



# **Financial Statements**

for Nine Months period ended March 31

**2019.**

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# Company Information

<b>Chairman</b>	Mian Muhammad Latif
<b>Chief Executive</b>	Mr. Muhammad Naeem
<b>Directors</b>	Mian Muhammad Javaid Iqbal Mr. Muhammad Faisal Latif Mr. Tariq Ayoub Khan Mr. Masood Ul Hassan Mr. Muhammad Hashim Mr. Muhammad Salman Javed
<b>Nominee Director</b>	Mrs. Sobia Chughtai
<b>Major Bankers</b>	Allied Bank Limited. Askari Bank Limited. Al Baraka Bank (Pakistan) Limited. Citibank, N.A. Faysal Bank Limited. First Credit & Investment Bank Limited. Habib Bank Limited. Habib Metropolitan Bank Limited. KASB Bank Limited. National Bank of Pakistan. NIB Bank Limited. Orix Leasing (Pakistan) Limited. Pak Oman Investment Company Limited. Pak Kuwait Investment Company (Pvt.) Limited. Pak Libya Holding Company (Pvt.) Limited. Saudi Pak Industrial & Agricultural Investment Silk Bank Limited. Standard Chartered Bank (Pakistan) Limited. The Bank of Punjab. United Bank Limited.
<b>Chief Financial Officer</b>	Mr. Faisal Ali Sarwar
<b>Company Secretary</b>	Muhammad Arshad
<b>Auditors</b>	Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants.
<b>Shares Registrar</b>	F.D. Registrar Services (SMC-Pvt.) Limited Office # 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. Tel:021-32271905-6/021-35478192-3
<b>Registered Office</b>	Nishatabad, Faisalabad. Tel:+92 41 8754472-8 Fax:+92 41 8752400, 8752700 <a href="mailto:chenab@chenabgroup.com">chenab@chenabgroup.com</a> <a href="http://www.chenabgroup.com">www.chenabgroup.com</a>
<b>Website Address</b>	
<b>Works</b>	-Spinning Unit - Toba Tek Singh. -Weaving Unit - Kharianwala, Distt: Sheikhpura. -Weaving Unit - Shahkot, Distt: Nankana Sahib. -Processing & Stitching Units - Nishatabad,

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

The Directors are presenting before you un-audited financial statements of the Company together with notes for nine months period ended on March 31, 2019. Figures of corresponding quarter of last year are also presented for comparison. The balance sheet figures as on March 31, 2019 and June 30, 2018 have been shown as required by the international Accounting standards (IAS) 34 for interim financial reporting.

## **SALES AND SERVICES REVENUE**

Sales and Services Revenue of Rs.352.346 million was earned as compared with the Sales and Services revenue of Rs.710.068 million during the same period of the preceding period.

## **FINANCIAL RESULTS**

In view of unfavorable business circumstances the Company has sustained a financial loss of Rs.88.386 million before taxation.

## **FUTURE PROSPECTS**


The management got re-structuring done with banks through a Scheme of Arrangement on 14-09-2021. The winding up order passed by the Lahore High Court also got reversed on 29-10-2021. Thereafter the original management took over the charge.


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

## **ACKNOWLEDGEMENT**

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

FAISALABAD  
10-08-2023

  
(MUHAMMAD FAISAL LATIF)  
(DIRECTOR)

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

## ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

ڈائریکٹرز کمپنی کے نو ماہی حسابات (بغیر آڈٹ) بابت 31 مارچ 2019 بمعہ تفصیلات آپ کے سامنے پیش کرتے ہیں۔ پچھلے سال کی اسی سہ ماہی کے اعداد و شمار موازنہ کے لئے بھی پیش کئے ہیں بیلنس شیٹ کے اعداد 30 جون 2018 اور 31 مارچ 2019 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۔

### سیلز اور خدمات کارپوریٹو:-

سیلز اور خدمات کارپوریٹو 352.348 ملین روپے کا حاصل کیا گیا ہے بمقابلہ پچھلے نو ماہی میں جو کہ 710.068 ملین روپے تھا۔

