



# Financial Statements

1st Quarter Ended September 30,  
*(un-audited)*

# 2022

# ***Contents***

Company Information	02
Director's Report to the Members	03
Director's Report in Urdu	04
Balance Sheet	05
Profit & Loss Account	06
Statement of Comprehensive Income	07
Cash Flow Statement	08
Statement of Changing in Equity	10
Notes to the Financial Statement	11

## 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.

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

The Directors are placing before you the un-audited financial statement of the company for the first quarter of financial year 2022-2023 ended on September 30, 2022. Figures of corresponding quarter of last year are also presented for comparison. The balance sheet figures as on June 30, 2022 and September 30, 2022 have been shown as required by the INTERNATIONAL ACCOUNTING STANDARDS (IAS) 34 for interim financial reporting.

### **REVENUE**

The revenue was earned from rental income at Rs.19.066 million.

Similarly revenue was earned from Local/Export Sales and toll manufacturing activities at Rs.389.139 million.

### **FINANCIAL RESULTS**

In view of unfavorable business circumstances the Company has sustained a financial loss of Rs.144.540 million before taxation.

### **FUTURE PROSPECTS**

The management got re-structuring done with banks through a Scheme of Arrangement on 14-09-2021. The winding up order passed by the Lahore High Court also got reversed on 29-10-2021. Thereafter the original management took over the charge. The company finally started the commercial operation after completing overhauling and necessary BMR on 01-04-2022.

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

### **ACKNOWLEDGEMENT**

The directors are thankful to its financial institutions for supporting the Company for revival of the Company and its employees who have rendered their dedicated services for the Company

For and on behalf  
BOARD OF DIRECTORS

FAISALABAD  
30-04-2024

  
(MUHAMMAD FAISAL LATIF)  
DIRECTOR

  
(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER

## ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

ڈائریکٹرز کمپنی کی جائزہ شدہ (بغیر آڈٹ) 30 ستمبر 2022 کو ختم ہونے والی پہلی سہ ماہی کے مالی حسابات برائے سال 2022-2023 پیش کرتے ہیں۔ پچھلے سال کی اسی سہ ماہی کے اعداد و شمار موازنہ کے لئے بھی پیش کئے ہیں بیلنس شیٹ کے اعداد 30 جون 2022 اور 30 ستمبر 2022 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:-

ریونیو کر ایہ پر دیئے گئے اثاثوں سے مبلغ 19.066 ملین روپے حاصل کیا گیا۔ اسی طرح لوکل / ایکسپورٹ اور ٹول مینوفیکچرنگ کی سرگرمیوں سے مبلغ 389.139 ملین روپے ریونیو حاصل کیا گیا۔

### مالیاتی نتائج:-

قلیل آمدنی کے ذرائع کے پیش نظر کمپنی 144.540 ملین روپے نقصان ٹیکشن سے پہلے برداشت کیا۔

### مستقبل کا کیفیت نامہ:-

انتظامیہ نے بحالی سکیم مورخہ 14-09-2021 پینکس کے ساتھ نئے سرے سے ادائیگی کے شیڈولز مرتب کئے ہیں۔ عدالت عالیہ لاہور نے کمپنی کا تحلیل شدہ حکم نامہ بہ مورخہ 29-10-2021 کو منسوخ کر دیا ہے اور اس کے بعد اصل انتظامیہ نے چارج سنبھال لیا ہے۔ انتظامیہ غیر پیداواری اثاثہ جات کو فروخت کرنے کے لئے کوششیں کر رہی ہے تاکہ کمپنی کے لئے سرمائے کی ضرورت کو پورا کیا جائے۔ اور بلا آخر مورخہ 01-04-2022 کو مرمت اور بحالی کے بعد کاروباری پروڈکشن شروع کر دی تھی۔

### تسلیم و تحسین:-

ڈائریکٹرز اپنے مالیاتی اداروں کے شکر گزار ہیں۔ جنہوں نے قرض کی ادائیگی کیلئے نئے شیڈولز دیئے ہیں بشمول اپنے ملازمین کے جنہوں نے تندرہی سے کمپنی کو خدمات فراہم کی ہیں۔

