



Financial Statements

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

2022

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

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

CHIEF FINANCIAL OFFICER

Mr. Faisal Ali Sarwar

COMPANY SECRETARY

Mr. Muhammad Arshad

LEGAL ADVISOR

Ch. Shahid Mehmood (Advocate)

SHARE REGISTRAR

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

REGISTERED OFFICE

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

WEBSITE

Email:- chenab@chenabgroup.com
Website:-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 placed before you un-audited/reviewed financial statements together with notes for the half year ended December 31, 2022. 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, 2022 and June 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.38.141 million, toll manufacturing of local activities and exports of core activity at Rs.405.380 million.

FINANCIAL RESULTS

In view of unfavorable business circumstances the Company sustained a financial loss of Rs.343.889 million before taxation during the period under report.

FUTURE PROSPECTS

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

EXPLANATION TO AUDITORS OBSERVATION.

- (a) Majority of the preference shareholders have opted to convert their shares into ordinary shares but the matter is pending with court. Reference Note. 3.3. Therefore we could not calculate the diluted EPS.
- (b) With complete start of production in coming years, the management is of the view that deferred tax asset will be created and liability will be adjusted subsequently.
- (c) The company circulated the confirmation letters to all parties selected by the auditor. The Company remained non-operational for a long period of time therefore some parties were not responding which was beyond our control.
- (d) The company has properly disclosed the outstanding liability.

- (e) The company was under liquidation and the joint official liquidator has to operate under the instructions of the court therefore this revaluation was carried out at that particular date by them. Subsequently on 01-07-2022 the revaluation was carried out and the total value of assets determined by the valuers is Rs.10.014 billion Therefore the impairment in asset value is not required.
- (f) The company is hopeful that it will receive the outstanding amount. The company's management is now following up with the customers for the recovery. Therefore, need no adjustment in these balances.

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 بمہ نوٹس بابت 31 دسمبر 2022 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 2022 اور 30 جون 2022 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۔

رپورٹ:

اس عرصہ میں اثاثوں کے کرایہ کی آمدنی مبلغ 38.141 ملین روپے لوکل پروسیڈنگ اور ایکسپورٹ کی مصنوعات سے 405.380 روپے حاصل کیا گیا۔

مالیاتی نتائج:

مارکیٹ میں کساد بازاری کی وجہ سے اس عرصہ میں کمپنی نے 343.889 ملین روپے کا ٹیکس سے پہلے نقصان برداشت کیا ہے۔

مستقبل کا کیفیت نامہ:

پاکستان عالمی ٹیکسٹائل مارکیٹ میں ایک اہم کھلاڑی ہے اور مستقبل کا نقطہ نظر عالمی اقتصادی حالات اور ٹیکسٹائل کی طلب پر منحصر ہے۔ ملک کا ٹیکسٹائل سیکٹر سامان کی برآمد پر انحصار کرتا ہے اس لئے عالمی طلب، تجارتی پالیسیوں اور بڑے درآمد کنندگان میں معاشی حالات میں تبدیلی کا صنعت اور اس کی ترقی پر بڑا اثر پڑتا ہے۔ مزید برآں سیاسی عدم استحکام اور حکومتی پالیسیاں جیسے کہ خصوصی تجارتی معاہدے شرح سود، شرح مبادلہ، ٹیکس عائد کرنا اور ٹیکسٹائل سیکٹر کیلئے سپورٹ کا بھی خاصا اثر ہے۔ بد قسمتی سے یہ تمام عوامل اس عرصے میں منفی رہے اور آج تک صورتحال وہی ہے۔ تاہم اچکی کمپنی کی انتظامیہ کم سے کم منفی اثرات کیساتھ کام کرنے کی پوری کوشش کر رہی ہے۔

آڈیٹرز کے خدشات پر وضاحت:

