

Annual Report 2019



Chakwal Spinning Mills Limited

VISION

Our Vision is to provide quality yarn of clothing needs of the people.

OUR MISSION

Chakwal Spinning Mills Ltd. is a yarn manufacturing company committed to produce quality yarn for quality conscious valued customers. The company's mission is to become progressive and profitable by adopting best industry practices, latest technology and maintaining fair, friendly and creative work environment which shall lead to generate sufficient return for the investors.

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CHAKWAL SPINNING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Khawaja Mohammad Jawed	(Chairman)
Khawaja Mohammad Kaleem	(Executive Director)
Khawaja Mohammad Jahangir	(Chief Executive Officer)
Khawaja Mohammad Tanveer	(Non-Executive Director)
Mr. Sheikh Maqbool Ahmed	(Independent Director)
Mr. Dasnish Tanveer	(Non-Executive Director)
Mst. Munaza Kaleem	(Non-Executive Director)
Mr. Mohammad Tariq Sufi	(Independent Director)

AUDIT COMMITTEE

Mr. Mohammad Tariq Sufi	(Chairman)
Khawaja Mohammad Jawed	(Member)
Mr. Dansih Tanveer	(Member)

HR & REMUNERATION COMMITTEE

Mr. Mohammad Tariq Sufi	(Chairman)
Khawaja Mohammad Tanveer	(Member)
Mst. Munaza Kaleem	(Member)

COMPANY SECRETARY

Mr. Nadeem Anwar	(ACA)
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CHIEF FINANCIAL OFFICER

Mr. Abdul Hye Khan Ghouri

BANKERS

Habib Metro Bank Limited
Allied Bank of Pakistan
MCB Bank Limited
The Bank of Punjab
Meezan Bank Limited

AUDITORS

Aslam Malik & Co.
Chartered Accountants
Suit # 18-19, 1st Floor,
Central Plaza, Civic Centre,
New Garden Town,
Lahore, Pakistan.

CORPORATE & REGISTERED OFFICE

7/1-E-3 Main Boulevard Gulberg III, Lahore

Tel : (042) 35717510

Fax : (042) 35755760

SHARE REGISTRARS

Corp link (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel : (042) 35839182
Fax : (042) 35869037

MILLS

49-Kilometer
Multan Road, Bhai Phero
Tel : (04943) 540083-4

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of members of **CHAKWAL SPINNING MILLS LIMITED** (the "Company") will be held at the Registered Office of the Company situated at 7/1 E-3, Main Boulevard, Gulberg III, Lahore on Friday, December 27, 2019 at 11:00 a.m. to transact the following business :-

ORDINARY BUSINESS:

1. To receive and adopt the audited accounts of the Company for the year ended June 30, 2019, together with the reports of Directors and Auditor's report thereon.
2. To appoint auditors for the year ending June 30, 2020 and to fix their remuneration. The retiring auditors Aslam Malik & Company Chartered Accountants have shown their interest in their reappointment.
3. To transact any other business which may be brought forward with the permission of the Chair

SPECIAL BUSINESS:

1. To obtain consent of the shareholders in terms of S.R.O. 470(I)/2016 dated 31 May 2016 issued by Securities and Exchange Commission of Pakistan, for the transmission of the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company either through CD or DVD or USB and to pass the following resolution as an Ordinary Resolution, with or without modification:

"Resolved that consent & approval of the members of Chakwal Spinning Mills Limited (the "Company") be and is hereby accorded for transmission of annual reports including annual audited accounts, notices of Annual General Meetings and other information contained therein of the Company to the members for future years commencing from the year ending on June 30, 2020 through CD or DVD or USB instead of transmitting the same in hard copies."

"Further Resolved that Chief Executive Officer or Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution"

The Directors have no interest except to the extent of their directorship and shareholding.

Lahore:
NADEEM ANWAR

Company Secretary

December 05, 2019

NOTES:

1. A statement of material facts under section 134 of the Companies Act 2017 concerning the special business to be transacted at AGM is being sent to the members with the notice of the meeting.
2. The share transfer books for ordinary shares of the Company will be closed from 21-12-2019 to 27-12-2019 (both days inclusive). Valid transfer(s) received in order by our Share Registrar, Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore by the closure of business on December 20, 2019 will be in treated in time. The same or any change in address, if any, alongside valid copy of CNIC for filing annual return of Company be sent to our share registrar M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35839182.
3. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Company's registered office not less than forty eight (48) hours before the time of meeting. Members through CDC appointing proxies must attach attested copy of their Computerized National Identity Card (CNIC) or Passport with the proxy form.
4. The shareholders through CDC, who wish to attend the Annual General Meeting, are requested to please bring, original CNIC. CDC account holder will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
5. In case of corporate entity, certified copy of the board of directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.
6. The financial statements for the year ended June 30, 2019 shall be uploaded on the Company's website www.chakwalspinningmills.com twenty one days prior to the date of holding of Annual General Meeting.
7. Pursuant to SECP Notification S.R.O. 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form available on Company's website.
8. If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.
9. Members are requested to promptly notify the Company of any change in their registered address.

Statement under Section 134 of the Companies Act, 2017
Concerning the Special Business

- This statement set out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on December 27, 2019.
- Securities and Exchange Commission of Pakistan has vide S.R.O 470(I)/2016 dated 31 May 2016 allowed the companies to circulate the annual reports including annual audited accounts, notices of Annual General Meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual report.
- The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.
- After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made.
- Accordingly, the directors have placed the matter before the shareholders for their approval and to pass the ordinary resolution as proposed in the notice of meeting.
- The Directors are interested to the extent of their directorship / shareholding.

REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF THE BOARD AND EFFECTIVENESS OF THE ROLE PLAYED BY THE BOARD IN ACHIEVING THE COMPANY'S OBJECTIVES


The Board of Directors (the Board) of Chakwal Spinning Mills Limited (CSML) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 (previously Companies Ordinance 1984) and the listed Companies (Code of Corporate Governance) regulations, 2017.

- The Board has actively participated in strategic planning processes, enterprise risk management system, policy development and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and/or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the director's report is published with the quarterly and annual financial statement of the Company and the content of the director's report are in accordance with the requirement of applicable laws and regulations;
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive Officer and other key executives including Chief financial Officer, Company Secretary and Head of internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its power in light of power assigned to the Board in accordance with the relevant laws and regulations applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in term of their conduct as directors and exercising their powers and decision making.

The annual evaluation of the Board's performance is assessed based on the key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates; the risks faced

by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of CSML has played a key role in ensuring that the Company objectives are not only achieved, but also exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.