### برائے بورڈ آف ڈائریکٹرز:-

  
محمد فیصل لطیف  
ڈائریکٹر

فیصل آباد

  
محمد نعیم  
چیف ایگزیکٹو

30-04-2024

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
As at 30 September 2022

Note	Sep-30, 2022 (Un-Audited) Rupees	Jun-30, 2022 (Audited) Rupees	Note	Sep-30, 2022 (Un-Audited) Rupees	Jun-30, 2022 (Audited) Rupees	
<b>SHARE CAPITAL AND RESERVES</b>			<b>NON-CURRENT ASSETS</b>			
<b>Authorised capital</b>			Property, plant and equipments	7	10,037,135,703	9,615,704,320
120,000,000 ordinary shares of Rs.10/- each	<b>1,200,000,000</b>	<b>1,200,000,000</b>	Investment property	8	557,779,633	559,975,280
80,000,000 cumulative preference shares of Rs.10/- each	<b>800,000,000</b>	<b>800,000,000</b>	Long term deposits		13,418,150	13,418,150
					10,608,333,486	10,189,097,750
Issued, subscribed and paid up capital	1,150,000,000	1,150,000,000				
Cumulative preference shares	500,000,000	500,000,000				
Directors' loan	683,313,086	646,813,086				
Surplus on revaluation of property, plant and equipment	5,786,678,985	5,359,624,416				
Capital reserves	526,409,752	526,409,752				
Revenue reserves	(8,388,289,827)	(8,259,198,594)				
	258,111,995	(76,351,340)				
<b>NON-CURRENT LIABILITIES</b>			<b>CURRENT ASSETS</b>			
Long term financing	8,354,640,254	8,368,504,108	Stores, spares and loose tools		82,983,310	44,251,070
Defered revenue	56,692,098	56,931,244	Stock in trade		46,921,273	77,600,081
Defered markup	233,101,042	179,157,793	Trade debts	9	150,041,054	106,859,684
Liability against redemption of preference shares	300,000,000	300,000,000	Loans and advances		100,679,829	110,498,524
Defered liabilities	10,470,245	10,193,582	Deposits and prepayments		9,062,310	8,947,685
	8,954,903,639	8,914,786,727	Other receivables		63,121,988	64,706,908
			Tax refunds due from Government		97,006,701	73,033,076
			Cash and bank balances		103,748,365	77,396,188
					653,564,831	563,293,216
<b>CURRENT LIABILITIES</b>			Non current assets held for sale		147,942,743	147,942,743
Trade and other payables	1,489,848,247	1,274,887,040			<b>11,409,841,059</b>	<b>10,900,333,709</b>
Unclaimed dividend	366,071	366,071				
Interest / markup payable	-	-				
Short term bank borrowings	-	-				
Current portion of:						
Long term financing	642,238,490	726,220,500				
Provision for taxation - income tax	64,372,617	60,424,711				
	2,196,825,425	2,061,898,322				
CONTINGENCIES AND COMMITMENTS	-	-				
	<b>11,409,841,059</b>	<b>10,900,333,709</b>				

The annexed notes from 1 to 16 are an integral part of these financial statements.

  
(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER

  
(MUHAMMAD FAISAL LATIF)  
DIRECTOR

  
(FAISAL ALI SARWAR)  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)****For the quarter ended 30 September 2022**

		QUARTER ENDED	
		Sep-30, 2022	Sep-30, 2021
		Rupees	Rupees
	Notes		
Sales	10	389,139,398	-
Cost of sales	11	(439,828,430)	-
Gross loss		(50,689,032)	-
Operating Expenses			
Selling and distribution expenses		(6,744,503)	-
Administrative expenses		(50,859,658)	(33,261,886)
		(57,604,161)	(33,261,886)
Operating loss		(108,293,193)	(33,261,886)
Other income	12	19,405,840	23,980,092
Finance cost		(55,652,442)	(10,618,700)
(loss) before taxation		(144,539,795)	(19,900,494)
Provision for taxation		(3,947,906)	(5,514,743)
(loss) after taxation		(148,487,701)	(25,415,237)
Earnings per share - Basic		(1.29)	(0.22)

The annexed notes from 1 to 16 are an integral part of these financial statements.



