



**2019**

**FINANCIAL STATEMENTS**  
for the half year ended December 31,  
*(Un-audited/Reviewed)*

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# Company Information

<b>Chairman</b>	Mian Muhammad Latif
<b>Chief Executive</b>	Muhammad Naeem
<b>Directors</b>	Mian Muhammad Javaid Iqbal Mr. Muhammad Faisal Latif Mr. Tariq Ayoub Khan Mr. Masood Ul Hassan Mr. Muhammad Hashim Mr. Muhammad Salman Javed
<b>Nominee Director</b>	Ms. Sobia Chughtai
<b>Major Bankers</b>	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 Silk Bank Limited. Standard Chartered Bank (Pakistan) Limited. The Bank of Punjab. United Bank Limited.
<b>Chief Financial Officer</b>	Mr. Faisal Ali Sarwar
<b>Company Secretary</b>	Muhammad Arshad
<b>Auditors</b>	Yousuf Adil Chartered Accountants.
<b>Shares Registrar</b>	F.D. Registrar Services (SMC-Pvt.) Limited Office # 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. Tel:021-32271905-6/021-35478192-3
<b>Registered Office</b>	Nishatabad, Faisalabad. Tel:+92 41 8754472-8 Fax:+92 41 8752400, 8752700 <a href="mailto:chenab@chenabgroup.com">chenab@chenabgroup.com</a> <a href="http://www.chenabgroup.com">www.chenabgroup.com</a>
<b>Website Address</b>	<a href="http://www.chenabgroup.com">www.chenabgroup.com</a>
<b>Works</b>	-Spinning Unit - Toba Tek Singh. -Weaving Unit - Kharianwala, Distt: Sheikhpura. -Weaving Unit - Shahkot, Distt: Nankana Sahib. -Processing & Stitching Units – Nishatabad, Fsd.

## **DIRECTORS' REPORT TO THE SHAREHOLDER'S**

The Directors placed before you un-audited/reviewed financial statements together with notes for the half year ended December 31, 2019. The Company had gone under liquidation by the Lahore High Court Lahore which was reversed on 29-10-2021.

Figures of corresponding quarter of last year are also presented for comparison. The balance sheet figures as on December 31, 2019 and June 30, 2019 have been shown as required by the INTERNATIONAL ACCOUNTING STANDARDS (IAS) 34 for interim financial reporting.

### **REVENUE**

The main revenue during this period classified under the head (other income) was generated from the rental of certain business assets as the Company was under liquidation. However rental income was earned at Rs.33.255 million as compared with Rs.24.591 million earned during the preceding period. The core activity of sale and purchase was not carried out during this period.

### **FINANCIAL RESULTS**

In view of unfavorable business circumstances the Company sustained a financial loss of Rs.39.955 million before taxation during the period under report.

### **FUTURE PROSPECTS**

- 1) The next year i.e. 2020-21 was under liquidation period and Company was not operational during that period. No production will be achieved until the revival of the Company. The revival took place with the reversal of the order by Honourable Lahore High Court Lahore dated 29-10-2021. However, presently country is passing through a politically uncertain phase that is resulting into unstable currency rates and a decline in exports. Although challenges are high yet we are committed to performing in the best possible manner and adding value to our stakeholders to meet the long-term goals of the Company. After the reversal of the winding up of the company, the management has started routine maintenance of the machines and now no major capital investment is required.
2. Working Capital required during initial years have also been arranged through sponsors' loan, the sale of non-core assets of the company and banks are also committed to providing fresh export-based working capital limits as per requirements.

### **EXPLANATION TO AUDITORS OBSERVATION.**

- a) Upon approval of Scheme of arrangement dated 14-09-2021 by the lenders/financial institutions the management is confident that its implementation will result in the financial and operational condition of the Company as discussed below:
  - i. Disposal of non-core assets
  - ii. Settlement / rescheduling of loans / finances with lenders
  - iii. Additional Working Capital facility
  - iv. Induction of fresh equity

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 (i) to (iv) in note 1.3, management is confident that the Company will be able to continue as a going concern, rather it will be a profitable in the time to come.

b) Redemption of preference shares liabilities has been settled in the Scheme of Arrangement as under:-

I. Each of the following Lenders currently hold preference shares of the following outstanding amounts (based on the 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 shareholders) in equal quarterly installments (over a three (3) year period commencing from the first calendar quarter end to occur after the repayment of the total Principal Debt in 14 years.

For accounting treatment required as per IFRS-9 and IAS-33 respectively, we are unable to calculate the respective figures (balances) because the matter is sub judice in the court for final decision. (Refer note 03).