December 05, 2019



Mr. Khawaja Mohammad Jawed
Chairman

بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے مؤثر کردار پر چیئرمین کی جائزہ

رپورٹ

چکوال سپننگ ملز لمیٹڈ (CSML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصہ داروں کے بہترین مفاد کو برقرار رکھنے میں اپنی ذمہ داریاں تندہی سے انجام دی ہیں اور کمپنی کے امور کو مؤثر اور بروقت انداز سے منظم کیا ہے۔ بورڈ نے کمپنیر ایکٹ 2017 (سابقہ کمپنیر آرڈیننس 1984) اور لسٹڈ کمپنیر (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 میں دیئے گئے اپنے اختیارات اور ذمہ داری کو بخوبی سرانجام دیا ہے۔

بورڈ نے اسٹریٹجک منصوبہ بندی کے عمل، ادارے کو لاحق خطرات کا انتظامی نظام، پالیسی ڈویلپمنٹ اور مالیات ساخت کی نگرانی اور منظوری میں فعال طور پر حصہ لیا ہے۔

سال بھر میں تمام اہم مسائل بورڈ یا اس کی کمیٹیوں کے روبرو کاروباری فیصلہ سازی کے عمل کو مضبوط بنانے کے لئے پیش کئے گئے اور خاص طور پر کمپنی کی طرف سے کئے گئے تمام متعلقہ پارٹی کے ساتھ لین دین کو آڈٹ کمیٹی کی سفارشات پر بورڈ نے منظوری دی۔

بورڈ نے اس بات کو یقینی بنایا ہے کہ اندرونی کنٹرول کا مناسب نظام موجود ہے اور خود تشخیصی طریقہ کار اور/یا انٹرنل آڈٹ سرگرمیوں کے ذریعے اس کی باقاعدگی سے جانچ پڑتال کی جاتی ہے۔

بورڈ نے مجلس نظام کی رپورٹ کی تیاری اور منظوری دی ہے اور اس بات کو یقینی بنایا ہے کہ مجلس نظام کی رپورٹ کمپنی کی سہ ماہی اور سالانہ مالیاتی حسابات کے ساتھ شائع ہوئی اور مجلس نظام کی رپورٹ کا مواد قابل اطلاق قوانین اور قواعد و ضوابط کے مطابق ہے۔


بورڈ نے چیف ایگزیکٹو سمیت دیگر اہم ایگزیکٹوز بشمول چیف فنانس آفیسر، کمپنی سیکرٹری اور انٹرنل آڈٹ کے سربراہ کی ملازمت اور معاوضہ سازی کو یقینی بنایا ہے۔

بورڈ نے اس کے اراکین کے درمیان بروقت طریقے سے تسلی بخش معلومات کے تبادلے کو یقینی بنایا اور بورڈ کے ممبران کو اجلاس کے درمیان ڈویلپمنٹ کے بارے میں لمحہ بہ لمحہ باخبر رکھا گیا ہے اور

بورڈ نے کمپنی پر قابل اطلاق متعلقہ قوانین اور قواعد و ضوابط کی روشنی میں دیئے گئے اختیارات کے مطابق اپنے اختیارات کا استعمال کیا ہے اور بورڈ نے ہمیشہ بحیثیت ڈائریکٹرز اپنے اختیارات کے استعمال اور فیصلہ سازی کرنے کے برتاؤ میں تمام قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل کو ترجیح دی ہے۔

بورڈ کی سالانہ کارکردگی اہم شعبوں پر مبنی ہے جہاں بورڈ کو اعلیٰ درجے کی نگرانی مہیا کرنے بشمول اسٹریٹجک عمل: کلیدی کاروباری امور، سنگ میل کی تکمیل، عالمی معاشی ماحول اور مسابقتی سیاق و سباق جس میں کمپنی کام کرتی ہے، کمپنی کے کاروبار کو درپیش خطرات، بورڈ کے

محركات، صلاحيت اور معلومات مهيا كرنے كے لئے وضاحت دينے كى ضرورت هوتى هے۔ مذكورہ بالا كى بنياد پر، يہ مناسب طور پر كہا جاسكتا هے كہ CSML كے بورڈ نے اس بات كو يقينى بنانے ميں اہم كردار ادا كيا هے كہ كمپنى كے مقاصد كو نہ صرف حاصل كيا جاسكتا هے، بلكہ بورڈ اور اس كے اركان كى راہنمائى اور نگرانى كے ذريعہ انتظاميہ ٹيم كى مشترکہ كوششوں كے ساتھ توقعات سے بهى آگے بڑھا جاسكتا هے۔


خواجه محمد جاوید

چيئر مين

سببر ۵۵ ، ۲۰۱۹

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of Chakwal Spinning Mills Limited, we are pleased to submit annual report of your Company together with audited financial statements and auditors' report thereon for the year ended 30th June 2019.

Financial Performance:

The Company achieved sales revenue of Rs. 1,072.564 million as compared to Rs. 201.204 million in the previous year. The company has been able to achieve sustainable production aftermath of expiry of lease arrangements which reflects increase in the sales revenue of the company. The management of the company made all possible efforts to improve the operating performance of the company with improved efficiency, better and diversified quality of yarn and control of cost. The efforts of the company are evident that company has earned gross profit of Rs 6.940 million as compared to gross loss of 38.524 in the last financial year. The company incurred a net loss of Rs 53.531 million as compared to Rs 93.261 million in the last year. The un-precendented devaluation of Pak Rupee as compared to US Dollar has put the whole economy in vulnerable economic situation. The country faced high inflation with currency devaluation and has increased in the cost of production many fold which has affected the operating performance of the company. The company is producing man-made fiber form the locally manufactured polyester staple fiber, the local players did not allow any breathing space to the ailing textile industry and shift all odds to the end users. Although the Government is providing subsidized energy to textile sector but this benefit is largely offset due to increase in the prices of raw material and other input costs.

During the current year the company has to bear incremental distribution cost and administration cost amounting to Rs. 4.828 million and 13.971 respectively which mainly comprise freight charges and salaries of administration staff.

Securities and Exchange Commission of Pakistan (SECP) has accorded approval of issuance of further shares other than right issue (under Section 83 of the Companies Act, 2017) vide letter No. EMD/CI/31/2005-964 dated September 27, 2018 on the basis of special resolution passed by the shareholders of the Company in the Extra Ordinary General Meeting held on May 31, 2018. In compliance with the said approval, we have issued shares at face value of Rs.5/- each to the following directors on October 02, 2018:

Name of Directors	No. of Shares
Mr. Khawaja Muhammad Jawed	24,841,000
Mr. Khawaja Muhammad Kaleem	53,135,200
Mr. Khawaja Muhammad Jahangir	3,600,000
Total	<u>81,576,200</u>

After this issue, total paid up capital comprises of 121,576,200 shares of Rs. 607,881,000. Increase in share capital will not only enhance the capital worth of the Company but will also

enhance the capital worth of the Company but will also facilitate future business prospectus in the form of obtaining fresh working capital facilities from the banks.

However, the issuance of further shares against director's loan is allowed with a restriction that the concerned directors could not divest the shares for a period of three years. The directors aiming to put the company on sustainable operation have pleaded before the commission for allowing divestment of certain portion of equity to enforce working capital strength of the company. The directors believe that with divest option the equity strength could be better negotiated to build the working capital of the company.

Financial Statements Audit

Financial statements of the Company have been audited by M/s. Aslam Malik & Co. Chartered Accountants, the statutory external auditors of the Company. The auditors have given qualified opinion on certain matters which are explained below:

- a) In response to auditors' confirmation Habib Metropolitan Bank Limited did not confirm the outstanding borrowing facility amounting to Rs. 38.42 million but the same has been included in the recovery suit filed by the bank. The company has appropriately accounted for this amount in the financial statements.
- b) Markup for the current year is not charged on the said borrowings as the matter is under litigation along with cost of funds, to be determined by the court. Further the company has already accrued mark-up amounting to Rs. 59.561 million in the financial statements up to June 30, 2018 whereas the amount of mark-up claimed by the bank is only Rs. 32.066 million which resulted in excess provisioning of mark-up of Rs. 27.495 million therefore there is no reason to book additional mark-up during the year.
- c) The management shall comply with the provisions of Companies Act 2017 on un-claimed dividend in due course of time.
- d) The audit observation on going concern has been disclosed in Note no 3.2 of the financial statements.

