



# ANNUAL REPORT 2022

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mian Muhammad Latif (Chairman)  
Mr. Muhammad Naeem (Chief Executive Officer)  
Mian Muhammad Javed Iqbal  
Mr. Muhammad Faisal Latif  
Mr. Tariq Ayub Khan  
Mr. Maqsood Ul Hassan  
Mr. Muhammad Hashim  
Mr. Muhammad Salman Javed

Mrs. Sobia Chughtai (Nominee Director)  
Mr. Shahid Mahmood Khan (Nominee Director)

CHIEF FINANCIAL OFFICER

Mr. Faisal Ali Sarwar

COMPANY SECRETARY

Mr. Muhammad Arshad

LEGAL ADVISOR

Ch. Shahid Mehmood (Advocate)

SHARE REGISTRAR

F.D. Registrar Services (SMC-Pvt.) Limited  
Office # 1705, 17th Floor, Saima Trade Tower-A,  
I.I. Chundrigar Road, Karachi.  
Tel :021-32271905-6/021-354 78192-3

REGISTERED OFFICE

Nishatabad, Faisalabad.  
Tel:+92 41 8754472-8  
Fax:+92 41 8752400, 8752700

WEBSITE

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

WORKS

-Spinning Unit- Toba Tek Singh. (Non-Core Asset)  
-Weaving Unit- Kharianwala, Distt: Sheikhpura.  
(Non-Core Asset)  
-Weaving Unit- Shahkot, Distt: Nankana Sahib.  
-Processing & Stitching Units - Nishatabad, Fsd.

BANKS

Allied Bank Limited.  
Askari Bank Limited.  
Al Baraka Bank (Pakistan) Limited.  
Citibank, N.A.  
Faysal Bank Limited.  
First Credit & Investment Bank Limited.  
Habib Bank Limited.  
Habib Metropolitan Bank Limited.  
KASB Bank Limited.  
National Bank of Pakistan.  
NIB Bank Limited.  
Orix Leasing (Pakistan) Limited.  
Pak Oman Investment Company Limited.  
Pak Kuwait Investment Company (Pvt.) Limited.  
Pak Libya Holding Company (Pvt.) Limited.  
Saudi Pak Industrial & Agricultural Investment  
Company (Pvt.) Ltd.  
Silk Bank Limited.  
Standard Chartered Bank (Pakistan) Limited.  
The Bank of Punjab.  
United Bank Limited.

AUDIT COMMITTEE

Mr. Tariq Ayub Khab - Chairman  
Mr. Muhammad Hashim - Member  
Mr. Muhammad Salman Javed - Member

HUMAN RESORCE & REMUNERATION  
COMMITTEE

Mr. Maqsood ul Hassan - Chairman  
Mr. Muhammad Naeem - Member  
Mr. Muhammad Salman Javed - Member

AUDITORS

RSM Avais Hyder Liaquat Nauman  
Chartered Accountants.



## **ABOUT US**

The Chenab Limited started its business as Private Limited Company in 1985 and subsequently converted into Public Limited Company. Thereafter in the year 2004 Preference Shares and in 2005 Ordinary Shares were listed on Pakistan Stock Exchange Limited.

It is state of art vertically integrated textile manufacturing company known for its world class textile development and export. Chenab is engaged in manufacturing and export of supreme quality of Home Textile and Garments. The company sells its products all over the world.

Our HR philosophy is to provide a conducive environment with a special focus on career development and making our employees enable to deal with challenges of today and tomorrow.

## ***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.

## Global Certification





## Chairman's Review

I am pleased to present a report on the overall performance of the Board of Directors and effectiveness of the role played by the Board in achieving the company's objectives.

The Board was constituted on 28-01-2022, after reversal of Winding up Order. The first object was to restart the operation of the Company.

The company is very hopeful that with restructuring and settlement of loan through "Scheme of Arrangement " approved by Honorable Lahore High Court Lahore, major lenders and shareholders, the financial health of the company will be improved which will enable the company to focus on new profitable avenues.

Pakistan's home textile industry also faces competition from China and India and the rising prices of raw material, increasing interest rate and energy rates coupled with unstable foreign currency rates and political conditions. Despite these challenges the Board of Directors remained focused on executing our business strategies target and achieved growth.

An annual self evaluation of the Board of Directors of the company is carried out. The purpose of this evaluation is to ensure Board's overall performance and effectiveness. The same is measured against expectations in the context of objectives set for the company. All Directors are equally involved in important decisions. The Board's overall performance for the year under review was satisfactory.



**Mian Muhammad Latif**

**Chairman Board of Directors**



## Financial Highlights

	2022	2021	2020	2019	2018	2017	2016
<b>Operational Performance</b>							
Sales	503,740,633	-	-	360,869,643	915,909,663	1,764,452,242	2,007,632,402
Cost of sales	(724,673,438)	-	-	(430,828,397)	(1,081,014,516)	(2,493,140,675)	(2,259,157,207)
Gross (loss)	(220,932,805)	-	-	(69,958,754)	(165,104,853)	(728,688,433)	(251,524,805)
Operating (loss)	(449,641,437)	(144,480,491)	(149,267,541)	(155,039,514)	(303,610,504)	(868,913,029)	(403,287,485)
(Loss) / profit before taxation	(443,306,317)	1,019,812,487	(81,248,670)	145,625,462	(261,067,736)	(970,675,503)	(379,229,841)
(Loss) / profit after taxation	(452,377,202)	999,742,641	(96,579,788)	141,364,554	(281,858,960)	(992,228,304)	(389,703,307)
<b>Financial Position</b>							
Property, Plant and equipments	9,615,704,320	9,651,578,837	9,729,874,102	10,717,044,490	10,993,406,655	11,185,697,330	10,848,915,539
Right-of-use assets	-	169,522,097	171,248,441	173,047,260	-	-	-
Investment property	559,975,280	873,060,285	889,195,976	-	-	-	-
Long term deposits	13,418,150	11,738,715	11,738,715	12,636,768	12,636,768	12,636,768	12,636,768
Fixed capital expenditure	10,189,097,750	10,705,899,934	10,802,057,234	10,902,728,518	11,006,043,423	11,198,334,098	10,861,552,307
<b>Current assets</b>							
Store, spare parts and loose tools	44,251,070	28,743,953	28,743,953	28,743,953	36,190,798	67,364,712	422,273,351
stocks in trade	77,600,081	230,000	230,000	230,000	29,794,979	32,775,124	334,657,862
Other current assets	364,045,877	95,648,347	139,577,791	138,395,255	1,838,023,531	1,820,136,526	1,824,969,368
Cash and cash equivalents	77,396,188	34,341,523	12,917,307	17,565,397	18,790,040	28,422,073	24,231,624
	563,293,216	158,963,823	181,469,051	184,934,605	1,922,799,348	1,948,698,435	2,606,132,205
Non current assets held for sale	147,942,743	-	-	-	-	-	-
Total assets	10,900,333,709	10,864,863,757	10,983,526,285	11,087,663,123	12,928,842,771	13,147,032,533	13,467,684,512
<b>Current liabilities</b>							
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
Current portion of long term financing/lease liabilities	726,220,500	3,855,894,245	3,557,894,245	3,104,745,818	2,981,041,297	2,784,877,799	2,757,064,088
Other current liabilities	1,335,677,822	1,040,371,780	2,154,526,358	2,164,051,501	3,239,709,865	3,133,986,777	2,842,070,097
	2,061,898,322	9,241,258,469	10,057,413,047	9,613,789,763	10,565,745,759	10,261,363,502	10,587,882,498
Net working capital	8,838,435,387	1,623,605,288	926,113,238	1,473,873,360	2,363,097,012	2,885,669,031	2,879,802,014
Non-current liabilities	8,914,786,727	1,350,079,426	1,653,575,144	2,351,752,556	3,410,477,832	3,672,011,347	3,270,026,044
Shareholder's equity	(76,351,340)	273,525,862	(727,461,906)	(877,879,196)	(1,047,380,820)	(786,342,316)	(390,224,030)
<b>Profitability analysis</b>							
Gross (loss) to sale (%)	-44%	-	-	-19%	-18%	-41%	-13%
Net (loss) / profit to sale (%)	-90%	-	-	39%	-31%	-56%	-19%
Return on Investment (%)	-4%	9%	-1%	1%	-3%	-9%	-4%
Return on equity (%)	592%	366%	13%	-16%	27%	126%	100%
Earnings per share (Rupees)	-3.93	8.49	-0.84	1.23	-2.45	-8.63	-3.39
<b>Financial analysis</b>							
Current ratio (time)	0.27	0.02	0.02	0.02	0.18	0.19	0.25
Total Debt to Total Assets	0.83	0.88	0.87	0.88	0.76	0.75	0.75
Total Debt to Fixed Assets	0.89	0.89	0.88	0.90	0.89	0.88	0.93

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that 38<sup>th</sup> Annual General Meeting of the shareholders of the Company will be held at 11.30 A.M. on Monday the 15<sup>th</sup> January, 2024 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 October 09, 2023.
2. To consider and approve the annual audited financial statements of the company for the year ended June 30, 2022 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 2023 in 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  
DECEMBER 22, 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 are pleased to place before you the report and audited accounts of the company for the year ended June 30, 2022. The period under review consist of liquidation, trial run BMR, and commercial production. The main reason for the operational loss was, as the company was not fully commercially operational during the year hence resulted into high fuel and administrative cost. However the management is determined to make your company profitable in coming years.

### REVENUE

The revenue was earned from rental income, toll manufacturing of local activities and exports sales of core activity.

### FINANCIAL RESULTS

The financial results for the year ended June 30, 2022, with comparative figures, are as follows: -

	2022 Rupees	2021 Rupees
Sales	503,740,633	-
Cost of sales	(724,673,438)	-
Gross (loss)	(220,932,805)	-
Operating expenses		
Selling and distribution expense	(7,333,103)	-
Administrative expenses	(186,412,304)	(144,480,491)
Other operating expenses	(34,963,225)	-
	(228,708,632)	(144,480,491)
Operating (Loss)	(449,641,437)	(144,480,491)
Other income	187,054,473	1,164,322,567
Finance cost	(180,719,353)	(29,589)
(Loss) / Profit before taxation	(443,306,317)	1,019,812,487
Provision for taxation	(9,070,885)	(20,069,846)
(Loss) / Profit for the year after taxation	(452,377,202)	999,742,641
Earnings per share- Basic& diluted	(3.93)	8.49

### 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 15-09-2023.

### FUTURE PROSPECTS

Pakistan is a significant player in the global textile market, and the future outlook depends on global economic conditions and demand for textiles. The country's textile sector relies on exporting goods, so changes in global demand, trade policies, and economic conditions in major importing countries has a major impact the industry and its growth. Furthermore the political instability, and Government policies such as Special trade agreements, Interest rate, exchange rate, taxation, and support for the textile sector, also has a significant influence. Unfortunately all these factors remains negative during this time period and even till date the situation is same. However the management of your company is trying its best to operate with minimum negative impact.

