

2023

Financial Statements

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



www.chenabgroup.com


Chenab
LIMITED

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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)

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

The Directors placed before you an un-audited/reviewed financial statements together with notes for the half year ended December 31, 2023.

Figures of corresponding period of last year are also presented for comparison. The balance sheet figures as on December 31, 2023 and June 30, 2023 have been shown as required by the INTERNATIONAL ACCOUNTING STANDARDS (IAS) 34 for interim financial reporting.

REVENUE

Sales and services revenue of **Rs.1.580** billion has been earned during the period as compared to revenue **Rs.734** million generated during the same period of the preceding year.

FINANCIAL RESULTS

In view of unfavorable business circumstances, the Company sustained a financial loss of **Rs.135.670** million before taxation during the period under report.

FUTURE PROSPECTS

There is potential demand in the international markets for Pakistan textile products. The Company can take benefit of this situation if the financial institutions provide adequate financial limits.

The management of the Company is determined to turn the unit as viable and profitable by improving cost effective measures and cost saving efforts in future.

EXPLANATION TO AUDITORS OBSERVATION.

- (a) Majority of the preference shareholders have opted to convert their shares into ordinary shares but the matter is pending with court. Therefore, we could not calculate the diluted EPS.
- (b) The management is of the view that deferred tax asset will be created and liability will be adjusted subsequently.


- (c) The company circulated the confirmation letters to all parties selected by the auditor. The Company remained non-operational for a long period of time therefore some parties were not responding which was beyond our control.
- (d) The company has properly disclosed the outstanding liability.
- (e) The company is hopeful that it will receive the outstanding amount. The company's management is now following up with the customers for the recovery. Therefore, need no adjustment in these balances.

ACKNOWLEDGEMENT

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

FAISALABAD
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 نے آپ کے سامنے 31 دسمبر 2023ء کو ختم ہونے والے ششماہی کے غیر آڈٹ شدہ/جائزہ شدہ مالیاتی نتائج رکھے ہیں۔ مواذنہ کے لئے گزشتہ سال کی اسی مدت کے اعداد و شمار بھی پیش کئے ہیں۔ 31 دسمبر 2023ء اور 30 جون 2023ء تک کے بیلنس شیٹ کے اعداد و شمار کو بین الاقوامی اکاؤنٹنگ اسٹینڈرز (IAS) 34 کے ذریعے عبوری مالیاتی رپورٹنگ کے لئے درکار ہیں کو دیکھا گیا ہے۔

رپورٹ:-

اس مدت کے دوران سیلز اور سروسز سے 1.580 بلین روپے کی آمدنی ہوئی ہے۔ جبکہ پچھلے سال کی اسی مدت کے دوران حاصل ہونے والی آمدنی 734 بلین روپے مقابلے میں ہے۔

مالیاتی نتائج۔

ناموافق کاروباری حالات کے پیش نظر رپورٹ مدت کے دوران ٹیکس سے پہلے 135.670 بلین روپے کا خسارہ دیکھا گیا ہے۔

مستقبل کا کیفیت نامہ۔

پاکستانی ٹیکسٹائل مصنوعات کی بین الاقوامی منڈیوں میں ممکنہ مانگ ہے کمپنی اس صورت حال سے فائدہ اٹھا سکتی ہے اگر مالیاتی ادارے مناسب مالی سہولت فراہم کریں۔ کمپنی کی انتظامیہ مستقبل میں لاگت کے موثر اقدامات اور لاگت کی بچت کی کوششوں کو بہتر بنا کر یونٹ کو قابل عمل اور منافع بخش بنانے کے لئے پرعزم ہے۔