- c) No deferred tax liability has been provided during the period due to available accumulation of tax losses and tax credits.
- d) The Company remained non operational for a long period of time and facing with liquidity issues so unable to pay these old outstanding balances but these balances rightly exist.
- e) This requirement has been properly disclosed. But the said amount would be deposited in compliance with Companies Act, 2017 in due course.
- f) In view of the scheme of arrangement no accrual of mark up of is required (Reference note no.14).
- g) On the condensed interim financial statement date the company was in the hands of liquidators appointed by the court, however, the requisite information could not be provided.
- h) On the condensed interim financial statement date the company was under liquidation and the liquidators could not prepare requisite information.
- i) On the condensed interim financial statement date the company was under liquidation and the liquidators could not prepare requisite information. However, the said requirement was fulfilled in the annual financial statement for the year ended June 30, 2020.
- j&m) The physical verification of stocks, cash in hand, stores & spares and others could not be done as the appointment of Auditors was approved in AGM on 17-07-2023.
- k) The Company is hopeful that it will receive the outstanding amount therefore no adjustment is required in these balances.
- l) The management of the company is hopeful to receive tax refunds from Govt. including refundable balances.

#### **ACKNOWLEDGEMENT**

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

FAISALABAD  
31-01-2024

  
(MUHAMMAD FAISAL LATIF)  
DIRECTOR

For and on behalf  
BOARD OF DIRECTORS  
  
(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER

## ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

ڈائریکٹرز کمپنی کے ششماہی جائزہ شدہ (بغیر آڈٹ) حسابات معنوٹس بابت 31 دسمبر 2019 آپ کے سامنے پیش کرتے ہیں۔ کمپنی عدالت عالیہ کے حکم کے تحت 13-07-2017 تحلیل ہو چکی تھی جو کہ بمورخہ 29-10-2023 کو حکم منسوخ ہو گیا ہے۔ پچھلے سال کی اعداد و شمار برائے موازنہ بھی ظاہر کئے گئے ہیں۔ بیلنس شیٹ کے اعداد و شمار 31 دسمبر 2019 اور 30 جون 2019 بھی ظاہر کئے گئے ہیں جو کہ بین الاقوامی اکاؤنٹنگ سٹینڈرز (آئی۔ اے۔ ایس۔ 34) برائے درمیانی مدت کی فنانشل رپورٹنگ کے زیرِ تفتیش ہیں۔

### ریونیو

اس عرصہ میں بنیادی آمدنی جسے ایڈٹ انکم کے طور پر ظاہر کیا گیا ہے۔ اثاثوں کو کرایہ پر دینے کی وجہ سے حاصل ہوا ہے چونکہ کمپنی زیرِ تحلیل تھی تاہم اثاثوں کا کرایہ 33.255 ملین حاصل کیا گیا بمقابلہ 24.591 ملین روپے آمدنی کے جو کہ پچھلے پریڈکٹا تھا اس عرصہ میں خریداری اور بیچنے کی کاروباری سرگرمیاں نہ ہوئیں تھیں۔

### مالی نتائج:-

مارکیٹ میں کساد بازاری کی وجہ سے اس عرصہ میں کمپنی نے 39.955 ملین روپے کا ٹیکس سے پہلے نقصان برداشت کیا ہے۔

### مستقبل کا کیفیت نامہ:-

- (1)۔ اگلے مالی سال 2021-22 میں زیرِ تحلیل ہونے کی وجہ سے کمپنی کا کاروباری سرگرمیاں نہ ہیں۔ کمپنی کی بحالی ہونے تک کوئی پروڈکشن حاصل نہ کی گئی ہے۔ مورخہ 29-10-2021 کو لاہور ہائی کورٹ کے تحلیل کرنے کے حکم کو منسوخ کرنے کے بعد سرگرمیاں شروع کی گئیں۔ تاہم موجودہ صورت حال میں ملک سیاسی طور پر اور کمزور کرنسی ریٹ کی وجہ سے ایکسپورٹ میں کمی دیکھی گئی۔ اگرچہ مقابلہ سخت ہے تاہم بہتر انداز میں ممکنہ حد تک کمپنی کے مقاصد کو پورا کرنے کے خواہاں ہے ہیں۔ کمپنی کے تحلیل کرنے کے حکم کی منسوخی کے بعد انتظامیہ نے مشینوں کی دیکھ بھال شروع کر دی ہے اور اب کوئی بڑی سرمایہ کاری کی ضرورت نہیں ہے۔
- (2)۔ ابتدائی طور پر سرمایہ کی ضرورت کو سپانسرز کے قرضہ اور غیر پیداواری اثاثوں کی فروخت سے حاصل کر لیا ہے۔ بینکوں نے ضرورت کے مطابق برآمدی آرڈر کے لئے سرمایہ فراہم کرنے کا وعدہ بھی کیا ہے۔

### آڈیٹرز کے خدشات پر وضاحت:-

(a)۔ بندوبست کی گئی سکیم مورخہ 14-09-2021 منظوری کے تحت جسے بینکوں اور مالیاتی اداروں نے منظور کیا ہے انتظامیہ پر اُمید ہے کہ مندرجہ ذیل

