

2021

Financial Statements

for the half year ended December 31,

(Un-audited/Reviewed)

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Company Information

Chairman	Mian Muhammad Latif
Chief Executive	Muhammad Naeem
Directors	Mian Muhammad Javaid Iqbal Mr. Muhammad Faisal Latif Mr. Tariq Ayoub Khan Mr. Masood Ul Hassan Mr. Muhammad Hashim Mr. Muhammad Salman Javed
Nominee Director	Ms. Sobia Chughtai
Major Bankers	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.
Chief Financial Officer	Mr. Faisal Ali Sarwar
Company Secretary	Muhammad Arshad
Auditors	RSM Avais Hyder Liaquat Nauman Chartered Accountants.
Shares Registrar	F.D. Registrar Services (SMC-Pvt.) Limited Office # 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. Tel:021-32271905-6/021-35478192-3
Registered Office	Nishatabad, Faisalabad. Tel:+92 41 8754472-8 Fax:+92 41 8752400, 8752700 chenab@chenabgroup.com www.chenabgroup.com
Website Address	www.chenabgroup.com
Works	-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, 2021. 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, 2021 and June 30, 2021 have been shown as required by the INTERNATIONAL ACCOUNTING STANDARDS (IAS) 34 for interim financial reporting.

REVENUE

The revenue was earned for rental income at Rs.47.135 million, toll manufacturing of local activities and exports of core activity at Rs.37.192 million.

FINANCIAL RESULTS

In view of unfavorable business circumstances the Company sustained a financial loss of Rs.169.695 million before taxation during the period under report.

FUTURE PROSPECTS

- 1) The next year i.e 2021-22 was partially under liquidation period. Reversal of liquidation order took place on 29-10-2021 thereafter the management of the company was handed over to its original sponsors. The sponsors then started the BMR and rehabilitation process. The Company finally started its commercial operation after completing overhauling and necessary BMR on 01-04-2022.
2. Working Capital required during initial years have also been arranged through sponsors' loan, the sale of non-core assets of the company the banks also committed to providing fresh export-based working capital limits as per requirements.

EXPLANATION TO AUDITORS OBSERVATION.

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

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

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

- III. Some of the preference shareholders are in litigation with the company on the conversion formula. As the matter is under litigation therefore till the outcome of the case preference share cannot be converted into ordinary shares hence diluted EPS cannot be calculated.
- (b) No deferred tax liability has been provided during the year because the management feels that in coming years at the start of the commercial operations and after the complete implementation of the SOA the deferred tax assets will be created and the same will be reversed.
- (c) The company circulated the confirmation letters to all the selected parties by the auditor. The Company remained non-operational for a long period of time therefore some parties were not responding which was beyond our control.
- (d) The company has properly disclosed the outstanding liability.
- (e) The company was under liquidation and the joint liquidator has to operate under the instruction of the court therefore this revaluation was carried out at that particular date by them.
- (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 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 customer for the recovery. Therefore, need no adjustment in these balances.

ACKNOWLEDGEMENT

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

FAISALABAD
30-04-2024


(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 بمذمت 31 دسمبر 2021 آپ کے سامنے پیش کرتے ہیں کمپنی عدالت عالیہ لاہور کے حکم کے تحت تحلیل ہو گئی تھی اور وہ آڈر 29-10-2021 کو منسوخ ہو گیا تھا۔ تقابلی جائزہ کیلئے پچھلے اعداد و شمار بھی پیش کئے ہیں بیلنس شیٹ کے اعداد و شمار 31 دسمبر 2021 اور 30 جون 2021 بھی ظاہر کئے گئے ہیں، جو کہ بین الاقوامی اکاؤنٹنگ سٹینڈرز (آئی۔ اے۔ ایس۔ 34) برائے درمیانی مدت کی فنانشل رپورٹنگ کے زیرِ تحت ہیں۔

ریونیو:-

اس عرصہ میں اثاثوں کے کرایہ کی آمدنی مبلغ 47.135 ملین روپے لوکل پروسیڈنگ اور ایکسپورٹ کی مصنوعات سے 37.192 روپے حاصل کیا گیا۔

مالیاتی نتائج:-

مارکیٹ میں کساد بازاری کی وجہ سے اس عرصہ میں کمپنی نے 169.195 ملین روپے کا ٹیکس سے پہلے نقصان برداشت کیا ہے۔

