

# 2023

## Financial Statements

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



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

  
**Chenab**  
LIMITED

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## COMPANY INFORMATION

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### 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)

### CHIEF FINANCIAL OFFICER

Mr. Sadaquat Hussain

### 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 are placing before you the un-audited financial statement of the company for the first quarter of financial year 2023-2024 ended on September 30, 2023.

### **OPERATING FINANCIAL RESULTS**

The sales turnover of the company for quarter ended on 30-09-2023 increased to **Rs.788.538** million as compared to same period of previous quarter **Rs.389.139** million and thus posted **102.6%** increase in sales turn over. Likewise, bottom line also improved as net loss after tax reduced to **Rs.45.034** million as compared to previous loss **Rs.148.488** million of the identical period.

The Sales turnover of the company is consisting of Local/Export Sales and toll manufacturing activities.

### **FUTURE PROSPECTS**

The management got re-structuring done with banks through a Scheme of Arrangement on 14-09-2021 and reversal of the winding up order passed by the Lahore High Court Lahore on 29-10-2021. Thereafter, the management took over the charge and gradually improving operational results of the company regard less of all difficulties faced by the textile industry including high raw material prices, significant increase in energy and financial cost.

Despite all the odds, the management of the company is determined to get the healthy operational and financial results through all the available resources.

### **ACKNOWLEDGEMENT**

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

FAISALABAD  
03-12-2024

  
(MUHAMMAD FAISAL LATIF)  
DIRECTOR

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

## ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز۔

ڈائریکٹرز کمپنی کی جائزہ شدہ (بغیر آڈٹ) 30 ستمبر 2023ء کو ختم ہونے والی پہلی سہ ماہی کے مالی حسابات برائے سال 2023-2024ء پیش کرتے ہیں۔

### مالیاتی نتائج۔

30 ستمبر 2023ء کو ختم ہونے والی سہ ماہی کے لئے کمپنی کا سیلز ٹرن اور 788.538 ملین روپے ہو گیا جو کہ گزشتہ سہ ماہی کی اسی مدت کے مقابلے میں 389.139 ملین روپے تھا۔ اسی طرح سیلز ٹرن اور میں 102.60 فیصد اضافہ ہوا۔ اسی طرح نچلے حصے میں بھی بہتری آئی کیونکہ ٹیکس کے بعد خالص نقصان 45.034 ملین روپے تک کم ہو گیا، بمقابلہ 148.488 ملین روپے جو کہ اسی مدت کے نقصان کو ظاہر کرتا ہے۔ کمپنی کا سیلز ٹرن اور مقامی / ایکسپورٹ سیلز اور ٹول مینوفیکچرنگ سرگرمیوں پر مشتمل ہے۔

### مستقبل کے امکانات۔

انتظامیہ نے 14-09-2021 کو ایک سکیم آف ارتجمنٹ کے ذریعے از سر نو بینکوں کے ساتھ سٹرکچرنگ کروائی ہے اور 29-10-2021 کو لاہور ہائی کورٹ لاہور کی طرف سے دیئے گئے کمپنی کو تحلیل کرنے کے حکم کو واپس لے لیا ہے، اس کے بعد انتظامیہ نے چارج سنبھال لیا ہے اور بتدریج کمپنی کے آپریشنل نتائج کو بہتر کرتے ہوئے ٹیکسٹائل انڈسٹری کو درپیش تمام مشکلات بشمول خام مال کی بلند قیمتوں، توانائی اور مالیاتی لاگت میں نمایاں اضافہ شامل ہے۔ تمام تر مشکلات کے باوجود کمپنی کی انتظامیہ تمام دستیاب وسائل کے ذریعے صحت مند آپریشنل اور مالیاتی نتائج حاصل کرنے کے لئے پرعزم ہے۔