اقدامات اسکی تکمیل سے مالی اور انتظامی صورت حال بہتر ہوگی۔

1- غیر پیداواری اثاثوں کا بیچنا۔ 2- بینکوں سے قرضوں کی واپسی قرضوں کا واپس کرنا۔

3- اضافی ورکنگ کیپٹل کو سہولت۔ 4- نئی سرمایہ کاری۔

مذکورہ بالا اقدامات مالی و انتظامی معاملات کو حل کرنے میں مدد دیں گے۔ انتظامیہ کے مذکورہ بالا اقدامات جن کا ذکر اے۔ ٹو۔ ڈی متعلقہ نوٹ 1-3 کے تحت انتظامیہ پر اُمید ہے کہ کمپنی جاری رہنے کی نہ صرف سکتی ہے بلکہ آنے والے دنوں میں منافع بخش بھی ہوگی۔

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

(i)۔ مندرجہ ذیل قرض دہندگان میں سے ہر ایک پر فی الحال درج ذیل بقایا رقم کے ترجیحی حصص رکھتا ہے۔ (حصص کی قیمت کی بنیاد پر)

قرض دینے والے

فیس ویلیو پر ترجیحی حصص کی ادائیگی اور بقایا رقم

100,000,000/- پاکستانی روپے

حبیب بینک لمیٹڈ

100,000,000/- پاکستانی روپے

عسکری بینک لمیٹڈ

100,000,000/- پاکستانی روپے

نیشنل بینک آف پنجاب پاکستان

(ii)۔ مذکورہ بالا رقم ہر ایک ترجیحی شیئرز پر قرضہ دینے والوں کو یا اسی طرح ترجیحی شیئرز رکھنے والوں کو تین برابر کی اقساط میں پرنسپل قرضہ 14 سال میں ادا ہونے کے بعد تین سال بعد ادا کی جائیگی۔

☆۔ اکاؤنٹنگ ٹریٹمنٹ بالترتیب IAS-33 اور IFRS-9 کی ریکوئزمنٹ کے تحت بیلنس کا حساب لگانے سے قاصر ہیں کیونکہ معاملہ حتمی فیصلے کیلئے عدالت میں زیر التواء ہے (حوالہ نوٹ نمبر 3)

(c)۔ دستیاب مجموعی نقصان اور ٹیکس کریڈٹ کے پیش نظر ڈیفیڈ ٹیکس کی رقم مہیا نہیں کی گئی ہے۔

(d)۔ کمپنی طویل عرصے تک غیر فعال رہی اور اسے لیکویڈیٹی کے مسائل کا سامنا ہے اس لئے کمپنی ان پرانے بقاجات کو ادا کرنے سے قاصر ہے لیکن یہ بیلنس بجا طور پر موجود ہیں۔

(e)۔ اس ضرورت کا صحیح طور پر انکشاف کیا گیا ہے لیکن مذکورہ رقم کمپنیز ایکٹ 2017 کی تعمیل سے مقررہ وقت میں جمع کرائی جائے گی۔

(f)۔ بندوبست کی گئی اسکیم کی منظوری کے بعد مارک آپ کی پرووژن کی ضرورت نہیں رہی (حوالہ نوٹ نمبر 14)۔

(g)۔ کنڈنسیڈ عبوری مالیاتی گوشوارے کی تاریخ پر کمپنی عدالت کے ذریعہ مقرر کردہ لیکویڈیٹرز کے کنٹرول میں تھی تاہم مطلوبہ معلومات فراہم نہیں کی جاسکیں۔

(h)۔ کنڈنسیڈ عبوری مالیاتی گوشوارے کی تاریخ پر کمپنی زیر تحلیل تھی اور لیکویڈیٹرز مطلوبہ معلومات تیار نہیں کر سکے۔

(i)۔ کنڈنسیڈ عبوری مالیاتی گوشوارے کی تاریخ پر کمپنی زیر تحلیل تھی اور لیکویڈیٹرز مطلوبہ معلومات تیار نہیں کر سکے تاہم مذکورہ ضرورت 30 جون 2020 کو ختم ہونے والے سال کے سالانہ مالیاتی گوشوارے میں پوری کی گئی تھی۔

(j&m) سٹاکس، کیش ان ہینڈ، سٹور اینڈ سپر اور دیگر اشیاء کی موجودگی کی تصدیق نہ ہو سکی کیونکہ آڈیٹرز کی تعیناتی سالانہ اجلاس عام مورخہ 17-07-2023 کو ہوئی تھی۔

(k)۔ کمپنی پر امید ہے کہ واجب الوصول رقم مل جائے گی اس لئے اس رقم میں ایڈجسٹمنٹ کی ضرورت نہیں ہے۔

(L)۔ انتظامیہ پر امید ہے کہ واجب الوصول ٹیکس ریفرنڈ گورنمنٹ سے بشمول واجب الوصول رقم مل جائے گی۔

تسلیم و تحسین :-

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

محمد نعیم

(چیف ایگزیکٹو آفیسر)

محمد فیصل لطیف

(ڈائریکٹر)

(حسب الحکم بورڈ آف ڈائریکٹرز)

فیصل آباد:- 31 جنوری 2024ء



RSM Avais Hyder Liaquat Nauman  
Chartered Accountants

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

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

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

## INDEPENDENT AUDITOR’S REVIEW REPORT

To the members of Chenab Limited

Report on Review of the Condensed Interim Financial Statements

### Introduction

We were engaged to review the accompanying condensed interim statement of financial position of Chenab Limited (the Company) as at December 31, 2019 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the “condensed interim financial statements”). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. However, because of the matters described in the *Basis for Disclaimer of Conclusion* paragraph, we were not able to obtain sufficient appropriate evidence to provide a basis for expressing a conclusion on the condensed interim financial statements.