## **(I) ON GOING CONCERN**

The Company managed to settle all its outstanding issues with its key financial institution and executed an agreement named SOA. The same SOA is fully implemented. The Gap between current assets and current liabilities is also reduced significantly to Rs.1,350.66 million which last year was at 9,082.29 million Reference note1.3.

### **(a) Disposal of Non-Core Assets**

To make the company operationally viable by reducing its debt liabilities and to generate working capital the management has agreed to sell its non-core assets to the tune of Rs. 1.4 billion under SOA. Till the signing of this report the company has managed to sell non-core assets of Rs.1,244.625 million. The bank liabilities were reduced by Rs.985.675 million till 15-12-2023.

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

The company has entered into a SOA with its lenders and all its liabilities rescheduled for 14 years. (Reference Note No. 9.1)

### **(c) Additional Working Capital Facility**

With the successful implementation of SOA. The banks have allowed us additional /fresh working capital lines. The first draw down against fresh line was made on 23-12-2022.

### **(d) Induction of fresh equity**

Sponsors have managed to inject total of Rs.808.90 Million fresh capital as director's loan as follows. This has increased the operational viability of the company.

From 01-07-2021 till 30-06-2022	: Rs.402.50
From 01-07-2022 till 30-06-2023	: Rs.179.90
From 01-07-2023 till 15-12-2023	: Rs.226.50

## **(II) EXPLANATION TO AUDITORS' OBSERVATIONS**

- (a) 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. Therefore we could not calculate the diluted EPS.
- (b) With complete start of production in coming years, the management is of the view that deferred tax asset will be created and liability will be adjusted subsequently.
- (c) The company circulated the confirmation letters to all parties selected 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.
- (d) The company has properly disclosed the outstanding liability.
- (e) The company was under liquidation and the joint official liquidator has to operate under the instructions of the court therefore this revaluation was carried out at that particular date by them. Subsequently on 27-07-2023 the revaluation was carried out and the total value of assets determined by the valuers is Rs.10.319 billion Therefore the impairment in asset value is not required.

- (f) 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's management now disclosed the assets under investment property as per the requirement of the IAS.
- (g) The company is hopeful that it will receive the outstanding amount. The company's management is now following up with the customers for the recovery. Therefore, need no adjustment in these balances.
- (h) The physical verification of stocks, Cash in hand, Store & spares and others could not be done as the Appointment of Auditors was approved in AGM on 17-07-2023.

### **CORPORATE SOCIAL RESPONSIBILITY**

Your company fully understands its corporate responsibility towards the society by providing equal Employment opportunities for persons with disabilities and financial support to its deserving employees, contributing considerable amount to the national exchequer, applying solution for energy conservation and environment protection.

### **PATTERN OF SHAREHOLDING**

The pattern of shareholding as at June 30, 2022, including the information under the code of corporate governance for ordinary and non-voting cumulative preference shares, is annexed.

### **BOARD OF DIRECTORS**

The Board remained suspended from 01-07-2021 to 29-10-2021 due to liquidation of the Company. Consequent upon Recalling of winding up order on 29-10-2021 new Board was elected u/s 159 (5) of the Companies Act 2017 for the period of three years commencing from January 28, 2022.

### **BOARD MEETING**

- I. Board meeting was held on 15-09-2023 for approval of Audited Accounts for the year ended June 30, 2021.
- II. Due to arrears of work on account of liquidation of the company no quarterly / half yearly financial statements of the instant year were prepared hence requisite Board Meeting could not be held.

### **CODE OF CORPORATE GOVERNANCE**

The statement of compliance with the best practice of the code of corporate Governance is annexed.

### **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 2023 in 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.

For and on behalf of  
BOARD OF DIRECTORS



FAISALABAD  
DECEMBER 22, 2023

(MUHAMMAD FAISAL LATIF)  
(DIRECTOR)



(MUHAMMAD NAEEM)  
(CHIEF EXECUTIVE OFFICER)

## ڈائریکٹرز رپورٹ برائے ممبران

ڈائریکٹرز کو آپ کے سامنے 30 جون 2022 کو ختم ہونے والے مالی سال کیلئے کمپنی کی رپورٹ اور آڈٹ شدہ اکاؤنٹس پیش کرنے میں خوشی محسوس ہو رہی ہے۔ یہ جائزہ لینے والا عرصہ لیکویڈیشن، آزمائشی اور کاروباری پروڈکشن پر مشتمل ہے۔ آپریشنل نقصان کی بنیادی وجہ یہ تھی کہ کمپنی سال بھر کے دوران مکمل طور پر تجارتی طور پر کام نہیں کر رہی تھی اور ایندھن اور انتظامیہ لاگت زیادہ تھی تاہم انتظامیہ آنے والے سالوں میں آپ کی کمپنی کو منافع بخش بنانے کیلئے پرعزم ہے۔

### ریونیو:-

ریونیو کرائے کی آمدنی، مقامی سرگرمیوں کے ٹول مینوفیکچرنگ اور بنیادی سرگرمیوں کی برآمدات کی فروخت سے حاصل کیا گیا تھا۔

### مالیاتی نتائج:-

تقابلی اعداد و شمار کے ساتھ 30 جون 2022 کو ختم ہونے والے سال کے مالیاتی نتائج حسب ذیل ہیں۔

2021/روپے	2022/روپے	سیلز
---	503,740,633	---
---	(724,673,438)	لاگت برائے سیلز
---	(220,932,805)	مجموعی نقصان
		اخراجات
---	(7,333,103)	فروخت اور تقسیم اخراجات
(144,480,491)	(186,412,304)	انتظامی اخراجات
---	(34,963,225)	دیگر چلانے کے لئے اخراجات
(144,480,491)	(228,708,632)	
(144,480,491)	(449,641,437)	جاری نقصان
1,164,322,567	187,054,473	دیگر آمدنی
(29,589)	(180,719,353)	مالیاتی لاگت
1,019,812,487	(443,306,317)	ٹیکس سے پہلے منافع/نقصان
(20,069,846)	(9,070,885)	متعین کردہ ٹیکس
999,742,641	(452,377,202)	بنیادی اور تحلیل شدہ فی حصہ آمدن
8.49	(3.93)	

### بورڈ کی قراردادوں کی توثیق:-

گذشتہ میٹنگ 15-09-2023 کے انعقاد کے بعد کمپنی کے آرٹیکلز آف ایسوسی ایشن کی شق 78 کے تحت سرکلیشن کے ذریعے ڈائریکٹرز کی قراردادوں کی حاصل کردہ منظوری کی توثیق کرنا۔

### مستقبل کا کیفیت نامہ:-

پاکستان عالمی ٹیکسٹائل مارکیٹ میں ایک اہم کھلاڑی ہے اور مستقبل کا نقطہ نظر عالمی اقتصادی حالات اور ٹیکسٹائل کی طلب پر منحصر ہے۔ ملک کا ٹیکسٹائل سیکٹر

سامان کی برآمد پر انحصار کرتا ہے اس لیے عالمی طلب، تجارتی پالیسیوں اور بڑے درآمد کنندگان میں معاشی حالات میں تبدیلی کا صنعت اور اس کی ترقی پر بڑا اثر پڑتا ہے۔ مزید برآں سیاسی عدم استحکام اور حکومتی پالیسیاں جیسے کہ خصوصی تجارتی معاہدے شرح سود، شرح مبادلہ، ٹیکس عائد کرنا اور ٹیکسٹائل سیکٹر کیلئے سپورٹ کا بھی خاص اثر ہے۔ بدقسمتی سے یہ تمام عوامل اس عرصے میں منفی رہے اور آج تک صورتحال وہی ہے۔ تاہم آپ کی کمپنی کی انتظامیہ کم سے کم منفی اثرات کیساتھ کام کرنے کی پوری کوشش کر رہی ہے۔

## (I) - کمپنی کے جاری رہنے کے خدشات :-

کمپنی اپنے اہم مالیاتی ادارے کیساتھ اپنے تمام بقایا مسائل کو حل کرنے میں کامیاب رہی اور SOA کے نام سے ایک معاہدے پر عمل درآمد کیا۔ اسی SOA کو مکمل طور پر لاگو کیا گیا ہے۔ موجودہ اثاثوں اور موجودہ واجبات کے درمیان فرق بھی نمایاں طور پر کم ہو کر 1,350.66 ملین روپے ہو گیا ہے۔ جو گزشتہ سال 9082.29 ملین روپے تھا۔ (ریفرنس نوٹ 1.3)

### (a) غیر پیداواری اثاثوں کا بیچنا :-

بندوبست کی گئی سکیم کے تحت کمپنی کو منافع بخش چلانے اس کے قرضوں کو کم کرنے کیلئے تاکہ ورکنگ کیپٹل مہیا کیا جاسکے۔ انتظامیہ نے فیصلہ کیا ہے کہ غیر پیداواری اثاثے جن کی مالیت 1.4 ارب روپے ہے کو بیچا جائے۔ اس رپورٹ کے دستخط ہونے تک کمپنی نے غیر پیداواری اثاثوں جنکی مالیت 1244.625 ملین روپے ہے کو بیچ دیا جائے اور بینکوں کے قرضے 985.675 ملین روپے 15-12-2023 سے کم کر دیئے ہیں۔

### (b) بینکوں کے ساتھ قرضوں کی ادائیگی اور انکو موخر کروانا :-

قرض فراہم کرنے والوں کے ساتھ کمپنی نے ایک بندوبست کی گئی سکیم کا معاہدہ کیا ہے۔ تاکہ اس کے واجبات 14 سال کے اندر ادا کئے جاسکیں۔ بحوالہ نوٹ نمبر 9.1

### (C) اضافی ورکنگ کیپٹل کی سہولت

بندوبست کی گئی سکیم کے کامیابی سے عمل درآمد ہونے پر بینکس نے اضافی اور نئے ورکنگ کیپٹل کی سہولت دی ہے جس کے مطابق مورخہ 23-12-2022 کو پہلا قرضہ دیا ہے۔