(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)  
DIRECTOR



(FAISAL ALI SARWAR)  
CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the quarter ended 30 September 2022

	QUARTER ENDED	
	Sep-30, 2022 Rupees	Sep-30, 2021 Rupees
(loss) after Taxation	(148,487,701)	(25,415,237)
Other comprehensive income for the period	-	-
Items that will not be subsequently reclassified to profit or loss		
Surplus on revaluation of property, plant and equipment arisen during the year- net	446,451,036	-
Remeasurement of defined benefit liability	-	-
	446,451,036	-
Total comprehensive (loss) for the period	297,963,335	(25,415,237)

The annexed notes from 1 to 16 are an integral part of these financial statements.



(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)  
DIRECTOR



(FAISAL ALI SARWAR)  
CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the quarter ended 30 September 2022

	QUARTER ENDED	
	Sep-30, 2022 Rupees	Sep-30, 2021 Rupees
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(144,539,795)	(19,900,494)
Adjustments for:		
Depreciation	34,052,606	22,793,448
Finance cost	55,652,442	10,618,700
Provision for staff retirement gratuity	3,329,035	-
Fair value adjustment of deferred revenue	(239,146)	(209,649)
Operating cash flows before working capital changes	(51,744,858)	13,302,005
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(38,732,240)	-
Stock in trade	30,678,808	-
Trade debts	(43,181,370)	4,330,202
Loans and advances	9,818,695	(3,962,439)
Deposits and prepayments	(114,625)	-
Other receivables	1,584,920	(10,001,721)
Tax refunds due from Government	(23,973,625)	-
Increase / (Decrease) in current liabilities:		
Trade and other payables	214,961,207	(3,030,953)
	151,041,771	(12,664,911)
Cash generated from operations	99,296,913	637,094
Income tax paid	(3,052,374)	-
Finance cost paid	(1,470,046)	(25,521)
Net cash generated from operating activities	94,774,492	611,575

	QUARTER ENDED	
	Sep-30, 2022 Rupees	Sep-30, 2021 Rupees
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in operating assets	(6,837,306)	-
Net cash generated from investing activities	(6,837,306)	-
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt of loan from directors	36,500,000	
Repayment of:		
Long term financing	(98,085,010)	-
Net cash (used in) financing activities	(61,585,010)	-
Net increase in cash and cash equivalents (a+b+c)	26,352,177	611,575
Cash and cash equivalents at the beginning of the period	77,396,188	34,341,523
Cash and cash equivalents at the end of the period	103,748,365	34,953,098

The annexed notes from 1 to 16 are an integral part of these financial statements.