- ترجمی حصہ داران کی کثیر تعداد نے عام شیئرز میں تبدیل کرنے کی رضامندی دی ہے۔ لیکن یہ معاملہ عدالتوں میں ہے (ریفرنس نوٹ 3.3) اس لیے حتمی فیصلہ تک ترجمی شیئرز عام شیئرز میں تبدیل نہیں ہو سکتے اس لیے DILUTED EPS وضع نہیں کی جاسکتی۔
- انتظامیہ کا خیال ہے کہ آنے والے سالوں میں مکمل پروڈکشن حاصل ہونے تک ڈیفریڈ ٹیکس ایسٹ بننا شروع ہو جائیگا۔ اور ڈیفریڈ ٹیکس کی ذمہ داری اس میں ایڈجسٹ ہو جائیگی۔
- کمپنی نے بیلنس کنفرمیشن کیلئے آڈیٹرز کے منتخب کردہ پارٹیز کو خطوط بھیجے ہیں، چونکہ کمپنی لمبے عرصہ تک غیر فعال رہی ہے۔ اس لیے کچھ پارٹیز نے ان خطوط پر کوئی جواب نہیں دیا، اور یہ معاملہ کمپنی کے دائرہ کار سے باہر ہے۔
- ادا کرنے والی رقم کو مناسب طور پر دکھایا گیا ہے۔
- زیر تحلیل کمپنی کو لیکویڈیٹی نے عدالت عالیہ کے تحت چلانا تھا اسی وجہ سے اثاثوں کی ری ویلویویشن ایک مقرر وقت تک کرائی گئی۔ بعد ازاں مورخہ 01-07-2022 کو ری ویلویویشن کرائی گئی اور اثاثوں کی مجموعی مقدار 10.014 بلین روپے ویلویویشن نے قرار دی اس لئے اثاثوں میں IMPAIRMENT کی ضرورت نہ ہے۔
- انتظامیہ پر امید ہے کہ واجبات الوصول رقم مل جائیگی۔ اب انتظامیہ رقم کی وصولی کیلئے سرگرم عمل ہے۔ لہذا ان رقم کو ختم کرنے کی ضرورت نہیں۔

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: 30 اپریل 2024ء



RSM

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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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, 2022 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, 2022 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. 336.28 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) 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;
- (f) Trade debts of Rs. 12.94 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 30.89 million and accumulated loss by Rs. 30.89 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, 2022 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, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2022.

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: RR202210194w7lv91RWH

CHENAB LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2022

	Note	(Un-audited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees		Note	(Un-audited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
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	11	10,014,827,088	9,615,704,320
80,000,000 cumulative preference shares of Rs.10/- each		800,000,000	800,000,000	Investment Property	12	508,024,421	559,975,280
				Long term deposits	13	13,418,150	13,418,150
						10,536,269,659	10,189,097,750
Issued, subscribed and paid up capital		1,150,000,000	1,150,000,000				
Cumulative preference shares	3	500,000,000	500,000,000				
Directors' loan	4	761,713,086	646,813,086				
Surplus on revaluation of property, plant and equipment	5	5,729,469,304	5,359,624,416				
Capital reserves		526,409,752	526,409,752				
Revenue reserves		(8,535,330,227)	(8,259,198,594)				
		132,261,915	(76,351,340)				
NON-CURRENT LIABILITIES							
Long term financing	6	8,330,379,401	8,368,504,108				
Deferred revenue		56,452,952	56,931,244				
Deferred interest / markup	7	285,762,094	179,157,793				
Liabilities against redemption of preference shares		300,000,000	300,000,000				
Lease Liabilities	8	-	-				
Deferred liabilities		16,851,652	10,193,582				
		8,989,446,099	8,914,786,727				
CURRENT LIABILITIES				CURRENT ASSETS			
Trade and other payables		1,600,843,273	1,274,887,040	Stores, spares and loose tools		86,404,761	44,251,070
Unclaimed dividend		366,071	366,071	Stock in trade		60,863,059	77,600,081
Interest / markup payable		48,876	-	Trade debts	14	166,732,155	106,859,684
Short term bank borrowings	9	12,000,000	-	Loans and advances		101,277,722	110,498,524
Current portion of :				Deposits		20,947,685	8,947,685
Long term financing		518,402,553	726,220,500	Other receivables		62,775,532	64,706,908
Lease Liabilities		-	-	Tax refunds due from Government		114,987,635	73,033,076
Provision for taxation - income tax		69,273,439	60,424,711	Cash and bank balances		24,441,275	77,396,188
		2,200,934,212	2,061,898,322			638,429,824	563,293,216
CONTINGENCIES AND COMMITMENTS	10	-	-	Non current assets held for sale	15	147,942,743	147,942,743
		11,322,642,226	10,900,333,709			11,322,642,226	10,900,333,709