مستقبل کا کیفیت نامہ:-

(i) اگلے مالی سال 2021-22 میں کمپنی جزوی طور پر زیرِ تحلیل رہی۔ مورخہ 29-10-2021 کو عدالت نے کمپنی کے تحلیل ہونے کا حکم نامہ واپس لے لیا تھا۔ جس کے بعد کمپنی اصل مالکان کے حوالے کر دی گئی تھی تب اصل مالکان نے کمپنی کے اثاثوں کی مرمت اور بحالی کا کام شروع کیا اور بلا آخر مورخہ 01-04-2022 کو مرمت اور بحالی کے بعد کاروباری پروڈکشن شروع کر دی تھی۔

(ii) ابتدائی طور پر سرمایہ کی ضرورت کو سپانسرز کے قرضہ اور غیر پیداواری اثاثوں کی فروخت سے حاصل کر لیا ہے۔ تاہم بینکوں نے ضرورت کے تحت برآمدی آرڈرز کے لئے سرمایہ فراہم کرنے کا وعدہ بھی کیا ہے۔

آڈیٹرز کے خدشات پر وضاحت:-

A- 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
حبیب بینک لمیٹڈ	100,000,000/- پاکستانی روپے
عسکری بینک لمیٹڈ	100,000,000/- پاکستانی روپے
نیشنل بینک آف پنجاب پاکستان	100,000,000/- پاکستانی روپے

(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۔

(iii)۔ کچھ ترجیحی حصص داران نے کنورشن فارمولا کو عدالتوں میں لے گئے ہیں۔ چونکہ یہ معاملہ عدالتوں میں ہے۔ اس لئے حتمی فیصلہ تک ترجیحی شیئرز عام شیئرز میں تبدیل نہیں ہو سکتے اس لئے DILUTED EPS وضع نہیں کی جاسکتی۔

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

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

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

(E)۔ زیر تھیل کمپنی کو لیکویڈیٹرز نے عدالت عالیہ کے تحت چلانا تھا اس وجہ سے اثاثوں کی ری ویلیو ایشن ایک مقررہ وقت تک کرائی گئی۔

(F)۔ روزمرہ کی ضروریات کے تحت لیکویڈیٹرز نے کمپنی کے کچھ اثاثے کرایہ پر دیئے تھے۔ اس وقت ان اثاثوں کی ویلیو ایشن نہ کرائی گئی۔ تاہم انتظامیہ نے انوسٹمنٹ پر اپنی ہیڈ کے تحت ان اثاثوں کو IAS ٹینڈرز کے تحت دکھایا ہے۔

(G)۔ انتظامیہ پر امید ہے کہ واجب الوصول رقم مل جائیگی۔ اب انتظامیہ رقوم کی وصولی کے لئے سرگرم عمل ہے لہذا ان رقوم کو ختم کرنے کی ضرورت نہیں ہے۔

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 الطیف
(ڈائریکٹر)

(حسب الحکم بورڈ آف ڈائریکٹرز)
فیصل آباد: 30 اپریل 2024ء



RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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Faisalabad – Pakistan

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INDEPENDENT AUDITOR’S REVIEW REPORT

To the members of Chenab Limited

Report on Review of the Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Chenab Limited (the Company) as at December 31, 2021 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.

Scope of Review

We conducted 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 Qualified Conclusion

- (a) As disclosed in note 3 to the condensed interim financial statements for the half year ended December 31, 2021 the company had issued cumulative, redeemable preference shares of Rs.800 million (currently outstanding Rs.500 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;
- (b) 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;
- (c) 'Trade creditors' of Rs. 395.57 million and 'Contract liabilities' of Rs. 9.70 million under head "Trade and other 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;
- (d) 'Security deposit' under head "Trade and other payables" includes an amount of Rs 12.82 million which has not been kept in 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 condensed interim 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 the condensed interim financial statements 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, plant and equipment could not be verified;

- (f) In prior period 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. 18.12 million and Advances to suppliers of Rs. 17.95 million respectively are long outstanding balances. These outstanding balances, in our opinion are impaired against which no provision has been made. Had the provision been made, the loss for the period would have been increased by Rs 36.07 million and accumulated loss by Rs. 36.07 million;

Qualified Conclusion

Based on our review, except for the matters described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at December 31, 2021 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

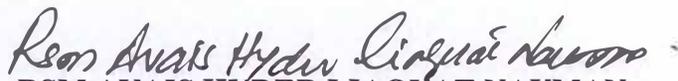
Material Uncertainty relating to going concern

The company suffered financial difficulties. These conditions 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 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 three months period ended December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2021.