### (d) نئی سرمایہ کاری کا جمع کروانا

سپانسرز نے 808.90 ملین روپے کا سرمایہ جمع کروایا ہے جو کہ ڈائریکٹرز کی طرف سے قرضہ ہے۔ اس اضافے سے کمپنی کی پیداواری صلاحیت بڑھ گئی ہے اس کی تفصیل مندرجہ ذیل ہے

01-07-2021	- To -	30-06-2022	-	Rs =	402.50
01-07-2022	- To -	30-06-2023	-	Rs =	179.90
01-07-2023	- To -	15-12-2023	-	Rs =	226.50

## (II) - آڈیٹرز کے خدشات پر وضاحت :-

(a) - ترجیحی حصہ داران کی کثیر تعداد نے عام شیئرز میں تبدیل کرنے کی رضامندی دی ہے۔ لیکن یہ معاملہ عدالتوں میں ہے (ریفرنس نوٹ 4.3) اس لیے حتمی فیصلہ تک ترجیحی شیئرز عام شیئرز میں تبدیل نہیں ہو سکتے اس لیے DILUTED EPS وضع نہیں کی جاسکتی۔

(b) - انتظامیہ کا خیال ہے کہ آنے والے سالوں میں مکمل پروڈکشن حاصل ہونے تک ڈیفریڈ ٹیکس ایسڈ بننا شروع ہو جائیگا۔ اور ڈیفریڈ ٹیکس کی ذمہ داری اس میں ایڈجسٹ ہو جائیگی۔

(c) - کمپنی نے بیلنس کنفرمیشن کیلئے آڈیٹرز کے منتخب کردہ پارٹیز کو خطوط بھیجے ہیں، چونکہ کمپنی لمبے عرصہ تک غیر فعال رہی ہے۔ اس لیے کچھ پارٹیز نے ان خطوط پر کوئی



جواب نہیں دیا، اور یہ معاملہ کمپنی کے دائرہ کار سے باہر ہے۔

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

(e)۔ زیر تحلیل کمپنی کو لیکویڈیٹر نے عدالت عالیہ کے تحت چلانا تھا اس وجہ سے اثاثوں کی ری ویلوی ایشن ایک مقررہ وقت تک کرائی گئی۔ بعد ازاں مورخہ 27/07/2023 کو ری ویلوی ایشن کرائی گئی اور اثاثوں کی مجموعی مقدار 10.319 بلین روپے ویلوی ایز نے قرار دی اس لیے اثاثوں میں IMPAIRMENT کی ضرورت نہ ہے۔

(f)۔ روزمرہ کی ضرورت کے تحت لیکویڈیٹرز نے کمپنی کے کچھ اثاثے کرایہ پر دیئے تھے اس وقت ان اثاثوں کی ویلوی ایشن نہ کرائی گئی تاہم انتظامیہ نے انوسٹمنٹ پر اپنی ہیڈ کے تحت ان اثاثوں کو IAS سٹینڈرز کے تحت دکھایا گیا ہے۔

(g)۔ انتظامیہ پر اُمید ہے کہ واجب الوصول رقم مل جائیگی۔ اب انتظامیہ رقوم کی وصولی کیلئے سرگرم عمل ہے۔ لہذا ان رقوم کو ختم کرنے کی ضرورت نہیں ہے۔

(h)۔ چونکہ آڈیٹرز کی تقرری 17/07/2023 کو سالانہ اجلاس عام میں ہوئی تھی اس لیے سٹاک کیش ان پیمنٹس سنور اینڈ سپر اور دیگر سٹاک کی تصدیق نہ ہو سکی۔

### کارپوریٹ سماجی ذمہ داریاں :-

کمپنی بخوبی طور پر کارپوریٹ سماجی ذمہ داریوں سے آگاہ ہے۔ جس کے تحت برابر کے ملازمت کے مواقع معذور ملازمین کو دے رہی ہے۔ بشمول مالی امداد مستحق ملازمین کو بھی دے رہی ہے۔ اس کے ساتھ ساتھ گورنمنٹ کے واجبات بھی ادا کر رہی ہے اور ماحول کی آلودگی اور انرجی کے استعمال میں بھی مشکلات حل کر رہی ہے۔

### شیر ہولڈنگ کا انداز :-

شیر ہولڈنگ کا اندازہ 30 جون 2022 پر بشمول معلومات کوڈ آف کارپوریٹ گورننس کے زیر تحت برائے عام اور غیر ووٹنگ کی مجموعی پرفارمنس منسلک ہے۔

### بورڈ آف ڈائریکٹرز :-

کمپنی کے زیر تحلیل ہونے کی وجہ سے بورڈ 01/07/2021 سے 29-10-2021 تک معطل رہا۔ عدالت عالیہ کے کمپنی کے تحلیل ہونے کے حکم کی منسوخی 29-10-2021 کے بعد نیا بورڈ کمپنی ایکٹ 2017 کی شق (5) 159 کے تحت تین سال کیلئے 28 جنوری 2022 کو منتخب کیا گیا۔

### بورڈ کے اجلاس :-

(1)۔ آڈٹ شدہ اکاؤنٹس برائے سال 30 جون 2021 کی منظوری کیلئے مورخہ 15-09-2023 کو بورڈ میٹنگ منعقد ہوئی۔

(2)۔ کمپنی کے زیر تحلیل ہونے کی وجہ سے اس سال میں کوئی سہ ماہی، ششماہی حسابات نہ بن سکے لہذا بورڈ میٹنگ منعقد نہ ہو سکی۔

### کوڈ آف کارپوریٹ گورننس :-

کوڈ آف کارپوریٹ گورننس کی تکمیل کی سٹیٹمنٹ منسلک ہے۔

### آڈیٹرز :-

کمپنی کا بورڈ پہلے ہی ایکسٹرنل آڈیٹرز میسرز RSM اویس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس فیصل آباد کی تقرری برائے سال 2023 کر چکا ہے جس کی منظوری بورڈ میٹنگ 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 کیلئے اپنی تعریف ریکارڈ پر رکھتا ہے۔

محمد فیصل لطیف  
(ڈائریکٹر)

(حسب الحکم بورڈ آف ڈائریکٹر)  
(چیف ایگزیکٹو آفیسر)  
فیصل آباد:- 22 دسمبر 2023ء



RSM Ayaas Hyder Liaquat Nauman  
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## **Independent Auditor's Review Report to the members of Chenab Limited**

### **Review Report on the statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the listed companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Chenab Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulations 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon the recommendations of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

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Further, we highlight below instances of non compliance with the requirement of Regulations as reflected in the paragraphs referred below where it is stated in the Statement of compliance:

Paragraph(s):  9	<p>Section 19 of Regulation state that it is encouraged that by June 30, 2022 all the directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the commission and approved by it.</p> <p>However, during the course of review it was observed that six directors have not attended the training program.</p>
19	<p>Section 29 of Regulation state that the Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.</p> <p>However, during the course of review it was observed no such committee was constituted.</p>
19	<p>Section 30 of Regulation state that the board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.</p> <p>However, during the course of review it was observed no such committee was constituted.</p>

*Rsm Avais Hyder Liaquat Nauman*  
**RSM AVAIS HYDER LIAQUAT NAUMAN**  
**CHARTERED ACCOUNTANTS**

**Place:** Faisalabad

**Date:** 22-12-2023

**UDIN:** CR2022101940zvEu6nSf

# STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATION, 2019

**Name of Company: Chenab Limited**

**Year ended: June 30, 2022**

The Company has complied with the requirements of the Regulation in the following manner:-

1. The total number of directors are **10** as per the following:-
  - a. **Male: 9**
  - b. **Female: 1**

2. The composition of the Board is as follows:

a)	Independent Director	4
b)	Other Non-executive Director	2
c)	Executive Directors	3
d)	Female Director (Non-executive Director)	1

3. The directors has confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensure that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company. The board is determined to revisit all its policies and make necessary changes so to make such policies fulfill the mandatory requirements ;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the chairman and , in his absence, by a director elected by the Board for this purpose the Board has complied with the requirements of Act and the Regulation with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The following Directors have either obtained certificate of Directors. Training Program or are exempted from the requirement of Directors' Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019.

1	Mian Muhammad Latif	2	Mian Muhammad Javed Iqbal
3	Mr. Muhammad Naeem	4	Mr. Muhammad Faisal Latif

The undernoted Directors are in the process of obtaining certificate of Director Training program.

1	Mr. Tariq Ayub Khan	2	Mr. Maqsood Ul Hassan
3	Mr. Muhammad Hashim	4	Mr. Muhammad Salman Javed
5	Mrs. Sobia Chughtai.	6	Mr. Shahid Mehmood Khan

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulation.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below;-

**a) Audit Committee**

Sr.No.	Name	Portfolio	Designation of committee
1	Mr. Tariq Ayub Khan	Independent Director	Chairman
2	Mr. Muhammad Hashim	Independent Director	Member
3	Mr. Muhammad Salman Javed	Non-Executive Director	Member

**b) HR and Remuneration Committee**

Sr.No.	Name	Portfolio	Designation of committee
1	Mr. Maqsood ul Hassan	Independent Director	Chairman
2	Mr. Muhammad Naeem	Executive Director	Member
3	Mr. Muhammad Salman Javed	Non-Executive Director	Member

13. The terms of reference of the aforesaid committees.
14. The frequency of meetings of the committee were as per following;
  - a) Audit Committee; 3 quarterly meeting
  - b) HR and Remuneration Committee 1 Annual meeting
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAX) guidelines on code of ethics as adopted by the Institute of Chartered Accounts of Pakistan and that they and the partners of the firm involved in the audit are not a

close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable);

S.No.	Requirement	Explanation for Non-compliance	Reg. No.
1	<b>Representation of Minority shareholders:</b> The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one has intended to contest election as director representing minority shareholders.	5
2	<b>Responsibilities of the Board and its member</b> Adoption of the corporate governance practices	Non-mandatory provisions of the CCG Regulations are partially complied	10(1)
3	<b>Nomination Committee</b> The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.	29(1)
4	<b>Risk Management Committee:</b> The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently the board has not constituted a RMC and the Company's Risk Manager performs the requisite functions and apprises the board accordingly.	30(1)
5	<b>Directors, Training</b> A newly appointed director on the Board may acquire, the directors training program certification within a period of one year from the date of appointment as a director on the Board.	The Directors are under the process of obtaining requisite training	19(2)

For and on behalf of  
BOARD OF DIRECTORS



(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)  
(DIRECTOR)



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## 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, 2022, 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, 2022 and of the loss and other comprehensive loss, 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 (currently outstanding Rs. 500 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;

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- b) The deferred tax liability of Rs. 585.88 million has not been provided in the financial statements. Had the deferred tax liability been provided, the loss for the year would have been increased by Rs. 585.88 million and accumulated loss by Rs. 585.88 million.
- c) 'Trade creditors' and 'contract liabilities' under the head 'Trade and other payables' includes old outstanding balances amounting to Rs. 337.24 million and 9.07 million respectively. 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;
- d) Security deposit includes an amount of Rs. 12.82 million which has not been kept in a separate bank as required under section 217 of the Companies Act, 2017;
- e) 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;

- f) 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;

- g) Trade debts of Rs. 12.94 million and advances to suppliers of Rs. 17.79 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 loss for the year would have been increased by Rs. 30.73 million and accumulated loss by Rs. 30.73 million;
- h) We could not observe the physical verification of Stores, spare parts and loose tools, Stock in trade and Cash in hand amounting to Rs. 44.25 million, Rs. 77.60 million and Rs. 8.51 million respectively as we were appointed after the year end. We could not satisfy ourselves as to existence and valuation of stocks and stores and existence of cash in hand through application of alternate audit procedures;

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.

