10,483,576,956 | 10,785,706,572 |



## 36.2 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:

### 36.2.1 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 maximum exposure to credit risk at the reporting date is as follows:

|                    | 2021<br>Rupees    | 2020<br>Rupees    |
|--------------------|-------------------|-------------------|
| Trade debts        | 18,774,802        | 25,357,484        |
| Loans and advances | 637,537           | 637,537           |
| Deposits           | 8,947,685         | 8,947,685         |
| Other receivables  | 4,781,520         | 24,850,760        |
| Bank balances      | 34,341,523        | 12,917,307        |
|                    | <u>67,483,067</u> | <u>72,710,773</u> |

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. All the customers of the Company are situated in Pakistan. The aging of trade debts as at balance sheet date is as under:

|                          | 2021<br>Rupees    | 2020<br>Rupees    |
|--------------------------|-------------------|-------------------|
| Not past due             | -                 | -                 |
| Past due within one year | -                 | -                 |
| Past due over one year   | 18,774,802        | 25,357,484        |
|                          | <u>18,774,802</u> | <u>25,357,484</u> |
|                          | <u>18,774,802</u> | <u>25,357,484</u> |

Based on past experience and taking into consideration, the financial position, and previous record of recoveries, 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 local credit rating agencies.

The bank balances alongwith credit rating is as follows.

| Credit | 2021<br>Rupees    | 2020<br>Rupees    |
|--------|-------------------|-------------------|
| AAA    | 34,240,003        | 12,816,788        |
| AA+    | 48,964            | 48,963            |
| AA     | 22,622            | 22,622            |
| Other  | 29,934            | 28,934            |
|        | <u>34,341,523</u> | <u>12,917,307</u> |

### 36.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is facing difficulty in maintaining sufficient level of liquidity due to operating and financial problems being faced by the Company. Following are the contractual maturities of financial liabilities as at June 30, 2021 and 2020;

| 2021                          |                        |                    |                      |                   |                      |   |
|-------------------------------|------------------------|--------------------|----------------------|-------------------|----------------------|---|
| Carrying amount               | Contractual cash flows | Six months or less | Six to twelve months | Two to five years | More than five years |   |
| -----Rupees-----              |                        |                    |                      |                   |                      |   |
| <b>Financial liabilities:</b> |                        |                    |                      |                   |                      |   |
| Long term financing           | 5,165,007,739          | 5,165,007,739      | 3,470,191,701        | 145,000,000       | 1,549,816,038        | - |
| Lease Liabilities             | 28,702,544             | 28,702,544         | 28,702,544           | -                 | -                    | - |
| Trade and other payables      | 944,874,229            | 944,874,229        | 944,874,229          | -                 | -                    | - |
| Short term bank borrowings    | 4,344,992,444          | 4,344,992,444      | 4,344,992,444        | -                 | -                    | - |
|                               | 10,483,576,956         | 10,483,576,956     | 8,788,760,918        | 145,000,000       | 1,549,816,038        | - |

| 2020                          |                        |                    |                      |                   |                      |            |
|-------------------------------|------------------------|--------------------|----------------------|-------------------|----------------------|------------|
| Carrying amount               | Contractual cash flows | Six months or less | Six to twelve months | Two to five years | More than five years |            |
| -----Rupees-----              |                        |                    |                      |                   |                      |            |
| <b>Financial liabilities:</b> |                        |                    |                      |                   |                      |            |
| Long term financing           | 5,163,064,153          | 5,163,064,153      | 3,326,191,701        | 43,000,000        | 1,766,572,452        | 27,300,000 |
| Lease Liabilities             | 28,702,544             | 28,702,544         | 28,702,544           | -                 | -                    | -          |
| Trade and other payables      | 1,248,947,431          | 1,248,947,431      | 1,248,947,431        | -                 | -                    | -          |
| Short term bank borrowings    | 4,344,992,444          | 4,344,992,444      | 4,344,992,444        | -                 | -                    | -          |
|                               | 10,785,706,572         | 10,785,706,572     | 8,948,834,120        | 43,000,000        | 1,766,572,452        | 27,300,000 |

The Company's exposure to the liquidity risk is low as all of its financial obligations has been rescheduled subsequently (Refer Note 36.5) and are to be paid over the period of 14 years.

### **36.2.3 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. The interest rate profile of the Company's other interest bearing financial instruments is presented in relevant notes to the financial statements. (Refer note 36.5)

Subsequently as per scheme of arrangement, past markup has been waived off subject to timely payments of Principals and markup agreed under the arrangement. If the company defaults in making payments as agreed under the scheme of arrangement, company shall be liable to pay past markup as elaborated in Note no 36.5. The change in interest rate (increase / decrease) will affect the Company's income or the value of its holdings of financial instruments.