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: 30 APR 2024

UDIN: RR2021101941tMWPY0oE

CHENAB LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2021

	Note	(Un-audited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees		Note	(Un-audited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorised capital				Property, plant and equipment			
120,000,000 ordinary shares				Operating assets	10	9,523,865,770	9,651,578,837
of Rs.10/- each		1,200,000,000	1,200,000,000	Right-of-use assets	11	-	169,522,097
80,000,000 cumulative preference				Investment Property	12	865,315,153	873,060,285
shares of Rs.10/- each		800,000,000	800,000,000	Long term deposits	13	13,418,150	11,738,715
						10,402,599,073	10,705,899,934
Issued, subscribed							
and paid up capital		1,150,000,000	1,150,000,000				
Cumulative preference shares	3	500,000,000	800,000,000				
Directors' loan	4	615,813,086	244,313,086				
Surplus on revaluation of							
property, plant and equipment		5,373,317,228	5,648,413,621				
Capital reserves		526,409,752	526,409,752				
Revenue reserves		(8,001,144,842)	(8,095,610,597)				
		164,395,224	273,525,862				
NON-CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing	5	8,415,483,823	1,337,816,038	Stores, spares and loose tools		29,355,891	28,743,953
Deferred revenue	5	57,350,542	-	Stock in trade		4,276,098	230,000
Deferred interest / markup	6	70,088,838	-	Trade debts	14	42,221,147	18,774,802
Liabilities against redemption				Loans and advances		63,760,042	31,450,863
of preference shares	3	300,000,000	-	Deposits and prepayments		8,947,686	10,627,120
Lease Liabilities	7	-	-	Other receivables		97,283,467	9,548,778
Deferred liabilities		11,228,485	12,263,388	Tax refunds due from Government		28,860,822	25,246,784
		8,854,151,688	1,350,079,426	Cash and bank balances		660,979,528	34,341,523
						935,684,681	158,963,823
CURRENT LIABILITIES							
Trade and other payables		1,191,213,363	988,651,883				
Unclaimed dividend		366,071	366,071				
Short term bank borrowings	8	-	4,344,992,444				
Current portion of :							
Long term financing	5	1,065,868,363	3,287,191,701				
Lease Liabilities	7	-	28,702,544				
Provision for taxation - income tax	19	62,289,045	51,353,826				
		2,319,736,842	9,241,258,469				
CONTINGENCIES AND COMMITMENTS	9	-	-				
		11,338,283,754	10,864,863,757			11,338,283,754	10,864,863,757

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.


(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER


(MUHAMMAD FAISSAL LATIF)
DIRECTOR


(FAISSAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CHENAB LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Note	Quarter ended December 31,		Half year ended December 31,	
		2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
Sales	15	38,732,254	-	38,732,254	-
Cost of sales	16	81,539,409	-	81,539,409	-
Gross (loss)		(42,807,155)	-	(42,807,155)	-
Other income	17	23,611,944	23,981,090	47,592,036	41,363,309
		(19,195,211)	23,981,090	4,784,881	41,363,309
Distribution cost		12,413	-	12,413	-
Administrative expenses		54,501,782	36,657,615	87,763,668	68,872,843
Other operating expenses		16,092,475	-	16,092,475	-
Finance cost	18	59,993,044	4,834	70,611,744	9,596
		(130,599,714)	(36,662,449)	(174,480,300)	(68,882,439)
(Loss) for the period before taxation		(149,794,925)	(12,681,359)	(169,695,419)	(27,519,130)
Provision for taxation	19	5,420,476	5,563,614	10,935,219	9,596,289
(Loss) for the period		(155,215,401)	(18,244,973)	(180,630,638)	(37,115,419)
(Loss) per share - Basic and diluted		(1.35)	(0.16)	(1.57)	(0.32)

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.