Overview /Future Outlook:

The traders are at loggerhead with the Government since the announcement of fiscal budget 2019-20 on sales tax issue. The Government has made stop gap arrangement till December 2019 by making certain relaxation to make the business community calm. The helm of industry believes that difficulties faced by the traders should be addressed by the Government to smooth the business activity in the market. The subsidize energy package allowed by the Government should be continued without any hurdle to make the industry competitive in the international market. The management believes that energy is major cost element and any attempt to compromise it, would distort the export targets of the country. The management of the company is making all efforts to have sustained business performance with improved financial results of the company. Having knowledge of all limitations and constrains we are focusing on diversification of yarn quality, improved efficiency and prime

quality of finish product to get better price to meet the challenge of high cost to do business. We believe to have smooth business relations with the bank and prefer to settle the matters in a graceful manner.

Principal Activity

The principal activity of the Company is manufacturing and sale of yarn.

Principal Risks and Uncertainties

The Board of Directors is responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential any potential adverse impact of risks.

The Company's principal financial liabilities comprise long term finances, trade and other payables and short term borrowings. The Company's principal financial assets comprise of trade debts, advances, short-term deposits, other receivables, cash and bank balances that arise directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company has adequately disclosed all the litigation and their expected outcomes in the financial statements.

Corporate Social Responsibility

The Company strongly believes in the integration of Corporate Social Responsibility into its business, and consistency endeavors to uplift communities that are influenced directly or indirectly by our business.

Environment, Health and Safety

The Company maintains safe working conditions avoiding the risk to the health of employees and public at large. The management has maintained safe environment in all its operations throughout the year and its constantly upgrading their safety and living facilities.

Safety is a matter of concern for machinery as well as the employees working at plant. Fire extinguishers and other fire safety equipments have been placed at sites as well as registered and head office of the Company. Regular drills are performed to ensure efficiency of fire safety equipments.

Internal Financial Controls

A system of sound internal control is established and implemented at all levels of the Company by the Board of Directors. The system of internal control is sound in design for ensuring achievement of Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

Related Parties

All related party transactions during the financial year ended June 30, 2019 were reviewed by the Audit Committee and approved by the Board of Directors.

Compliance with the Code of Corporate Governance:

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Listing Regulations have been adopted by the Company and have been duly complied with. A statement to this effect is annexed to the Report.

Corporate Governance & Financial Reporting Framework:

As required by the Code of Corporate Governance, Directors are pleased to report that:

- i) The financial statements prepared by the management of the Company present fair state of Company's operations, cash flows and changes in equity.
- ii) Proper books of account of the Company have been maintained.
- iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.
- iv) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements, and any departures there from has been adequately disclosed and explained.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) Key operating and financial data for the last five years is annexed.
- vii) There has been no departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- viii) We have been prepared and circulated a statement of ethics and business strategy among directors and employees.
- ix) The Company has neither declared dividend nor issued bonus shares because of loss sustained by the Company for the year ended 30th June 2018.
- x) Outstanding taxes and levis are given in the notes to the financial statements.

Shareholding Pattern

The share holding pattern as at June 30, 2019 for ordinary shares is annexed.

Appointment of Auditors

M/s. Aslam Malik & Co. Chartered Accountants, Lahore are due to retire and being eligible, offer themselves for re-appointment as Auditors for the financial year 2019-2020. The Audit Committee has recommended for re-appointment of present Auditors.

Composition of Board

1. The total number of directors are 08 as per the following:

- a. Male : 07
- b. Female : 01

2. The composition of the board is as follows:

- a. Executive Directors : 01
- b. Other Non-Executive Directors : 05
- c. Independent Directors : 02

Name of Directors

- i) Mr. Khawaja Mohammad Jawed (Chairman)
- ii) Mr. Khawaja Mohammad Kaleem (Executive Director)
- iii) Mr. Khawaja Mohammad Jahangir (Chief Executive Officer)
- iv) Mr. Khawaja Mohammad Tanveer
- v) Mr. Sheikh Maqbool Ahmed (Independent Director)
- vi) Mr. Danish Tanveer
- vii) Mst. Munaza Kaleem
- viii) Mr. Mohammad Tariq Sufi (Independent Director)

The auditors in its review report highlighted that “the company has not arranged director training program or obtained exemption from director training program from the SECP”. Since fresh election of directors has been held on March 04, 2019 therefore the company shall comply with this requirement of directors’ training program with-in one year time frame as defined in Code of Corporate Governness Regulations, 2017.

Committees of the Board

The Board has made following sub-committees:

Audit Committee Meetings:

- i. Mr. Mohammad Tariq Sufi - (Chairman)
- ii. Mr. Khawaja Mohammad Jawed (Member)
- iii. Mr. Danish Tanveer (Member)

HR and Remuneration Committee Meetings:

- i. Mr. Mohammad Tariq Sufi (Chairman)
- ii. Mr. Khawaja Mohammad Tanveer (Member)

iii. Mst. Munaza Kaleem (Member)

Significant Features of Directors' Remuneration

The Board of Directors has approved a formal policy for remuneration of executive directors depending upon their responsibility in affairs of the Company. The remuneration is commensurate with their level of responsibility and expertise needed to govern the Company successfully and to encourage value addition from them.

Acknowledge

Continued diligence and devotion of the staff and workers of the Company and good human relations at all levels deserve acknowledgment. The Directors also wish to place on record their thanks to all the stakeholders for their continued support to the Company.

On behalf of the Board

December 05, 2019
Lahore.



Khawaja Mohammad Jahangir
Chief Executive Officer



Mr. Khawaja Mohammad Jawed
Chairman

ڈائریکٹرز رپورٹ برائے حصہ داران

چکوال سپنگ ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم آپ کی کمپنی کی، 30 جون 2019 پر ختم شدہ، سالانہ رپورٹ بمع جانچ شدہ مالی حسابات اور آڈیٹر رپورٹ، پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی کارکردگی

کمپنی نے پچھلے سال کی 201.204 ملین روپے کی فروخت کے مقابلے میں اس سال 1072.564 ملین روپے فروخت کی۔ کمپنی نے مستقل پیداوار حاصل کی جو لیز کے معاہدوں کے ختم ہونے کا نتیجہ ہے جو فروخت میں اضافے کی صورت میں ظاہر ہوا ہے۔ کمپنی کے تنظیمین نے عملی کارکردگی کو بہتر بنانے کی تمام ممکنہ کوششیں کی ہیں بہتر کارکردگی، دھاگے کی متنوع اقسام اور پیداواری لاگت کو قابو میں لاکر۔ کمپنی کی کوششیں نمایاں ہیں کیونکہ کمپنی نے پچھلے سال کے 38.524 ملین روپے کے مجموعی خسارے کے مقابلے میں اس سال 6.94 ملین روپے کا مجموعی منافع کمایا ہے۔ کمپنی کو پچھلے سال کے 93.261 ملین روپے کے خالص خسارے کے مقابلے میں 53.531 ملین روپے خالص خسارہ ہوا۔ پاکستانی روپے کی قدر میں غیر متوقع گراوٹ نے پوری معیشت کو پر خطر حالت میں پہنچا دیا ہے۔ ملک کو مہنگائی کا سامنا کرنا پڑا ہے کرنسی کی بے قدری کے ساتھ پیداواری لاگت کئی گنا بڑھ گئی ہے جس نے کمپنی کی عملی کارکردگی کو متاثر کیا۔ کمپنی مقامی سطح پر پیدا ہونے والے پولیسٹر فائبر سے مین میڈ (man-made) فائبر بنا رہی ہے مقامی فروخت کنندگان نے تباہ حال ٹیکسٹائل صنعت کو کوئی کنجائش نہ دی ہے اور تمام وزن صارف پر ڈال دیا ہے۔ اگرچہ گورنمنٹ ٹیکسٹائل کے شعبے کو رعایتی توانائی فراہم کر رہی ہے مگر اس کا فائدہ خام مال کی قیمتوں اور دیگر لاگتوں میں اضافے کی وجہ سے نہیں ہوتا۔