### **Key Audit Matter**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to matters described in the “*Basis for Qualified Opinion*” and “*Material uncertainty relating to Going Concern*” section of our report, we have determined the matters described below as the Key audit matters:

Key Audit Matter	How our audit addressed the key audit matter
<b>Scheme of Arrangement under section 279 to 283 of the Company’s Act, 2017</b>	
<p>Refer to note 1.3 to the financial statements.</p> <p>The Company had defaulted in making payments to its lenders (banks and financial institutions). One of the creditor approached Honorable Lahore High Court for winding up and the court ordered winding up of the company. The company filed an appeal before Honorable Supreme Court against the winding up order which was dismissed. The sponsors of the company filed scheme of arrangement before Lahore high court for compromise between the company and the creditors for reversal of winding up order.</p> <p>The scheme of arrangement filed with the court involve significant judgments and estimates in relation to the future cash flows, rescheduling of existing loan and markup thereon, management plan about the turnaround policy of company to put it back on track for future operational improvement and compliance with the repayment of debt terms agreed in the scheme. The company’s appropriate reclassification, disclosure and adjustments in respective account balances as required under the scheme of arrangement.</p>	<p>In this respect, we performed following audit procedures:</p> <ul style="list-style-type: none"> <li>• We have obtained and reviewed the copy of scheme of arrangement agreed between company as approved by the court and creditors and discussed the same with the Company’s management;</li> <li>• We reviewed minutes of meeting whereby creditors formally agreed for rival of the company.</li> <li>• We have reviewed the appropriateness of the revival plan presented under the scheme.</li> <li>• We have reviewed the compliance with the terms of scheme of arrangement.</li> <li>• We have discussed the matter with the company’s legal advisor about the outcome of the cases lodged by the lenders not agreed upon scheme of arrangement.</li> <li>• We have reviewed the reclassification, disclosures and adjustments made in respective account balances in the financial statements as per scheme of arrangement.</li> </ul>

Key Audit Matter	How our audit addressed the key audit matter
<p>Due to significance of reclassified amounts, adjustments involved in the financial statements, inherent uncertainties with respect to the outcome of cash flows projected and implementation of turnaround policy, use of significant management judgments in preparing the scheme, we considered the reclassifications and adjustments required in respective account balances of the financial statements as per the scheme of arrangement as key audit matters.</p> <p>For further information about reclassification and adjustments in respective account balances reference may be made to relevant notes in the financial statements.</p>	

### 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).

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:** 22-12-2023

**UDIN:** AR2022101941jRGyBzq0




**CHENAB LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**


	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
120,000,000 ordinary shares of Rs.10/- each		1,200,000,000	1,200,000,000
80,000,000 cumulative preference shares of Rs.10/- each		800,000,000	800,000,000
Issued, subscribed and paid up capital	3	1,150,000,000	1,150,000,000
Cumulative preference shares	4	500,000,000	800,000,000
Directors' loan	5	646,813,086	244,313,086
Surplus on revaluation of property, plant and equipment	6	5,359,624,416	5,648,413,621
Capital reserves	7	526,409,752	526,409,752
Revenue reserves	8	(8,259,198,594)	(8,095,610,597)
		(76,351,340)	273,525,862
NON-CURRENT LIABILITIES			
Long term financing	9	8,368,504,108	1,337,816,038
Deferred revenue	10	56,931,244	-
Deferred interest / markup	11	179,157,793	-
Liability against redemption of preference shares	4	300,000,000	-
Lease Liabilities	12	-	-
Deferred liabilities	13	10,193,582	12,263,388
		8,914,786,727	1,350,079,426
CURRENT LIABILITIES			
Trade and other payables	14	1,274,887,040	988,651,883
Unclaimed dividend		366,071	366,071
Short term bank borrowings	15	-	4,344,992,444
Current portion of :			
Long term financing	9	726,220,500	3,827,191,701
Lease Liabilities	12	-	28,702,544
Provision for taxation - income tax	37	60,424,711	51,353,826
		2,061,898,322	9,241,258,469
CONTINGENCIES AND COMMITMENTS			
	16	-	-
		10,900,333,709	10,864,863,757

The annexed notes from 1 to 47 form an integral part of these financial statements.

	Note	2022 Rupees	2021 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment			
Operating assets	17	9,615,704,320	9,651,578,837
Right-of-use assets	18	-	169,522,097
Investment Property	19	559,975,280	873,060,285
Long term deposits	20	13,418,150	11,738,715
		10,189,097,750	10,705,899,934
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	21	44,251,070	28,743,953
Stock in trade	22	77,600,081	230,000
Trade debts	23	106,859,684	18,774,802
Loans and advances	24	110,498,524	31,450,863
Deposits	25	8,947,685	10,627,120
Other receivables	26	64,706,908	9,548,778
Tax refunds due from Government	27	73,033,076	25,246,784
Cash and bank balances	28	77,396,188	34,341,523
		563,293,216	158,963,823
Non current assets held for sale	29	147,942,743	-
		10,900,333,709	10,864,863,757

  
(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER

  
(MUHAMMAD FAISAL LATIF)  
DIRECTOR

  
(FAISAL ALI SARWAR)  
CHIEF FINANCIAL OFFICER

**CHENAB LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
Sales	30	503,740,633	-
Cost of sales	31	724,673,438	-
Gross (loss)		(220,932,805)	-
<b>Operating Expenses</b>			
Selling and distribution expenses	32	7,333,103	-
Administrative expenses	33	186,412,304	144,480,491
Other operating expenses	34	34,963,225	-
		228,708,632	144,480,491
Operating (Loss)		(449,641,437)	(144,480,491)
Other income	35	187,054,473	1,164,322,567
Finance cost	36	180,719,353	29,589
(Loss) / Profit for the year before taxation		(443,306,317)	1,019,812,487
Provision for taxation	37	(9,070,885)	(20,069,846)
(Loss) / Profit for the year		(452,377,202)	999,742,641
(Loss) / Profit per share- Basic and diluted	38	(3.93)	8.49

The annexed notes from 1 to 47 form an integral part of these financial statements.



(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)  
DIRECTOR



(FAISAL ALI SARWAR)  
CHIEF FINANCIAL OFFICER

**CHENAB LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2022 Rupees	2021 Rupees
(Loss) / Profit for the year	(452,377,202)	999,742,641
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
Total comprehensive (loss) / income for the year	<u>(452,377,202)</u>	<u>1,000,987,768</u>

The annexed notes from 1 to 47 form an integral part of these financial statements.



(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)  
DIRECTOR



(FAISAL ALI SARWAR)  
CHIEF FINANCIAL OFFICER

**CHENAB LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2022 Rupees	2021 Rupees
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(loss) / Profit before taxation	(443,306,317)	1,019,812,487
Adjustments for:		
Depreciation of operating assets	76,640,388	78,295,265
Depreciation of right-of-use assets	345,122	1,726,344
Depreciation of investment property	15,490,263	16,135,691
Provision for staff retirement gratuity	10,193,582	2,210,225
Loss on disposal of operating assets	16,092,475	-
Loss on disposal of investment property	18,870,750	
Finance cost	180,719,353	29,589
Balances written back - net	(100,287,246)	(1,077,814,611)
Fair value adjustment of deferred revenue	(838,595)	-
Operating cash flows before working capital changes	(226,080,225)	40,394,990
Changes in working capital		
(Increase) in current assets		
Stores, spares and loose tools	(15,507,117)	-
Stock in trade	(77,370,081)	-
Trade debts	(88,084,882)	(4,330,202)
Loans and advances	(58,000,374)	(7,477,095)
Other receivables	(55,158,130)	(3,362,080)
Tax refunds due from Government	(47,786,292)	-
	(341,906,876)	(15,169,377)
Increase / (Decrease) in current liabilities		
Trade and other payables	215,957,766	(3,771,808)
	(125,949,110)	(18,941,185)
Cash (used in) / generated from operations	(352,029,335)	21,453,805
Income tax paid	(21,047,287)	-
Finance cost paid	(722,965)	(29,589)
Net cash (used in) / generated from operating activities	(373,799,587)	21,424,216
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in operating assets	(142,181,373)	-
Proceeds from disposal of operating assets	254,500,000	-
Proceeds from disposal of investment property	130,781,250	
Advance against sale of non core assets	158,301,250	
Net cash generated from investing activities	401,401,127	-

**c) CASH FLOWS FROM FINANCING ACTIVITIES**

	2022 Rupees	2021 Rupees
Long term Loans obtained	402,500,000	-
Repayment of : Long term financing	(387,046,875)	-
Net cash generated from financing activities	15,453,125	-
Net increase in cash and cash equivalents (a+b+c)	43,054,665	21,424,216
Cash and cash equivalents at the beginning of the year	34,341,523	12,917,307
Cash and cash equivalents at the end of the year	77,396,188	34,341,523

The annexed notes from 1 to 47 form an integral part of these financial statements.