The annexed notes from 1 to 25 form an integral part of these financial statements.



(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)
DIRECTOR



(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CHENAB LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Note	Quarter ended December 31,		Half year ended December 31,	
		2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Sales	16	344,545,239	38,732,254	733,684,637	38,732,254
Cost of sales	17	467,381,238	81,539,409	907,209,668	81,539,409
Gross (loss)		(122,835,999)	(42,807,155)	(173,525,031)	(42,807,155)
Other income	18	40,798,041	23,611,944	60,203,881	47,592,036
		(82,037,958)	(19,195,211)	(113,321,150)	4,784,881
Operating Expenses					
Selling and distribution expenses		4,088,751	12,413	10,833,254	12,413
Administrative expenses		59,370,074	54,501,782	110,229,732	87,763,668
Other operating expenses		-	16,092,475	-	16,092,475
Finance cost	19	53,852,476	59,993,044	109,504,917	70,611,744
		(117,311,301)	(130,599,714)	(230,567,903)	(174,480,300)
(Loss) for the period before taxation		(199,349,259)	(149,794,925)	(343,889,053)	(169,695,419)
Provision for taxation	20	4,900,822	5,420,476	8,848,728	10,935,219
(Loss) for the period		(204,250,081)	(155,215,401)	(352,737,781)	(180,630,638)
(Loss) per share- Basic and diluted		(1.78)	(1.35)	(3.07)	(1.57)

The annexed notes from 1 to 25 form an integral part of these financial statements.


(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER


(MUHAMMAD FAISAL LATIF)
DIRECTOR


(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CHENAB LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Quarter ended December 31, 2022 Rupees	2021 Rupees	Half year ended December 31, 2022 Rupees	2021 Rupees
(Loss) for the period	(204,250,081)	(155,215,401)	(352,737,781)	(180,630,638)
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss				
Surplus on revaluation of property plant and equipment arisen during the period - net	-	-	446,451,036	-
	-		446,451,036	
Total comprehensive (loss)/profit for the period	(204,250,081)	(155,215,401)	93,713,255	(180,630,638)

The annexed notes from 1 to 25 form an integral part of these financial statements.


(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER


(MUHAMMAD FAISAL LATIF)
DIRECTOR


(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CHENAB LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half year ended December 31,	
	2022 Rupees	2021 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(343,889,053)	(169,695,419)
Adjustments for:		
Depreciation of operating assets	80,006,499	36,051,658
Depreciation of right-of-use assets	-	345,122
Depreciation of investment property	6,427,702	7,745,132
Provision for staff retirement gratuity	6,658,070	5,096,791
Loss on disposal of operating assets	-	16,092,475
Gain on disposal of investment property	(21,476,844)	-
Finance cost	109,504,917	70,611,744
Fair value adjustment of deferred revenue	(478,292)	(419,297)
Operating cash flows before working capital changes	<u>(163,247,001)</u>	<u>(34,171,794)</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(42,153,691)	(611,938)
Stock in trade	16,737,022	(4,046,098)
Trade debts	(59,872,471)	(23,446,345)
Loans and advances	21,316,334	(32,309,179)
Deposits	(12,000,000)	-
Other receivables	1,931,376	(41,334,689)
Tax refunds due from Government	(41,954,558)	(3,614,038)
	<u>(115,995,988)</u>	<u>(105,362,287)</u>
Increase in current liabilities		
Trade and other payables	75,913,732	65,648,536
	<u>(40,082,256)</u>	<u>(39,713,751)</u>
Cash generated from operations	(203,329,257)	(73,885,545)
Income tax paid	(12,095,530)	-
Finance cost paid	(2,373,448)	(103,609)
Net cash (used in) operating activities	<u>(217,798,235)</u>	<u>(73,989,154)</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in operating assets	(32,678,231)	(9,754,091)
Proceeds from disposal of operating assets	-	208,100,000
Proceeds from disposal of investment property	55,480,000	-
Advance against disposal of non core assets	261,562,500	130,781,250
Net cash generated from investing activities	<u>284,364,269</u>	<u>329,127,159</u>