موجودہ سال کے دوران کمپنی کو فراہمی اور انتظامی لاگت کی مد میں بلترتیب 4.828 ملین روپے اور 13.971 ملین روپے کی اضافی لاگت برداشت کرنا پڑی جس میں زیادہ تر کرائے کے اخراجات اور انتظامی ملازمین کی تنخواہیں شامل ہیں۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے کمپنیز ایکٹ 2017 کے سیکشن 83 کے تحت رائٹ ایٹو کے علاوہ مزید حصص بمطابق خط نمبر EMD/CI/31/2005-964 بتاریخ 27 ستمبر 2018 جاری کرنے کی منظوری دی ہے جس کی بنیاد 31 مئی 2018 کو منعقد ہونے والے غیر معمولی اجلاس عام میں حصہ داران کی جانب سے منظور کی گئی خصوصی قرارداد کو بنایا گیا۔ اس منظوری کی تعمیل میں ہم نے جاری سال میں 2 اکتوبر 2018 کو، 5 روپے کے حساب سے، مندرجہ ذیل ڈائریکٹران کو حصص جاری کئے ہیں۔

(حصص کی تعداد)

24,841,000

53,135,200

3,600,000

81,576,200

نام

خواجہ محمد جاوید

خواجہ محمد کلیم

خواجہ محمد جہانگیر

کل حصص

اس اجراء کے بعد مکمل ادا شدہ سرمایہ 121,576,200 حصص (607,881,000 روپے) پر مشتمل ہے۔ سٹرکیٹل میں اضافہ نا صرف کمپنی کی مالی قدر کو بڑھائے گا بلکہ مستقبل میں بینکوں سے مزید سرمایہ حاصل کرنے میں مدد دے گا۔ تاہم، ڈائریکٹرز کے قرضے کے بالمقابل مزید حصص کا اجراء اس شرط پر ہے کہ متعلقہ ڈائریکٹر تین سال تک حصص بیچ نہیں سکتے۔ ڈائریکٹرز جو کمپنی کو مستقل طور چلتا دیکھنا چاہتے ہیں، نے کمیشن کو درخواست کی ہے کہ ایکویٹی کے کچھ حصے کو فروخت کرنے کی اجازت دی جائے تاکہ کمپنی کے ورکنگ کیپیٹل کو بہتر کیا جاسکے۔ ڈائریکٹرز یقین رکھتے ہیں کہ بیچنے کے اختیار کے ساتھ وہ کمپنی کے ورکنگ کیپیٹل کو مزید بہتر بنا سکتے ہیں۔

مال حسابات کی جانچ

کمپنی کے مالی حسابات کی جانچ، کمپنی کے قانونی بیرونی محاسب میسرز اسلم ملک اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے کی ہے۔ محاسب نے چند معاملات پر کو الیفاؤنڈ نظریہ قائم کیا ہے جن کی تفصیل مندرجہ ذیل ہے۔

(ا) محاسب کی تصدیق کے جواب میں حبیب میٹروپولیٹن بینک نے 38.42 ملین روپے کی ادھار کی سہولت کی تصدیق نہیں کی جبکہ اسی رقم کو اس نے اپنی وصولی (recovery) کے مقدمے میں شامل کیا ہے۔ کمپنی نے اس رقم کو اپنے مالی حسابات میں باقاعدہ شامل کیا ہے۔

(ب) مذکورہ ادھار کے لئے اس سال میں سود نہیں لگایا گیا کیونکہ معاملہ عدالت میں زیر بحث ہے بشمول سرمائے کی لاگت کے جو عدالت نے متعین کرنی ہے۔ مزید کمپنی کے 30 جون 2018 کے مالی حسابات میں 59.561 ملین روپے کا جمع شدہ سود ظاہر کیا گیا ہے جبکہ بینک نے صرف 32.066 ملین روپے کا سود طلب کیا ہے جس کی وجہ سے 27.495 ملین روپے کی زیادہ پروویژن (provision) رکھی گئی ہے لہذا اس سال کے دوران مزید سود درج کرنے کی ضرورت نہیں۔

(پ) منتظمین کمپنی ایکٹ 2017 کی بنیاد عوامی ڈیویڈنڈ کی شکوں پر مقررہ وقت پر عمل کرے گی۔

(ت) محاسب کے جاری کاروبار کے اندیشے کی وضاحت مالی حسابات کے نوٹ نمبر 3.2 میں کی گئی ہے۔

مجموعی جائزہ

سالانہ بجٹ 2019-20 کے اعلان کے بعد سے حکومت اور تاجروں کا تنازع چل رہا ہے۔ حکومت نے دسمبر 2019 تک سٹاپ

گیپ (stop-gap) انتظام کے تحت کاروباری حلقوں کو تسلی دی ہے۔ صنعت کار یقین رکھتے ہیں کہ حکومت کو کاروبار کی بلا تعطل عمل داری کے ذریعے تاجروں کے مسائل حل کرنے چاہیے۔ حکومت کی جانب سے توانائی کی کارعائتی پیکیج بلا تعطل جاری رہنا چاہئے تاکہ صنعت کو بین الاقوامی سطح پر مسابقتی بنایا جاسکے۔ منتظمین یقین رکھتے ہیں کہ توانائی کی لاگت کا ایک بڑا عنصر ہے جس کو نظر انداز کرنا ملک کے برآمدی اہداف کو متاثر کر سکتا ہے۔ کمپنی کی انتظامیہ بہتر کاروباری کارکردگی اور بہتر مالی نتائج کے لیے تمام تر کوششیں کر رہی ہے۔ تمام حدود و قیود کا ادراک رکھتے ہوئے ہم صوت کی کوالٹی، بہتر کارکردگی اور تکمیل شدہ جنس کی بہترین کوالٹی کے ذریعے بڑھی ہوئی کاروباری لاگت کے چیلنج سے نمٹنے پر مرکوز ہیں۔ ہم بینکوں سے بہترین کاروباری مراسم اور معاملات کو احسن طریقے سے حل کرنا چاہتے ہیں۔

اولین سرگرمی

کمپنی کی اولین سرگرمی دھاگے کی پیداوار اور فروخت ہے۔

اولین خطرات اور خدشات

بورڈ آف ڈائریکٹرز کمپنی کی سرگرمیوں اور ممکنہ خطرات سے نمٹنے کے لیے موثر حکمت عملی وضع کرنے کا ذمہ دار ہے۔

کمپنی کے اولین مالی واجبات، طویل مدتی قرضے، تجارتی و دیگر واجبات اور کم مدتی ادھار پر مشتمل ہیں۔ کمپنی کے اولین مالی اثاثہ جات، تجارتی قرضے، بیشتر ادائیگیاں، کم مدتی ذخائر، دیگر قابل وصول رقوم، نقدی اور بینک بیلینس پر مشتمل ہیں جو سرگرمیوں سے براہ راست حاصل ہوئے ہیں۔