### Scope of Review

We were engaged to conduct our review in accordance with International Standards on Review Engagements 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity”. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### **Basis for Disclaimer of Conclusion**

- (a) As described in Note 1.3 to the condensed interim financial statements, the condensed interim financial statements have been prepared on going concern basis. The Company has accumulated loss of Rs. 9,174.67 million, shareholders' equity is negative by Rs. 679.89 million and the Company's current liabilities exceed its current assets by Rs. 9,793.80 million as at December 31, 2019. The Company is facing operational and financial problems. In our opinion, the going concern assumption used in the preparation of these financial statements is inappropriate, therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.
- (b) As disclosed in note 3 to the condensed interim financial statements for the half year ended December 31, 2019 the company had issued cumulative, redeemable preference shares of Rs.800 million containing put option 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 condensed interim financial statements;
- (c) The deferred tax liability has not been provided in the condensed interim financial statements despite the taxable temporary differences which constitutes the departure from IAS-12. The effect of the same on the condensed interim financial statements, had the deferred tax liability been provided, could not be determined;
- (d) 'Trade creditors' and 'Contract liabilities' under head "Trade and payables" include old outstanding balances which could not be verified on the basis of our review procedures. The effect of adjustments, had the liability been verified, could not be determined;
- (e) 'Security deposit' under head "Trade and payables" includes an amount of Rs 10.23 million which has not been kept in separate bank as required under Section 217 of the Companies Act, 2017;
- (f) As discussed in detail in note 5 to the condensed interim financial statements, the Company has not provided markup, since July 2011 in respect of certain long term financing and short term borrowings. The quantum of adjustments, had the markup been provided, and its impact on the condensed interim financial statements could not be determined;

- (g) 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;
- (h) The company has not accounted for the accounting treatment as per IFRS 16 using the full retrospective approach for its leased assets. Further the company has not restated its condensed interim financial statements as per requirement of paragraph 43(a) of IAS- 34 due to applicability of IFRS-16. Not considering the above mentioned accounting treatments also restrict the true and fair presentation of condensed interim financial statements as required under paragraph 40A of IAS-1;
- (i) The company has not recognized the investment property despite earning rental income which constitutes the departure from IAS-40. The quantum of adjustments had the investment property been recognized, could not be determined;
- (j) We could not observe the physical verification of Stores, spare parts and Loose tools and Stock in trade, amounting to Rs. 28.74 million and Rs. 0.23 million respectively as we were appointed after the review period. We could not satisfy ourselves as to existence and valuation of stocks and stores on the basis of our review procedures;
- (k) Trade debts and Advances to suppliers respectively include long outstanding balances. These outstanding balances, on the basis of our review procedures, indicate are impaired against which no provision has been made. The effect of the same on the condensed interim financial statements, had the provision been made, could not be determined;
- (l) Tax refunds due from Government includes refundable balances which, on the basis of our review procedures, indicate are no more refundable balances and no adjustment in the condensed interim financial statements have been made. The effect of the same on the condensed interim financial statements, had the adjustments been made, could not be determined;
- (m) We could not observe the physical verification of Cash in hand as we were appointed after the review period. We could not satisfy ourselves about existence of cash in hand on the basis of our review procedures.

As a result of matters mentioned from para (a) to (m) of this report, we were unable to determine whether any adjustment(s) might have been found necessary in respective assets and liabilities and the elements making up condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows.

### **Disclaimer of Conclusion**

Due to the significance of the matters described in the “*Basis for Disclaimer of Conclusion*” section of our report, we have not been able to obtain sufficient appropriate evidence to form a conclusion on the accompanying condensed interim financial statements as at December 31, 2019. Accordingly, we do not express a conclusion on these financial statements.

### **Emphasis of Matter**

We draw attention to Note 16 of the condensed interim financial statements, which discloses the occurrence of significant event subsequent to the statement of condensed interim financial statement date. Our conclusion is not modified in respect of this matter.

### **Other Matter**

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

The condensed interim financial statements of the Company for the six months period ended December 31, 2018 were not reviewed by independent auditor and the annual financial statements of the Company for the year ended June 30, 2019 were audited by another firm of Chartered Accountants who vide their report dated January 03, 2023 expressed disclaimer of opinion thereon.