	Half year ended December 31,	
	2022 Rupees	2021 Rupees
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of loan from directors	114,900,000	371,500,000
Repayment of :		
Long term financing	(246,420,947)	-
Increase in short term bank borrowings	12,000,000	-
Net cash (used in) /generated from financing activities	<u>(119,520,947)</u>	<u>371,500,000</u>
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(52,954,913)	626,638,005
Cash and cash equivalents at the beginning of the year	77,396,188	34,341,523
Cash and cash equivalents at the end of the year	<u><u>24,441,275</u></u>	<u><u>660,979,528</u></u>

The annexed notes from 1 to 25 form an integral part of these financial statements.


(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER


(MUHAMMAD FAISAL LATIF)
DIRECTOR


(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CHENAB LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Issued, subscribed and paid up capital	Cumulative preference shares	Loan from Director	Surplus on revaluation of 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
R u p e e s												
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 will not 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)	-	-	-	-	-	13,692,812	13,692,812	-
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
Total comprehensive (loss) for the period												
(Loss) for the period	-	-	-	-	-	-	-	-	-	(271,746,564)	(271,746,564)	(271,746,564)
Other comprehensive income												
Items that will not be subsequently reclassified to profit or loss :												
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	-	(13,692,812)	-	-	-	-	-	(271,746,564)	(271,746,564)	(271,746,564)
Transaction with owners												
Loan from director	-	-	31,000,000	-	-	-	-	-	-	-	-	31,000,000
Balance as at June 30, 2022 (Audited)	1,150,000,000	500,000,000	646,813,086	5,359,624,416	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,335,631,428)	(8,259,198,594)	(76,351,340)
Total comprehensive income for the period												
(loss) for the period	-	-	-	-	-	-	-	-	-	(352,737,781)	(352,737,781)	(352,737,781)
Other comprehensive income												
Items that may be subsequently reclassified to profit or loss:												
Surplus on revaluation of property plant and equipment arisen during the period - net	-	-	-	446,451,036	-	-	-	-	-	-	-	446,451,036
Incremental depreciation on revalued assets for the period	-	-	-	446,451,036	-	-	-	-	-	(352,737,781)	(352,737,781)	93,713,255
Surplus realised on disposal of property, plant and equipment	-	-	-	(31,109,122)	-	-	-	-	-	31,109,122	31,109,122	-
Transaction with owner												
Loan from director	-	-	114,900,000	-	-	-	-	-	-	-	-	114,900,000
Balance as at December 31, 2022 (Unaudited) (Refer Note)	1,150,000,000	500,000,000	761,713,086	5,729,469,304	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,611,763,061)	(8,535,330,227)	132,261,915

The annexed notes from 1 to 25 form an integral part of these financial statements.


(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER


(MUHAMMAD FAISAL LATIF)
DIRECTOR


(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CHENAB LIMITED
SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1 GENERAL INFORMATION

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

Description	Location	Address
Registered/Head Office	Faisalabad	Nishatabad, Faisalabad.
Spinning Unit	Toba Tek Singh	3 K.M Shorkot Road, Toba Tek Singh.
Weaving Unit-I	Kharianwala	11 K.M Main Faisalabad Lahore Road, Kharianwala, Sheikhupura.
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.