کمپنی کی سرگرمیوں کی وجہ سے اس کو مختلف مالی خطرات لاحق ہیں: منڈی کا خطرہ (بشمول، نقدی خطرہ، سودی شرح کا خطرہ اور قیمت کا خطرہ)، ادھار کا خطرہ اور مالی مایعیت کا خطرہ۔

کمپنی کا مجموعی طور پر خطرات کو کم کرنے کا پروگرام مالی منڈی کی غیر یقینی صورت حال پر مرکوز ہے اور کمپنی کی مالی کارکردگی پر اثر انداز ہونے والے ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کمپنی نے مقدمات اور ان کے ممکنہ اثرات کو مالی حسابات میں مناسب طور پر ظاہر کر دیا ہے۔

منتظم سماجی ذمہ داری

کمپنی منتظم سماجی ذمہ داری کی کاروبار میں شمولیت پر پورا یقین رکھتی ہے اور استقامت کے ساتھ ان گروہوں کی ترقی کے لئے کوشش کرتی ہے جو ہمارے کاروبار سے بالواسطہ یا بلاواسطہ متاثر ہوتے ہیں۔

ماحول، صحت اور حفاظت

کمپنی کام کرنے کے لئے محفوظ ماحول فراہم کرتی ہے تاکہ ملازمین اور عوام کی صحت کو خطرات لاحق نہ ہوں۔ منتظمین نے سال کے دوران محفوظ ماحول فراہم کیا ہے اور روزمرہ کی سہولیات کو تسلسل کے ساتھ بہتر بنایا ہے۔

حفاظت کا معاملہ مشینری اور مل ملازمین دونوں سے متعلق ہے۔ فائر ایکسٹینگویشر اور دیگر آگ بجھانے والے آلات کمپنی کی ملوں اور مرکزی دفتر میں رکھے گئے ہیں۔ آگ بجھانے کے حوالے سے تسلسل کے ساتھ مشقیں کی جاتی ہیں۔

اندرونی مالی کنٹرول

بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی تمام سطحوں پر منظم اندرونی کنٹرول کا نظام وضع اور لاگو کیا گیا ہے۔ اندرونی کنٹرول کا نظام اپنے ڈیزائن میں منظم ہے جو کمپنی کے مقاصد کو حاصل کرنے اور کارکردگی کو موثر بنانے، مالی حسابات کی پراعتماد رپورٹنگ اور قوانین اور پالیسیوں پر عمل درآمد کو یقینی بناتا ہے۔

متعلقہ پارٹی

30 جون 2019 پر اختتام شدہ مالی سال کے دوران تمام متعلقہ پارٹیوں کے ساتھ لین دین کا آڈٹ کمیٹی نے جائزہ لیا اور بورڈ آف ڈائریکٹرز نے اس کی منظوری دی۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

کمپنی نے پاکستان سٹاک ایکسچینج کی لسٹنگ کے ضابطہ کار کی مقرر کردہ کوڈ آف کارپوریٹ گورننس کی تکمیل کے لیے ضروری اقدامات اٹھائے ہیں اور ان پر ضابطہ عمل کیا ہے۔ اس کی تعمیل کا بیان رپورٹ کے ساتھ منسلک کیا گیا ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک

کوڈ آف کارپوریٹ گورننس کے مطابق، ڈائریکٹرز یہ بتاتے ہوئے خوشی محسوس کرتے ہیں کہ:

(i) کمپنی کے منتظمین کی جانب سے تیار کردہ مالی حسابات کمپنی کے معاملات، مالی بہاؤ (cash flow) اور ایکویٹی میں تبدیلی کی شفافیت کو ظاہر کرتے ہیں۔

(ii) کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

(iii) مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں یکساں طور پر لاگو کی گئی ہیں اور اکاؤنٹنگ تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

(iv) بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS)، جیسے کہ پاکستان میں قابل عمل ہیں، پر حسابات بناتے وقت عمل کیا گیا ہے اور کسی

بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

(v) اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اس پر موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

(vi) کمپنی کے گزشتہ پانچ سالوں کے چلنے اور مالیات سے متعلق کلیدی اعداد و شمار منسلک کئے گئے ہیں۔

(vii) کارپوریٹ گورننس کے اصولوں جو لسٹنگ ریگولیشن میں دیے گئے ہیں سے کچھ بھی متجاوز نہیں ہوا۔

(viii) ہم نے ڈائریکٹروں اور ملازمین کے درمیان کاروباری حکمت عملی سے متعلق رپورٹ تقسیم کر دی ہے۔

(ix) کمپنی نے 30 جون 2019 پر اختتام پزیر ہونے والے سال کے دوران خسارے کی وجہ سے کسی ڈیویڈنڈ اور بونس حصص کا اجرا نہیں

کیا۔

(x) واجب الادا ٹیکسوں اور لیویز کی تفصیل مالیاتی حسابات کے نوٹ میں دی گئی ہے۔

حصص کنندگان کی تفصیل

30 جون 2019 کی تاریخ میں حصص کنندگان کی تفصیل منسلک ہے۔

محاسب کی تقرری

اسلم ملک چارٹرڈ اکاؤنٹنٹس لاہور کی خدمات کی میعاد پوری ہو رہی ہے اور انھوں نے مالی سال 2019-20 کے لئے قابل ہونے کی بنیاد پر دوبارہ اپنی خدمات پیش کرنے کی خواہش ظاہر کی ہے۔ آڈٹ کمیٹی نے ان کو دوبارہ محاسب نامزد کرنے کی سفارش کی ہے۔

بورڈ کے ممبران

۱۔ مندرجہ ذیل کے مطابق بورڈ کے ممبران کی کل تعداد 08 ہے۔

a۔ مرد : 07

b۔ خواتین: 01

۲۔ بورڈ مندرجہ ذیل پر مشتمل ہے۔

a۔ ایگزیکٹو ڈائریکٹرز: 01

b۔ دیگر نان ایگزیکٹو ڈائریکٹرز : 05

c۔ خود مختار ڈائریکٹرز: 02

ڈائریکٹر کا نام

- ۱۔ خواجہ محمد جاوید (چیرمین)
- ۲۔ خواجہ محمد کلیم (ایگزیکٹو ڈائریکٹر)
- ۳۔ خواجہ محمد جہانگیر (چیف ایگزیکٹو آفیسر)
- ۴۔ خواجہ محمد تنویر
- ۵۔ شیخ مقبول احمد (خود مختار ڈائریکٹر)
- ۶۔ دانش تنویر
- ۷۔ منزہ کلیم
- ۸۔ محمد طارق صوفی (خود مختار ڈائریکٹر)

محاسب نے اپنی ریور پورٹ میں واضح کیا کہ "کمپنی نے ڈائریکٹر ٹریننگ پروگرام پر عمل نہیں کیا ہے یا SECP سے اس کی چھوٹ حاصل نہیں کی۔" چونکہ ڈائریکٹر کا تازہ الیکشن 4 مارچ 2019 کو ہوا ہے اس لئے کمپنی ڈائریکٹر ٹریننگ کی ضرورت کو 1 سال کے عرصہ میں مکمل کر لے گی جیسا کہ کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 میں دیا گیا ہے۔

بورڈ کی کمیٹیاں

بورڈ نے مندرجہ ذیل ذیلی کمیٹیاں بنائی ہیں:

آڈٹ کمیٹی کے اجلاس:

- ۱۔ محمد طارق صوفی (چیرمین)
 - ۲۔ خواجہ محمد جاوید (ممبر)
 - ۳۔ دانش تنویر (ممبر)
- انسانی وسائل اور معاوضہ کمیٹی کے اجلاس:

- ۱۔ محمد طارق صوفی (چیرمین)
- ۲۔ خواجہ محمد تنویر (ممبر)
- ۳۔ منزہ کلیم (ممبر)

ڈائریکٹران کی تنخواہ کے اہم پہلو

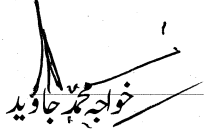
بورڈ آف ڈائریکٹرز نے ایگزیکٹو ڈائریکٹرز کی تنخواہ سے متعلق باقاعدہ پالیسی کی اجازت دی ہے جو ان کی کمپنی کے معاملات میں ان کی ذمہ


داریوں پر منحصر ہے۔ تنخواہ ان کی ذمہ داریوں کے مطابق اور ان کی کمپنی کو کامیابی سے چلانے کے لئے ان کی قابلیت کے مطابق تاکہ ان کی جانب سے کمپنی میں مزید بہتری لائی جاسکے۔

اعتراف

کمپنی کے سٹاف اور ملازمین کی مسلسل وفاداری اور لگن اور ہر سطح پر اچھے انسانی تعلقات تعریف کے مستحق ہیں۔ اس کے علاوہ ڈائریکٹرز، تمام متعلقین کا مسلسل حمایت کرنے کی وجہ سے شکریہ ادا کرنے کی خواہش رکھتے ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے


خواجہ محمد جاوید
چیرمین


خواجہ محمد جہانگیر
چیف ایگزیکٹو آفیسر

تاریخ : 5 دسمبر 2019

لاہور

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company : Chakwal Spinning Mills Limited
Year ending : June 30, 2019

Chakwal Spinning Mills Limited (the "Company") has complied with the requirement of the Regulations in the following manner:

1. The total number of directors are 08 as per the following:

- a. Male : 07
- b. Female : 01

2. The composition of the board is as follows:

- a. Executive Directors : 01
- b. Other Non-Executive Directors : 05
- c. Independent Directors : 02

Name	Category
Mr. Khawaja Mohammad Kaleem	Executive Director
Mr. Khawaja Mohammad Jawed	Non-Executive Director
Mr. Khawaja Mohammad Jahangir	Non-Executive Director
Mr. Khawaja Mohammad Tanveer	Non-Executive Director
Mr. Munaza Kaleem	Non-Executive Director
Mr. Danish Tanveer	Non-Executive Director
Mr. Sheikh Maqbool Ahmed	Independent Director
Mr. Mohammad Tariq Sufi	Independent Director

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Act and these regulations.
 7. The meetings of the board were presided over by the Chairman and, in her absence, by a director elected by the board for this purpose. The board complied with requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of board.
-
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
 9. The Executive Director is exempt from Director's Training Program, whereas new directors appointed during the current financial year will duly comply with the requirement of Code of Corporate Governness with respect of Directors' Training Program.
 10. No appointment of Company Secretary and Chief Financial Officer has been made during the year. However appointment of new head of internal audit, his remuneration and terms of employment have been approved by the board of directors.
 11. CFO and CEO duly endorsed the financial statements before approval of the board.
 12. The Board has formed committees comprising members given below:
 - I. Audit Committee:
 - i. Mr. Mohammad Tariq Sufi – Chairman
 - ii. Mr. Khawaja Mohammad Javed
 - iii. Mr. Danish Tanveer
 - II. HR and Remuneration Committee:
 - i. Mr. Mohammad Tariq Sufi – Chairman
 - ii. Mr. Khawaja Mohammad Tanveer
 - iii. Ms. Munaza Kaleem
 13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
 14. The frequency of meetings of the aforesaid committees were as per following:
 - a) Audit Committee: Four Quarterly meetings during the financial year ended June 30, 2019.

- b) HR & Remuneration Committee: One meeting during the financial year ended June 30, 2019.
15. The board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. The directors shall comply with the provision of Code of Corporate Governance Rules, 2017 in respect of Director Training Program.
19. We confirm that all other requirements of the Regulations have been complied with.

For Chakwal Spinning Mills Limited



Khawaja Mohammad Javed
Chairman

Lahore: December 05, 2019

Aslam Malik & Co.
Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Chakwal Spinning Mills Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Chakwal Spinning Mills Limited** for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried procedures to access and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the statement of Compliance.

Paragraph Reference	Description
9	The company has not arranged the directors training program or obtained the exemption from directors training program from the commission as required under clause 20 of the Regulations.

Place: Lahore

Date: December 05, 2019

Aslam Malik & Co.
(Aslam Malik & Co.)
Chartered Accountants
Hafiz Muhammad Ahmad

Other Offices at:

Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
Phone : +92-51-2374282-3 Fax: +92-51-2374281

Karachi: 1001-1003 10th Floor, Chapal Plaza, Hasrat Mohani Road, Off I.I Chundrigar Road, Karachi
Tel: + 92-21-32425911-2, Fax: +92-21-32432134



INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CHAKWAL SPINNING MILLS LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **Chakwal Spinning Mills Limited** (the Company), which comprise the statement of financial position as at **June 30, 2019**, and the statement of profit or loss account and the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in paragraph (a) to (c) in the Basis for Qualified Opinion section of our report, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

- a) Due to litigation short term borrowings amounting to Rs. 38.42 million could not be verified because we had not received the reply of direct confirmation from the Habib Metropolitan bank limited and the bank facility letter provided to us were also expired. There are no other satisfactory audit procedures that we could adopt to verify the outstanding bank balance. In the absence of any documentary evidence and alternative audit procedures, we are unable to obtain sufficient appropriate audit evidence to ascertain the existence, accuracy and obligation of the above mentioned balances.
- b) The company had not worked out and provided the amount of mark-up on the short term borrowings from Habib Metro Politian Bank Limited in these financial statements for the year ended June 30, 2019. Based on available underlying records, expired facility letter and non-confirmation of mark-up balances from banking companies, we were unable to determine with reasonable accuracy the impact on these financial statements of any disagreement with Banks.

Other Offices at:

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- c) Unclaimed dividend of Rs. 384,347 (overdue) of previous years has not been deposited into the government treasury nor has any notification been issued to shareholders.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

Without qualifying our opinion, we draw attention to note 3.2 in the financial statements which indicates that the company has incurred net loss of Rs. 53.53 million for the year 2019 (2018: Rs. 93.26 million), its accumulated losses stood at Rs. 739.17 million (2018: Rs. 689.65 million), its current liabilities exceeds its current assets by Rs. 800.15 million (2018: 786.53 million). These conditions along with other matters as set forth in Note 3.2 to the financial statements indicate the existence of a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section and material uncertainty relating to going concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the key audit matters:

S.No.	Key Audit Matters	How the matter was addressed
1	<p>Contingencies</p> <p>Refer to note 15; Company is subject to material litigations with banking companies pertaining to recovery of short term borrowings / loans, which requires management to make assessment and judgments with respect to likelihood and impact of such litigations.</p> <p>Management has engaged independent legal counsel on these matters. The accounting for and disclosure of contingencies is complex</p>	<p>In response to this matter, our audit procedures included:</p> <ul style="list-style-type: none"> • Discussing legal cases with the in house legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances. • Obtaining independent opinion of legal counsel dealing with such cases in the form of direct confirmations. • We also evaluated the legal cases in line with the requirements of IAS 37:

and is a matter of most significance in our audit because of the judgments required to determine the level of certainty on these matters.