آڈیٹرز کے خدشات پر وضاحت:-

- ترجیحی حصہ داران کی کثیر تعداد نے عام شیئرز میں تبدیل کرنے کی رضامندی دی ہے۔ لیکن یہ معاملہ عدالتوں میں ہے (ریفرنس نوٹ 3.3) اس لیے حتمی فیصلہ تک ترجیحی شیئرز عام شیئرز میں تبدیل نہیں ہو سکتے اس لیے DILUTED EPS وضع نہیں کی جاسکتی۔
- انتظامیہ کا خیال ہے کہ آنے والے سالوں میں مکمل پروڈکشن حاصل ہونے تک ڈیفریڈ ٹیکس ایسٹ بنانا شروع ہو جائیگا اور ڈیفریڈ ٹیکس کی ذمہ داری اس میں ایڈجسٹ ہو جائے گی۔
- کمپنی نے بیلنس کنفرمیشن کیلئے آڈیٹرز کے منتخب کردہ پارٹیز کو خطوط بھیجے ہیں، چونکہ کمپنی لمبے عرصہ تک غیر فعال رہی ہے، اس لیے کچھ پارٹیز نے ان خطوط پر کوئی جواب نہیں دیا، اور یہ معاملہ کمپنی کے دائرہ کار سے باہر ہے۔
- ادا کرنے والی رقوم کو مناسب طور پر دکھایا گیا ہے۔
- انتظامیہ پُر امید ہے کہ واجبات الوصول رقم مل جائیگی۔ اب انتظامیہ رقوم کی وصولی کیلئے سرگرم عمل ہے۔ لہذا ان رقوم کو ختم کرنے کی ضرورت نہیں۔

تسلیم و تحسین:-

بورڈ آف ڈائریکٹرز حصص یافتگان و سرکاری ایجنسیوں اور مالیاتی اداروں کی حمایت کے لئے اپنی تعریف ریکارڈ پر رکھتا ہے۔

M. M. M.

محمد نعیم

(چیف ایگزیکٹو آفیسر)

M. M. M.

محمد فیصل لطیف

(ڈائریکٹر)

(حسب الحکم بورڈ آف ڈائریکٹرز)

فیصل آباد:- 03 دسمبر 2024ء

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CHENAB LIMITED
REPORT ON REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Chenab Limited (the Company) as at December 31, 2023 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

- (a) As disclosed in note 4 to the annual audited financial statements for the year ended June 30, 2023, the cumulative redeemable preference shares of Rs. 500 million contain put option and has not been accounted for in compliance with the requirements of IFRS-9 applicable to Compound Financial instruments since prior periods, which constitutes a departure from the said IFRS. Preference shares with a put option carries the dilutive effect as per IAS 33 - Earnings per Share. The above-mentioned accounting treatment restricts the true and fair presentation of the condensed interim financial statements;
- (b) The deferred tax liability of Rs. 8.65 million (June 30, 2023: Rs. 29.22 million) has not been recorded in the condensed interim financial statements. Had the provision been made, deferred tax liability and loss for the period / year would have been increased by Rs 8.65

million (June 30, 2023: Rs. 29.22 million) and equity would have been decreased by Rs. 8.65 million (June 30, 2023: Rs. 29.22 million);

- (c) Trade and other payables include trade creditors of Rs. 264.50 million (June 30, 2023: Rs. 286.51 million) and contract liabilities of Rs. 9.07 million (June 30, 2023: Rs. 9.07 million) which are outstanding since long. The effect of adjustments, if any, could not be determined in the absence of relevant required information;
- (d) Security deposit of Rs 8.35 million (June 30, 2023: Rs. 12.82 million) has not been kept in separate bank as required under Section 217 of the Companies Act, 2017;
- (e) Trade debts of Rs. 12.94 million (June 30, 2023: Rs. 12.94 million) and advances to suppliers of Rs. 17.79 million (June 30, 2023: Rs. 17.79 million) are outstanding since long. In our view, these balances are fully impaired against which no provision has been made. Had the provision been made, trade debts and advances to suppliers would have been decreased by these respective amounts, loss for the period / year would have been increased by Rs 30.73 million (June 30, 2023: Rs. 30.37 million) and equity would have been decreased by Rs. 30.73 million (June 30, 2023: Rs. 30.37 million).

Qualified Conclusion

Based on our review, except for the matters described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at December 31, 2023 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Material Uncertainty relating to going concern

The company suffered financial difficulties. These conditions as set forth in Note 1.3, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Other Matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended December 31, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Inam ul Haque.


RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS



Place: Lahore


Date: 03-12-2024

UDIN: RR202310226cApHCkVXP


CHENAB LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Note	Quarter ended December 31,		Half year ended December 31,	
		2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Sales	8	791,043,147	344,545,239	1,579,581,066	733,684,637
Cost of sales	9	861,814,227	467,381,238	1,626,552,188	907,209,668
Gross (loss)		(70,771,080)	(122,835,999)	(46,971,122)	(173,525,031)
Other income	10	142,024,145	40,798,041	234,628,852	60,203,881
		71,253,064	(82,037,958)	187,657,730	(113,321,150)
Operating expenses					
Selling and distribution expenses		22,639,096	4,088,751	51,555,774	10,833,254
Administrative expenses		87,849,528	59,370,074	146,667,811	110,229,732
Finance cost	11	59,286,179	53,852,476	125,104,122	109,504,917
		(169,774,803)	(117,311,301)	(323,327,707)	(230,567,903)
(Loss) for the period before taxation		(98,521,738)	(199,349,259)	(135,669,977)	(343,889,053)
Provision for taxation	12	10,250,162	4,900,822	18,135,541	8,848,728
(Loss) for the period		(108,771,900)	(204,250,081)	(153,805,518)	(352,737,781)
(Loss) per share- Basic and diluted		(0.95)	(1.78)	(1.34)	(3.07)

The annexed notes from 1 to 16 form 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 HALF YEAR ENDED DECEMBER 31, 2023

	Quarter ended December 31,		Half year ended December 31,	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
(Loss) for the period	(108,771,900)	(204,250,081)	(153,805,518)	(352,737,781)
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
Total comprehensive (loss)/profit for the period	<u>(108,771,900)</u>	<u>(204,250,081)</u>	<u>(153,805,518)</u>	<u>93,713,255</u>

The annexed notes from 1 to 16 form 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 HALF YEAR ENDED DECEMBER 31, 2023

	Half year ended December 31,	
	2023 Rupees	2022 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(135,669,977)	(343,889,053)
Adjustments for:		
Depreciation of operating assets	110,127,697	80,006,499
Depreciation of investment property	5,355,873	6,427,702
Provision for staff retirement gratuity	7,058,070	6,658,070
Gain on disposal of operating assets	(3,632,200)	-
Gain on disposal of investment property	-	(21,476,844)
Gain on disposal of non current assets held for sale	(132,002,457)	-
Finance cost	125,104,122	109,504,917
Balances written back - net	(70,138,868)	-
Fair value adjustment of deferred revenue	(545,588)	(478,292)
Operating cash flows before working capital changes	<u>(94,343,328)</u>	<u>(163,247,001)</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(62,963,263)	(42,153,691)
Stock in trade	(45,447,088)	16,737,022
Trade debts	(48,058,015)	(59,872,471)
Loans and advances	(67,553,824)	21,316,334
Deposits	(14,835,139)	(12,000,000)
Other receivables	(343,856)	1,931,376
Tax refunds due from Government	47,525,737	(41,954,558)
	<u>(191,675,448)</u>	<u>(115,995,988)</u>
Increase in current liabilities		
Trade and other payables	89,560,873	75,913,732
	<u>(102,114,575)</u>	<u>(40,082,256)</u>
Cash generated from operations	(196,457,903)	(203,329,257)
Income tax paid	(38,275,937)	(12,095,530)
Finance cost paid	(23,296,287)	(2,373,448)
Net cash (used in) operating activities	<u>(258,030,127)</u>	<u>(217,798,235)</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in operating assets	(95,710,601)	(32,678,231)
Proceeds from disposal of operating assets	1,467,600	-
Proceeds from disposal of non current assets held for sale	380,000,000	-
Proceeds from disposal of investment property	-	55,480,000
Advance against disposal of non core assets	-	261,562,500
Net cash generated from investing activities	<u>285,756,999</u>	<u>284,364,269</u>

	Half year ended December 31,	
	2023	2022
	Rupees	Rupees
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of loan from directors	226,500,000	114,900,000
Repayment of :		
Long term financing	(321,908,137)	(246,420,947)
Increase in short term bank borrowings	70,000,000	12,000,000
Net cash (used in) financing activities	<u>(25,408,137)</u>	<u>(119,520,947)</u>
Net increase / (decrease) in cash and cash equivalents (a+b+c)	2,318,735	(52,954,913)
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	<u>74,758,727</u>	<u>24,441,275</u>

The annexed notes from 1 to 16 form 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 HALF YEAR ENDED DECEMBER 31, 2023

