



Financial Statements

for Nine Months period ended March 31,
(un-audited)

2023

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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 are presenting before you un-audited financial statements of the Company together with notes for nine months period ended on March 31, 2023. Figures of corresponding quarter of last year are also presented for comparison. The balance sheet figures as on March 31, 2023 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.55.168 million during nine months period.

Similarly revenue was earned from Local/Export Sales and toll manufacturing activities at Rs.1379.084 million of nine months period.

FINANCIAL RESULTS

In view of unfavorable business circumstances the Company has sustained a financial loss of Rs.367.587 million before taxation during nine months period.

FUTURE PROSPECTS

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

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


ACKNOWLEDGEMENT

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

For and on behalf
BOARD OF DIRECTORS

FAISALABAD
30-04-2024


(MUHAMMAD FAISAL LATIF)
DIRECTOR


(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

ڈائریکٹرز کمپنی کے نو ماہی حسابات (بغیر آڈٹ) بابت 31 مارچ 2023 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 2022 اور 31 مارچ 2023 بھی ظاہر کئے گئے ہیں جو کہ بین الاقوامی اکاؤنٹنگ سٹینڈرز (آئی۔ اے۔ ایس 34) برائے درمیانی مدت کی فنانشل رپورٹنگ کے زیر تفتیش ہیں۔

ریونیو:-

نومہ کے دوران ریونیو کرایہ پر دیئے گئے اثاثوں سے مبلغ 55.168 ملین روپے حاصل کیا گیا۔ اسی طرح لوکل / ایکسپورٹ اور ٹول مینوفیکچرنگ کی سرگرمیوں سے مبلغ 1379.084 نومہ کے دوران ریونیو حاصل کیا گیا۔

مالیاتی نتائج:-

نومہ کے دوران ناموزوں کاروباری حالات کے پیش نظر کمپنی نے ٹیکس سے پہلے 367.587 ملین روپے کا نقصان برداشت کیا ہے۔

مستقبل کا کیفیت نامہ:-

انتظامیہ نے بحالی سکیم مورخہ 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۔ اور بلا آخر مورخہ 01-04-2022 کو مرمت اور بحالی کے بعد کاروباری پروڈکشن شروع کر دی تھی۔

تسلیم و تحسین:-

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

برائے بورڈ آف ڈائریکٹرز:-



محمد فیصل لطیف

ڈائریکٹر

فیصل آباد



محمد نعیم


چیف ایگزیکٹو

30-04-2024


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
As at March 31, 2023

	Mar-31, 2023 (Un-Audited)	Jun-30, 2022 (Audited)		Mar-31, 2023 (Un-Audited)	Jun-30, 2022 (Audited)
Note	Rupees	Rupees	Note	Rupees	Rupees
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital			Property, plant and equipments	7	9,976,884,363
120,000,000 ordinary shares of Rs.10/- each	<u>1,200,000,000</u>	<u>1,200,000,000</u>	Investment property	8	505,447,070
			Long term deposits		13,418,150
80,000,000 cumulative preference shares of Rs.10/- each	<u>800,000,000</u>	<u>800,000,000</u>			10,495,749,583
					10,189,097,750
Issued, subscribed and paid up capital	1,150,000,000	1,150,000,000			
Cumulative preference shares	500,000,000	500,000,000			
Directors' loan	771,713,086	646,813,086			
Surplus on revaluation of property, plant and equipment	5,702,389,024	5,359,624,416			
Capital reserves	526,409,752	526,409,752			
Revenue reserves	(8,538,495,686)	(8,259,198,594)			
	112,016,176	(76,351,340)			
NON-CURRENT LIABILITIES			CURRENT ASSETS		
Long term financing	5	8,317,387,619	8,368,504,108	Stores, spares and loose tools	64,899,570
Deferred revenue	56,213,806	56,931,244	Stock in trade	149,305,972	44,251,070
Deferred interest / markup	336,501,547	179,157,793	Trade debts	9	258,672,413
Liability against redemption of preference shares	300,000,000	300,000,000	Loans and advances	102,628,891	110,498,524
Deferred liabilities	21,164,154	10,193,582	Deposits and prepayments	21,024,838	8,947,685
	9,031,267,126	8,914,786,727	Other receivables	62,390,114	64,706,908
			Tax refunds due from Government	136,475,640	73,033,076
CURRENT LIABILITIES			Cash and bank balances	17,152,935	77,396,188
Trade and other payables	1,661,530,113	1,274,887,040		812,550,372	563,293,216
Unclaimed dividend	366,071	366,071			
Short term bank borrowings	55,000,000	-	Non current assets held for sale	147,942,743	147,942,743
Current portion of:					
Long term financing	520,242,043	726,220,500			
Provision for taxation - income tax	75,821,170	60,424,711			
	2,312,959,397	2,061,898,322			
CONTINGENCIES AND COMMITMENTS	6	-			
	<u>11,456,242,699</u>	<u>10,900,333,709</u>			
				<u>11,456,242,699</u>	<u>10,900,333,709</u>