(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)  
DIRECTOR



(FAISAL ALI SARWAR)  
CHIEF FINANCIAL OFFICER

**CHENAB LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2022**


	Capital reserves								Revenue reserves			Total
	Issued, subscribed and paid up capital	Cumulative preference shares	Loan from Director	Surplus on revaluation of property, plant and equipment	Premium on issue of ordinary shares	Book difference of capital under scheme of arrangement for amalgamation	Preference shares redemption reserve	Sub total	General reserve	Accumulated loss	Sub total	
R u p e e s												
Balance as at July 01, 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 Income for the year</b>												
Profit for the year	-	-	-	-	-	-	-	-	-	999,742,641	999,742,641	999,742,641
Other comprehensive income												
Items that may be subsequently 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 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
<b>Total comprehensive (loss) for the year</b>												
(loss) for the year	-	-	-	-	-	-	-	-	-	(452,377,202)	(452,377,202)	(452,377,202)
Other comprehensive income												
Items that may be subsequently reclassified to profit or loss:	-	-	-	-	-	-	-	-	-	-	-	-
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	(452,377,202)	(452,377,202)	(452,377,202)
Incremental depreciation on revalued assets for the year	-	-	-	(27,385,624)	-	-	-	-	-	27,385,624	27,385,624	-
Surplus realised on disposal of property, plant and equipment	-	-	-	(261,403,581)	-	-	-	-	-	261,403,581	261,403,581	-
Transaction with owner												
Loan from director	-	-	402,500,000	-	-	-	-	-	-	-	-	402,500,000
Transferred from preference shares to liability against redemption of preference shares pursuant to scheme of arrangement	-	(300,000,000)	-	-	-	-	-	-	-	-	-	(300,000,000)
Balance as at June 30, 2022	1,150,000,000	500,000,000	646,813,086	5,359,624,416	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,335,631,428)	(8,259,198,594)	(76,351,340)

(Refer Note)


4

5

The annexed notes from 1 to 47 form an integral part of these financial statements.

  
(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER

  
(MUHAMMAD FAISAL LATIF)  
DIRECTOR

  
(FAISAL ALI SARWAR)  
CHIEF FINANCIAL OFFICER



**CHENAB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022.**

**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, 2022 the accumulated loss of the Company is Rs. 8,335.63 million and the current liabilities exceed its current assets by Rs. 1,350.66 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 section 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 Chairmanship 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 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.

Due to 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 rescheduled 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 its working capital in two consecutive years from the effective date which is approved 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 same amount was injected into the company as on 18-11-2021.

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 commercial activity partly 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, 2021 and therefore, have been applied in preparing these 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 have no material impact on company's financial statements.

- **Amendments to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021**

The relief of covid related rent concessions was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the IASB subsequently extended this date to 30 June 2022 in another amendment to IFRS 16 (the 2021 amendment). If a lessee already applied the original practical expedient, it is required to continue to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment. If a lessee did not apply the original practical expedient to eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment.

The amendments has no material impact on 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, 2021 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, 2022 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 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 the annual periods beginning on or after January 01, 2022.

The application of amendments is 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.

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.

- **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 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments deal with situation where there is a sale or contribution of assets between investor and its associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The effective date of the amendments has yet to be set by the Board, however earlier application of the amendments is permitted. The amendments are 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.

#### **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

2022 Number of shares	2021 Number of shares		2022 Rupees	2021 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

2022 Number of shares	2021 Number of shares		2022 Rupees	2021 Rupees
80,000,000	80,000,000	Cumulative preference shares of Rs. 10/- each fully paid in cash.	800,000,000	800,000,000
(30,000,000)	-	Transferred to liability against redemption of preference shares under scheme of arrangement.	(300,000,000)	-
<u>50,000,000</u>	<u>-</u>		<u>500,000,000</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 however 30,000,000 cumulative preference shares holders have agreed for redemption under the scheme of arrangement. 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 against 19,984,998 preference 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.

	Note	2022 Rupees	2021 Rupees
Transferred from preference shares to liability against redemption of preference shares pursuant to scheme of arrangement	4	300,000,000	-

As per scheme of arrangement approved by Honorable Lahore High Court, 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.

## 5. DIRECTORS' LOAN

2022 Rupees	2021 Rupees
646,813,086	244,313,086

- 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. Besides, these loans are subordinated to the financial facilities and repayment of all the amounts agreed under scheme of arrangement after seeking written confirmation of receipts by the respective banks.

## 6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2022 Rupees	2021 Rupees
Opening balance	5,648,413,621	5,680,840,915
Transferred to accumulated loss in respect of:		
Surplus realised on disposal	(261,403,581)	-
Incremental depreciation on revalued assets for the year	(27,385,624)	(32,427,294)
	(288,789,205)	(32,427,294)
	5,359,624,416	5,648,413,621

- 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, electric installations and generators were carried out 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	2022 Rupees	2021 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
		<u>526,409,752</u>	<u>526,409,752</u>

**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	2022 Rupees	2021 Rupees
<b>8. Revenue reserves</b>			
General reserve		76,432,834	76,432,834
(Accumulated loss)			
Opening balance		(8,172,043,431)	(9,205,458,493)
Total comprehensive (loss) / income for the year		(452,377,202)	1,000,987,768
Surplus realized on disposal of property, plant and equipment		261,403,581	-
Incremental depreciation on revalued assets		27,385,624	32,427,294
		<u>(8,335,631,428)</u>	<u>(8,172,043,431)</u>
		<u>(8,259,198,594)</u>	<u>(8,095,610,597)</u>

## 9. Long term financing

Under mark up arrangements			
From banking companies/financial institutions			
Secured			
Tier - I debt		4,737,486,364	-
Paid during the year		(387,046,875)	-
	9.1	4,350,439,489	-
Tier - II debt	9.1	4,737,486,363	-
Fixed assets finance			239,227,233
Demand finances		-	1,305,200,000
Term finances		-	2,686,553,038
Long term finance		-	157,245,796
Term finances		-	560,260,533
Long term finances		-	78,791,139
Not subject to mark up			
From financial institutions			
Term finance XI		-	74,000,000
		-	5,101,277,739
		<u>9,087,925,852</u>	<u>5,101,277,739</u>
Less : Current portion			
Installments due		147,294,944	3,529,191,701
Payable within one year		578,925,556	298,000,000
		<u>726,220,500</u>	<u>3,827,191,701</u>
		8,361,705,352	1,274,086,038
Associates	9.2	6,798,756	63,730,000
		<u>8,368,504,108</u>	<u>1,337,816,038</u>

- 9.1 These loans are secured against first charge over fixed assets of the company ranking pari passu jointly. These are also secured against first charge over current assets of the company ranking pari passu jointly. These are further secured by personal guarantee of directors and associates of the company as well as deposit of title deeds of personal properties of directors and associates.

Effective mark up rate charged during the year is 5% per annum.

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, June 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.

The repayment schedule of Tier-I debt is as under;

Principal amount	No. of Installment	Installment amount	Commencing from	Ending on	Markup rate
147,297,944	2	73,648,972	31-Mar-22	30-Jun-22	5%
220,946,918	1	220,746,918	30-Sep-22	30-Sep-22	5%
157,539,319	1	157,539,319	31-Dec-22	31-Dec-22	5%
157,539,319	1	157,539,319	31-Mar-23	31-Mar-23	5%
57,200,000	4	14,300,000	31-Dec-22	30-Sep-23	5%
97,200,000	4	24,300,000	31-Dec-23	30-Sep-24	5%
460,000,000	4	115,000,000	31-Dec-24	30-Sep-25	5%
760,000,000	4	190,000,000	31-Dec-25	30-Sep-26	5%
1,760,000,000	8	220,000,000	31-Dec-26	30-Sep-28	5%
250,000,000	1	250,000,000	31-Dec-28	31-Dec-28	5%
282,715,989	1	282,715,989	31-Mar-29	31-Mar-29	5%
4,350,439,489	31				

The repayment schedule of Tier-II debt is as under;

Principal amount	No. of Installment	Installment amount	Commencing from	Ending on	Markup rate
300,000,000	2	150,000,000	30-Jun-29	30-Sep-29	3% on initial
2,400,000,000	12	200,000,000	31-Dec-29	30-Sep-32	Tier-II debt
1,925,000,000	11	175,000,000	31-Dec-32	30-Jun-35	(Conditional)
112,486,364	1	112,486,364	30-Sep-35	30-Sep-35	5% on subsequent
4,737,486,364	26				Tier-II debt

**9.2** These are interest free and recognised at amortised cost. These are payable on June 30, 2039, as per scheme of arrangement. Using prevailing market interest rate for an equivalent loan of 14.07% for loans payable after eighteen years, the fair value of these loans is estimated at Rs. 6.80 million (2021: 63.73 million). The difference of Rs. 56.93 million (2021: Nil) between the gross proceeds and the fair value of these loans is the benefit derived from the interest free loans and is recognized as deferred revenue (Refer note 10). Besides, these loans are subordinated to the financial facilities and repayment of all the amounts agreed under scheme of arrangement after seeking written confirmation of receipts by the respective banks.

	Note	2022 Rupees	2021 Rupees
<b>10. Deferred revenue</b>			
Opening balance as on July 01,		-	-
Deferred revenue		57,769,839	-
Fair value adjustment of deferred revenue charged to statement of profit or loss	35	(838,595)	-
		<u>56,931,244</u>	<u>-</u>
<b>11. Deferred interest / markup</b>			
Mark up on Tier-I debt	43.5	<u>179,157,793</u>	<u>-</u>
<b>12. Lease Liabilities</b>			
Opening balance		28,702,544	28,702,544
Transferred to Long term financing Tier-I and Tier-II debt under the scheme of arrangement	9.1	<u>(28,702,544)</u>	<u>-</u>
Shown under current liabilities			
Installments over due		<u>-</u>	<u>(28,702,544)</u>
		<u>-</u>	<u>-</u>

**12.1** These lease liabilities are rescheduled as per scheme of Arrangement and included in Tier-I and Tier-II Debt (Refer Note No.9.1)

	Note	2022 Rupees	2021 Rupees
<b>13. Deferred liabilities</b>			
Staff retirement gratuity	13.1	<u>10,193,582</u>	<u>12,263,388</u>
		<u>10,193,582</u>	<u>12,263,388</u>

#### **13.1 Staff retirement gratuity**

##### **13.1.1 General description**

The scheme provides terminal benefits for all permanent 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, 2022.