### تسلیم و تحسین:-

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

### برائے بورڈ آف ڈائریکٹرز:-



محمد فیصل لطیف

ڈائریکٹر

فیصل آباد



محمد نعیم

چیف ایگزیکٹو

03-12-2024

**CHENAB LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2023**

	Sep-30, 2023 (Un-Audited)	Jun-30, 2023 (Audited)		Sep-30, 2023 (Un-Audited)	Jun-30, 2023 (Audited)	
Note	Rupees	Rupees	Note	Rupees	Rupees	
<b>SHARE CAPITAL AND RESERVES</b>			<b>NON-CURRENT ASSETS</b>			
<b>Authorised capital</b>			Property, plant and equipments	7	9,155,789,910	9,168,196,248
120,000,000 ordinary shares of Rs.10/- each	<b>1,200,000,000</b>	<b>1,200,000,000</b>	Investment property	8	499,767,450	502,445,387
			Long term deposits		13,418,150	13,418,150
80,000,000 cumulative preference shares of Rs.10/- each	<b>800,000,000</b>	<b>800,000,000</b>			9,668,975,511	9,684,059,785
Issued, subscribed and paid up capital	1,150,000,000	1,150,000,000				
Cumulative preference shares	500,000,000	500,000,000				
Directors' loan	868,213,086	826,713,086				
Surplus on revaluation of property, plant and equipment	5,147,833,804	5,167,585,126				
Capital reserves	526,409,752	526,409,752				
Revenue reserves	(8,051,637,565)	(8,026,355,269)				
	140,819,077	144,352,695				
<b>NON-CURRENT LIABILITIES</b>						
Long term financing	5	8,256,266,031	8,280,042,027			
Deferred revenue	55,738,879	55,974,659				
Deferred markup	439,030,210	387,535,503				
Liability against redemption of preference shares	300,000,000	300,000,000				
Deferred liabilities	23,465,420	24,016,193				
	9,074,500,540	9,047,568,382				
<b>CURRENT LIABILITIES</b>			<b>CURRENT ASSETS</b>			
Trade and other payables	1,171,798,369	1,235,664,142	Stores, spares and loose tools	82,869,589	40,728,160	
Unclaimed dividend	366,071	366,071	Stock in trade	236,923,734	208,919,421	
Interest / markup payable	2,583,831	982,482	Trade debts	9	207,415,158	259,545,418
Short term bank borrowings	106,000,000	70,000,000	Loans and advances	135,182,277	138,131,287	
Current portion of:			Deposits and prepayments	9,193,875	8,972,731	
Long term financing	568,842,043	544,542,043	Other receivables	29,428,184	7,618,260	
Provision for taxation - income tax	89,898,935	82,013,556	Tax refunds due from Government	153,342,058	153,378,715	
	1,939,489,248	1,933,568,294	Cash and bank balances	79,782,879	72,439,992	
				934,137,753	889,733,984	
CONTINGENCIES AND COMMITMENTS	6	-	-	551,695,602	551,695,602	
	<b>11,154,808,866</b>	<b>11,125,489,371</b>		<b>11,154,808,866</b>	<b>11,125,489,371</b>	

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

  
(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER

  
(MUHAMMAD FAISAL LATIF)  
DIRECTOR

  
(SADAQUAT HUSSAIN)  
CHIEF FINANCIAL OFFICER

**CHENAB LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Note	<b>QUARTER ENDED</b>	
		<b>30-Sep-2023</b>	<b>30-Sep-2022</b>
		<b>Rupees</b>	<b>Rupees</b>
Sales	10	788,537,919	389,139,398
Cost of sales	11	(764,737,961)	(439,828,430)
Gross profit / (loss)		23,799,958	(50,689,032)
<b>Operating Expenses</b>			
Selling and distribution expenses		(28,916,678)	(6,744,503)
Administrative expenses		(58,818,282)	(50,859,658)
Other operating expenses		-	-
		(87,734,960)	(57,604,161)
Operating (loss)		(63,935,002)	(108,293,193)
Other income	12	92,604,707	19,405,840
Finance cost		(65,817,943)	(55,652,442)
(Loss) for the period before taxation		(37,148,239)	(144,539,795)
Provision for taxation		(7,885,379)	(3,947,906)
(Loss) for the period		(45,033,618)	(148,487,701)
(Loss) per share- Basic and diluted		(0.39)	(1.29)

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

  
(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER

  
(MUHAMMAD FAISAL LATIF)  
DIRECTOR

  
(SADAQUAT HUSSAIN)  
CHIEF FINANCIAL OFFICER

**CHENAB LIMITED**

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

**FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	<b>QUARTER ENDED</b>	
	<b>30-Sep-2023</b>	<b>30-Sep-2022</b>
	<b>Rupees</b>	<b>Rupees</b>
(loss) after Taxation	(45,033,618)	(148,487,701)
Other comprehensive income / (loss) for the period	-	-
Items that will not be subsequently reclassified to profit or loss		
Surplus on revaluation of property, plant and equipment arisen during the period- net		446,451,036
	-	446,451,036
Total comprehensive (loss) / profit for the period	(45,033,618)	297,963,335