Provisions, contingent liabilities and contingent assets.

- Checked the adequacy of disclosures in the financial statements.

Information Other Than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2019.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, on other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) except for the possible effects of matters described in the basis for qualified opinion section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) except for the possible effects of matters described in the basis for qualified opinion of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat is deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is **Hafiz Muhammad Ahmad**.

Place: Lahore

Date: December 05, 2019

Aslam Malik & Co.
(Aslam Malik & Co.)
Chartered Accountants



CHAKWAL SPINNING MILLS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital:			
140,000,000 (2018: 140,000,000 of Rs. 5/- each) ordinary shares of Rs.5/- each			
		700,000,000	700,000,000
Issued, subscribed and paid up share capital	7	607,881,000	200,000,000
Loan from directors		42,375,000	450,256,000
Accumulated loss		(739,172,120)	(689,648,887)
Surplus on revaluation of property, plant & equipment	8	136,695,748	140,797,695
		47,779,628	101,404,808
Non Current Liabilities			
Liabilities against asset subject to finance lease	9	-	-
Deferred liabilities	10	37,076,024	31,143,838
Current Liabilities			
Trade and other payables	11	388,364,531	429,879,375
Accrued mark- up	12	67,778,697	64,456,647
Short term borrowings	13	429,898,326	390,593,909
Current portion of non current liabilities		2,366,318	2,366,318
Unclaimed dividend		384,347	384,347
Provision for taxation	14	21,442,910	8,034,121
		910,235,129	895,714,717
Contingencies and Commitments			
	15	-	-
		995,090,781	1,028,263,363
ASSETS			
Non Current Assets			
Property, plant and equipment	16	851,736,064	905,708,090
Long term loans	17	5,428,797	5,065,431
Long term deposits	18	27,839,744	8,304,191
		885,004,605	919,077,712
Current Assets			
Stores and spares	19	8,782,208	8,288,944
Stock in trade	20	7,008,281	20,499,748
Trade debts	21	43,725,804	16,373,677
Loans and advances	22	3,597,478	12,313,265
Tax refunds due from the government	23	36,345,436	43,100,960
Trade deposits, prepayments and other receivables	24	10,249,939	7,605,179
Cash and bank balances	25	377,030	1,003,878
		110,086,176	109,185,651
		995,090,781	1,028,263,363

The annexed notes from 1 to 42 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

(32)

CHAKWAL SPINNING MILLS LIMITED

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
	Note	Rupees	Rupees
Sales	26	1,072,563,609	201,244,580
Cost of sales	27	<u>(1,065,623,382)</u>	<u>(239,768,759)</u>
Gross Profit / (Loss)		6,940,227	(38,524,179)
Distribution cost	28	(5,715,777)	(887,210)
Administrative expenses	29	(38,744,589)	(24,773,845)
		<u>(44,460,366)</u>	<u>(25,661,055)</u>
Operating Loss		(37,520,139)	(64,185,234)
Finance cost	30	(3,584,564)	(33,685,849)
Other operating expenses	31	(800,000)	(800,000)
Other operating income	32	1,782,768	7,926,016
Loss before Taxation		<u>(40,121,935)</u>	<u>(90,745,067)</u>
Taxation	33	(13,408,789)	(2,515,557)
Loss after Taxation		<u><u>(53,530,724)</u></u>	<u><u>(93,260,624)</u></u>
Loss per Share - Basic & Diluted	34	<u><u>(0.53)</u></u>	<u><u>(2.33)</u></u>

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	Rupees
Loss after taxation	(53,530,724)	(93,260,624)
Other comprehensive income for the year		
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Impairment loss on property, plant & equipment	-	(24,293,247)
Experience adjustment on remeasurement of staff retirement benefits	(94,456)	-
Total comprehensive loss for the year	<u>(53,625,180)</u>	<u>(117,553,871)</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(40,121,935)	(90,745,067)
Adjustments for:		
- Depreciation	53,972,026	58,291,890
- Provision for gratuity	5,837,730	-
- Gain on disposal of property, plant and equipment	-	(426,016)
- Finance cost	3,584,564	33,685,849
	63,394,320	91,551,723
Operating profit before working capital changes	23,272,385	806,656
(Increase) / decrease in current assets		
- Stores and spares	(493,264)	(784,329)
- Stock in trade	13,491,467	(19,535,081)
- Trade debts	(27,352,127)	(4,812,422)
- Loans and advances	8,715,787	2,913,185
- Tax refunds due from the government	8,262,021	1,596,420
- Trade deposits, prepayments and other receivables	(2,644,760)	(65,056)
Increase / (decrease) in current liabilities		
- Trade and other payables	(41,514,844)	4,715,897
	(41,535,720)	(15,971,386)
Cash used in operations	(18,263,335)	(15,164,730)
Finance cost paid	(262,514)	(30,085)
Gratuity paid	-	(4,691,979)
Income tax paid	(1,506,497)	(127,106)
Net Cash used in Operating Activities	(20,032,346)	(20,013,900)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(4,900,000)
Long term loans	(363,366)	(168,006)
Long term deposits	(19,535,553)	(7,000)
Proceeds from disposal of property, plant and equipment	-	1,264,279
Net Cash used in Investing Activities	(19,898,919)	(3,810,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	27,609,479	15,387,630
Loan from directors and others	11,694,938	8,888,828
Net Cash generated from Financing Activities	39,304,417	24,276,458
Net (decrease) / increase in cash and cash equivalents	(626,848)	451,831
Cash and cash equivalents at the beginning of the year	1,003,878	552,047
	377,030	1,003,878

The annexed notes from 1 to 42 form an integral part of these financial statements.


CHIEF EXECUTIVE

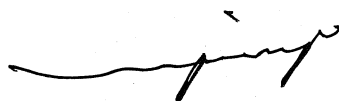

DIRECTOR


CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

Particulars	Share Capital	Accumulated Loss	Loan from Directors	Surplus on revaluation of property, plant & equipment	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2017	200,000,000	(599,371,061)	450,256,000	168,073,740	218,958,679
Net loss for the year		(93,260,624)			(93,260,624)
Other comprehensive loss for the year	-	-	-	(24,293,247)	(24,293,247)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	2,982,798	-	(2,982,798)	-
Balance as at June 30, 2018	200,000,000	(689,648,887)	450,256,000	140,797,695	101,404,808
Shares issued during the year	407,881,000		(407,881,000)		
Net loss for the year	-	(53,530,724)	-	-	(53,530,724)
Other comprehensive loss for the Year	-	(94,456)	-	-	(94,456)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	4,101,947	-	(4,101,947)	-
Balance as at June 30, 2019	<u>607,881,000</u>	<u>(739,172,120)</u>	<u>42,375,000</u>	<u>136,695,748</u>	<u>47,779,628</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Note 1

The Company and its Operations

The Company was incorporated in Pakistan on January 31, 1988 as a Public Limited Company. Its shares are quoted on Pakistan Stock Exchanges Limited. The registered office of the Company is situated at 7/1, E-III, Main Boulevard Gulberg III, Lahore, While the production plants of the Company are located at 49-Km, Multan Road, Bhai Phero. The Company is engaged in the business of textile spinning.