	Issued, subscribed and paid up capital	Cumulative preference shares	Director's loan	Surplus on 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
R u p e e s												
Balance as at July 01, 2022 (Audited)	1,150,000,000	500,000,000	646,813,086	5,359,624,416	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,335,631,428)	(8,259,198,594)	(76,351,340)
Total comprehensive income for the period												
(Loss) for the period	-	-	-	-	-	-	-	-	-	(352,737,781)	(352,737,781)	(352,737,781)
Other comprehensive income												
Items that may be subsequently reclassified to profit or loss:												
Surplus on revaluation of property, plant and equipment arisen during the period - net	-	-	-	446,451,036	-	-	-	-	-	-	-	446,451,036
	-	-	-	446,451,036	-	-	-	-	-	(352,737,781)	(352,737,781)	93,713,255
Incremental depreciation on revalued assets for the period	-	-	-	(31,109,122)	-	-	-	-	-	31,109,122	31,109,122	-
Surplus realised on disposal of property, plant and equipment	-	-	-	(45,497,026)	-	-	-	-	-	45,497,026	45,497,026	-
Transaction with owners												
Loan from director	-	-	114,900,000	-	-	-	-	-	-	-	-	114,900,000
Balance as at December 31, 2022 (Unaudited)	1,150,000,000	500,000,000	761,713,086	5,729,469,304	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,611,763,061)	(8,535,330,227)	132,261,915
Total comprehensive income for the period												
(Loss) for the period	-	-	-	-	-	-	-	-	-	(52,402,749)	(52,402,749)	(52,402,749)
Other comprehensive income												
Items that may be subsequently reclassified to profit or loss:												
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	(506,471)	(506,471)	(506,471)
	-	-	-	-	-	-	-	-	-	(52,909,220)	(52,909,220)	(52,909,220)
Incremental depreciation on revalued assets for the period	-	-	-	(46,476,748)	-	-	-	-	-	46,476,748	46,476,748	-
Surplus realised on disposal of property, plant and equipment	-	-	-	(515,407,430)	-	-	-	-	-	515,407,430	515,407,430	-
Transaction with owners												
Loan from director	-	-	65,000,000	-	-	-	-	-	-	-	-	65,000,000
Balance as at June 30, 2023 (Audited)	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)	144,352,695
Total comprehensive (loss) for the period												
(Loss) for the period	-	-	-	-	-	-	-	-	-	(153,805,518)	(153,805,518)	(153,805,518)
Other comprehensive income												
Items that may be subsequently reclassified to profit or loss:												
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	(153,805,518)	(153,805,518)	(153,805,518)
	-	-	-	(33,130,654)	-	-	-	-	-	33,130,654	33,130,654	-
Incremental depreciation on revalued assets for the period	-	-	-	(33,130,654)	-	-	-	-	-	33,130,654	33,130,654	-
Surplus realised on disposal of property, plant and equipment	-	-	-	(103,908,903)	-	-	-	-	-	103,908,903	103,908,903	-
Transaction with owner												
Loan from director	-	-	226,500,000	-	-	-	-	-	-	-	-	226,500,000
Balance as at December 31, 2023 (Unaudited)	1,150,000,000	500,000,000	1,053,213,086	5,030,545,569	120,000,000	63,552,610	342,857,142	526,409,752	76,432,834	(8,119,554,064)	(8,043,121,230)	217,047,177

The annexed notes from 1 to 16 form 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 (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 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/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 December 31, 2023 the accumulated loss of the Company is Rs. 8,119.55 million (June 30, 2023: Rs. 8,102.79 million), and the current liabilities of the company exceed its current assets by Rs. 447.64 million (June 30, 2023: Rs. 1,043.84 million). The Company has not redeemed preference shares on exercise of put options for three consecutive years by holders of preference shares due to tight cash flow situation. The Company has not been able to comply with terms of certain loan agreements. The Company was wound up by the order of Honorable Lahore High Court dated July 13, 2017 due to application filed by one of the creditor because of breach of debt covenants. The Company preferred an appeal before the Honorable Supreme Court against this order but leave of appeal was not granted and dismissed vide order dated January 08, 2019 and official liquidator was appointed under the winding up order. SECP has initiated proceedings for investigations under section 257 of Companies Act 2017, (Section 265 of the repealed Companies Ordinance, 1984.) The company has challenged the order and the Honorable Lahore High Court has stayed the proceedings.

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

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

The Company shall pay the Principal Debt and Mark-Up to the Agent Bank and the Agent Bank shall pay each lenders it's pro-rata share of such repayments.

Due to approval of scheme of arrangement by the lenders/financial institutions the management is confident that 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

For the smooth operations, company needs additional working capital facilities from banks. The banks have agreed to provide working capital facilities under the scheme of arrangement. The lead bank has already disbursed its share while the other financial institution disbursed its share subsequently.