### مالی نتائج:-

بہروزوں کاروباری حالات کے پیش نظر کمپنی نے ٹیکس سے پہلے 88.386 ملین روپے کا مالی نقصان برداشت کیا ہے۔

### مستقبل کا کیفیت نامہ:-

انتظامیہ نے بحالی سکیم بمورخہ 14-09-2021 بینکس کے ساتھ نئے سرے سے ادائیگی کے شیڈولز مرتب کئے ہیں عدالت عالیہ لاہور نے کمپنی کا تحلیل شدہ حکم نامہ بمورخہ 29-10-2021 کو منسوخ کر دیا ہے اور اس کے بعد اصل انتظامیہ نے چارج سنبھال لیا ہے۔ انتظامیہ غیر پیداواری اثاثہ جات کو فروخت کرنے کے لئے کوششیں کر رہی ہے تاکہ کمپنی کے لئے سرمائے کی ضرورت کو پورا کیا جائے۔

### تسلیم و تحسین:-

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

### برائے بورڈ ڈائریکٹرز:-

محمد فیصل لطیف

ڈائریکٹر

فیصل آباد

10-08-2023

محمد نعیم

چیف ایگزیکٹو

**CHENAB LIMITED**  
**BALANCE SHEET**

for Nine Months period ended March 31, 2019.

	Notes	(Un-audited) March 31, 2019 Rupees	(Audited) June, 30 2018 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
120,000,000 ordinary shares of Rs.10/- each		1,200,000,000	1,200,000,000
80,000,000 cumulative preference shares of Rs.10/- each		800,000,000	800,000,000
Issued, subscribed and paid up capital		1,150,000,000	1,150,000,000
Cumulative preference shares		800,000,000	800,000,000
Surplus on revaluation of			
Property, Plant and Equipment		5,725,017,942	5,739,343,363
Capital reserves		526,409,752	526,409,752
Revenue reserves		(9,331,309,086)	(9,263,133,935)
		(1,129,881,392)	(1,047,380,820)
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		2,322,962,831	2,448,167,352
Liabilities against assets subject to finance lease		-	-
Deferred liability		947,373,771	951,995,760
Deferred revenue		10,314,720	10,314,720
		3,280,651,322	3,410,477,832
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,946,158,731	1,972,458,011
Interest / markup payable		1,225,297,874	1,225,297,876
Short term borrowings	3	4,344,992,444	4,344,994,597
Current portion of :			
Long term financing		3,076,043,274	2,952,338,753
Liabilities against assets subject to finance lease		28,702,544	28,702,544
Provision for taxation - income tax		54,995,232	41,953,978
		10,676,190,099	10,565,745,759
<b>CONTINGENCIES AND COMMITMENTS</b>			
	4	-	-
		12,826,960,029	12,928,842,771
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	10,914,061,329	10,993,406,655
		12,636,768	12,636,768
		10,926,698,097	11,006,043,423
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		28,743,953	36,190,798
Stock in trade		230,000	29,794,979
Trade debts	6	1,733,897,905	1,728,209,931
Loans and advances		59,916,817	51,675,148
Deposits and prepayments		10,711,345	10,832,233
Other receivables		17,207,316	18,139,386
Tax refunds due from			
Government		32,076,247	29,166,833
Cash and bank balances		17,478,349	18,790,040
		1,900,261,932	1,922,799,348
		12,826,960,029	12,928,842,771

The annexed notes form an integral part of this condensed interim financial report



MUHAMMAD FAISAL LATIF  
(DIRECTOR)




MUHAMMAD NAEEM  
(CHIEF EXECUTIVE OFFICER)


**PROFIT AND LOSS ACCOUNT(Un-audited)**

for Nine Months period ended March 31, 2019.