The annexed notes from 1 to 18 are an integral part of these financial statements.


(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER


(MUHAMMAD FAISAL LATIF)
DIRECTOR



(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)


FOR THE NINE MONTHS ENDED MARCH 31, 2023

	Notes	PERIOD ENDED		QUARTER ENDED	
		March 31, 2023 Rupees	March 31, 2022 Rupees	March 31, 2023 Rupees	March 31, 2022 Rupees
Sales	10	1,379,084,832	200,527,028	645,400,195	161,794,774
Cost of sales	11	(1,465,105,511)	(349,284,397)	(558,831,073)	(267,744,988)
Gross profit / (loss)		(86,020,678)	(148,757,369)	86,569,123	(105,950,214)
Operating Expenses					
Selling and distribution expenses		(20,365,559)	(3,842,648)	(9,532,305)	(3,830,235)
Administrative expenses		(175,201,148)	(134,882,963)	(64,971,416)	(47,119,295)
Other operating expenses	12	-	(34,963,225)	-	(18,870,750)
		(195,566,707)	(173,688,835)	(74,503,721)	(69,820,279)
Operating profit / (loss)		(281,587,386)	(322,446,205)	12,065,401	(175,770,494)
Other income	13	78,329,896	68,265,710	18,126,015	20,673,674
Finance cost	14	(164,329,572)	(125,930,410)	(54,824,655)	(55,318,666)
(loss) before taxation		(367,587,061)	(380,110,904)	(24,633,238)	(210,415,485)
Provision for taxation		(15,396,459)	(12,757,807)	(6,547,731)	(1,822,588)
(loss) after taxation		(382,983,520)	(392,868,711)	(31,180,969)	(212,238,073)
Earnings per share - Basic		(3.33)	(3.42)	(0.27)	(1.85)

The annexed notes from 1 to 18 are an integral part of these financial statements.


(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER


(MUHAMMAD FAISAL LATIF)
DIRECTOR


(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2023

	PERIOD ENDED		QUARTER ENDED	
	March 31, 2023 Rupees	March 31, 2022 Rupees	March 31, 2023 Rupees	March 31, 2022 Rupees
(loss) after Taxation	(382,983,520)	(392,868,711)	(31,180,969)	(212,238,073)
Other comprehensive income for the period	-	-	-	-
Items that will not be subsequently reclassified to profit or loss	-	-	-	-
Surplus on revaluation of property, plant and equipment arisen during the period / year - net	446,451,036	-	-	-
Remeasurement of defined benefit liability	-	-	-	-
	446,451,036	-	-	-
Total comprehensive (loss) for the period	63,467,516	(392,868,711)	(31,180,969)	(212,238,073)

The annexed notes from 1 to 18 are an integral part of these financial statements.