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



(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)  
DIRECTOR



(SADAQUAT HUSSAIN)  
CHIEF FINANCIAL OFFICER

**CHENAB LIMITED**
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**
**FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	<b>QUARTER ENDED</b>	
	<b>30-Sep-2023</b>	<b>30-Sep-2022</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(37,148,239)	(144,539,795)
Adjustments for:		
Depreciation	43,538,055	34,052,606
Finance cost	65,817,943	55,652,442
Provision for staff retirement gratuity	2,811,539	3,329,035
Balances written back - net	(70,138,868)	-
Gain on disposal of asset	(3,632,200)	-
Fair value adjustment of deferred revenue	(272,794)	(239,146)
Operating cash flows before working capital changes	975,437	(51,744,858)
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(42,141,429)	(38,732,240)
Stock in trade	(28,004,313)	30,678,808
Trade debts	52,130,260	(43,181,370)
Loans and advances	2,949,010	9,818,695
Deposits and prepayments	(221,144)	(114,625)
Other receivables	(21,809,924)	1,584,920
Tax refunds due from Government	36,657	(23,973,625)
Increase / (Decrease) in current liabilities:		
Trade and other payables	8,638,396	214,961,207
	(28,422,486)	151,041,771
Cash (used in) / generated from operations	(27,447,049)	99,296,913
Income tax paid	(4,212,014)	(3,052,374)
Finance cost paid	(11,739,406)	(1,470,046)
Net cash (used in) / generated from operating activities	(43,398,469)	94,774,492
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in operating assets	(28,514,469)	(6,837,306)
Proceeds from disposal of assets	1,467,600	-
Advance against sale of non core assets	-	-
Net cash used in investing activities	(27,046,869)	(6,837,306)

	30-Sep-2023 Rupees	30-Sep-2022 Rupees
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt of loan from directors	41,500,000	36,500,000
Repayment of:		
Long term financing	(14,538,775)	(98,085,010)
Increase in long term financing	14,827,000	-
Increase in short term bank borrowings	36,000,000	-
Net cash generated from / (used in) financing activities	77,788,225	(61,585,010)
Net increase in cash and cash equivalents (a+b+c)	7,342,887	26,352,177
Cash and cash equivalents at the beginning of the period	72,439,992	77,396,188
Cash and cash equivalents at the end of the period	79,782,879	103,748,365

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



(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)  
DIRECTOR



(SADAQUAT HUSSAIN)  
CHIEF FINANCIAL OFFICER

**CHENAB LIMITED**

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Issued, subscribed and paid up capital	Cumulative preference shares	Loan from Directors	Surplus on revaluation of property, plant and equipment	Capital reserves				Revenue reserves			Total
					Premium on issue of ordinary shares	Book difference of capital under scheme of amalgamation	Preference shares redemption reserve	Sub total	General reserve	Accumulated loss	Sub total	
<b>Balance as at June 30, 2022 (audited)</b>	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)
(loss) for the period								-		(148,487,701)	(148,487,701)	(148,487,701)
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
Remeasurement of defined benefit liability								-		-	-	-
				446,451,036				-		(148,487,701)	(148,487,701)	297,963,335
Incremental depreciation on revalued assets for the period				(19,396,468)				-		19,396,468	19,396,468	-
Transactions with owner - Loan from directors			36,500,000									36,500,000
<b>Balance as at Sep-30, 2022 (un-audited)</b>	1,150,000,000	500,000,000	683,313,086	5,786,678,985	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,464,722,661)	(8,388,289,827)	<b>258,111,995</b>
(Loss) for the period										(256,652,829)	(256,652,829)	(256,652,829)
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				-				-		-	-	-
Remeasurement of defined benefit liability								-		(506,471)	(506,471)	(506,471)
				-				-		(257,159,300)	(257,159,300)	(257,159,300)
Incremental depreciation on revalued assets for the period				(58,189,402)				-		58,189,402	58,189,402	-
Surplus realised on disposal of property, plant and equipments				(560,904,456)						560,904,456	560,904,456	-
Transactions with owner - Loan from directors			143,400,000									143,400,000
<b>Balance as at June 30, 2023 (audited)</b>	1,150,000,000	500,000,000	826,713,086	5,167,585,126	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,102,788,103)	(8,026,355,269)	<b>144,352,695</b>
(loss) for the period										(45,033,618)	(45,033,618)	(45,033,618)
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												
Remeasurement of defined benefit liability										-	-	-
				-				-		(45,033,618)	(45,033,618)	(45,033,618)
Incremental depreciation on revalued assets for the period				(19,751,322)				-		19,751,322	19,751,322	-
Transactions with owner - Loan from directors			41,500,000									41,500,000
<b>Balance as at Sep-30, 2023 (un-audited)</b>	1,150,000,000	500,000,000	868,213,086	5,147,833,804	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,128,070,399)	(8,051,637,565)	<b>140,819,077</b>

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



(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)  
DIRECTOR



(SADAQUAT HUSSAIN)  
CHIEF FINANCIAL OFFICER

**CHENAB LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE**  
**CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**For the quarter ended September 30, 2023**

**1 GENERAL INFORMATION**

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

Description	Location	Address
Registered Office / Head Office	Faisalabad	Nishatabad, Faisalabad.
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.