	Note	Quarter ended March 31, 2019 Rupees	2018 Rupees	3rd Quarter ended March 31, 2019 Rupees	2018 Rupees
Sales	7	11,180,861	231,538,153	352,348,422	710,067,908
Cost of sales	8	26,644,032	246,978,196	412,653,216	795,413,463
Gross Profit / (loss)		(15,463,171)	(15,440,043)	(60,304,794)	(85,345,555)
Other operating income	9	18,917,209	9,260,260	45,740,684	27,790,477
		3,454,038	(6,179,783)	(14,564,110)	(57,555,078)
Selling and distribution expenses		119,544	6,269,433	6,918,844	15,551,902
Administrative expenses		18,466,788	32,094,621	66,028,086	89,792,938
		-	-	-	-
Other operating expenses		-	465,800	-	4,039,911
Finance cost	10	74,726	2,672,303	874,808	8,609,785
		18,661,058	41,502,157	73,821,738	117,994,536
Profit / (Loss) for the period before taxation		(15,207,020)	(47,681,940)	(88,385,848)	(175,549,614)
Provision for taxation	11	3,254,050	5,281,497	13,041,254	15,951,714
Profit / (Loss) for the period after taxation		(18,461,070)	(52,963,437)	(101,427,102)	(191,501,328)
Earnings per share - Basic		(0.16)	(0.46)	(0.88)	(1.67)

The annexed notes form an integral part of this condensed interim financial report

  
**MUHAMMAD FAISAL LATIF**  
 (DIRECTOR)


  
**MUHAMMAD NAEEM**  
 (CHIEF EXECUTIVE OFFICER)
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

for Nine Months period ended March 31, 2019.

	Quarter ended March 31, 2019 Rupees	2018 Rupees	3rd Quarter ended March 31, 2019 Rupees	2018 Rupees
Profit / (Loss) for the period	(18,461,070)	(52,963,437)	(101,427,102)	(191,501,328)
Other comprehensive income for the Period incremental depreciation on revalued assets for the period	4,308,506	83,023,714	14,325,421	87,655,197
Remeasurement of defined benefit liability	4,919,996	-	18,926,530	-
	(9,232,568)	30,060,277	(68,175,151)	(103,846,131)

The annexed notes form an integral part of this condensed interim financial report

  
**MUHAMMAD FAISAL LATIF**  
 (DIRECTOR)

  
**MUHAMMAD NAEEM**  
 (CHIEF EXECUTIVE OFFICER)

**CASH FLOW STATEMENT (Un-audited)**

for Nine Months period ended March 31, 2019.

**a) CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>3rd Quarter ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>Rupees</b>	<b>Rupees</b>
Profit / (Loss) before taxation	(88,385,848)	(175,549,614)
Adjustments for:		
Depreciation / impairment loss		
on property, plant and equipment	75,073,563	148,797,813
Provision for staff retirement gratuity	18,016,740	25,246,110
Profit on disposal of property, plant and equipment	3,828,237	155,603
Finance cost	874,808	8,609,785
Balances written back	2,325,235	-
Operating cash flows before working capital changes	11,732,735	7,259,697
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	7,446,845	21,079,480
Stock in trade	29,564,979	(27,735,090)
Trade debts	(5,687,974)	(44,166,156)
Loans and advances	(8,241,669)	(12,317,808)
Deposits and prepayments	120,888	1,451,720
Other receivables	9,054,551	19,526,263
Tax refunds due from Government	(2,909,414)	6,899,121
	29,348,206	(35,262,470)
Increase/ (Decrease) in current liabilities		
Trade and other payables	(36,280,989)	57,132,005
	(6,932,783)	21,869,535
Cash generated from operating activities	4,799,952	29,129,232
Income tax paid	(8,122,481)	(9,907,326)
Finance cost paid	(874,810)	(24,182)
Staff retirement gratuity paid	(3,712,199)	(13,610,998)
Net cash generated from operating activities	(7,909,538)	5,586,726


**b) CASH FLOWS FROM INVESTING ACTIVITIES**


Additions in property, plant and equipment	-	(4,524,839)
Proceeds from disposal of property, plant and equipment	8,100,000	350,000
Net cash generated / (used) in investing activities	8,100,000	(4,174,839)