(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)
DIRECTOR



(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023

	PERIOD ENDED	
	March 31, 2023 Rupees	March 31, 2022 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(367,587,061)	(380,110,904)
Adjustments for:		
Depreciation	139,660,649	68,308,843
Provision for staff retirement gratuity	9,987,105	6,795,722
Loss on disposal of operating assets	-	34,963,225
Gain on disposal of investment property	(21,476,844)	-
Balance written back - net	-	(1,665,340)
Finance cost	164,329,572	125,930,410
Fair value adjustment of deferred revenue	717,438	628,945
Operating cash flows before working capital changes	(74,369,141)	(145,149,100)
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(20,648,500)	(4,365,362)
Stock in trade	(71,705,891)	(67,282,162)
Trade debts	(151,812,729)	(56,199,967)
Loans and advances	7,869,634	(76,918,705)
Deposits and prepayments	(12,077,153)	1,679,435
Other receivables	2,316,794	(63,093,584)
Tax refunds due from Government	(27,892,996)	(26,100,122)
Increase / (Decrease) in current liabilities:		
Trade and other payables	386,643,073	273,054,995
	112,692,232	(19,225,472)
Cash (used in) / generated from operations	38,323,091	(164,374,572)
Income Tax paid	(24,480,976)	(10,004,625)
Finance cost paid	(6,268,380)	(375,178)
Net cash (used in) / generated from operating activities	7,573,736	(174,754,374)

PERIOD ENDED

	March 31, 2023	March 31, 2022
	Rupees	Rupees
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of assets	55,480,000	385,281,250
Additions in operating assets	(45,384,603)	(62,954,440)
Net cash generated from / (used in) investing activities	10,095,397	322,326,810
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
(Decrease) in Current portion of long term financing	(257,812,385)	(387,046,875)
Receipt of loan from directors	124,900,000	371,500,000
Increase in short term bank borrowings	55,000,000	-
Net cash (used in) financing activities	(77,912,385)	(15,546,875)
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(60,243,253)	132,025,561
Cash and cash equivalents at the beginning of the period	77,396,188	34,341,523
Cash and cash equivalents at the end of the period	17,152,935	166,367,084

The annexed notes from 1 to 18 are an integral part of these financial statements.



(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER



(MUHAMMAD FAISAL LATIF)
DIRECTOR

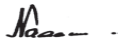


(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 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 arrangement for amalgamation	Preference shares redemption reserve	Sub total	General reserve	Accumulated loss	Sub total	
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
(loss) for the period								-		(392,868,711)	(392,868,711)	(392,868,711)
Other comprehensive income								-			-	
Items that may be subsequently reclassified to profit or loss:												
Items that will not be subsequently reclassified to profit or loss:												
Remeasurement of defined benefit liability								-		-	-	-
Related deferred tax								-		-	-	-
	-	-	-	-	-	-	-	-	-	(392,868,711)	(392,868,711)	(392,868,711)
Loan from directors			371,500,000									371,500,000
Surplus realized on disposal of property, plant and equipment				(261,403,581)						261,403,581	261,403,581	-
Incremental depreciation on revalued assets for the period				(24,320,471)						24,320,471	24,320,471	-
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 March 31, 2022 (un-audited)	1,150,000,000	500,000,000	615,813,086	5,362,689,570	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,279,188,090)	(8,202,755,257)	(47,842,849)
Profit for the period										(59,508,491)	(59,508,491)	(59,508,491)
Other comprehensive income											-	
Items that may be subsequently reclassified to profit or loss:												
Items that will not be subsequently reclassified to profit or loss:												
Remeasurement of defined benefit liability										-	-	-
Related deferred tax										-	-	-
	-	-	-	-	-	-	-	-	-	(59,508,491)	(59,508,491)	(59,508,491)
Loan from directors			31,000,000									31,000,000
Incremental depreciation on revalued assets for the period				(3,065,153)						3,065,153	3,065,153	-
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)
(loss) for the period										(382,983,520)	(382,983,520)	(382,983,520)
Other comprehensive income											-	
Items that may be subsequently reclassified to profit or loss:												
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	-	-	-	-	-	(382,983,520)	(382,983,520)	63,467,516
Loan from directors			124,900,000									124,900,000
Surplus realized on disposal of property, plant and equipment				(45,497,026)						45,497,026	45,497,026	-
Incremental depreciation on revalued assets for the period				(58,189,403)						58,189,403	58,189,403	-
Balance as at March 31, 2023 (un-audited)	1,150,000,000	500,000,000	771,713,086	5,702,389,024	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,614,928,520)	(8,538,495,686)	112,016,176


The annexed notes from 1 to 18 are an integral part of these financial statements.