(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER


(MUHAMMAD FAISAL LATIF)
DIRECTOR


(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CHENAB LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Quarter ended December 31,		Half year ended December 31,	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
(Loss) for the period	(155,215,401)	(18,244,973)	(180,630,638)	(37,115,419)
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss				
Remeasurement of defined benefit liability	-	622,564	-	622,564
Total comprehensive (loss) for the period	<u>(155,215,401)</u>	<u>(17,622,409)</u>	<u>(180,630,638)</u>	<u>(36,492,855)</u>

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)
DIRECTOR



(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CHENAB LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended December 31,	
	2021 Rupees	2020 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(169,695,419)	(27,519,130)
Adjustments for:		
Depreciation of operating assets	36,051,658	39,147,632
Depreciation of right-of-use assets	345,122	890,060
Depreciation of investment property	7,745,132	8,067,845
Provision for staff retirement gratuity	5,096,791	1,105,113
Loss on disposal of operating assets	16,092,475	-
Finance cost	70,611,744	9,596
Fair value adjustment of deferred revenue	(419,297)	-
Operating cash flows before working capital changes	<u>(34,171,794)</u>	<u>21,701,116</u>
Changes in working capital		
(Increase) in current assets		
Stores, spares and loose tools	(611,938)	-
Stock in trade	(4,046,098)	-
Trade debts	(23,446,345)	(148,000)
Loans and advances	(32,309,179)	(2,954,980)
Other receivables	(41,334,689)	(7,373,939)
Tax refunds due from Government	(3,614,038)	-
	<u>(105,362,287)</u>	<u>(10,476,919)</u>
Increase/ (decrease) in current liabilities		
Trade and other payables	65,648,536	(2,152,804)
	<u>(39,713,751)</u>	<u>(12,629,724)</u>
Cash (used in) / generated from operations	(73,885,545)	9,071,392
Finance cost paid	(103,609)	(9,596)
Net cash (used in) / generated from operating activities	<u>(73,989,154)</u>	<u>9,061,796</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in operating assets	(9,754,091)	-
Proceeds from disposal of operating assets	208,100,000	-
Advance against disposal of non core assets	130,781,250	-
Net cash generated from investing activities	<u>329,127,159</u>	<u>-</u>

	Half year ended December 31, 2021 Rupees	2020 Rupees
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of loan from directors	371,500,000	-
Net cash generated from financing activities	<u>371,500,000</u>	<u>-</u>
Net increase in cash and cash equivalents (a+b+c)	626,638,005	9,061,796
Cash and cash equivalents at the beginning of the period	34,341,523	12,917,307
Cash and cash equivalents at the end of the period	<u><u>660,979,528</u></u>	<u><u>21,979,103</u></u>

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.


(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER


(MUHAMMAD FAISAL LATIF)
DIRECTOR


(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CHENAB LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Issued, subscribed and paid up capital	Cumulative preference shares	Loan from Director	Surplus on revaluation of property, plant and equipment	Capital reserves			Sub total	Revenue reserves			Total
					Premium on issue of ordinary shares	Book difference of capital under scheme of arrangement for amalgamation	Preference shares redemption reserve		General reserve	Accumulated (loss)	Sub total	
R u p e e s												
Balance as at June 30, 2020 (Audited)	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)
Total comprehensive (loss) for the period												
(Loss) for the period	-	-	-	-	-	-	-	-	-	(37,115,419)	(37,115,419)	(37,115,419)
Other comprehensive income												
Items that will not be subsequently reclassified												
to profit or loss:												
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	622,564	622,564	622,564
Incremental depreciation on revalued assets for the period	-	-	-	(16,213,647)	-	-	-	-	-	(36,492,855)	(36,492,855)	(36,492,855)
Balance as at December 31, 2020 (Unaudited)	1,150,000,000	800,000,000	244,313,086	5,664,627,268	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(9,225,737,701)	(9,149,304,867)	(763,954,761)
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	-	1,036,858,059	1,036,858,059	1,036,858,060
Other comprehensive income												
Items that will not be subsequently reclassified												
to profit or loss:												
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	622,564	622,564	622,563
Incremental depreciation on revalued assets for the period	-	-	-	(16,213,647)	-	-	-	-	-	1,037,480,623	1,037,480,623	1,037,480,623
Balance as at June 30, 2021 (Audited)	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
Total comprehensive (loss) for the period												
(Loss) for the period	-	-	-	-	-	-	-	-	-	(180,630,638)	(180,630,638)	(180,630,638)
Other comprehensive income												
Items that may be subsequently reclassified to profit or loss:												
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	-	(13,692,812)	-	-	-	-	-	(180,630,638)	(180,630,638)	(180,630,638)
Surplus realised on disposal of property, plant and equipment	-	-	-	(261,403,581)	-	-	-	-	-	261,403,581	261,403,581	-
Transaction with owners												
Loan from director	-	-	371,500,000	-	-	-	-	-	-	-	-	371,500,000
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 December 31, 2021 (Unaudited)	1,150,000,000	500,000,000	615,813,086	5,373,317,228	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,077,577,676)	(8,001,144,842)	164,395,224