**c) CASH FLOWS FROM FINANCING ACTIVITIES**

Long term financing obtained	-	-
Repayment of:		
Long term financing	-	(6,706,359)
Liabilities against assets subject to finance lease	-	-
Increase in short term bank borrowings - net	(2,153)	2,210,676
Net cash generated from financing activities	(2,153)	(4,495,683)
Net increase / (decrease) in cash and cash equivalents (a+b+c)	188,309	(3,083,796)
Cash and cash equivalents at the beginning of the period	18,790,040	27,922,073
Cash and cash equivalents at the end of the period	18,978,349	24,838,277

The annexed notes form an integral part of this condensed interim financial report

  
**MUHAMMAD FAISAL LATIF**  
 (DIRECTOR)


  
**MUHAMMAD NAEEM**  
 (CHIEF EXECUTIVE OFFICER)




**CHENAB LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**for Nine Months period ended March 31, 2019.**

	Share Capital		Capital Reserves				Revenue Reserves			Total	
	Issued, subscribed and paid up capital	Cumulative preference shares	Surplus on revaluation of property, plant and equipment	Premium on issue of ordinary shares	Book difference of capital under scheme of arrangement	Preference shares redemption reserve	sub total	General reserve	Unappropriated profit	sub total	TOTAL
	-----Rupees-----										
Balance as at July 01, 2017 (Audited)	1,150,000,000	800,000,000	5,761,095,295	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(9,100,280,197)	(9,023,847,363)	(786,342,316)
Total comprehensive											
(Loss) for the period									(81,781,976)	(81,781,976)	(81,781,976)
Incremental depreciation on revalued assets for the period			-						6,747,748	6,747,748	6,747,748
Related defrred tax			-						-	-	-
Surplus during the year			-						5,355,114	5,355,114	5,355,114
Remeasurement of defined benefit liability			-				-		5,355,114	5,355,114	5,355,114
Related deferred tax	-	-	-	-	-	-	-	-			
									(69,679,114)	(69,679,114)	(69,679,114)
Balance as at March 31, 2018	1,150,000,000	800,000,000	5,761,095,295	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(9,169,959,311)	(9,093,526,477)	(856,021,430)
Total comprehensive											
(Loss) for the period									(200,076,984)	(200,076,984)	(200,076,984)
Incremental depreciation on revalued assets for the year			(21,751,932)						15,004,184	15,004,184	(6,747,748)
Related deferred tax			-						-	-	-
Remeasurement of defined benefit liability			-						15,465,342	15,465,342	15,465,342
Related deferred tax	-	-	(21,751,932)	-	-	-	-	-	(169,607,458)	(169,607,458)	(191,359,390)
Balance as at June 30, 2018 (Audited)	1,150,000,000	800,000,000	5,739,343,363	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(9,339,566,769)	(9,263,133,935)	(1,047,380,820)
Total comprehensive											
Profit for the period									(101,427,102)	(101,427,102)	(101,427,102)
Other comprehensive (loss)											
Incremental depreciation on revalued assets for the period									14,325,421	14,325,421	-
Related deferred tax									-	-	-
Remeasurement of defined benefit liability									18,926,530	18,926,530	18,926,530
Related defrred tax	-	-	-	-	-	-	-	-	(68,175,151)	(68,175,151)	(82,500,572)
Balance as at March 31, 2019 (unaudited)	1,150,000,000	800,000,000	5,739,343,363	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(9,407,741,920)	(9,331,309,086)	(1,129,881,392)

The annexed notes form an integral part of these financial statements.

  
**MUHAMMAD FAISAL LATIF**  
**(DIRECTOR)**

  
**MUHAMMAD NAEEM**  
**(CHIEF EXECUTIVE OFFICER)**

**Selected Explanatory Notes to The Condensed Interim Financial Report(UNaudited)  
for Nine Months period ended March 31, 2019.**