(d) Induction of fresh equity

The Sponsors had arranged an injection of fresh equity through sale of personal shares into the company by realizing Rs. 350 Million as per Scheme of arrangement. However, to improve the financial health of the company the sponsors have further injected a sum of Rs.458.90 million till the balance sheet date as subordinated loan since its revival.

The above mentioned proposals will help to overcome the financial and operational problems of the Company. Considering management's plans and adherence to facilities approved under the arrangement as discussed in para (a) to (d) above, management is confident that the Company will be able to continue as a going concern.

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

1.5 All the significant transactions and events that have affected the company's financial position and performance during the period have been appropriately disclosed in respective notes.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Statement of compliance

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

- International Accounting Standards (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 provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 These condensed interim financial statements are unaudited but subject to limited scope review by the auditor of the Company and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

2.1.3 These condensed interim financial statements do not include all the information required for a complete set of financial statements, and should be read in conjunction with the published audited financial statements of the Company for the year ended June 30, 2023.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.2.1 Standards, amendments to standards and interpretations becoming effective in current year

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

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

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2023 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2023.

2.3 Basis of preparation

These financial statements have been prepared under the "historical cost convention" except: -

- certain property, plant and equipment carried at valuation; and
- staff retirement gratuity carried at present value.

2.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2023.

2.5 Estimates, judgments and risk management policies

2.5.1 The preparation of condensed interim financial statement in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in this condensed interim financial statement are the same as those disclosed in the published audited financial statements for the year ended June 30, 2023.

2.5.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2023.

	Un-audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
3. Long term financing		
Under markup agreements From banking companies / financial institutions		
Secured		
Tier - I debt	4,079,342,364	4,350,439,489
Paid during the period/year	(321,908,137)	(271,097,125)
	3,757,434,227	4,079,342,364
Tier - II Debt	4,737,486,364	4,737,486,364
	<u>8,494,920,591</u>	<u>8,816,828,728</u>
Less : Current portion		
Installments over due	182,284,182	457,342,043
Payable within one year	187,900,000	87,200,000
	<u>370,184,182</u>	<u>544,542,043</u>
	8,124,736,409	8,272,286,685
Associates	8,300,930	7,755,342
	<u>8,133,037,339</u>	<u>8,280,042,027</u>
4. Short term bank borrowings		
Secured		
Under mark up arrangements	140,000,000	70,000,000
Export finances		

4.1 The financing facilities has been provided to meet the working capital requirement as agreed under the scheme of arrangement (Refer Note 1.3). These are secured against first joint parri passu charge and ranking charge over current and fixed assets of the Company, lien on export documents and by personal guarantee of existing sponsors / directors of the company. These are subject to mark up at the rates from one month KIBOR plus 0.5% to one month KIBOR plus 0.25% (2023: one month KIBOR plus 0.5%).

4.2 The effective rate of mark up charged during the period ranges from 22.15% to 23.89% per annum (2023:22.05% to 23.85% per annum).

5. CONTINGENCIES

There is no significant change in contingencies since the date of published audited financial statements for the year ended June 30, 2023 except the following:

Others

According to the Scheme of arrangement initial Tier-II debt markup (calculated at 3% of Tier-II debt) will be waived off, provided company makes no default in making the payments as agreed under scheme of arrangement.

Dividend for cumulative preference shares will be accumulated and payable in the ensuing years when the sufficient amount of profit will be available for appropriation.

		Un-audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
	Note	Un-audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
6. Property, plant and equipment			
Operating assets	6.1	9,153,718,464	9,168,196,248
6.1 Operating assets			
Book value at beginning of period / year		9,168,196,248	9,615,704,320
Revaluation arisen during the period / year -net		-	446,451,036
Add: Addition during the period / year	6.1.1	95,710,601	72,874,956
Transfer to non current asset held for sale		-	(551,695,602)
Less: disposal during the period / year	6.1.2	(60,688)	(240,931,000)
Depreciation charge during the period / year		(110,127,697)	(174,207,462)
		<u>9,153,718,464</u>	<u>9,168,196,248</u>
6.1.1 Additions to operating assets, during the period / year were as follow:			
Plant and machinery		87,885,615	71,023,226
Electric installations		2,161,448	-
Factory equipment		303,390	-
Vehicles		5,360,148	1,851,730
		<u>95,710,601</u>	<u>72,874,956</u>