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: 31 JAN 2024

**CHENAB LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT DECEMBER 31, 2019**  
**(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)**

	(Un-audited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees		(Un-audited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
Note			Note		
<b>EQUITY AND LIABILITIES</b>			<b>ASSETS</b>		
<b>SHARE CAPITAL AND RESERVES</b>			<b>NON-CURRENT ASSETS</b>		
Authorised capital			Property, plant and equipment		
120,000,000 ordinary shares of Rs.10/- each	1,200,000,000	1,200,000,000	Operating assets	10,840,205,012	10,890,091,750
			Long term deposits	12,636,768	12,636,768
80,000,000 cumulative preference shares of Rs.10/- each	800,000,000	800,000,000		10,852,841,780	10,902,728,518
Issued, subscribed and paid up capital	1,150,000,000	1,150,000,000			
Cumulative preference shares	800,000,000	800,000,000			
Directors' loan	244,313,086	-			
Surplus on revaluation of property, plant and equipment	5,697,615,772	5,714,390,631			
Capital reserves	526,409,752	526,409,752			
Revenue reserves	(9,098,233,185)	(9,068,679,579)			
	(679,894,575)	(877,879,196)			
<b>NON-CURRENT LIABILITIES</b>			<b>CURRENT ASSETS</b>		
Long term financing	1,710,501,318	2,322,962,831	Stores, spares and loose tools	28,743,953	28,743,953
Liabilities against assets subject to finance lease	-	-	Stock in trade	230,000	230,000
Deferred liabilities	18,117,056	18,475,005	Trade debts	46,830,479	41,691,634
Deferred revenue	10,314,720	10,314,720	Loans and advances	23,859,430	21,785,626
	1,738,933,094	2,351,752,556	Deposits and prepayments	10,658,620	10,658,620
<b>CURRENT LIABILITIES</b>			Other receivables	9,864,630	19,773,988
Trade and other payables	2,134,589,229	2,147,732,568	Tax refunds		
Unclaimed dividend	366,071	366,071	due from Government	44,485,387	44,485,387
Interest / markup payable	-	-	Cash and bank balances	18,034,221	17,565,397
Short term borrowings	4,344,992,444	4,344,992,444		182,706,720	184,934,605
Current portion of :					
Long term financing	3,444,191,701	3,076,043,274			
Liabilities against assets subject to finance lease	28,702,544	28,702,544			
Provision for taxation - income tax	23,667,992	15,952,862			
	9,976,509,981	9,613,789,763			
<b>CONTINGENCIES AND COMMITMENTS</b>					
	-	-			
	11,035,548,500	11,087,663,123		11,035,548,500	11,087,663,123

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**CHENAB LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**  
**(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)**

		Quarter ended December 31,		Half year ended December 31,	
	Note	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
Sales	8	-	174,336,931	-	341,167,561
Cost of sales	9	-	192,034,271	-	386,009,184
Gross (loss)		-	(17,697,340)	-	(44,841,623)
Other income	10	18,227,226	17,548,861	34,734,626	26,823,475
		18,227,226	(148,479)	34,734,626	(18,018,148)
Selling and distribution expenses		-	1,695,085	-	6,799,300
Administrative expenses		34,869,151	24,532,768	74,553,692	47,561,298
Finance cost	11	31,582	272,685	136,265	800,082
		34,900,733	26,500,538	74,689,957	55,160,680
(Loss) for the period before taxation		(16,673,507)	(26,649,017)	(39,955,331)	(73,178,828)
Provision for taxation	12	3,885,413	5,357,585	7,715,130	9,787,204
(Loss) for the period		(20,558,920)	(32,006,602)	(47,670,461)	(82,966,032)
(Loss) per share - Basic and diluted		(0.18)	(0.28)	(0.41)	(0.72)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**CHENAB LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**  
**(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)**

	Quarter ended December 31, 2019 Rupees	2018 Rupees	Half year ended December 31, 2019 Rupees	2018 Rupees
(Loss) for the period	(20,558,920)	(32,006,602)	(47,670,461)	(82,966,032)
Other comprehensive income for the period				
reclassified to profit or loss	-	-	-	-
Remeasurement of defined benefit liability	1,341,996	7,022,267	1,341,996	14,006,534
	1,341,996	7,022,267	1,341,996	14,006,534
Total comprehensive (loss) for the period	<u>(19,216,924)</u>	<u>(24,984,335)</u>	<u>(46,328,465)</u>	<u>(68,959,498)</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**CHENAB LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**  
**(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)**

	Half year ended December 31,	
	2019 Rupees	2018 Rupees
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(39,955,331)	(73,178,828)
Adjustments for:		
Depreciation on operating assets	49,886,493	50,407,253
Provision for staff retirement gratuity	1,812,509	10,151,440
(Gain)/loss on disposal of operating assets	(1,479,755)	3,828,237
Finance cost	136,265	800,082
Balances written off - net	-	1,681,235
Operating cash flows before working capital changes	<u>10,400,181</u>	<u>(6,310,581)</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	-	7,446,845
Stock in trade	-	29,566,569
Trade debts	(5,138,845)	(6,368,377)
Loans and advances	(2,073,804)	(6,639,707)
Deposits and prepayments	-	20,867
Other receivables	9,909,358	7,784,662
Tax refunds due from Government	-	(2,924,784)
	<u>2,696,709</u>	<u>28,886,075</u>
(Decrease) in current liabilities		
Trade and other payables	(13,971,801)	(26,331,671)
	<u>(11,275,092)</u>	<u>2,554,404</u>
Cash (used in) operating activities	(874,911)	(3,756,177)
Finance cost paid	(136,265)	(800,084)
Staff retirement gratuity paid	-	(3,627,672)
Net cash (used in) operating activities	<u>(1,011,176)</u>	<u>(8,183,933)</u>
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of operating assets	1,480,000	8,100,000
Net cash generated from investing activities	<u>1,480,000</u>	<u>8,100,000</u>