(Refer Note)

3 4

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.


(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER


(MUHAMMAD FAISAL LATIF)
DIRECTOR


(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CHENAB LIMITED
SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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 The Company has incurred loss of Rs. 180.63 million (2020 : Rs. 37.12 million). As at December 31, 2021 the accumulated loss of the Company is Rs. 8,077.58 million (June 30, 2021: Rs. 8,172.04 million), and the current liabilities of the company exceed its current assets by Rs. 1,384.05 million (June 30, 2021: Rs. 9,082.29 million). The Company has not redeemed preference shares on exercise of put options for three consecutive years by holders of preference shares due to tight cash flow situation. The Company has not been able to comply with terms of certain loan agreements. The Company was wound up by the order of Honorable Lahore High Court dated July 13, 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 Honorable 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 the 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 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 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 it's 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 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 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, 2021.

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

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, 2021 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

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, 2021 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, 2021.

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.

2.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of these 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, 2021.

2.5 Estimates, judgments and risk management policies

2.5.1 The preparation of condensed interim financial statement in conformity with approved accounting standards, as applicable in Pakistan, requires 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 statement are the same as those disclosed in the published audited financial statements for the year ended June 30, 2021.

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, 2021.

3. Cumulative preference shares

Un-audited December 31, 2021 Number of shares	Audited June 30, 2021		Un-audited December 31, 2021 Rupees	Audited June 30, 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>80,000,000</u>		<u>500,000,000</u>	<u>800,000,000</u>

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 3.2) 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	Un-audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
Transferred from preference shares to liability against redemption of preference shares pursuant to scheme of arrangement	3	300,000,000	-

However 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.

	Un-audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
4. DIRECTORS' LOAN	<u>615,813,086</u>	<u>244,313,086</u>

4.1 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.

4.2 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.

	Note	Un-audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
5. Long term financing			
Under markup agreements			
From banking companies / financial institutions			
Secured			
Tier - I debt	5.1	4,737,486,364	-
Tier - II Debt	5.1	4,737,486,364	-
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>9,474,972,728</u>	<u>5,101,277,739</u>
Less : Current portion			
Installments due		368,244,863	3,529,191,701
Payable within one year		697,623,500	298,000,000
		1,065,868,363	3,827,191,701
		8,409,104,365	1,274,086,038
Associates	5.2	6,379,458	63,730,000
		<u>8,415,483,823</u>	<u>1,337,816,038</u>

- 5.1 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 assets of the company ranking pari passu jointly. These are further secured by the personal guarantee of the directors and associates of the company as well as deposit of title deeds of personal properties of directors and associates.

Effective markup rate charged during the period 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 borrowings 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 are to be paid 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 the disposal proceeds 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 balance 25% of the proceeds will be injected as working capital for the 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 lender it's pro-rata share of such payments as elucidated under the scheme of Arrangement.

The past Mark-up and 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 repayment schedule under scheme of Arrangement. However, in case of any default in making all or any payments stated above, full of such waived amount (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
368,244,863	1	368,244,863	31-Dec-21	30-Jun-22	5%
147,297,944	2	73,648,972	31-Mar-22	30-Jun-22	5%
220,946,918	1	220,946,918	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%
301,518,001	1	301,518,001	31-Mar-29	31-Mar-29	5%
4,737,486,364	32				

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 Tier-II debt
2,400,000,000	12	200,000,000	31-Dec-29	30-Sep-32	(Conditional)
1,925,000,000	11	175,000,000	31-Dec-32	30-Jun-35	5% on subsequent
112,486,364	1	112,486,364	30-Sep-35	30-Sep-35	Tier-II debt
4,737,486,364	26				

5.2 These are interest free and recognized at amortized 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. Besides, these loans are subordinated to the financial facilities and repayment of all the amounts agreed under the scheme of arrangement after seeking written confirmation of receipts by the respective banks.