- 1.2 Pursuant to schemes of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Faisal Weaving (Private) Limited, Latif Weaving (Private) Limited and Chenab Finishing (Private) Limited were merged with the Company with effect from December 31, 1998 and assets, liabilities and reserves of Chenab Fibers Limited were merged with the Company with effect from April 01, 2003.
- 1.3 As at September 30, 2023 the accumulated loss of the Company is Rs.8,128 million and the current liabilities exceed its current assets by Rs.453 million. The Company has not redeemed preference shares on exercise of put options for three consecutive years by holders of preference shares due to tight cash flow situation. The company was wound up by the order of Honorable Lahore High Court dated July13, 2017 due to application filed by one of the creditor because of breach of debt covenants. The company preferred an appeal before the Honorable Supreme Court against this order but leave of appeal was not granted and dismissed vide order dated January 08, 2019 and official liquidator was appointed under the winding up order. SECP has initiated proceedings for investigations under the U/S-257 of Companies Act 2017,(Section 265 of the repealed Companies Ordinance, 1984.) The company has challenged the order and the Honourable Lahore High Court has stayed the proceedings.

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

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

The Company shall pay the Principal Debt and Mark-Up to the Agent Bank and the Agent Bank shall pay each lenders its pro-rata share of such repayments. In view of approval of scheme of arrangement by the lenders/financial institutions the management is confident that its implementation will result in improvement in the financial and operational condition of the Company are discussed below:

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

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

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

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

**(c) Additional Working Capital facility**

The company required the running facility for managing its working capital in two consecutive years from the effective date which is approved under the scheme of arrangement. Lenders/financial institutions have provided the agreed working capital facility while the other one provided subsequently.

**(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 financial statements are presented in Pak Rupee, which is the company's functional and presentation currency.

## 2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

## 3. ACCOUNTING POLICIES

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

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

## 5 LONG TERM FINANCING

Under mark up arrangements

From banking companies/financial institutions

Secured

Tier - I debt

Increment in the loan

Paid during the period / year

Tier - II debt

Increment in the loan

Less: Current portion

Installments due

Payable within one year

Associates

	<b>Sep-30, 2023 (Un-Audited)</b>	<b>Jun-30, 2023 (Audited)</b>
	<b>Rupees</b>	<b>Rupees</b>
	4,079,342,364	4,350,439,489
	7,413,500	-
	(14,538,775)	(271,097,125)
	4,072,217,089	4,079,342,364
	4,737,486,363	4,737,486,364
	7,413,500	-
	4,744,899,863	4,737,486,364
	8,817,116,952	8,816,828,728
	471,642,043	457,342,043
	97,200,000	87,200,000
	568,842,043	544,542,043
	8,248,274,909	8,272,286,685
	7,991,122	7,755,342
	<b>8,256,266,031</b>	<b>8,280,042,027</b>

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

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

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

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

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

The past Mark up and the initial tier 2 Debt markup shall be waived off by the lenders if the Principal Debt (Tier-1 and Tier-2) and Mark-Up (Tier-1 Debt markup and Subsequent Tier-2 Debt markup) are paid timely and in accordance with the repayment Schedule under scheme of Arrangement. However, in case of any default in making all or any of payments stated above, full amount of such waived amounts (Past markup and Initial Tier-2 Debt markup) shall stand due and become payable.

## 6 CONTINGENCIES AND COMMITMENTS

### a) Contingencies

There was no significant change in contingencies since the date of published audited financial statements for the year ended June 30, 2023.