	Half year ended 2019 Rupees	December 31, 2018 Rupees
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) in short term bank borrowings - net	-	(2,153)
Net cash (used in) financing activities	-	(2,153)
Net increase/(decrease) in cash and cash equivalents (a+b+c)	468,824	(86,086)
Cash and cash equivalents at the beginning of the period	17,565,397	18,790,040
Cash and cash equivalents at the end of the period	18,034,221	18,703,954

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**



**CHENAB LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**  
**(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)**

	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
<b>R u p e e s</b>												
Balance as at July 01, 2018 (Audited)	1,150,000,000	800,000,000	-	5,739,343,363	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(9,339,566,769)	(9,263,133,935)	(1,047,380,820)
<b>Total comprehensive (loss) for the period</b>												
(Loss) for the period	-	-	-	-	-	-	-	-	-	(82,966,032)	(82,966,032)	(82,966,032)
Other comprehensive income												
Items that may be subsequently reclassified to profit or loss:												
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	14,006,534	14,006,534	14,006,534
Incremental depreciation on revalued assets for the period	-	-	-	(10,016,915)	-	-	-	-	-	(68,959,498)	(68,959,498)	(68,959,498)
Balance as at December 31, 2018 (Unaudited)	1,150,000,000	800,000,000	-	5,729,326,448	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(9,398,509,352)	(9,322,076,518)	(1,116,340,318)
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	-	224,330,586	224,330,586	224,330,586
Other comprehensive income												
Items that will not be subsequently reclassified to profit or loss:												
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	14,130,536	14,130,536	14,130,536
Incremental depreciation on revalued assets for the period	-	-	-	(14,935,817)	-	-	-	-	-	238,461,122	238,461,122	238,461,122
Balance as at June 30, 2019 (Audited)	1,150,000,000	800,000,000	-	5,714,390,631	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(9,145,112,413)	(9,068,679,579)	(877,879,196)
<b>Total comprehensive (loss) for the period</b>												
(Loss) for the period	-	-	-	-	-	-	-	-	-	(47,670,461)	(47,670,461)	(47,670,461)
Other comprehensive income												
Items that will not be subsequently reclassified to profit or loss:												
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	1,341,996	1,341,996	1,341,996
Incremental depreciation on revalued assets for the period	-	-	-	(16,774,859)	-	-	-	-	-	(46,328,465)	(46,328,465)	(46,328,465)
Transaction with owner												
Transfer from loan From Directors	-	-	244,313,086	-	-	-	-	-	-	-	-	244,313,086
Balance as at December 31, 2019 (Unaudited)	1,150,000,000	800,000,000	244,313,086	5,697,615,772	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(9,174,666,019)	(9,098,233,185)	(679,894,575)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**

**CHENAB LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE**  
**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**  
**(IN WINDING UP UNDER THE ORDERS OF THE HONOURABLE LAHORE HIGH COURT)**

**1. STATUS AND ACTIVITIES**

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

<b>Description</b>	<b>Location</b>	<b>Address</b>
Registered/Head Office Spinning Unit-I	Faisalabad Toba Tek Singh	Nishatabad, Faisalabad 3 K.M Shorkot Road, Toba Tek Singh
Weaving Unit-I	Kharianwala	11 K.M Main Faisalabad Lahore Road, Kharianwala, Sheikhupura
Weaving Unit-II	Nankana Sahib	7 K.M Main Faisalabad Lahore Road, Kotla Kalo Shahkot, Nankana Sahib
Processing & Stitch	Faisalabad	Main Faisalabad Lahore Road, Nishatabad, Faisalabad

**1.2** Pursuant to schemes of arrangement approved by the Honourable Lahore High Court, Lahore, assets, liabilities and reserves of Faisal Weaving (Private) Limited, Latif Weaving (Private) Limited and Chenab Finishing (Private) Limited were merged with the Company with effect from December 31, 1998 and assets, liabilities and reserves of Chenab Fibres Limited were merged with the Company with effect from April 01, 2003.