**1. STATUS AND ACTIVITIES**

- 1.1 Chenab Limited (the Company) is incorporated as a public limited company under the Companies Ordinance, 1984 (the Ordinance) and is listed on Karachi Stock Exchange. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. The registered office of the Company is situated at Nishatabad, Faisalabad in the province of Punjab. The cloth processing unit is located at Nishatabad, District Faisalabad and stitching units are located at Nishatabad, District Faisalabad. Weaving units are located at Sheikhpura Road, Kharrianwala, District Sheikhpura and Shahkot, District Nankana Sahib. Spinning unit is located at Shorkot Road, District Toba Tek Singh, in the province of Punjab.
- 1.2 Pursuant to schemes of arrangement approved by the Honourable Lahore High Court, Lahore, assets, liabilities and reserves of Faisal Weaving (Private) Limited, Latif Weaving (Private) Limited and Chenab Finishing (Private) Limited were merged with the Company with effect from December 31, 1998 and assets, liabilities and reserves of Chenab Fibres Limited were merged with the Company with effect from April 01, 2003.
- 1.3 The Company has earned Loss of Rs. 188.776 million As at March 31, 2019 the accumulated loss of the Company is Rs. 9,419.20 million, shareholders' equity is negative by Rs. 6,942.79 million and the current liabilities of the company exceed its current assets by Rs. 8,749.96 million. The Company has not redeemed preference shares on exercise of put options for two consecutive years by holders of preference shares due to tight cash flow situation. The Company has not been able to comply with terms of certain loan agreements. Certain banks and financial institutions have filed cases for recovery and winding up of the Company which the management is defending. The litigation has also adversely affected the process of negotiations with banks for extension and re-scheduling of credit facilities.

Management's efforts for making re-scheduling arrangements with lenders are not so far fully materialised, however the management has been able to reach at agreement with two major lenders to restructure the loan. Short term facilities were converted to long term loans and fresh short term credit facilities were obtained. The Company has reached a settlement with another lender and fresh facility of export finance was obtained. The management is hopeful that arrangements with other lenders will also materialise in due course. The management is vigorously pursuing the recovery of old outstanding debts and also exploring the possibility of disposal of certain non core fixed assets to meet the working capital requirements has not been materialised so far due to adverse economic conditions.

On the operational side, the management continued toll manufacturing and making efforts to increase the volume of business. In view of prolonged energy crisis and delay in anticipated improvement in gas supply through purchase of LNG, the management decided to make necessary adjustments in machinery to use coal based boilers and oil heaters as an alternate source of energy to increase capacity utilization. The planning to enhance alternate energy source could not produce desired results due to operational difficulties and non-availability of working capital facilities. Due to continued load management by the utility suppliers, the desired results could not be achieved and the core issue of higher operating cost due to lower production could not be resolved. The management is in regular contact with foreign customers and making small export shipments. The quantum of export could not be increased despite export orders due to shortage of working capital and delay in settlements with bankers. The management is negotiating with banks for working capital facilities and successful settlements of overdue loans and hopeful of favourable results. The management is confident that the Company will be able to continue as a going concern.

- 1.4 This condensed interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Statement of compliance**

- 2.1.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements of IAS 34 differ with the requirements of the Companies Ordinance, 1984, the provisions of or the directives issued under the Companies Ordinance, 1984 have been followed.
- 2.1.2 This condensed interim financial information is un-audited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.
- 2.1.3 This condensed interim financial information does 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 period ended March 31, 2019.

**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 period:**

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2016 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 period ended March 31, 2019.

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

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2017 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 period ended March 31, 2019.

### 2.3 Basis of preparation

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

### 2.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published audited financial statements for the period ended March 31, 2019.

### 2.5 Estimates, judgments and risk management policies

**2.5.1** The preparation of financial information 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 information are the same as those disclosed in the published audited financial statements for the period ended March 31, 2019.

**2.5.2** Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the period ended March 31, 2019.

### 3. Short term borrowings

#### Secured

##### From banking companies

##### Export finances

##### Finance against trust receipt

##### Running fianace

##### Murabaha finances

(Un-audited) March 31, 2019 Rupees	(Audited) June, 30 2018 Rupees
3,668,552,114	3,668,552,114
18,301,847	18,304,000
437,588,483	437,588,483
220,550,000	220,550,000
<b>4,344,992,444</b>	<b>4,344,994,597</b>

**3.1** The aggregate unavailed short term borrowing facilities available to the Company are Rs. nil million. Total sanctioned limits are Rs. 5.07 billion out of which Rs. 4.34 billion are expired and renewable.