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 December 31, 2022 the accumulated loss of the Company is Rs. 8,611.76 million (June 30, 2022: Rs. 8,335.63 million), and the current liabilities of the company exceed its current assets by Rs. 1,562.50 million (June 30, 2022: Rs. 1,350.66 million). The Company has not redeemed preference shares on exercise of put options for three consecutive years by holders of preference shares due to tight cash flow situation. The Company has not been able to comply with terms of certain loan agreements. The Company was wound up by the order of Honorable Lahore High Court dated 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 are discussed below:

(a) Disposal of non-core assets

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

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

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

(c) Additional Working Capital facility

The company required the running facility for managing 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. Besides the sponsors have also provided the subordinated loan to the company which will improve financial health of the company.

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 condensed interim financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

1.5 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 unaudited but subject to limited scope review by the auditor 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, 2022.

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, 2022 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, 2022 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, 2022.

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, 2022.

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, 2022.

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, 2022.

3. Cumulative preference shares

December 31, 2022 Number of shares	June 30, 2022		Un-audited December 31, 2022 Rupees	Audited June 30, 2022 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)	(30,000,000)	Transferred to liability against redemption of preference shares under scheme of arrangement.	(300,000,000)	(300,000,000)
<u>50,000,000</u>	<u>50,000,000</u>		<u>500,000,000</u>	<u>500,000,000</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 holder 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, 2022 Rupees	Audited June 30, 2022 Rupees
Transferred from preference shares to liability against redemption of preference shares pursuant to scheme of arrangement	3	300,000,000	300,000,000

As per scheme of arrangement approved by Honorable Lahore High Court, redemption of preference shares shall be as under:-

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

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

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

	Un-audited December 31, 2022 Rupees	Audited June 30, 2022 Rupees
4. DIRECTORS' LOAN	<u>761,713,086</u>	<u>646,813,086</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 amount agreed under scheme of arrangement after seeking written confirmation of receipts by the respective banks.

	Un-audited December 31, 2022 Rupees	Audited June 30, 2022 Rupees
5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Opening balance	5,359,624,416	5,648,413,621
Surplus arisen on revaluation carried out during the year- on land	834,030,778	-
(Deficit) arisen on revaluation carried out during the year- on other assets	(387,579,742)	-
	446,451,036	-
Transferred to accumulated loss in respect of		
Surplus realised on disposal	(45,497,026)	(261,403,581)
Incremental depreciation on revalued assets for the year	(31,109,122)	(27,385,624)
	(76,606,148)	(288,789,205)
	<u>5,729,469,304</u>	<u>5,359,624,416</u>

5.1 Latest revaluation of freehold land, building on freehold land, plant and machinery, electric installations and generators was carried out by independent valuers M/S Empire Enterprises (Pvt) Limited of Rs.10,026,234,860/- (force sale value of Rs.8,298,482,706/-) as at July 01, 2022. Freehold land, building on freehold land, plant and machinery, electric installations and generators were revalued on market value basis. The valuation is based on an observable inputs which is Level 3 of fair value hierarchy.

	Note	Un-audited December 31, 2022 Rupees	Audited June 30, 2022 Rupees
6. Long term financing			
Under markup agreements			
From banking companies / financial institutions			
Secured			
Tier - I debt	6.1	4,350,439,489	4,737,486,364
Paid during the period/ year		(246,420,947)	(387,046,875)
		4,104,018,542	4,350,439,489
Tier - II Debt	6.1	4,737,486,364	4,737,486,364
		8,841,504,906	9,087,925,852
Less : Current portion			
Installments over due		293,663,234	147,294,944
Payable within one year		224,739,319	578,925,556
		518,402,553	726,220,500
		8,323,102,353	8,361,705,352
Associates	6.2	7,277,048	6,798,756
		8,330,379,401	8,368,504,108