	Note	Un-audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
6. Deferred interest / markup			
Mark up on Tier-I debt	21	70,088,838	-
7. Lease Liabilities			
Opening balance		28,702,544	28,702,544
Transferred to Long term financing Tier-I and Tier-II debt under the scheme of arrangement	5.1	(28,702,544)	-
Shown under current liabilities Installments over due		-	(28,702,544)
		-	-

7.1 These lease liabilities are rescheduled as per scheme of Arrangement and included in Tier-I and Tier-II Debt (Refer note No.5.1)

	Note	Un-audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
8. 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	5.1	(4,344,992,444)	-
		-	4,344,992,444

9. CONTINGENCIES AND COMMITMENTS

Contingencies

There is no significant change in contingencies since the date of published audited financial statements for the year ended June 30, 2021 except the following:

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Sales tax			
Appellate Tribunal Inland Revenue, Lahore	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 ATR. The management, based on opinion of its tax consultant believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these condensed interim financial statements.	Company vs. Federal Board of Revenue	29-Sep-21
Other			
	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.	42,053,304	-

Commitments

There was no commitments as on 31 December, 2021 (2021: Nil)

	Note	Un-audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
10. Property, plant and equipment			
Operating assets	10.1	9,523,500,670	9,651,578,837
Capital work in progress	10.2	365,100	-
		<u>9,523,865,770</u>	<u>9,651,578,837</u>
10.1 Operating assets			
Book value at beginning of period / year		9,651,578,837	9,729,874,102
Add: Transfer from right of use assets during the period / year	11	169,176,975	-
Add: Addition during the period / year	10.1.1	9,388,991	-
Less: disposal during the period / year		(270,592,475)	-
Depreciation charge during the period / year		(36,051,658)	(78,295,265)
		<u>9,523,500,670</u>	<u>9,651,578,837</u>
10.1.1 Additions to operating assets, during the period / year were as follow:			
Plant and machinery		4,967,731	-
Electric installations		1,919,510	-
Factory equipment		237,180	-
Office equipment		2,264,570	-
		<u>9,388,991</u>	<u>-</u>

	Note	Un-audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
10.2 Capital work in progress			
Balance as at July 01, 2021		-	-
Additions		365,100	-
		<u>365,100</u>	<u>-</u>
11. Right of use assets			
Right of use		-	169,522,097
Book value at beginning of period / year		169,522,097	171,248,441
Depreciation charge during the period / year		(345,122)	(1,726,344)
		169,176,975	169,522,097
Transferred to operating assets	11.1	(169,176,975)	-
		<u>-</u>	<u>169,522,097</u>

11.1 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.

	Note	Un-audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
12. Investment Property			
Investment Property	12.1	865,315,153	873,060,285
12.1 Land			
Closing net book value as at		485,803,713	485,803,713
Building			
Opening balance		387,256,572	403,392,263
Depreciation charge		(7,745,132)	(16,135,691)
Closing net book value as at		379,511,440	387,256,572
		<u>865,315,153</u>	<u>873,060,285</u>
Annual rate of depreciation on building (%)		4	4

13. Long term deposits			
Lease key money		-	1,679,435
Security deposits		13,418,150	11,738,715
		13,418,150	13,418,150
Less: Current portion - Lease key money	13.1	-	1,679,435
		<u>13,418,150</u>	<u>11,738,715</u>

	Note	Un-audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
14. Trade debts			
Considered good			
Unsecured			
Local		42,221,147	18,774,802