	2022 Rupees	2021 Rupees
<b>13.1.2 Balance sheet reconciliation as at June 30,</b>		
Present value of defined benefit obligation	<u>10,193,582</u>	<u>12,263,388</u>

	Note	2022 Rupees	2021 Rupees
<b>13.1.3 Movement in net liability recognized</b>			
Opening balance		12,263,388	17,759,106
Charge for the year	13.1.4	10,193,582	2,210,225
Benefits payable		(12,263,388)	(6,460,816)
Remeasurement of obligation		-	(1,245,127)
Balance at June 30,		<u>10,193,582</u>	<u>12,263,388</u>

#### 13.1.4 Charge for the year

Service cost	10,193,582	700,701
Interest cost	-	1,509,524
	<u>10,193,582</u>	<u>2,210,225</u>

#### 13.1.5 Principal actuarial assumptions

Discount factor used	13.75% Per annum	15.75% Per annum
Expected rate of increase in salaries	13.75% Per annum	15.75% Per annum
Expected average remaining working lives of participating employees	8 years	8 years

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

	2022 Rupees	2021 Rupees
Current liability	10,193,582	12,263,388
+1% Discount rate	8,773,612	11,128,881
-1% Discount rate	11,956,065	13,556,255
+1% Salary increase rate	11,938,953	13,544,436
-1% Salary increase rate	8,762,303	11,119,621

#### 13.1.7 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

	Note	2022 Rupees	2021 Rupees
<b>13.2 Deferred taxation</b>			
<b>It comprises of the followings:</b>			
Deferred tax liability :			
Difference in tax and accounting bases of property, plant and equipment		1,582,903,085	1,561,765,969
Deferred tax assets :			
Unadjusted tax losses		(975,926,418)	(938,472,716)
Staff retirement gratuity		(2,168,204)	(2,681,279)
Lease liability		-	(6,275,552)
Tax Credits		(18,925,580)	(18,925,580)
Unrecognised Deferred Tax Liability		585,882,883	595,410,842
		-	-

#### 14. Trade and other payables

Creditors		767,822,836	723,463,765
Accrued liabilities		299,820,871	218,620,753
Contract liabilities		33,104,912	31,302,366
Security deposit		12,823,288	12,475,288
Advance against non-current assets held for sale	14.1	158,301,250	-
Sales Tax payable		243,662	-
Other		2,770,221	2,789,711
		1,274,887,040	988,651,883

**14.1** It represents the advance obtained for non core assets to be disposed as per scheme of arrangement.

#### 15. Short term bank borrowings

Secured			
Under mark up arrangements			
Export finances		3,668,552,114	3,668,552,114
Finance against trust receipts		18,301,847	18,301,847
Running finance		437,588,483	437,588,483
Murabaha finances		220,550,000	220,550,000
		4,344,992,444	4,344,992,444
Transferred to Long term financing Tier-I and Tier-II debt under the scheme of arrangement	9.1	(4,344,992,444)	-
		-	4,344,992,444



## 16. 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
<b>Income tax</b>			
Appellate Tribunal Inland Revenue, Lahore	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
Lahore High Court	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 (2021: Rs. 4,456,880/-, 13,887,489/- and 10,315,279/- respectively) are involved in the appeals. The honorable Tribunal vide its order dated 24-02-2022 decided the appeal in the favor of company and annulled the orders passed by the lower authorities. But the department has filed reference in the Honorable Lahore court against the said order.	Federal Board of Revenue vs. Company	22 July,2020
<b>Sales tax</b>			
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/- (2021: 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

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
<b>Sales tax</b>			
Appellate Tribunal Inland Revenue, Lahore	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/- (2021: 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
Appellate Tribunal Inland Revenue, Lahore	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. 161/2021. Tax amount of Rs. 11,674,494/-(2021: Rs. Nil-) 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	September 29,2021
<b>Other</b>			
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/-. (2021: 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

	2022 Rupees	2021 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 past markup of Rs. 2,038.67 million (2021: Rs. 2,038.67 million) accrued till July 2011 not acknowledged due to company's request for waiver granted under scheme of arrangement.		
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.		
According to the Scheme of arrangement initial Tier-II debt markup (calculated at 3% of Tier-II debt) will be waived off, provided company makes no default in making the payments as agreed under scheme of arrangement..	112,531,525	-
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.	434,561,438	411,510,899
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	33,414,587
<b>Commitments</b>		
There were no commitments as on 30 June 2022 (2021: Nil).		-

17. Property, plant and equipment

Operating assets

	Company owned										Rupees
	Freehold land	Building on freehold land	Plant and machinery	Electric installations	Generators	Factory equipment	Furniture and fixture	Office equipment	Vehicles	Sign boards	Total
<b>At July 01, 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
<b>Year ended June 30, 2022</b>											
Opening 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
Additions	6,398,000	-	55,026,680	5,433,707	-	418,660	-	5,764,779	-	-	73,041,826
Transfer from capital work in progress (Note 17.6)	-	-	69,139,547	-	-	-	-	-	-	-	69,139,547
Transfer from right of use assets (Note 18)	-	4,707,166	138,578,815	-	25,890,994	-	-	-	-	-	169,176,975
Disposal Cost	(242,400,000)	(36,725,200)	-	-	-	-	-	-	-	-	(279,125,200)
Accumulated depreciation	(242,400,000)	(28,192,475)	-	-	-	-	-	-	-	-	(270,592,475)
Depreciation charge	-	(37,908,241)	(9,952,541)	(10,661,582)	(14,462,443)	(1,191,311)	(755,896)	(1,504,097)	(201,165)	(3,114)	(76,640,390)
Closing net book value	2,010,054,287	896,916,373	6,196,205,637	196,430,117	280,177,410	10,961,327	6,803,064	17,323,420	804,660	28,025	9,615,704,320
<b>At June 30, 2022</b>											
Cost / revaluation	2,010,054,287	1,210,270,096	6,524,192,263	270,407,305	391,489,994	76,893,845	39,108,524	89,949,535	12,753,089	525,248	10,625,644,186
Accumulated depreciation	-	(313,353,723)	(327,986,626)	(73,977,188)	(111,312,584)	(65,932,518)	(32,305,460)	(72,626,115)	(11,948,429)	(497,223)	(1,009,939,866)
Net book value	2,010,054,287	896,916,373	6,196,205,637	196,430,117	280,177,410	10,961,327	6,803,064	17,323,420	804,660	28,025	9,615,704,320
Annual rate of depreciation (%)		4	-	25 Years	5	10	10	10	20	10	
<b>17.1 Depreciation for the year has been allocated as under:</b>		Note	2022 Rupees	2021 Rupees							
Cost of goods manufactured	31.1		18,544,029	-							
Administrative expenses	33		58,096,359	78,295,265							
			76,640,388	78,295,265							

17.1.1 Actual Depreciation on Plant and Machinery based on unit of production method amounts to Rs 4.86 million (2021: no production). The excess amount is charged to cover obsolescence.

17.1.2 Operating assets include assets whose title will be transferred to the company after the successful payments agreed under the scheme of arrangement. According to the scheme of arrangement the lenders agreed that in case of finance provided in the shape of lease finance (a) the title and ownership of such leased assets shall stand transferred to the company immediately on the date that such lender's outstanding debt has been repaid ; and, (b) the company is permitted to create security through the security documents over such leased assets in favour of the lenders and financial institutions for providing permitted facilities.

**17.2** 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, 2022 and 2021 would have been as follows:

<b>2022</b>			
<b>Description</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Written down value</b>
----- Rupees -----			
Freehold land	80,913,888	-	80,913,888
Building on freehold land	2,109,809,759	1,142,231,024	967,578,735
Plant and machinery	5,750,790,958	2,153,704,376	3,597,086,582
Electric installations	310,211,370	215,556,018	94,655,352
Generators	245,077,888	174,323,311	70,754,577
	<u>8,496,803,863</u>	<u>3,685,814,729</u>	<u>4,810,989,134</u>

<b>2021</b>			
<b>Description</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Written down value</b>
----- Rupees -----			
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>

**17.3** 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.

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

<b>Sr. No.</b>	<b>Location</b>	<b>Usage of Immovable property</b>	<b>Area of Land</b>
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	248 Kanal 12 Marlas
7	14-15 Clifton, Karachi	Office	4414 Sq.Ft

## 17.5 Detail of disposal of operating assets

Description	Cost/ Revaluation	Accumulated depreciation	Written down value	Sales proceeds	Gain/(Loss)	Relationship	Particulars of buyers
House No.27-Y-103,Madina Town Faisalabad (Sold By Negotiation)	36,237,500	1,379,517	34,857,983	43,000,000	8,142,017	None	Mr.Zafar Iqbal, 97-B, Sindhi Muslim Housing Society, Air Port Road. Sukkur.
House No.40-W-101,Madina Town Faisalabad (Sold By Negotiation)	77,830,900	1,656,792	76,174,108	68,000,000	(8,174,108)	None	Mr. Faisal Iqbal, House No. 204/A, Gulistan Colony No.2, Faisalabad.
House No.42-W-101,Madina Town Faisalabad (Sold By Negotiation)	87,464,900	3,895,153	83,569,747	74,000,000	(9,569,747)	None	Mr. Qazafi Khan House No. 70-P Kohinoor Town, Faisalabad
House No.44-W-101,Madina Town Faisalabad (Sold By Negotiation)	77,591,900	1,601,263	75,990,637	69,500,000	(6,490,637)	None	Qazafi Khan House No. 70-P Kohinoor Town, Faisalabad
2022	279,125,200	8,532,725	270,592,475	254,500,000	(16,092,475)		
2021	-	-	-	-	-		

**Plant and  
machinery**

----Rupees----

## 17.6 Capital work in progress

Balance as at June 30, 2021	-
Additions	69,139,547
Transferred to operating assets	(69,139,547)
Balance as at June 30, 2022	-

## 18. Right-of-use assets

	Note	Building	Plant and machinery	Generator	Total
-----Rupees-----					
<b>As at July 1, 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
<b>Year ended June 30, 2022</b>					
Opening net book value		4,732,443	138,626,274	26,163,380	169,522,097
Depreciation expense till effective date		(25,277)	(47,459)	(272,386)	(345,122)
		4,707,166	138,578,815	25,890,994	169,176,975
Transferred to operating assets	17	(4,707,166)	(138,578,815)	(25,890,994)	(169,176,975)
		-	-	-	-

Annual rate of depreciation (%)	61 Years	Unit of Production	5%
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	Note	2022 Rupees	2021 Rupees
<b>18.1 Depreciation for the year has been allocated as under:</b>			
Administrative expenses	33	345,122	1,726,344

**18.2** According to the scheme of arrangement the lenders agreed that in case of finance provided in the shape of lease finance ;(a) the title and ownership of such leased assets shall stand transferred to the company immediately on the date that such lender's outstanding debt has been repaid ; and, (b) the company is permitted to create security through the security documents over such leased assets in favour of the lenders and financial institutions for providing permitted facilities.