### 4. CONTINGENCIES AND COMMITMENTS

There is no significant change in contingencies since the date of published audited financial statements for the period ended March 31, 2019 except the following:

Liability of markup not acknowledged in view of

loan rescheduling applications filed to

allow non serviceable grace period on the outstanding liabilities

(Un-audited) March 31, 2019	(Audited) June, 30 2018
1,033,607,527	1,021,686,391

### 5. Property, plant and equipment

#### Operating assets

10,914,061,329	10,993,406,655
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### 5.1 ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT - AT COST

	3rd Quarter ended March 31, 2019 Acquisitions Rupees	Disposals Rupees	3rd Quarter ended March 31, 2018 Acquisitions Rupees	Disposal Rupees
Owned				
Plant and machinery	-	-	1,418,796	-
Electric installations	-	-	3,099,596	-
Office equipment	-	-	6,447	-
Vehicles	-	(19,366,386)	-	(3,560,568)
	-	(19,366,386)	4,524,839	(3,560,568)

### 6. Trade debts

#### Considered good

##### Secured

##### Foreign

##### Unsecured

##### Foreign

##### Local

(Un-audited) March 31, 2019 Rupees	(Audited) June, 30 2018 Rupees
(3,979,765)	7,485,243
1,698,060,404	1,691,735,048
39,817,266	28,989,640
1,737,877,670	1,720,724,688
<b>1,733,897,905</b>	<b>1,728,209,931</b>

6.1 The aging of trade debts is as under:

	(Un-audited) March 31, 2019 Rupees	(Audited) June, 30 2018 Rupees
Not past due	49,357,752	12,827,714
Past due within one year	8,018,495	7,346,538
Past due over one year	1,676,521,658	1,708,033,679
	1,684,540,153	1,715,380,217
	1,733,897,905	1,728,207,931

The management is taking measures for the recovery of past due trade debts and is in the process of negotiations and settlement with the customers. Considering these factors and the fact that legal recourse for recovery of past due debts is available to the Company, the Company believes that past due trade debts do not require any impairment..

7. Sales

	Quarter ended March 31, 2019 Rupees	2018 Rupees	3rd Quarter ended March 31, 2019 Rupees	2018 Rupees
Export				
Fabrics / made ups / garments	8,525,479	105,400,360	82,105,860	281,658,055
Add: Export rebate / duty drawback	44,735	1,018,477	712,082	3,327,855
	8,570,214	106,418,837	82,817,942	284,985,910
Less:				
Commission	(337,240)	762,890	453,503	3,314,084
Discount	-	-	-	-
	(337,240)	762,890	453,503	3,314,084
	8,907,454	105,655,947	82,364,439	281,671,826
Local				
Yarn	-	1,670,000	-	1,670,000
Fabrics / made ups	521,384	22,658,349	2,142,548	179,351,970
Processing, conversion and stitching charges	1,752,023	101,553,857	267,841,435	247,374,112
	11,180,861	231,538,153	352,348,422	710,067,908

8. Cost of sales

Cost of goods manufactured (Note 10.1)	26,645,622	261,346,084	401,538,159	810,826,018
Finished goods				
Opening stock	228,410	19,257,999	11,345,057	18,213,332
Closing stock	(230,000)	(33,625,887)	(230,000)	(33,625,887)
	(1,590)	(14,367,888)	11,115,057	(15,412,555)
	26,644,032	246,978,196	412,653,216	795,413,463

8.1 Cost of goods manufactured

Raw material consumed (Note 10.1.1)	436,295	106,723,290	160,248,909	327,662,004
Salaries, wages and benefits	-	42,099,871	72,672,112	133,764,139
Staff retirement benefits	1,655,200	3,993,700	8,285,600	18,204,100
Stores and spares	-	14,566,978	19,114,464	54,013,003
Dyes and chemicals	506,100	8,847,025	18,346,097	29,412,144
Packing material	-	6,645,606	5,894,611	20,910,481
Repairs and maintenance	6,508	941,096	296,173	1,160,975
Fuel and power	-	4,909,217	13,160,438	21,799,439
Insurance	-	-	-	-
Depreciation	23,859,917	58,415,299	72,621,728	145,372,863
Other	181,602	19,302,121	13,578,529	63,995,665
	26,645,622	266,444,203	384,218,661	816,294,813