#### **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**

No impact of variation in interest rate has been considered as no mark up has been provided in these financial statements so change in interest rate has no impact on Company's income or the value of its holding of financial instruments.

#### **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 not exposed to any currency risk.

#### **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.

### **36.3 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.

### 36.4 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 and net debt (net of cash and cash equivalent)

The salient information relating to capital risk management of the Company as of June 30, 2021 and 2020 were as follows:

|                                 | Note      | 2021<br>Rupees | 2020<br>Rupees |
|---------------------------------|-----------|----------------|----------------|
| Total debt                      | 9,10 & 13 | 9,538,702,727  | 9,536,759,141  |
| Less: Cash and cash equivalents | 26        | (34,341,523)   | (12,917,307)   |
| Net debt                        |           | 9,504,361,204  | 9,523,841,834  |
| Total equity                    |           | 273,525,862    | (727,461,906)  |
| Total capital employed          |           | 9,777,887,066  | 8,796,379,928  |
| Gearing ratio                   |           | 97.20%         | 108.27%        |

### 36.5 Overdue loans and mark up

Under Scheme of Arrangement approved subsequent to the statement of financial position date whereby the past markup has been waived off under each lender agreement subject to the condition that company makes no default in making payment of Principal (Refer Note 9.4) and markup agreed under the arrangement as described below:

The mark-up on the Tier 1 Debt shall be 5% per annum and shall start accruing from the Effective Date.

The mark-up on Tier 2 Debt shall be 3% per annum. The Initial Tier 2 Debt Mark-Up shall start accruing from the Effective Date and such accrual shall end on the earlier of (i) the date on which the Tier 1 Debt is repaid, and (ii) the date by which the Tier 1 Debt is required to be repaid.

Thereafter, the mark-up on Tier 2 Debt shall accrue at 5% per annum.

Both Tier-1 Debt markup and subsequent Tier-2 Debt markup shall be paid within 03 years after the earlier of (i) the date on which the Tier 1 Debt and tier-2 Debt is repaid, and (ii) the date by which the Tier 1 Debt and Tier-2 Debt is required to be repaid.

The Lenders shall have the sole discretion to revise the quantum and applicability of the Tier 1 Debt Mark-Up, the Initial Tier 2 Debt Mark-Up, and the Subsequent Tier 2 Debt Mark-Up.

The Past Mark-up upto the Effective Date shall be calculated by aggregating:

- Mark-up accrued but not paid under each Lenders' financing agreements as per the rate of mark-up under such financing agreement until the date of default; and,
- (from the date of default under each financing agreement up to the Effective Date) mark-up equal to the cost of funds on the outstanding principal amount under each financing agreement at the rate of the cost of funds of the relevant Lender for each financing agreement.

### 37. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

After the statement of financial position date the Scheme of Arrangement which was filed before Lahore High Court, Lahore u/s 279 to 283 and 285(8) of the Companies Act, 2017 on January, 20-2021 by the sponsors of the company for reversal of winding up order whereupon a meeting was held on February, 22-2021 by the share holders/contributors and on February,25-2021 by the secured creditors of the company under the Chairmen ship of lawyers duly appointed by the Honorable Lahore High Court, Lahore, 100% of the shareholders/contributories and 90.40% of the secured creditors approved the said scheme of arrangement. The said scheme of arrangement was approved by the Court on September,14-2021 and subsequently the Court issued Reversal of winding up order dated October,29- 2021 and Company was handed over to the management. As this significant event was incurred subsequent to statement of financial position date so require no adjustment in the current financial statement period.

### 38. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue on **15 September 2023** by the Board of Directors of the Company.

### 39. DIVIDEND FOR CUMULATIVE PREFERENCE SHARES

The dividend for cumulative preference shares amounting to Rs. 411.51 million (2020: 388.46 million) will be accumulated and payable in the ensuing years when the sufficient amount of profit will be available for appropriation.

### 40. GENERAL

Figures have been rounded off to the nearest Rupee except where mentioned otherwise.