6.1 These loans are secured against first charge over fixed assets of the company ranking pari passu jointly. These are also secured against first charge 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.(2022:5% 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 is 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 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 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 its own resources to the agent bank which shall pay each lender its 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 is as under ;

Principal Amount	No. of Installment	Installment Amount	Commencing from	Ending on	Markup rate
121,823,915	1	121,823,915	30-Sep-22	30-Sep-22	5%
157,539,319	1	157,539,319	31-Dec-22	31-Dec-22	5%
157,539,319	1	157,539,319	31-Mar-23	31-Mar-23	5%
57,200,000	4	14,300,000	31-Dec-22	30-Sep-23	5%
97,200,000	4	24,300,000	31-Dec-23	30-Sep-24	5%
460,000,000	4	115,000,000	31-Dec-24	30-Sep-25	5%
760,000,000	4	190,000,000	31-Dec-25	30-Sep-26	5%
1,760,000,000	8	220,000,000	31-Dec-26	30-Sep-28	5%
250,000,000	1	250,000,000	31-Dec-28	31-Dec-28	5%
282,715,989	1	282,715,989	31-Mar-29	31-Mar-29	5%
4,104,018,542	29				

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	31-Mar-22	30-Jun-22	3% on initial Tier-II debt
2,400,000,000	12	200,000,000	30-Sep-22	30-Sep-22	(Conditional)
1,925,000,000	11	175,000,000	31-Dec-22	31-Dec-22	5% on subsequent Tier-II debt
112,486,364	1	112,486,364	31-Mar-23	31-Mar-23	
4,737,486,364	26				

6.2 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. 7.28 million (2022: 6.80 million). The difference of Rs. 56.54 million (2022:56.93 million) between the gross proceeds and the fair value of these loans 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, 2022 Rupees	Audited June 30, 2022 Rupees
7. Deferred interest / markup			
Mark up on Tier-I debt	22	285,762,094	179,157,793
8. Lease Liabilities			
Opening balance		-	28,702,544
Transferred to Long term financing Tier-I and Tier-II debt under the scheme of arrangement	6.1	-	(28,702,544)
		-	

8.1 These lease liabilities were rescheduled as per scheme of Arrangement and included in Tier-I and Tier-II Debt (Refer note No.6.1)

	Note	Un-audited December 31, 2022 Rupees	Audited June 30, 2022 Rupees
9. Short term bank borrowings			
Secured			
Under mark up arrangements			
Export finances	9.1	12,000,000	3,668,552,114
Finance against trust receipts		-	18,301,847
Running finance		-	437,588,483
Murabaha finances		-	220,550,000
		12,000,000	4,344,992,444
Transferred to long term financing			
Tier-I and Tier-II debt under the scheme of arrangement	6.1	-	(4,344,992,444)
		12,000,000	-

9.1 The financing facilities has been provided to meet the working capital requirement as agreed under the scheme of arrangement (Refer Note 1.3). These are secured against first joint parri passu charge and ranking charge over current and fixed assets of the Company, lien on export documents and by personal guarantee of existing sponsors / directors of the company. These are subject to mark up at the rates of one month KIBOR plus 0.5% (2022: Nil).

The effective rate of mark up charged during the period was 18.02% per annum (2022: Nil).

10. 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, 2022 except the following:

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.

183,593,820	112,531,525
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Commitments

There was no commitments as on 31 December, 2022 (2022: Nil)

	Note	Un-audited December 31, 2022 Rupees	Audited June 30, 2022 Rupees
11. Property, plant and equipment			
Operating assets	11.1	10,014,827,088	9,615,704,320
11.1 Operating assets			
Book value at begining of period / year		9,615,704,320	9,651,578,837
Revaluation arisen during the period / year -net		446,451,036	-
Add: Addition during the period / year	11.1.1	32,678,231	73,041,826
Transfer from capital work in progress		-	69,139,547
Transfer from right of use assets		-	169,176,975
Less: disposal during the period / year		-	(270,592,475)
Depreciation charge during the period / year		(80,006,499)	(76,640,390)
		10,014,827,088	9,615,704,320