Work in process				
Opening stock	-	6,833,263	17,319,498	6,462,587
Closing stock	-	(11,931,382)	-	(11,931,382)
	-	(5,098,119)	17,319,498	(5,468,795)
	26,645,622	261,346,084	401,538,159	810,826,018

8.1.1 Raw material consumed

Opening stock	-	8,563,753	1,130,424	8,099,205
Purchases including purchase expenses	436,295	113,112,482	159,118,485	334,515,744
	436,295	121,676,235	160,248,909	342,614,949
Closing stock	-	(14,952,945)	-	(14,952,945)
	436,295	106,723,290	160,248,909	327,662,004

	Quarter ended March 31, 2019 Rupees	2018 Rupees	3rd Quarter ended March 31, 2019 Rupees	2018 Rupees
<b>9. Other operating income</b>				
Income from assets other than financial assets:				
Sale of waste material	-	117,469	85,878	807,134
Rental income	19,561,209	9,142,791	44,151,804	26,827,740
Gain on disposal of property, plant and equipment	-	-	3,828,237	155,603
Balances written back - net	(644,000)	-	(2,325,235)	-
	<u>18,917,209</u>	<u>9,260,260</u>	<u>45,740,684</u>	<u>27,790,477</u>
<b>10. Finance cost</b>				
Interest / mark up on:				
Long term financing	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-
Long term murabaha	-	-	-	-
Short term borrowings	-	-	-	4,759,394
Bank charges and commission	74,726	2,672,303	874,808	3,850,391
	<u>74,726</u>	<u>2,672,303</u>	<u>874,808</u>	<u>8,609,785</u>

**10.1** The Company is facing financial and operational problems. As part of its long term plan to overcome these problems, the management has filed applications to its bankers / financial institutions to reschedule the existing long term finances and short term borrowings along with outstanding mark up thereon (except demand finance VII, own source finances and murabaha finances) and to convert the entire outstanding liabilities into non serviceable loans / loans subject to reduced rate of mark up for a reasonable period of time. The Company is hopeful that its bankers / financial institutions will consider the proposals favorably, therefore no further provision of markup in respect of these long term financing and short term borrowings has been made as the mark up expense amount depends on the outcome of the applications.

	Quarter ended March 31, 2019 Rupees	2018 Rupees	3rd Quarter ended March 31, 2019 Rupees	2018 Rupees
<b>11. Provision for taxation</b>				
Current				
For the period	3,254,050	5,281,497	13,041,254	15,951,714
For the prior periods	-	-	-	-
	<u>3,254,050</u>	<u>5,281,497</u>	<u>13,041,254</u>	<u>15,951,714</u>

**11.1** The provision for taxation made in this condensed interim financial information is subject to adjustment in annual financial statements.

## **12. TRANSACTIONS WITH RELATED PARTIES**

The Company in the normal course of business carries out transactions with various related parties which comprise of an associated undertaking, directors and key management personnel. The Company has not carried out any significant transaction with related parties during the period except payment of remuneration to Chief Executive Officer, Directors and Executives amounting to Rs.null.

## **13. Overdue loans**

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.

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:

- 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,
- (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

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

This condensed interim financial report was authorised for issue on **10-08-2023** by the Board of Directors of the Company.

## **15. GENERAL**

- There is no unusual item included in this condensed interim financial report which is affecting liabilities, assets, loss, comprehensive loss, cash flows or equity of the Company.
- Provision for workers' profit participation fund made in this condensed interim financial information is subject to adjustment in the annual financial statements.
- Figures have been rounded off to the nearest Rupee.



**MUHAMMAD FAISSAL LATIF**  
(DIRECTOR)



**MUHAMMAD NAEEM**  
(CHIEF EXECUTIVE OFFICER)

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