  
(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER

  
(MUHAMMAD FAISAL LATIF)  
DIRECTOR

  
(FAISAL ALI SARWAR)  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**

For the quarter ended 30 September 2022

	Issued, subscribed and paid up capital	Cumulative preference shares	Loan from Directors	Surplus on revaluation of property, plant and equipment	Capital reserves			Revenue reserves			Total	
					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>Balance as at June 30, 2021 (audited)</b>	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
(loss) for the period												
Other comprehensive income								-		(25,415,237)	(25,415,237)	(25,415,237)
Items that will not be subsequently reclassified to profit or loss:								-		-	-	-
Remeasurement of defined benefit liability								-		-	-	-
Related deferred tax								-		-	-	-
Incremental depreciation on revalued assets for the period				(3,007,274)						(25,415,237)	(25,415,237)	(25,415,237)
										3,007,274	3,007,274	-
<b>Balance as at Sep-30, 2021 (un-audited)</b>	1,150,000,000	800,000,000	244,313,086	5,645,406,347	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,194,451,394)	(8,118,018,560)	<b>248,110,625</b>
Profit for the period										(426,961,965)	(426,961,965)	(426,961,965)
Other comprehensive income								-		-	-	-
Items that will not be subsequently reclassified to profit or loss:								-		-	-	-
Remeasurement of defined benefit liability								-		-	-	-
Related deferred tax								-		-	-	-
Incremental depreciation on revalued assets for the period				(24,378,350)						(426,961,965)	(426,961,965)	(426,961,965)
Surplus realised on disposal of property, plant and equipments				(261,403,581)						24,378,350	24,378,350	-
Transactions with owner - Loan from directors			402,500,000									402,500,000
Transferred from preference shares to liability against redemption of preference shares		(300,000,000)										(300,000,000)
<b>Balance as at June 30, 2022 (audited)</b>	<b>1,150,000,000</b>	<b>500,000,000</b>	<b>646,813,086</b>	<b>5,359,624,416</b>	<b>120,000,000</b>	<b>63,552,610</b>	<b>342,857,142</b>	<b>526,409,752</b>	<b>76,432,834</b>	<b>(8,335,631,428)</b>	<b>(8,259,198,594)</b>	<b>(76,351,340)</b>
(loss) for the period												
Other comprehensive income										(148,487,701)	(148,487,701)	(148,487,701)
Items that may be subsequently reclassified to profit or loss:										-	-	-
Surplus on revaluation of property plant and equipment arisen during the year - net				446,451,036						-	-	446,451,036
Remeasurement of defined benefit liability										-	-	-
Incremental depreciation on revalued assets for the period				446,451,036						(148,487,701)	(148,487,701)	297,963,335
				(19,396,468)						19,396,468	19,396,468	-
Transactions with owner - Loan from directors			36,500,000									36,500,000
<b>Balance as at Sep-30, 2022 (un-audited)</b>	<b>1,150,000,000</b>	<b>500,000,000</b>	<b>683,313,086</b>	<b>5,786,678,985</b>	<b>120,000,000</b>	<b>63,552,610</b>	<b>342,857,142</b>	<b>526,409,752</b>	<b>76,432,834</b>	<b>(8,464,722,661)</b>	<b>(8,388,289,827)</b>	<b>258,111,995</b>

The annexed notes from 1 to 16 are an integral part of these financial statements.

  
(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER

  
(MUHAMMAD FAISAL LATIF)  
DIRECTOR

  
(FAISAL ALI SARWAR)  
CHIEF FINANCIAL OFFICER

**CHENAB LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
For the quarter ended 30 September 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 Office / 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 September 30, 2022 the accumulated loss of the Company is Rs.8,464 million and the current liabilities exceed its current assets by Rs.1,395 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 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 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 subsequently the Court issued Reversal of winding up order dated October 29, 2021 and Company was handed over to the management. Thereafter the Court issued Reversal of winding up order dated October 29, 2021 read with said scheme of arrangement and fixed assets of the Company were 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 its pro-rata share of such repayments. In view of approval of scheme of arrangement by the lenders/financial institutions the management is confident that its 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 will be 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 its 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 its 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 These financial statements are presented in Pak Rupee, which is the company's functional and presentation currency.

## 2. BASIS OF PREPARATION

2.1 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.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

## 3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding annual published audited financial statements of the Company.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding annual published audited financial statements of the Company.

## 5 LONG TERM FINANCING

Under mark up arrangements

From banking companies/financial institutions

Secured

Tier - I debt

Paid during the period / year

Tier - II debt

Less: Current portion

Installments due

Payable within one year

Associates

	Sep-30, 2022 (Un-Audited) Rupees	Jun-30, 2022 (Audited) Rupees
	4,350,439,489	4,737,486,364
	(98,085,010)	(387,046,875)
	4,252,354,479	4,350,439,489
	4,737,486,363	4,737,486,363
	8,989,840,842	9,087,925,852
	269,959,852	147,294,944
	372,278,638	578,925,556
	642,238,490	726,220,500
	8,347,602,352	8,361,705,352
	7,037,902	6,798,756
	<b>8,354,640,254</b>	<b>8,368,504,108</b>

5.1 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 its 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 its own resources to the Agent Bank which shall pay each lenders its 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.

## 6 CONTINGENCIES AND COMMITMENTS

### a) Contingencies

There was no significant change in contingencies since the date of published audited financial statements for the year ended June 30, 2022.