 (MUHAMMAD NAEEM)
 CHIEF EXECUTIVE OFFICER



 (MUHAMMAD FAISAL LATIF)
 DIRECTOR



 (FAISAL ALI SARWAR)
 CHIEF FINANCIAL OFFICER

CHENAB LIMITED
SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 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.
Spinning Unit	Toba tek Singh	3 K.M Shortkot Road, Toba Tek Singh
Weaving Unit-I	Kharianwala	11 K.M Main Faisalabad Lahore Road, Kharianwala, Sheikhpura.
Weaving Unit-II	Nankana Sahib	7 K.M Main Faisalabad Lahore Road, Kotla Kalo Shahkot, Nankana Sahib.
Processing & Stitching Units	Faisalabad	Main Faisalabad Lahore Road, Nishatabad, Faisalabad.
Stitching Unit	Faisalabad	Jhumra road Gatti, Faisalabad.

- 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 March 31, 2023 the accumulated loss of the Company is Rs. 8,614 million and the current liabilities exceed its current assets by Rs. 1352 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 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. Due to 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 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 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 condensed interim 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 published annual 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 published annual audited financial statements of the Company.

5 LONG TERM FINANCING

Under markup arrangements

From banking companies / financial institutions

Secured

Tier - I debt

Paid during the year / period

Tier II

Less: Current portion

Installments over due

Payable within one year

Associates

	Mar-31, 2023 (Un-Audited)	Jun-30, 2022 (Audited)
	Rupees	Rupees
	4,350,439,489	4,737,486,364
	(257,812,385)	(387,046,875)
	4,092,627,104	4,350,439,489
	4,737,486,364	4,737,486,364
	8,830,113,468	9,087,925,852
	(434,462,043)	(147,294,944)
	(85,780,000)	(578,925,556)
	(520,242,043)	(726,220,500)
	8,309,871,425	8,361,705,352
	7,516,194	6,798,756
	8,317,387,619	8,368,504,108

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

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

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

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

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

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

6 CONTINGENCIES AND COMMITMENTS

a) Contingencies

There was no significant change in contingencies as on March 31, 2023 since the published financial statements for the period ended December 31, 2022.

b) Commitments

There was no commitments as on March 31, 2023. (2022: Nil)

	Mar-31, 2023 (Un-Audited)	Jun-30, 2022 (Audited)
	Rupees	Rupees
7 PROPERTY, PLANT AND EQUIPMENTS		
Operating assets (Note: 7.1)	9,976,884,363	9,615,704,320
7.1 Operating assets		
Opening book value	9,615,704,320	9,651,578,837
Revaluation arisen during the period / year -net	446,451,036	-
Add: Cost of additions during the period / year	45,384,603	73,041,826
Add: Transfer from capital work in progress	-	69,139,547
Add: Transfer from right of use assets	-	169,176,975
Less: Book value of disposals during the period / year	-	(270,592,475)
	10,107,539,959	9,692,344,710
Less: Depreciation charged during the period / year	(130,655,597)	(76,640,390)
	9,976,884,363	9,615,704,320
8 INVESTMENT PROPERTY		
Land		
Opening balance	234,651,713	485,803,713
Disposal during the period / year	-	(149,652,000)
Transfer to assets held for sale	-	(101,500,000)
Closing balance	234,651,713	234,651,713
Building		
Opening net book value	325,323,566	387,256,572
Disposal during the period / year	(45,523,156)	-
Transfer from operating assets	-	(46,442,743)
Depreciation charge during the period / year	(9,005,053)	(15,490,263)
Closing net book value (Building)	270,795,357	325,323,566
	505,447,070	559,975,280
9 TRADE DEBTS		
Considered good		
Unsecured		
Foreign	172,875,903	50,660,627
Local	85,796,510	56,199,057
	258,672,413	106,859,684