**MUHAMMAD FAISAL LATIF**  
(DIRECTOR)



**MIAN MUHAMMAD JAVAID IQBAL**  
(DIRECTOR)

**Form 34**  
**Pattern of Holding of Ordinary Shares**  
**Held by Shares Holders as at June 30, 2021**

| Share Holders | From       | To         | Total Shares       |
|---------------|------------|------------|--------------------|
| 98            | 1          | 100        | 3,979              |
| 486           | 101        | 500        | 230,114            |
| 282           | 501        | 1,000      | 279,105            |
| 537           | 1,001      | 5,000      | 1,715,250          |
| 231           | 5,001      | 10,000     | 1,941,093          |
| 85            | 10,001     | 15,000     | 1,107,047          |
| 62            | 15,001     | 20,000     | 1,158,500          |
| 59            | 20,001     | 25,000     | 1,420,001          |
| 26            | 25,001     | 30,000     | 740,500            |
| 15            | 30,001     | 35,000     | 501,000            |
| 20            | 35,001     | 40,000     | 769,148            |
| 12            | 40,001     | 45,000     | 512,506            |
| 23            | 45,001     | 50,000     | 1,136,723          |
| 4             | 50,001     | 55,000     | 216,500            |
| 9             | 55,001     | 60,000     | 527,004            |
| 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            |
| 14            | 90,001     | 100,000    | 1,390,500          |
| 2             | 100,001    | 110,000    | 215,000            |
| 4             | 110,001    | 125,000    | 479,500            |
| 5             | 125,001    | 140,000    | 648,500            |
| 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          |
| 2             | 500,001    | 600,000    | 1,114,500          |
| 3             | 600,001    | 800,000    | 2,103,500          |
| 3             | 850,001    | 1,000,000  | 2,748,500          |
| 1             | 1,000,001  | 1,100,000  | 1,041,500          |
| 1             | 1,250,001  | 1,300,000  | 1,270,500          |
| 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         |
| <b>2037</b>   |            |            | <b>115,000,000</b> |

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

## Categories of Shareholders

| Categories of Shareholders   |                         | Number      | Share held         | Percentage    |
|--|-------------------------|-------------|--------------------|---------------|
| <b>Directors, Chief Executive and their spouse, children</b>   |                         |             |                    |               |
| 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  | Independent 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          |
| <b>Financial Institutions,Insurance Companies,Investment Companies, Joint Stock Companies ,Leasing Companies,Mutual Fund, Textile &amp; etc.</b> |                         |             |                    |               |
| 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  |                         | 2014        | 38,255,565         | 33.27         |
|  |                         | <b>2037</b> | <b>115,000,000</b> | <b>100.00</b> |

**Form 34**  
**Pattern of Holding of Preference Shares**  
**Held by Shares Holders as at June 30,2021**

| ShareHolders | From       | To         | Total Shares      |
|--------------|------------|------------|-------------------|
| 38           | 1          | 100        | 1,039             |
| 628          | 101        | 500        | 310,755           |
| 121          | 501        | 1,000      | 119,024           |
| 318          | 1,001      | 5,000      | 991,835           |
| 154          | 5,001      | 10,000     | 1,281,200         |
| 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         |
| 15           | 30,001     | 35,000     | 504,350           |
| 13           | 35,001     | 40,000     | 491,192           |
| 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         |
| 25           | 100,001    | 150,000    | 3,028,156         |
| 20           | 150,001    | 200,000    | 3,611,500         |
| 8            | 200,001    | 250,000    | 1,811,214         |
| 4            | 250,001    | 300,000    | 1,150,000         |
| 5            | 300,001    | 400,000    | 1,715,511         |
| 4            | 400,001    | 600,000    | 2,113,000         |
| 4            | 600,001    | 800,000    | 2,649,140         |
| 1            | 900,001    | 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         |
| 1            | 1,500,001  | 1,600,000  | 1,582,000         |
| 1            | 2,400,001  | 2,500,000  | 2,431,000         |
| 3            | 9,995,001  | 10,000,000 | 30,000,000        |
| 1            | 12,355,001 | 12,360,000 | 12,357,000        |
| <b>1664</b>  |            |            | <b>80,000,000</b> |

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

| Shareholder's Category | Number of Shareholders | 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            | 1650                   | 34,989,362            | 43.74         |
|                        | <b>1664</b>            | <b>80,000,000</b>     | <b>100.00</b> |



## 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 37<sup>th</sup>  
Annual General Meeting of the Company to be held on October 09, 2023, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

|           |                 |         |
|-----------|-----------------|---------|
| Folio No. | CDC Account No. |         |
|           | Participant     | Account |
|           | I.D.            | 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 CNIC or original passport at the time of the Meeting.
5. In case of individual CDC Account holders, attested copy of CNIC 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 delivered return to :

- Nishatabad, Faisalabad - Pakistan
- Tel: +92 41 8754475-76
- Fax: +92 41 8752400, 8752700
- Email: [chenab@chenabgroup.com](mailto:chenab@chenabgroup.com)
- Web: [www.chenabgroup.com](http://www.chenabgroup.com)