6.1.2 Disposals of operating assets, during the period / year were as follow:

Land

Cost / revaluation

Vehicles

Cost

Accumulated depreciation

Un-audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
-	240,931,000
3,643,190	-
(3,582,502)	-
<u>60,688</u>	<u>240,931,000</u>

7. Non current assets held for sale

Freehold land	Building on freehold land	Plant and machinery	Electric installations	Generators	Total
Rupees					

At July 01, 2022

Cost/ revaluation	101,500,000	63,875,500	-	-	-	165,375,500
Accumulated depreciation	-	(17,432,757)	-	-	-	(17,432,757)
	<u>101,500,000</u>	<u>46,442,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,942,743</u>

Year ended June 30, 2023

Opening net book value	101,500,000	46,442,743	-	-	-	147,942,743
Transferred from operating assets	93,538,615	109,877,419	286,569,968	11,169,600	50,540,000	551,695,602
Cost / revaluation	(101,500,000)	(63,875,500)	-	-	-	(165,375,500)
Accumulated depreciation	-	17,432,757	-	-	-	17,432,757
	<u>(101,500,000)</u>	<u>(46,442,743)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(147,942,743)</u>
	<u>93,538,615</u>	<u>109,877,419</u>	<u>286,569,968</u>	<u>11,169,600</u>	<u>50,540,000</u>	<u>551,695,602</u>

At June 30, 2023

Cost/ revaluation	93,538,615	114,455,645	292,425,000	11,635,000	53,200,000	565,254,260
Accumulated depreciation	-	(4,578,226)	(5,855,032)	(465,400)	(2,660,000)	(13,558,658)
	<u>93,538,615</u>	<u>109,877,419</u>	<u>286,569,968</u>	<u>11,169,600</u>	<u>50,540,000</u>	<u>551,695,602</u>

Period ended December 31, 2023

Opening net book value	93,538,615	109,877,419	286,569,968	11,169,600	50,540,000	551,695,602
Cost / revaluation	(32,425,015)	(56,390,050)	(150,500,000)	(10,235,000)	(25,200,000)	(274,750,065)
Accumulated depreciation	-	2,255,602	2,827,520	409,400	1,260,000	6,752,522
	<u>(32,425,015)</u>	<u>(54,134,448)</u>	<u>(147,672,480)</u>	<u>(9,825,600)</u>	<u>(23,940,000)</u>	<u>(267,997,543)</u>
	<u>61,113,600</u>	<u>55,742,971</u>	<u>138,897,488</u>	<u>1,344,000</u>	<u>26,600,000</u>	<u>283,698,059</u>

At December 31, 2023

Cost/ revaluation	61,113,600	58,065,595	141,925,000	1,400,000	28,000,000	290,504,195
Accumulated depreciation	-	(2,322,624)	(3,027,512)	(56,000)	(1,400,000)	(6,806,136)
	<u>61,113,600</u>	<u>55,742,971</u>	<u>138,897,488</u>	<u>1,344,000</u>	<u>26,600,000</u>	<u>283,698,059</u>

	Note	Quarter ended December 31,		Half year ended December 31,	
		2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
9.1 Cost of goods manufactured					
Raw material consumed	9.1.1	305,111,184	94,342,512	658,860,045	176,311,634
Salaries, wages and benefits		133,483,233	94,629,612	236,764,305	176,717,780
Staff retirement benefits		3,540,724	2,663,228	6,352,263	5,326,456
Processing charges		34,276,750	2,957,920	80,864,879	3,350,486
Conversion charges		6,336,350	1,338,751	8,724,002	4,330,894
Stores and spares		23,685,831	14,444,096	39,396,959	21,682,980
Dyes and chemicals		114,457,468	37,464,964	187,242,987	95,702,301
Packing material		26,873,438	10,012,198	46,539,418	19,863,481
Repairs and maintenance		3,126,884	1,250,833	5,750,975	1,626,529
Fuel and power		156,525,771	173,635,450	309,107,970	320,202,830
Insurance		194,754	40,352	259,728	41,111
Depreciation		59,465,948	33,561,422	90,540,767	57,275,853
Other		4,278,467	1,307,470	4,844,339	2,621,627
		871,356,802	467,648,808	1,675,248,637	885,053,962
Work in process					
Opening stock		116,593,221	37,155,288	90,623,514	65,165,912
Closing stock		(131,040,700)	(22,696,781)	(131,040,700)	(22,696,781)
		(14,447,479)	14,458,507	(40,417,186)	42,469,131
		856,909,323	482,107,315	1,634,831,451	927,523,093