## 19. Investment property

Note	Freehold land	Building on freehold land	Total
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### At July 01, 2020

Cost	485,803,713	476,719,350	962,523,063
Accumulated depreciation	-	(73,327,087)	(73,327,087)
	485,803,713	403,392,263	889,195,976

### Year ended June 30, 2021

Opening net book value	485,803,713	403,392,263	889,195,976
Depreciation charge	-	(16,135,691)	(16,135,691)
	485,803,713	387,256,572	873,060,285

### At June 30, 2021

Cost	485,803,713	476,719,350	962,523,063
Accumulated depreciation	-	(89,462,778)	(89,462,778)
	485,803,713	387,256,572	873,060,285

### Year ended June 30, 2022

Opening net book value		485,803,713	387,256,572	873,060,285
Disposals during the year		(149,652,000)	-	(149,652,000)
Transfer to assets held for sale	29	(101,500,000)	(46,442,743)	(147,942,743)
Depreciation charge	33.	-	(15,490,263)	(15,490,263)
		234,651,713	325,323,566	559,975,280

### At June 30, 2022

Cost	234,651,713	430,276,607	664,928,320
Accumulated depreciation	-	(104,953,041)	(104,953,041)
	234,651,713	325,323,566	559,975,280

Annual rate of depreciation on building (%)

4

19.1 Fair value of land and buildings approximates it's cost.

19.2 Detail of disposal of Investment property

Description	Cost/ Revaluation	Accumulated depreciation	Sales Proceeds	(Loss)	Relationship	Particulars of buyer
Land At Khurrianwala (Sold By Negotiation)	149,652,000	-	130,781,250	(18,870,750)	None	Mr. Muhammad Tofiq Chak No. 202-R.B Bhaiwala Faisalabad CNIC#33100- 3681213-1
2022	149,652,000	-	130,781,250	(18,870,750)		
2021	-	-	-	-		



	Note	2022 Rupees	2021 Rupees
<b>20. Long term deposits</b>			
Lease key money		-	1,679,435
Security deposits		13,418,150	11,738,715
		<u>13,418,150</u>	<u>13,418,150</u>
Less: Current portion - Lease key money	20.1	-	1,679,435
		<u>13,418,150</u>	<u>11,738,715</u>

**20.1** As per scheme of arrangement any sale of security along with cash margin and lease deposits that the company has deposited as security with any lender shall be adjusted towards such lender's upcoming installment(s) of principal debt only.

	Note	2022 Rupees	2021 Rupees
<b>21. Stores and spares</b>			
Stores		36,234,330	21,606,856
Spares		8,016,740	7,137,097
		<u>44,251,070</u>	<u>28,743,953</u>

<b>22. Stock in trade</b>			
Raw material		10,010,845	-
Work in process		65,165,912	-
Finished goods		1,598,704	200,180
Waste		824,620	29,820
		<u>77,600,081</u>	<u>230,000</u>

<b>23. Trade debts</b>			
Considered good			
Unsecured			
Foreign		50,660,627	-
Local		56,199,057	18,774,802
		<u>106,859,684</u>	<u>18,774,802</u>

<b>24. Loans and advances</b>			
Considered good			
Loans to employees		1,207,249	637,537
Advances			
Suppliers / contractors		61,008,248	17,949,284
Income tax		33,911,330	12,864,042
Letters of credit fee and expenses		14,371,697	-
		<u>110,498,524</u>	<u>31,450,863</u>

<b>25. Deposits</b>			
Considered good			
Deposits			
Security deposits		1,261,358	1,261,358
Current portion of long term deposits	20	-	1,679,435
Guarantee / export margin		7,686,327	7,686,327
		<u>8,947,685</u>	<u>10,627,120</u>

	Note	2022 Rupees	2021 Rupees
<b>26. Other receivables</b>			
Considered good			
Export rebate / duty drawback		1,596,743	2,318,406
Excise duty		-	2,448,852
Other	26.1	63,110,165	4,781,520
		<u>64,706,908</u>	<u>9,548,778</u>

**26.1** It includes Rs. 60,060,862/- (2021: Rs. Nil ) due from an associated undertaking M/S "Luxe Home". The maximum aggregate amount due from M/S "Luxe Home" at the end of any month during the year was Rs. 60,060,862/- (2021: Rs. Nil/-).

	Note	2022 Rupees	2021 Rupees
<b>27. Tax refunds due from Government</b>			
Income tax		25,246,784	25,246,784
Sales tax		47,786,292	-
		<u>73,033,076</u>	<u>25,246,784</u>
<b>28. Cash and bank balances</b>			
Cash in hand		8,512,342	-
Cash at banks			
In current accounts		68,883,846	34,341,523
		<u>77,396,188</u>	<u>34,341,523</u>
<b>29. Non current assets held for sale</b>			
Freehold Land	19	101,500,000	-
Building on freehold land	19	46,442,743	-
		<u>147,942,743</u>	<u>-</u>
<b>30. Sales</b>			
Export			
Fabrics / made ups / garments	30.1	135,420,897	-
Local			
Fabrics / made ups	30.2	23,909,568	-
		159,330,465	-
Add: Export rebate / duty drawback		1,573,757	-
		160,904,222	-
Less:			
Commission		2,726,721	-
Processing and conversion income	30.3	345,563,132	-
		<u>503,740,633</u>	<u>-</u>

**30.1** It includes exchange gain of Rs. 3,738,121/- (2021: Rs. Nil).

	Note	2022 Rupees	2021 Rupees
<b>30.2 Local</b>			
Fabrics / made ups		27,974,195	-
Less: Sales tax		4,064,627	-
		<u>23,909,568</u>	<u>-</u>
<b>30.3 Processing and conversion income</b>			
Sales		404,308,864	-
Less: Sales tax		58,745,732	-
		<u>345,563,132</u>	<u>-</u>
<b>31. Cost of sales</b>			
Cost of goods manufactured		726,071,962	-
Finished goods			
Opening stock		200,180	-
Closing stock		(1,598,704)	-
		<u>(1,398,524)</u>	<u>-</u>
Cost of sales		<u>724,673,438</u>	<u>-</u>
<b>31.1 Cost of goods manufactured</b>			
Raw material consumed	31.1.1	148,304,957	-
Salaries, wages and benefits		187,733,176	-
Staff retirement benefits		8,154,866	-
Processing charges		16,234,927	-
Conversion charges		27,384,900	-
Stores and spares		79,674,731	-
Dyes and chemicals		92,759,700	-
Packing material		12,354,374	-
Repairs and maintenance		10,001,515	-
Fuel and power		184,320,447	-
Insurance		144,544	-
Depreciation of operating assets	17.1	18,544,029	-
Other		5,625,708	-
		<u>791,237,874</u>	<u>-</u>
Work in process			
Opening stock		-	-
Closing stock		(65,165,912)	-
		<u>(65,165,912)</u>	<u>-</u>
		<u>726,071,962</u>	<u>-</u>
<b>31.1.1 Raw material consumed</b>			
Opening stock		-	-
Purchases including purchase expenses		158,315,802	-
		<u>158,315,802</u>	<u>-</u>
Closing stock		(10,010,845)	-
		<u>148,304,957</u>	<u>-</u>

	Note	2022 Rupees	2021 Rupees
<b>32. Selling and distribution expenses</b>			
Advertisement and publicity		61,043	-
Carriage and freight		2,605,954	-
Export clearing and forwarding		3,825,306	-
Export development surcharge		257,504	-
Other		583,296	-
		<u>7,333,103</u>	<u>-</u>
<b>33. Administrative expenses</b>			
Directors' remuneration		7,000,000	-
Salaries and benefits		50,430,971	17,557,267
Staff retirement benefits		2,038,716	2,210,225
Utility Expenses		1,476,535	1,524,741
Postage, telephone and telex		943,351	-
Vehicles running and maintenance		4,375,171	-
Travelling and conveyance		442,047	170,820
Printing and stationery		2,541,384	10,982
Entertainment		995,700	-
Fees and subscriptions	33.1	11,893,144	20,833,514
Legal and professional		20,109,875	130,000
Rent, rates and taxes		8,290,197	4,321,042
Auditors' remuneration	33.2	922,500	750,000
Repairs and maintenance		255,225	-
Depreciation of operating assets	17.1	58,096,359	78,295,265
Depreciation of right-of-use assets	18.1	345,122	1,726,344
Depreciation of investment property	19	15,490,263	16,135,691
Insurance		100,000	-
Other		665,744	814,600
		<u>186,412,304</u>	<u>144,480,491</u>
<b>33.1</b> This includes Liquidator's Fees of Rs. 5,927,334/- (2021; Rs. 14,902,494).			
		2022 Rupees	2021 Rupees
<b>33.2 Auditors' remuneration</b>			
Audit fee		690,000	552,000
Half yearly review		172,500	138,000
Out of pocket expenses		60,000	60,000
		<u>922,500</u>	<u>750,000</u>
<b>34. Other operating expenses</b>			
Loss on disposal of operating assets		16,092,475	-
Loss on disposal of investment property		18,870,750	-
		<u>34,963,225</u>	<u>-</u>
<b>35. Other income</b>			
Income from assets other than financial assets:			
Sale of waste material		1,088,259	-
Rental income		84,840,373	86,507,956
Balances written back - net		100,287,246	1,077,814,611
Fair value adjustment of deferred revenue		838,595	-
		<u>187,054,473</u>	<u>1,164,322,567</u>

	Note	2022 Rupees	2021 Rupees
<b>36. Finance cost</b>			
Interest / mark up on:			
Long term financing Tier-I debt	11	179,157,793	-
Bank charges and commission		722,965	29,589
Fair value adjustment of loan from associates	10	838,595	-
		<u>180,719,353</u>	<u>29,589</u>
<b>37. Provision for taxation</b>			
Current			
For the year		<u>9,070,885</u>	<u>20,069,846</u>

### 37.1 Relationship between tax expense and accounting profit

Reconciliation between accounting profit and tax expense has not been presented in these financial statements as income of the company is subject to minimum tax and final tax under Section 113 and 154 of the Income Tax Ordinance, 2001.