**1.3** The Company has incurred loss of Rs. 47.67 million (2018 : Rs. 82.97 million). As at December 31, 2019 the accumulated loss of the Company is Rs. 9,174.67 million (June 30, 2019: Rs. 9,145.11 million), shareholders' equity is negative by Rs. 679.89 million (June 30, 2019: Rs. 877.88 million) and the current liabilities of the company exceed its current assets by Rs. 9,793.80 million (June 30, 2019: Rs. 9,428.86 million). The Company has not redeemed preference shares on exercise of put options for two consecutive years by holders of preference shares due to tight cash flow situation. The Company has not been able to comply with terms of certain loan agreements. The company was wound up by the order of Honorable Lahore High Court dated July13, 2017 due to application filed by one of the creditor because of breach of debt covenants. The company preferred an appeal before the Honorable Supreme Court against this order but leave of appeal was not granted and dismissed vide order dated January 08, 2019 and official liquidator was appointed under the winding up order. SECP has initiated proceedings for investigations under the U/S-257 of Companies Act 2017,(Section 265 of the repealed Companies Ordinance, 1984.) The company has challenged the order and the Honourable Lahore High Court has stayed the proceedings.

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

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

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

However, upon 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 as discussed below:

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

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

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

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

**(c) Additional Working Capital facility**

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

**(d) Induction of fresh equity**

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

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

- 1.4 The Company has not carried out any commercial activity during the year due to winding up order and appointment of liquidator.
- 1.5 These condensed interim 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 period have been appropriately disclosed in the respective notes.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

**2.1.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.1.2** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors of the Company and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

**2.1.3** These condensed interim financial statements do not include all the information required for a complete set of financial statements, and should be read in conjunction with the published audited financial statements of the Company for the year ended June 30, 2019.

### 2.2 Application of new and revised International Financial Reporting Standards

#### **2.2.1 Standards, interpretations and amendments to published approved accounting standards that are effective in current period:**

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

##### **IFRS 16 – Leases**

This standard replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The changes laid down by this standard do not have any impact on these condensed interim financial statements of the company.

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

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2019 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2019.

### 2.3 Basis of preparation

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

### 2.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2019.

### 2.5 Estimates, judgments and risk management policies

**2.5.1** The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, require the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

**2.5.2** Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2019.

## 3. Cumulative preference shares

December 31, 2019	June 30, 2019		December 31, 2019	June 30, 2019
No of Shares	No of Shares		Rs	Rs
80,000,000	80,000,000	Cumulative preference shares of Rs. 10/- each fully paid in cash.	800,000,000	800,000,000

**3.1.** 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.

**3.2.** 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.

**3.3.** The holders of 55,080,498 cumulative preference shares called upon to convert preference shares into ordinary shares due to non-redemption of their holding on exercise of put options for two consecutive years. The Company proposed to issue new ordinary shares to preference shareholders holding 49,984,998 cumulative preference shares who have called upon to convert their shares, as per conversion formula laid down in the Prospectus (Refer above 4.2) and Articles of Association of the Company. SECP has initiated proceedings in the court of district and session judge at Karachi alleging trading activities of shares of the company in the manner prohibited under section 17 of Securities and Exchange Ordinance 1969. Since the subject matter of value for conversion of preference shares into ordinary shares is subjudice, the management will issue new ordinary shares on the disposal of the case filed by SECP. The matter of conversion of balance 5,095,500 cumulative preference shares is also pending till the resolution of matter in the court.

**3.4.** However as per scheme of arrangement approved by Honorable Lahore High Court subsequent to the statement of condensed interim financial statement date, redemption of preference shares shall be as under:-

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

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

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

#### 4. Short term borrowings

##### Secured

##### Under mark up arrangements

##### From banking companies

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

**4.1** The aggregate unavailed short term borrowing facilities available to the Company are nil (June 30, 2019: nil). Total sanctioned limits were Rs. 5.17 billion (June 30, 2019: Rs. 5.17 billion) which were expired and renewable.

**4.2** Refer Note 15

## 5. CONTINGENCIES AND COMMITMENTS

There has been no significant changes in contingencies and commitments since the last date of published audited financial statements for the year ended June 30, 2019 except as disclosed in note no 5.1.

### 5.1 Contingencies

In respect of bank guarantees issued on behalf of the Company Sui Northern Gas Pipelines Limited for supply of gas

Liability of markup of Rs. 2,038.67 million not acknowledged in view of company's request for waiver.

According to the proposed 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.

		Un-audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
	Note		
<b>6. Property, plant and equipment</b>			
Operating assets	6.1	10,840,205,012	10,890,091,750
<b>6.1 Operating assets</b>			
Book value at beginning of period / year		10,890,091,750	10,993,406,655
Less: disposal during the period / year		(245)	(4,271,763)
Depreciation charged during the period / year		(49,886,493)	(99,043,142)
		<u>10,840,205,012</u>	<u>10,890,091,750</u>
<b>7. Trade debts</b>			
Considered good			
Unsecured			
Local		46,830,479	41,691,634