9.1.1 Raw material consumed

Opening stock	84,260,293	2,579,933	94,173,295	10,010,845
Purchases including purchase expenses	312,816,090	107,306,373	656,651,949	181,844,583
	397,076,383	109,886,306	750,825,244	191,855,428
Closing stock	(91,965,199)	(15,543,794)	(91,965,199)	(15,543,794)
	305,111,184	94,342,512	658,860,045	176,311,634

	Quarter ended December 31,		Half year ended December 31,	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
10. Other income				
Income from assets other than financial assets:				
Sale of waste material	299,944	6,596	1,829,939	107,674
Rental income	9,448,950	19,075,455	26,479,800	38,141,071
Gain on sale of operating assets	-	-	3,632,200	-
Gain on sale of investment property	-	21,476,844	-	21,476,844
Gain on sale of non current assets held for s	132,002,457	-	132,002,457	-
Balances written back-net	-	-	70,138,868	-
Fair value adjustment of deferred revenue	272,794	239,146	545,588	478,292
	142,024,145	40,798,041	234,628,852	60,203,881
11. Finance cost				
Interest / mark up on:				
Long term financing Tier-I debt	47,944,386	52,661,052	99,439,093	106,604,301
Short term borrowings	5,280,246	48,876	10,727,742	48,876
Bank charges and commission	5,788,753	903,402	14,391,699	2,373,448
Fair value adjustment of loan from associates	272,794	239,146	545,588	478,292
	59,286,179	53,852,476	125,104,122	109,504,917

	Quarter ended December 31,		Half year ended December 31,	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
12. Provision for taxation				
Current				
For the year	10,250,162	4,900,822	18,135,541	8,848,728
Deferred	-	-	-	-
	<u>10,250,162</u>	<u>4,900,822</u>	<u>18,135,541</u>	<u>8,848,728</u>

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. Significant transactions with related parties are as

Name of the related party/Relationship	Nature of transaction	Un-Audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
Key management personnel	Remuneration	32,444,500	58,990,000
Mian Muhammad Latif (Director)	Loan Obtained	50,000,000	-
Mian Muhammad Javaid Iqbal (Director)	Loan Obtained	60,000,000	124,900,000
Mr. Muhammad Faisal Latif (Director)	Loan Obtained	116,500,000	55,000,000
Luxe Home (Associated Undertaking)	Receipt of general expenses	-	60,060,862

14. Overdue loans and mark up

Under Scheme of Arrangement the past markup has been waived off under each lender agreement subject to the condition that company makes no default in making payment of Principal and markup agreed under the arrangement as described below:

The mark-up on the Tier 1 Debt shall be 5% per annum and shall start accruing from the Effective Date.

The mark-up on Tier 2 Debt shall be 3% per annum. The Initial Tier 2 Debt Mark-Up shall start accruing from the Effective Date and such accrual shall end on the earlier of (i) the date on which the Tier 1 Debt is repaid, and (ii) the date by which the Tier 1 Debt is required to be repaid.

Thereafter, the mark-up on Tier 2 Debt shall accrue at 5% per annum.

Both Tier-1 Debt markup and subsequent Tier-2 Debt markup shall be paid within 03 years after the earlier of (i) the date on which the Tier 1 Debt and tier-2 Debt is repaid, and (ii) the date by which the Tier 1 Debt and Tier-2 Debt is required to be repaid.

The Lenders shall have the sole discretion to revise the quantum and applicability of the Tier 1 Debt Mark-Up, the Initial Tier 2 Debt Mark-Up, and the Subsequent Tier 2 Debt Mark-Up.

The Past Mark-up upto the Effective Date shall be calculated by aggregating:

- 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 Lender for each financing agreement.

14.1 Overdue Installments

On the reporting date, the installments of principals amounting to Rs. 182.28 million were over due. The over due installments were paid subsequently.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on **03-12-2024** by the Board of Directors of the Company.

16. GENERAL

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

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

16.3 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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- Nishatabad, Faisalabad - Pakistan
- Tel: +92 41 8754475-76
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- Web: www.chenabgroup.com