	PERIOD ENDED		QUARTER ENDED	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees	Rupees	Rupees	Rupees
10 SALES				
Export				
Fabrics / madeups / garments	736,588,451	17,861,227	441,849,925	17,861,227
Local				
Fabrics / madeups / garments	47,111,593	5,127,664	9,443,778	3,587,489
	783,700,044	22,988,891	451,293,703	21,448,716
Add: Export rebate / duty drawback	1,507,879	-	1,080,705	-
	785,207,923	22,988,891	452,374,408	21,448,716
Less:				
Commission	(9,164,407)	-	(4,635,170)	-
Discount	(1,514,562)	-	(1,514,562)	-
	(10,678,969)	-	(6,149,732)	-
Processing, conversion and stitching charges	604,555,878	177,538,137	199,175,519	140,346,058
	1,379,084,832	200,527,028	645,400,195	161,794,774
11 COST OF SALES				
Cost of goods manufactured (Note:11.1)	1,483,546,496	358,137,877	556,958,633	274,707,249
Finished goods				
Opening stock	1,598,704	200,180	21,912,129	2,091,399
Closing stock	(20,039,690)	(9,053,660)	(20,039,690)	(9,053,660)
	(18,440,986)	(8,853,480)	1,872,439	(6,962,261)
Cost of sales	1,465,105,511	349,284,397	558,831,073	267,744,988
11.1 Cost of goods manufactured				
Raw material consumed (Note 11.1.1)	390,853,929	69,796,924	215,477,525	65,953,463
Salareis, wages and benefits	246,461,378	99,313,337	69,743,598	72,439,283
Staff retirement benefits	7,989,684	6,795,722	2,663,228	2,718,289
Processing charges	7,471,632	3,996,759	4,121,146	3,849,689
Conversion charges	6,042,779	24,733,721	1,711,885	196,637
Stores and spares	27,223,580	25,156,685	5,540,600	6,089,829
Dyes and chemicals	206,389,353	66,381,648	110,687,052	64,923,498
Packing material	34,912,308	3,756,663	15,048,827	2,978,776
Repair and maintenance	1,918,920	9,072,308	292,391	7,414,329
Fuel and power	469,650,073	82,240,353	149,447,243	81,966,075
Insurance	62,846	144,544	21,735	144,544
Depreciation	84,042,407	9,272,015	26,766,554	9,272,015
Other	2,980,650	1,549,589	359,023	42,780
	1,485,999,537	402,210,267	601,880,805	317,989,206
Work in process				
Opening stock	65,165,912	-	22,696,781	790,433
Closing stock	(67,618,953)	(44,072,390)	(67,618,953)	(44,072,390)
	(2,453,041)	(44,072,390)	(44,922,172)	(43,281,957)
	1,483,546,496	358,137,877	556,958,633	274,707,249

	PERIOD ENDED		QUARTER ENDED	
	March 31, 2023 Rupees	March 31, 2022 Rupees	March 31, 2023 Rupees	March 31, 2022 Rupees
11.1.1. Raw material consumed				
Opening stock	10,010,845	-	15,543,794	1,394,266
Purchases including purchase expenses	442,490,413	84,153,216	261,581,060	78,915,489
	452,501,258	84,153,216	277,124,854	80,309,755
Closing stock	(61,647,329)	(14,356,292)	(61,647,329)	(14,356,292)
	390,853,929	69,796,924	215,477,525	65,953,463
12 OTHER OPERATING EXPENSES				
Loss on disposal of operating assets	-	16,092,475	-	-
Loss on disposal of investment property	-	18,870,750	-	18,870,750
	-	34,963,225	-	18,870,750
13 OTHER INCOME				
Income from assets other than financial assets:				
Sale of waste material	967,443	171,665	859,769	133,490
Rental Income	55,168,171	65,799,760	17,027,100	18,665,196
Gain on disposal of investment property	21,476,844	-	-	-
Balances written back - net	-	1,665,340	-	1,665,340
Fair value adjustment of deferred revenue	717,438	628,945	239,146	209,648
	78,329,896	68,265,710	18,126,015	20,673,674
14 FINANCE COST				
Interest / mark up on:				
Long term financing	157,343,754	124,926,287	50,739,453	54,837,449
Short term borrowings	722,111	-	673,235	-
Bank charges and commission	5,546,269	375,178	3,172,821	271,569
Fair value adjustment of loan from associates	717,438	628,945	239,146	209,648
	164,329,572	125,930,410	54,824,655	55,318,666

15 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.

16 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.

17 DATE OF AUTHORIZATION FOR ISSUE


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

18 GENERAL

Figures have been rounded off to the nearest of Rupees.


(MUHAMMAD NAEEM)
CHIEF EXECUTIVE OFFICER


(MUHAMMAD FAISAL LATIF)
DIRECTOR


(FAISAL ALI SARWAR)
CHIEF FINANCIAL OFFICER

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