	Quarter ended December 31,		Half year ended December 31,	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
<b>8. Sales</b>				
Export				
Fabrics / made ups / garments	-	43,792,507	-	73,580,381
Add: Export rebate / duty drawback	-	198,996	-	667,347
	-	43,991,503	-	74,247,728
Less:				
Commission	-	220,624	-	790,743
Discount	-	-	-	-
	-	220,624	-	790,743
	-	43,770,879	-	73,456,985
Local				
Yarn	-	-	-	-
Fabrics / made ups	-	-	-	1,621,164
Processing, conversion and stitching charges	-	130,566,052	-	266,089,412
	-	174,336,931	-	341,167,561
<b>9. Cost of sales</b>				
Cost of goods				
manufactured (Note 9.1)	-	180,281,432	-	374,892,537
Finished goods				
Opening stock	-	11,981,249	-	11,345,057
Closing stock	-	(228,410)	-	(228,410)
	-	11,752,839	-	11,116,647
	-	192,034,271	-	386,009,184
<b>9.1 Cost of goods manufactured</b>				
Raw material				
consumed (Note 9.1.1)	-	75,136,814	-	159,812,614
Salaries, wages and benefits	-	32,539,564	-	72,672,112
Staff retirement benefits	-	3,340,190	-	6,630,400
Stores and spares	-	7,978,882	-	19,114,464
Dyes and chemicals	-	8,839,147	-	17,839,997
Packing material	-	2,085,109	-	5,894,611
Repairs and maintenance	-	102,290	-	289,665
Fuel and power	-	4,933,063	-	13,160,438
Insurance	-	-	-	-
Depreciation	-	23,240,802	-	48,761,811
Other	-	3,794,855	-	13,396,927
	-	161,990,716	-	357,573,039
Work in process				
Opening stock	-	18,290,716	-	17,319,498
Closing stock	-	-	-	-
	-	18,290,716	-	17,319,498
	-	180,281,432	-	374,892,537



**9.1.1 Raw material consumed**

Opening stock	-	1,193,814	-	1,130,424
Purchases including purchase expenses	-	73,943,000	-	158,682,190
	-	75,136,814	-	159,812,614
Closing stock	-	-	-	-
	-	75,136,814	-	159,812,614

	Quarter ended December 31,		Half year ended December 31,	
	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees
<b>10. Other income</b>				
Income from assets other than financial assets:				
Sale of waste material	-	-	-	85,878
Rental income	16,747,471	14,170,624	33,254,871	24,590,595
Gain on disposal of operating assets	1,479,755	3,828,237	1,479,755	3,828,237
Balances written off - net	-	(450,000)	-	(1,681,235)
	<u>18,227,226</u>	<u>17,548,861</u>	<u>34,734,626</u>	<u>26,823,475</u>
<b>11. Finance cost</b>				
Interest / mark up on:				
Long term financing (Note 14)	-	-	-	-
Liabilities against assets subject to finance lease (Note 14)	-	-	-	-
Short term borrowings (Note 14)	-	-	-	-
Bank charges and commission	31,582	272,685	136,265	800,082
	<u>31,582</u>	<u>272,685</u>	<u>136,265</u>	<u>800,082</u>
<b>12. Provision for taxation</b>				
Current				
For the period	<u>3,885,413</u>	<u>5,357,585</u>	<u>7,715,130</u>	<u>9,787,204</u>

**12.1** The provision for taxation made in these condensed interim financial statements is subject to adjustment in annual financial statements.

**13. TRANSACTIONS WITH RELATED PARTIES**

The Company in the normal course of business carries out transactions with various related parties which comprise of an associated undertaking, directors and key management personnel. The Company has not carried out any significant transaction with related parties during the period. Except payment of remuneration to the Executives amounting to Rs. 1,869,000/- (2018 : Rs. 1,170,818/-).

**14. Overdue Markup (subsequent as per scheme of arrangement):**

Under Scheme of Arrangement approved subsequent to the statement of condensed interim financial statement date whereby the past markup has been waived off under each lender agreement subject to the condition that company makes no default in making payment of Principal (Refer Note 14) 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:

- (a) 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,
- (b) (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.

#### **15. Overdue Loans (subsequent as per scheme of arrangement):**

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

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

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

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

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

The past Mark up and the initial tier 2 Debt 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.

#### **16. EVENTS AFTER CONDENSED INTERIM FINANCIAL STATEMENT DATE**

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

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

These condensed interim financial statements were authorised for issue on **31-01-2024** by the Board of Directors of the Company.

## 18. RE-ARRANGEMENTS / RE-CLASSIFICATION

18.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were no significant reclassification / restatement to these condensed interim financial statements during the period except as mentioned below.

Incremental depreciation on revalued assets amounting to Rs. 16,774,859/- (2019: Rs. 10,016,915/-) was charged in "Statement of Other Comprehensive Income". It has been transferred directly to "Unappropriated losses" for better presentation.

## 19. GENERAL

- 19.1 There is no unusual item included in this condensed interim financial statements which is affecting equity, liabilities, assets, loss, comprehensive loss or cash flows of the Company.
- 19.2 Figures of Half year ended December 31, 2018 were not independently reviewed.
- 19.3 Figures have been rounded off to the nearest Rupee.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**

If not delivered return to :



Nishatabad, Faisalabad - Pakistan

Tel: +92 41 8754475-76

Fax: +90 41 8752400, 8752700

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

Web: [www.chenabgroup.com](http://www.chenabgroup.com)