### b) Commitments

There was no commitments as on 30 September 2023. (2022: Nil)

	Sep-30, 2023 (Un-Audited) Rupees	Jun-30, 2023 (Audited) Rupees
<b>7 PROPERTY, PLANT AND EQUIPMENTS</b>		
Operating assets (Note: 7.1)	<b>9,155,789,910</b>	<b>9,168,196,248</b>
<b>7.1 Operating assets</b>		
Opening book value	9,168,196,248	9,615,704,320
Add: Cost of additions during the period / year	-	-
Add: Additions during the period / year	28,514,469	72,874,956
Add: Surplus/ (deficit) on revaluation	-	446,451,036
Less: Book value of disposals during the period / year	(60,688)	(240,931,000)
Less: Transfer to non current assets held for sale	-	(551,695,602)
	<b>9,196,650,029</b>	<b>9,342,403,710</b>
Less: Depreciation charged during the period / year	(40,860,118)	(174,207,462)
	<b>9,155,789,910</b>	<b>9,168,196,248</b>
<b>8 INVESTMENT PROPERTY</b>		
<b>Land</b>		
Closing net book value as at	234,651,713	234,651,713
<b>Building</b>		
Opening net book value	267,793,674	325,323,566
Less: Book value of disposals during the period / year	-	(45,523,156)
Less: Depreciation charge during the period / year	(2,677,937)	(12,006,737)
Closing net book value (Building)	265,115,737	267,793,674
	<b>499,767,450</b>	<b>502,445,387</b>
<b>9 TRADE DEBTS</b>		
Considered good		
Unsecured		
Foreign	119,873,565	183,927,312
Local	87,541,593	75,618,106
	<b>207,415,158</b>	<b>259,545,418</b>

	QUARTER ENDED	
	30-Sep-2023 Rupees	30-Sep-2022 Rupees
<b>10 Sales</b>		
Export		
Fabrics / made ups / garments	531,443,618	165,208,301
Local		
Fabrics / made ups	16,580,022	31,087,084
	548,023,640	196,295,385
Add: Export rebate / duty drawback	3,344,164	33,318
	551,367,804	196,328,703
Less:		
Commission	(14,904,451)	(4,515,256)
Discount	(4,344,075)	-
	(19,248,526)	(4,515,256)
Processing and conversion income	256,418,641	197,325,951
	<b>788,537,919</b>	<b>389,139,398</b>

Note

		<b>QUARTER ENDED</b>	
		<b>30-Sep-2023</b>	<b>30-Sep-2022</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>11</b>	<b>Cost of sales</b>	<b>Note</b>	
	Cost of goods manufactured	11.1	777,922,129
	Finished goods		445,415,778
	Opening stock		22,886,052
	Closing stock		(36,070,220)
			(13,184,168)
	Cost of sales		764,737,961
			439,828,430
<b>11.1</b>	<b>Cost of goods manufactured</b>		
	Raw material consumed	11.1.1	353,748,861
	Salaries, wages and benefits		81,969,122
	Staff retirement benefits		103,281,072
	Processing charges		2,811,539
	Conversion charges		2,663,228
	Stores and spares		46,588,129
	Dyes and chemicals		392,566
	Packing material		2,387,652
	Repairs and maintenance		2,992,143
	Fuel and power		15,711,128
	Insurance		7,238,884
	Depreciation		72,785,519
	Other		58,237,337
			19,665,980
	Work in process		2,624,091
	Opening stock		375,696
	Closing stock		152,582,199
			64,974
			759
			31,074,819
			23,714,431
			565,872
			1,314,157
			803,891,836
			417,405,154
	Opening stock		90,623,514
	Closing stock		(116,593,221)
			(25,969,707)
			777,922,129
			445,415,778
<b>11.1.1</b>	<b>Raw material consumed</b>		
	Opening stock		94,173,295
	Purchases including purchase expenses		10,010,845
			343,835,859
			74,538,210
			438,009,154
			84,549,055
			(84,260,293)
			(2,579,933)
			353,748,861
			81,969,122
<b>12</b>	<b>OTHER INCOME</b>		
	Income from assets other than financial assets:		
	Sale of waste material		1,529,995
	Rental Income		101,078
	Gain on disposal of asset		17,030,850
	Balances written back - net		19,065,616
	Fair value adjustment of deferred revenue		3,632,200
			-
			70,138,868
			-
			272,794
			239,146
			92,604,707
			19,405,840

### 13 TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertaking, directors and key management personnel. Amounts due to and due from related parties are shown under relevant notes to the financial statements, no other significant transactions with related parties.

### 14 CORRESPONDING FIGURES

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

### 15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors of the company and authorized for issue on **03-12-2024**.

### 16 GENERAL

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



(MUHAMMAD NAEEM)  
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)  
DIRECTOR



(SADAQUAT HUSSAIN)  
CHIEF FINANCIAL OFFICER

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