	Note	Un-audited December 31, 2022 Rupees	Audited June 30, 2022 Rupees
11.1.1 Additions to operating assets, during the period / year were as follow:			
Freehold land		-	6,398,000
Plant and machinery		32,678,231	55,026,680
Electric installations		-	5,433,707
Factory equipment		-	418,660
Office equipment		-	5,764,779
		<u>32,678,231</u>	<u>73,041,826</u>
12. Investment Property			
Investment Property	12.1	<u>508,024,421</u>	<u>559,975,280</u>
12.1 Land			
Opening balance		234,651,713	485,803,713
Disposals during the period/ year		-	(149,652,000)
Transferred to assets held for sale	15	-	(101,500,000)
Closing net book value as at		234,651,713	234,651,713
Building			
Opening balance		325,323,566	387,256,572
Disposals during the period / year		(45,523,156)	-
Transferred to assets held for sale	15	-	(46,442,743)
Depreciation charge		(6,427,702)	(15,490,263)
Closing net book value as at		273,372,708	325,323,566
		<u>508,024,421</u>	<u>559,975,280</u>
Annual rate of depreciation on building (%)		4	4
13. Long term deposits			
Security deposits		<u>13,418,150</u>	<u>13,418,150</u>
14. Trade debts			
Considered good			
Unsecured			
Foreign		83,629,758	50,660,627
Local		83,102,397	56,199,057
		<u>166,732,155</u>	<u>106,859,684</u>
15. Non current assets held for sale			
Freehold Land	12	101,500,000	101,500,000
Building on freehold land		46,442,743	46,442,743
		<u>147,942,743</u>	<u>147,942,743</u>

		Quarter ended December 31,		Half year ended December 31,	
		2022	2021	2022	2021
		Rupees	Rupees	Rupees	Rupees
16. Sales					
Export					
Fabrics / made ups / garments		129,530,225	-	294,738,526	-
Local					
Fabrics / made ups	16.1	6,580,731	1,540,175	37,667,815	1,540,175
		136,110,956	1,540,175	332,406,341	1,540,175
Add: Export rebate / duty drawback		393,856		427,174	-
		136,504,812	1,540,175	332,833,515	1,540,175
Less:					
Commission		13,981	-	4,529,237	-
		136,490,831	1,540,175	328,304,278	1,540,175
Processing and conversion income	16.2	208,054,408	37,192,079	405,380,359	37,192,079
		344,545,239	38,732,254	733,684,637	38,732,254
16.1 Local					
Fabrics / made ups		7,699,455	1,802,005	44,071,344	1,802,005
Less: Sales tax		1,118,724	261,830	6,403,529	261,830
		6,580,731	1,540,175	37,667,815	1,540,175
16.2 Processing and conversion income					
Sales		243,423,657	43,514,732	474,295,020	43,514,732
Less: Sales tax		35,369,249	6,322,653	68,914,661	6,322,653
		208,054,408	37,192,079	405,380,359	37,192,079

		Quarter ended December 31,		Half year ended December 31,	
		2022	2021	2022	2021
		Rupees	Rupees	Rupees	Rupees
17. Cost of sales					
Cost of goods manufactured	17.1	482,107,315	83,430,628	927,523,093	83,430,628
Finished goods					
Opening stock		7,186,052	200,180	1,598,704	200,180
Closing stock		(21,912,129)	(2,091,399)	(21,912,129)	(2,091,399)
		(14,726,077)	(1,891,219)	(20,313,425)	(1,891,219)
		467,381,238	81,539,409	907,209,668	81,539,409