	Note	2022 Rupees	2021 Rupees
<b>38. (Loss) / Profit per share- Basic and diluted</b>			
Profit/ (Loss) for the year after taxation		(452,377,202)	999,742,641
Less: Dividend on cumulative preference shares at 9.25%		-	23,050,539
(Loss)/ Profit attributable to ordinary shareholders	Rupees	<u>(452,377,202)</u>	<u>976,692,102</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>(3.93)</u>	<u>8.49</u>

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

### 39. REMUNERATION TO CHIEF EXECUTIVE OFFICER , DIRECTORS AND EXECUTIVES

	2022			2021		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
	Rupees			Rupees		
Remuneration	1,666,667	3,000,000	7,117,230	-	-	2,133,658
House rent allowance	500,000	900,000	2,426,522	-	-	746,775
Medical allowance	166,667	300,000	808,839	-	-	213,137
Utility allowance	166,666	300,000	808,839	-	-	106,911
	<u>2,500,000</u>	<u>4,500,000</u>	<u>11,161,430</u>	<u>-</u>	<u>-</u>	<u>3,200,481</u>
Number of persons	1	2	7	0	0	2

The Directors have waived off their meeting fee.

#### 40. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertaking, directors and key management personnel. Amounts due to and due from related parties are shown under relevant notes to the financial statements. Remuneration to Chief Executive Officer, Directors and Executives is disclosed in Note 39. Other significant transaction with related parties are as follows.

Name of the related party	Relationship and Percentage	Transactions during the year	2022 Rupees	2021 Rupees
Mian Muhammad Latif	Director	Loan Obtained	45,567,539	-
Mian Muhammad Javaid Iqbal	Director	Loan Obtained	90,567,539	-
Muhammad Naeem	Chief Executive Officer	Loan Obtained	45,567,539	-
Mr. Muhammad Farhan Latif	Director	Loan Obtained	123,032,356	-
Mr. Muhammad Zeeshan Latif	Related party	Loan Obtained	97,765,027	-
Luxe Home	Associated undertaking	Payment of general expenses	60,060,862	-

#### 41. INSTALLED CAPACITY AND ACTUAL PRODUCTION

Textile Product	Unit	Rated capacity per annum		Actual production per annum	
		2022	2021	2022	2021
Fabric	Mtrs	9,000,000	9,000,000	32,737	-
Made ups	Mtrs	59,000,000	59,000,000	8,051,999	-
Garments	Mtrs	3,500,000	3,500,000	927,404	-

##### Reasons for shortfall

- The operational activities of the company was ceased due to winding up order. Winding up order was reversed on 14 September, 2021 and company was handed over to the management on 29 October, 2021.
- The company commenced its commercial production from April 01, 2022.
- It is difficult to describe precisely the production capacity of textile products being manufactured since it fluctuates widely depending upon various factors such as simple / multi-function articles, small and large size articles, special articles and the pattern of articles adopted.
- The actual production is planned to meet the market demand as well as operational capacity after major overhauling.

#### 42. 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

2022	2021
-----Numbers-----	
843	38
778	0
675	41
621	0

### 43. 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.

#### 43.1 FINANCIAL INSTRUMENTS BY CATEGORY

##### Financial assets:

Loans and receivables at amortised cost

	2022 Rupees	2021 Rupees
Long term deposits	13,418,150	11,738,715
Trade debts	106,859,684	18,774,802
Loans and advances	1,207,249	637,537
Deposits	8,947,685	8,947,685
Other receivables	63,110,165	4,781,520
Cash and bank balances	77,396,188	34,341,523
	<u>270,939,121</u>	<u>79,221,782</u>

##### Financial liabilities:

Financial liabilities at amortised cost

Long term financing	9,094,724,608	5,165,007,739
Unclaimed dividend	366,071	366,071
Lease Liabilities	-	28,702,544
Trade and other payables	1,083,237,216	944,874,229
Deferred interest / markup	179,157,793	-
Short term bank borrowings	-	4,344,992,444
	<u>10,357,485,688</u>	<u>10,483,943,027</u>

#### 43.2 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:

##### 43.2.1 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:

	2022 Rupees	2021 Rupees
Long term deposits	13,418,150	11,738,715
Trade debts	106,859,684	18,774,802
Loans and advances	1,207,249	637,537
Deposits	8,947,685	8,947,685
Other receivables	63,110,165	4,781,520
Bank balances	68,883,846	34,341,523
	<u>262,426,779</u>	<u>79,221,782</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. The aging of trade debts as at statement of financial position date is as under:

	2022 Rupees	2021 Rupees
Not past due	93,916,156	-
Past due within one year	-	-
Past due over one year	12,943,528	18,774,802
	12,943,528	18,774,802
	106,859,684	18,774,802

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.

	2022 Rupees	2021 Rupees
The bank balances alongwith credit rating is as follows.		
Credit Rating		
AAA	68,791,237	34,240,003
AA+	58,393	48,964
AA	-	22,622
Others	34,216	29,934
	68,883,846	34,341,523

#### 43.2.2 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 including interest payments as at June 30, 2022 and 2021;

2022						
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	9,094,724,608	9,094,724,608	556,034,375	321,043,562	2,871,500,000	5,346,146,670
Deferred interest / markup	179,157,793	179,157,793	-	-	-	179,157,793
Trade and other payables	1,083,237,216	1,083,237,216	1,083,237,216	-	-	-
Unclaimed dividend	366,071	366,071	366,071			
	10,357,485,688	10,357,485,688	1,639,637,662	321,043,562	2,871,500,000	5,525,304,463
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	-	-	-
Unclaimed dividend	366,071	366,071	366,071			
	10,483,943,027	10,483,943,027	8,789,126,989	145,000,000	1,549,816,038	-

The contractual cash flows relating to mark up have been determined on the basis of fixed rate (flat rate) of mark up as agreed under scheme of arrangement. Besides, the Company's exposure to the liquidity risk is low as all of its financial obligations towards banks and financial institutions has been rescheduled as per scheme of arrangement (Refer Note 43.5) and are to be paid over the period of 14 years.



### 43.2.3 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 financing from banks and financial institutions. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

#### Sensitivity analysis

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

#### Fair value sensitivity analysis for fixed rate instruments

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

#### Cash flow sensitivity analysis for variable rate instruments

No impact of variation in interest rate has been considered as fixed rate (flat rate) of mark up has been provided in these financial statements as per scheme of arrangement, 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 exposed to currency risk on foreign debtors. The total foreign currency risk exposure on reporting date amounted to Rs. 50.66 million (2021: Rs. Nil).

At June 30, 2022, if the currency had weakened / strengthened by 5% against the foreign currencies with all other variables held constant, loss for the year and negative equity would have been lower / higher by Rs 2.53 million (2021: Rs. Nil).

#### 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.

### 43.3 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.

#### 43.4 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' as shown in the statement of financial position). Equity comprises of shareholders' equity as shown in the balance sheet under 'share capital and reserves' and net debt (net of cash and cash equivalent)

The salient information relating to capital risk management of the Company as of June 30, 2022 and 2021 were as follows:

	Note	2022 Rupees	2021 Rupees
Total debt	9 & 10	9,151,655,852	9,538,702,727
Less: Cash and cash equivalents	28	(77,396,188)	(34,341,523)
Net debt		9,074,259,664	9,504,361,204
Total equity		(76,351,340)	273,525,862
Total capital employed		8,997,908,324	9,777,887,066
Gearing ratio		100.85%	97.20%

#### 43.5 Overdue loans and mark up

Under Scheme of Arrangement 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 9.1) 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.

#### 43.6 Overdue Installments

On the reporting date, the installments of principals amounting to Rs. 147.29 million were over due. The over due installments were paid subsequently.

#### **44. DATE OF AUTHORISATION FOR ISSUE**

The financial statements were authorized for issue on **22-12-2023** by the Board of Directors of the Company.

#### **45. DIVIDEND FOR CUMULATIVE PREFERENCE SHARES**

The dividend for cumulative preference shares amounting to Rs. 434.56 million (2021: 411.51 million) will be accumulated and payable in the ensuing years when the sufficient amount of profit will be available for appropriation.

#### **46. RE-ARRANGEMENTS / RE-CLASSIFICATION**

**46.1** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison.

There were no significant reclassification / restatement to these financial statements during the year except as mentioned below.

The net book value value of addition in investment property transferred from "property plant and equipment" in 2020 has been segregated to cost and accumulated depreciation for better understanding.

**46.2** Nomenclature of "Deposits and prepayment" has been changed to "Deposits" for better presentation.

#### **47. GENERAL**

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



(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)  
DIRECTOR



(FAISAL ALI SARWAR)  
CHIEF FINANCIAL OFFICER

**Form 34**  
**Pattern of Holding of Ordinary Shares**  
**Held by Shares Holders as at June 30, 2022**

Share Holders	From	To	Total Shares
98	1	100	3,979
488	101	500	231,114
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
8	175,001	200,000	1,530,868
4	200,001	250,000	881,500
4	255,001	300,000	1,185,000
5	300,001	400,000	1,736,584
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	6,500,001	6,600,000	6,597,657
1	7,000,001	7,500,000	7,457,684
1	11,800,001	11,900,000	11,876,483
1	13,600,001	14,000,000	13,681,483
1	16,400,001	16,500,000	16,445,562
1	17,000,001	17,500,000	17,201,112
<b>2041</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	Director	1	13,681,483	11.90
Mian Muhammad Javed Iqbal	Director	1	11,876,483	10.33
Mr. Muhammad Naeem	Chief Executive Officer	1	17,201,112	14.96
Mr. Muhammad Faisal Latif	Director	1	2,813,545	2.45
Mr. Tariq Ayub Khan	Director	1	1,000	0.00
Mr. Muhammad Salman Javed	Director	1	6,597,657	5.74
Mr. Muhammad Hashim	Director	1	500	0.00
Mr. Maqsood-ul-Hassan	Director	1	500	0.00
Mst. Shahnaz Latif	Spouse	1	7,457,684	6.48
Mst. Tehmina Yasmin	Spouse	1	285	0.00
Mst. Prveen Akthar	Spouse	1	338	0.00
Mr. Muhammad Farhan Latif	Son	1	316,948	0.28
Mr. Muhammad Zeeshan Latif	Son	1	195,868	0.17
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		2015	54,701,127	47.57
		<b>2041</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 30,2022**

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 38<sup>th</sup>  
Annual General Meeting of the Company to be held on January 15, 2024, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

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



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