	Note	Quarter ended December 31, 2021 Rupees	2020 Rupees	Half year ended December 31, 2021 Rupees	2020 Rupees
15. Sales					
Local					
Fabrics / made ups	15.1	1,540,175	-	1,540,175	-
Processing and conversion income	15.2	37,192,079	-	37,192,079	-
		<u>38,732,254</u>	<u>-</u>	<u>38,732,254</u>	<u>-</u>
15.1 Local					
Fabrics / made ups		1,802,005	-	1,802,005	-
Less: Sales tax		261,830	-	261,830	-
		<u>1,540,175</u>	<u>-</u>	<u>1,540,175</u>	<u>-</u>
15.2 Processing and conversion income					
Sales		43,514,732	-	43,514,732	-
Less: Sales tax		6,322,653	-	6,322,653	-
		<u>37,192,079</u>	<u>-</u>	<u>37,192,079</u>	<u>-</u>
16. Cost of sales					
Cost of goods manufactured	16.1	83,430,628	-	83,430,628	-
Finished goods					
Opening stock		200,180	-	200,180	-
Closing stock		(2,091,399)	-	(2,091,399)	-
		<u>(1,891,219)</u>	<u>-</u>	<u>(1,891,219)</u>	<u>-</u>
		<u>81,539,409</u>	<u>-</u>	<u>81,539,409</u>	<u>-</u>
16.1 Cost of goods manufactured					
Raw material consumed	16.1.1	3,843,461	-	3,843,461	-
Salaries, wages and benefits		26,874,054	-	26,874,054	-
Staff retirement benefits		4,077,433	-	4,077,433	-
Processing charges		147,070	-	147,070	-
Conversion charges		24,537,084	-	24,537,084	-
Stores and spares		19,066,856	-	19,066,856	-
Dyes and chemicals		1,458,150	-	1,458,150	-
Packing material		777,887	-	777,887	-
Repairs and maintenance		1,657,979	-	1,657,979	-
Fuel and power		274,278	-	274,278	-
Other		1,506,809	-	1,506,809	-
		<u>84,221,061</u>	<u>-</u>	<u>84,221,061</u>	<u>-</u>
Work in process					
Opening stock		-	-	-	-
Closing stock		(790,433)	-	(790,433)	-
		<u>(790,433)</u>	<u>-</u>	<u>(790,433)</u>	<u>-</u>
		<u>83,430,628</u>	<u>-</u>	<u>83,430,628</u>	<u>-</u>
16.1.1 Raw material consumed					
Opening stock		-	-	-	-
Purchases including purchase expenses		5,237,727	-	5,237,727	-
		<u>5,237,727</u>	<u>-</u>	<u>5,237,727</u>	<u>-</u>
Closing stock		(1,394,266)	-	(1,394,266)	-
		<u>3,843,461</u>	<u>-</u>	<u>3,843,461</u>	<u>-</u>

	Note	Quarter ended December 31, 2021 Rupees	2020 Rupees	Half year ended December 31, 2021 Rupees	2020 Rupees
17. Other income					
Income from assets other than financial assets:					
Sale of waste material		38,175	-	38,175	-
Rental income		23,364,121	23,981,090	47,134,564	41,363,309
Fair value adjustment of deferred revenue	5.2	209,648	-	419,297	-
		<u>23,611,944</u>	<u>23,981,090</u>	<u>47,592,036</u>	<u>41,363,309</u>
18. Finance cost					
Interest / mark up on:					
Long term financing Tier-I debt	6	59,705,308	-	70,088,838	-
Bank charges and commission		78,088	4,834	103,609	9,596
Fair value adjustment of loan from associates	5.2	209,648	-	419,297	-
		<u>59,993,044</u>	<u>4,834</u>	<u>70,611,744</u>	<u>9,596</u>
19. Provision for taxation					
Current					
For the year		<u>5,420,476</u>	<u>5,563,614</u>	<u>10,935,219</u>	<u>9,596,289</u>

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

20. AGGREGATE 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. Significant transactions with related parties are

Name of the related party/Relationship	Nature of transaction	Un-Audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
Key management Personnel	Remuneration	2,790,358	3,200,481
Mian Muhammad Latif (Director)	Loan Obtained	45,567,539	-
Mian Muhammad Javaid Iqbal (Director)	Loan Obtained	59,567,539	-
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	36,670,414	-

21. 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 5.1) 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:

- (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.

22. EVENTS AFTER CONDENSED INTERIM FINANCIAL STATEMENT DATE

There are no events incurred subsequent to condensed interim financial statements date that require either adjustment or disclosure in the current condensed interim financial statements.

23. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on **30-04-2024** by the Board of Directors of the Company.

24. GENERAL

24.1 There is no unusual item included in these interim financial statements which is effecting assets, liabilities, equity, profit or cash flows of the company.

24.2 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

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