	Note	Quarter ended December 31,		Half year ended December 31,	
		2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
17.1 Cost of goods manufactured					
Raw material consumed	17.1.1	94,342,512	3,843,461	176,311,634	3,843,461
Salaries, wages and benefits		94,629,612	26,874,054	176,717,780	26,874,054
Staff retirement benefits		2,663,228	4,077,433	5,326,456	4,077,433
Processing charges		2,957,920	147,070	3,350,486	147,070
Conversion charges		1,338,751	24,537,084	4,330,894	24,537,084
Stores and spares		14,444,096	19,066,856	21,682,980	19,066,856
Dyes and chemicals		37,464,964	1,458,150	95,702,301	1,458,150
Packing material		10,012,198	777,887	19,863,481	777,887
Repairs and maintenance		1,250,833	1,657,979	1,626,529	1,657,979
Fuel and power		173,635,450	274,278	320,202,830	274,278
Insurance		40,352	-	41,111	-
Depreciation		33,561,422	-	57,275,853	-
Other		1,307,470	1,506,809	2,621,627	1,506,809
		<u>467,648,808</u>	<u>84,221,061</u>	<u>885,053,962</u>	<u>84,221,061</u>
Work in process					
Opening stock		37,155,288	-	65,165,912	-
Closing stock		(22,696,781)	(790,433)	(22,696,781)	(790,433)
		<u>14,458,507</u>	<u>(790,433)</u>	<u>42,469,131</u>	<u>(790,433)</u>
		<u>482,107,315</u>	<u>83,430,628</u>	<u>927,523,093</u>	<u>83,430,628</u>

17.1.1 Raw material consumed

Opening stock	2,579,933	-	10,010,845	-
Purchases including purchase expenses	107,306,373	5,237,727	181,844,583	5,237,727
	<u>109,886,306</u>	<u>5,237,727</u>	<u>191,855,428</u>	<u>5,237,727</u>
Closing stock	(15,543,794)	(1,394,266)	(15,543,794)	(1,394,266)
	<u>94,342,512</u>	<u>3,843,461</u>	<u>176,311,634</u>	<u>3,843,461</u>

	Note	Quarter ended December 31,		Half year ended December 31,	
		2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
18. Other income					
Income from assets other than financial assets:					
Sale of waste material		6,596	38,175	107,674	38,175
Rental income		19,075,455	23,364,121	38,141,071	47,134,564
Gain on sale of investment property		21,476,844	-	21,476,844	-
Fair value adjustment of deferred revenue		239,146	209,648	478,292	419,297
		<u>40,798,041</u>	<u>23,611,944</u>	<u>60,203,881</u>	<u>47,592,036</u>
19. Finance cost					
Interest / mark up on:					
Long term financing Tier-I debt	6.1	52,661,052	59,705,308	106,604,301	70,088,838
Short term borrowings		48,876	-	48,876	-
Bank charges and commission		903,402	78,088	2,373,448	103,609
Fair value adjustment of loan from associates	6.2	239,146	209,648	478,292	419,297
		<u>53,852,476</u>	<u>59,993,044</u>	<u>109,504,917</u>	<u>70,611,744</u>

	Quarter ended December 31,		Half year ended December 31,	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
20. Provision for taxation				
Current				
For the year	<u>4,900,822</u>	<u>5,420,476</u>	<u>8,848,728</u>	<u>10,935,219</u>

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

21. 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, 2022 Rupees	Audited June 30, 2022 Rupees
Key management personnel	Remuneration	29,495,000	18,161,430
Mian Muhammad Latif (Director)	Loan Obtained	-	45,567,539
Mian Muhammad Javaid Iqbal (Director)	Loan Obtained	114,900,000	90,567,539
Muhammad Naeem (Chief Executive Officer)	Loan Obtained	-	45,567,539
Mr. Muhammad Farhan Latif (Director)	Loan Obtained	-	123,032,356
Mr. Muhammad Zeeshan Latif (Related Party)	Loan Obtained	-	97,765,027
Luxe Home (Associated Undertaking)	Payment of general expenses	-	60,060,862

22. 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 6.1) 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.

23. 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.

24. 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.

25. GENERAL

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

25.2 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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