



CHAKWAL SPINNING MILLS LTD.



ISO 9001:2000
CERTIFIED

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March 17, 2022

Mr. Hafiz Maqsood Munshi
Senior Manager
Listed Companies Compliance Department – RAD
Pakistan Stock Exchange Limited
Karachi.

Mr.
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Sub: Independent Auditors: Report for the Year Ended June 30, 2021

Dear Sir,

This refers to your letter no. PSX/C-649-454 dated March 04, 2022 regarding independent auditors' report on the financial statement for the year ended June 30, 2021. We would like to submit that the company has to shut down its operation due to continued heavy losses sustained by the company in previous periods. These losses badly affected the liquidity and cash flow of the company and made it debt burdened with deep business constraints. The scenario at that moment when operation was shut down was not good for the textile industry. With all difficult business conditions the management of the company was adamant to revive the company. However the things which were sour before covid – 19 pandemic get further aggravated after the break through of this lethal virus. The environment of lock down in the shadows of continued fear has its consequences which every citizen faced.

The management of the company believes that there exists business opportunities when industry has flourished with space created with change in global economic parameters. The Government incentive to provide competitive energy at competitive prices also benefited it to take its due share in the international export market.

The management of the company like to ensure PSX and regulators that it is committed to safeguard the assets of the company and have take the following decision in the best of the company and all stake holders.

- a) A comprehensive business plan is made catching all business opportunities and keeping all constraints in mind. This revival business shall consider all possibilities for the company to resume the operation with ultimate aim to get operating profitability. The CEO of has take the responsibility to make a revival business plan which shall shift the company fate from dormant to growing business enterprise.

18/3/22



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- b) The management also considers that Annual General meeting of the company is due on March 31, 2022 to consider the annual accounts for the year ended June 30, 2021. The independent auditors view is relevant to that period. Although the AGM agenda does not cover the revival business plan, however while discussing the financial statement of the company the members of the company may give valuable submission in this regard which could be helpful towards the revival of the company.
- c) The management is of the view that after holding of the AGM, it is decided to hold a meeting of the Board of Directors. The board shall solely consider the plan and its implementation with sources and risk environment. The recommendation of the Board shall give forwardness and confidence to the management to get rid of all doubts as viewed by the Auditors of the company in its review report. The management is all time committed to safeguard the interest of its shareholders which is its prime responsibility.

The management is of the view and likes to submit that the revival business after approval of the Board shall be forwarded to the PSX. This document will adequately answer the explanation desired by it. We are very much confident the company shall get the status of a regular and shall healthy contribute in all affairs of business and industry and ultimately shall give its due share in the national exchequer.

Thanking you

Yours truly,
For Chakwal Spinning Mills Limited

(Khawaja Mohammad Kaleem)
Director