### b) Commitments

There was no commitments as on 30 September 2022. (2022: Nil)

	Sep-30, 2022 (Un-Audited) Rupees	Jun-30, 2022 (Audited) Rupees
<b>7 PROPERTY, PLANT AND EQUIPMENTS</b>		
Operating assets (Note: 7.1)	<b>10,037,135,703</b>	<b>9,615,704,320</b>
<b>7.1 Operating assets</b>		
Opening book value	9,615,704,320	9,651,578,837
Add: Transfer from right of use assets	-	169,176,975
Add: Surplus/ (deficit) on revaluation	446,451,036	-
Add: Additions during the period / year	6,837,306	142,181,373
Less: Book value of disposals during the period / year	-	(270,592,475)
	10,068,992,662	9,692,344,710
Less: Depreciation charged during the period / year	(31,856,959)	(76,640,390)
	<b>10,037,135,703</b>	<b>9,615,704,320</b>
<b>8 INVESTMENT PROPERTY</b>		
<b>Land</b>		
Opening balance	234,651,713	485,803,713
Less: Disposals during the period / year	-	(149,652,000)
Less: Transfer to assets held for sale	-	(101,500,000)
	234,651,713	234,651,713
<b>Building</b>		
Opening net book value	325,323,567	387,256,572
Less: Transfer to assets held for sale	-	(46,442,743)
Less: Depreciation charge during the period / year	(2,195,647)	(15,490,263)
Closing net book value (Building)	323,127,920	325,323,567
	<b>557,779,633</b>	<b>559,975,280</b>
<b>9 TRADE DEBTS</b>		
Considered good		
Unsecured		
Foreign	73,254,283	50,660,627
Local	76,786,771	56,199,057
	<b>150,041,054</b>	<b>106,859,684</b>

		QUARTER ENDED	
		Sep-30, 2022	Sep-30, 2021
		Rupees	Rupees
<b>10 Sales</b>			
Export			
Fabrics / made ups / garments		165,208,301	-
Local			
Fabrics / made ups		31,087,084	-
		196,295,385	-
		33,318	-
Add: Export rebate / duty drawback		196,328,703	-
Less:			
Commission		(4,515,256)	-
Discount		-	-
		(4,515,256)	-
Processing and conversion income		197,325,951	-
		389,139,398	-
<b>11 Cost of sales</b>			
Cost of goods manufactured	11.1	445,415,778	-
Finished goods			
Opening stock		1,598,704	-
Closing stock		(7,186,052)	-
		(5,587,348)	-
Cost of sales		439,828,430	-
<b>11.1 Cost of goods manufactured</b>			
Raw material consumed	11.1.1	81,969,122	-
Salaries, wages and benefits		82,088,168	-
Staff retirement benefits		2,663,228	-
Processing charges		392,566	-
Conversion charges		2,992,143	-
Stores and spares		7,238,884	-
Dyes and chemicals		58,237,337	-
Packing material		9,851,283	-
Repairs and maintenance		375,696	-
Fuel and power		146,567,380	-
Insurance		759	-
Depreciation		23,714,431	-
Other		1,314,157	-
		417,405,154	-
Work in process			
Opening stock		65,165,912	-
Closing stock		(37,155,288)	-
		28,010,624	-
		445,415,778	-
<b>11.1.1 Raw material consumed</b>			
Opening stock		10,010,845	-
Purchases including purchase expenses		74,538,210	-
		84,549,055	-
Closing stock		(2,579,933)	-
		81,969,122	-
<b>12 OTHER INCOME</b>			
Income from assets other than financial assets:			
Sale of waste material		101,078	-
Rental Income		19,065,616	23,770,443
Fair value adjustment of deferred revenue		239,146	209,649
		19,405,840	23,980,092

**13 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, no other significant transactions with related parties.

**14 CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year. Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements / re-classification have been made during the period.

**15 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were approved by the Board of Directors of the company and authorized for issue on **30-04-2024**.

**16 GENERAL**

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

# Book Post



If not delivered return to :

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