Note 2

Significant Transactions and Events Affecting the Company's Financial Position and Performance

2.1 Summary of significant events and transactions in the current reporting period:	2019
	Impact in Rupees
Shares issued to directors during the year against their long term loan	407,881,000
Increase in short term borrowings	39,304,417
Increase in long term deposits	19,535,553
Increase in trade debts	27,352,127
Increase in revenue as compared to last year	871,319,029

Note 3

Basis of Preparation**3.1 Statement of compliance**

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

- International Financial Reporting Standard (IFRS) 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 from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Appropriateness of the Going Concern Assumption

The Company has incurred loss after tax of Rs. 53.531 million (2018: Rs. 93.261 million) and at year end; its accumulated losses stood at Rs. 739.172 million (2018: 689.649 million). Its current liabilities exceed its current assets by Rs. 800.149 million (2018: Rs. 786.529 million). These factors raise doubts about the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis based on the following:

The operating performance of the company has been improved during the year which is evident from gross profit of Rs. 6.940 million showing that the management's effort have been succeeded to improve operating performance of the company. Provision of subsidized energy by the present government have supported in the improvement of operating performance.

Earlier this year, the management was solely dependent on sui gas for production purposes which was insufficient to meet our energy requirements however during the year the company has reconnected its electricity connection, which shall optimize our production capacity.

The SECP has allowed the management to issue shares to sponsors' directors against their loan with a bar on divestment of shares for a period of three years. The directors are interested to negotiate their equity holding to enhance the working capital strength of the company, for this purpose the directors have lodged an appeal for allowing divestment of equity capital before the SECP's Appellate Authority, which if allowed will be beneficial for the company to fulfill its cash flow requirements.

The management is negotiating with the banks to reschedule/settle its outstanding liabilities and management is optimistic that these arrangements will be finalized before the end of next year.

The directors of the Company are committed to provide their support to stabilize the financial conditions of the Company and to cope-with liquidity crisis which is currently faced by the management.

Note 3 - Basis of Preparation ... Contd.

The Company continuously endeavoring to improve financial performance of the Company by adopting following measure: inducing new clients by offering them diversified yarn products as per their requisite specification in best possible competitive rates, adopting just in time policy for procuring raw material and store items so that we could reduce our investment in stocks and store items along with carrying cost, focusing on quick recovery of outstanding receivables to improve cash flows, squeezing overheads and administration costs pertaining to payroll by providing better training & technical knowledge and rescheduling job responsibilities.

In view of the above, these financial statements have been prepared on going concern assumption.

3.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except certain property, plant and equipment that have been stated at revalued amount and retirement benefits which have been recognized at present value determined by actuary. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

3.4 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires 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 the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

These estimates and related assumptions are reviewed on an on-going basis. Significant management estimates in these financial statements relate to the useful life and residual values of property, plant and equipment; provisions for doubtful receivables; provisions for defined benefit plans; slow moving and obsolete inventory; recovery, trade debts and taxation.

The basis and associated assumptions underlying the accounting estimates used in the preparation of annual financial statement of the Company for the year ended June 30, 2019 have been consistent with previous year except for the provision for doubtful debt for the application of IFRS 9, Financial Instrument and contract liability for the application of IFRS 15.

4 Changes in Accounting Standards, Interpretations and Pronouncements

4.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after July 1, 2018 and are considered to be relevant to the Company's financial statements:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after July 01, 2018). IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after July 1, 2018) replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Note 4 - Changes in Accounting Standards, Interpretations and Pronouncements ... Contd.

4.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards have been issued by the International Accounting Standards Board [IASB], which are yet to be notified by the Securities and Exchange Commission of Pakistan [SECP] for the purpose of their applicability in Pakistan. The Company intends to adopt these standards, if applicable, when they become effective.

Standard or Interpretation		Effective Date (Period beginning on or after)
IAS 23	Borrowing costs	January 01, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 3	Business Combinations - Previously held Interests in a joint operation – (Amendments)	January 01, 2019
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation	January 01, 2019
IFRS 17	Insurance Contracts	January 01, 2021
IAS 19	Employee Benefits [Amendments]	January 01, 2019
IAS 1 and IAS 8 [Amendments]		January 01, 2020
Conceptual Framework in IFRS Standards [Amendments]		January 01, 2020

IFRS 17 outlines the principles governing the recognition, measurement, presentation and disclosure of insurance contracts. The objective of the Standard is to ensure that the reporting entity provides relevant information that faithfully represents those insurance contracts. This information gives users of financial statements better insights into the effects that insurance contracts have on an entity's net assets, financial position, results of operations and cash flows.

Amendments to IAS 19 specify the basis for determining the current service cost and the net interest expense / income for the period between a defined benefit retirement plan amendment, curtailment or settlement and the end of the reporting period.

The IASB has published a revised Conceptual Framework for Financial Reporting that will be used to develop new Standards and Interpretations in future. In particular, the definitions of assets and liabilities as well as the guidance on measurement and derecognition, presentation and disclosure were amended. This has not resulted in any technical amendments to current Standards to date. The amendments merely update the references to the Conceptual Framework in existing Standards. The Conceptual Framework itself is not subject of the endorsement procedure.

Amendments to IAS 1 & IAS 8 clarify the definition of "material". Besides additional explanations, the definition of "material" in the Conceptual Framework as well as all Standards was aligned with the central definition in IAS 1.

The Company expects that such improvement to the standard will not have any material impact on the company's financial statements in the period of initial application, except for IAS 19.

The following standards and amendments to published accounting standards were not effective during the year and have not been early adopted by the Company. The Company intends to adopt these standards, if applicable, when they become effective.

		Effective date [annual periods beginning on or after]
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 9	Financial Instruments [Amendments]	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures	January 01, 2019
IFRS 16	Leases	January 01, 2019

IFRIC 23 clarifies the requirements for measuring and recognizing uncertain income tax items. The interpretation must be applied to the determination of taxable profit / loss, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12.

Amendment to IFRS 9 clarifies how certain financial instruments with prepayment features with negative compensation are classified.

Amendment to IAS 28 clarifies that IFRS 9 must be applied to long-term interests that, in substance, form part of the net investment in an associate or joint venture to which the equity method is applied.

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) is introduced during the year that aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all the leases with a term of

Note 4 - Changes in Accounting Standards, Interpretations and Pronouncements ... Contd.

more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company expects that such improvement to the standards will not have any material impact on the Company's financial statements.

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2017, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in these financial statements.

Note 5

Significant Accounting Policies

5.1 Employee retirement benefits

The company operates an unfunded and unapproved gratuity scheme for its employees, which is a defined benefit plan based upon the last salary drawn by an employee. Present value of defined benefit obligation is calculated on the basis of actuarial valuation at the end of the year. The valuation in these accounts is worked out on the Projected Unit Credit Actuarial Cost method.

Any Actuarial gains and losses are recognized immediately in the statement of other Comprehensive income.

5.2 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.3 Trade and other payables

Liabilities for trade and other payables are carried at their fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

5.4 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Charge for the current taxation for the year is based on taxable income at the current rates of taxation after taking into account tax rebates and credits available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits are available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Carrying amount of all deferred tax assets is reviewed at each balance sheet date and adjusted to the appropriate extent, if it is no longer probable that sufficient taxable profits would be available to allow all or part of deferred tax assets to be utilized. Tax rates enacted at the balance sheet date are used to determine deferred income tax.

Note 5 - Significant Accounting Policies ... Contd.

5.5 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost/revalued amount less accumulated depreciation and identified impairment losses except free hold land which is stated at Cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing the assets into working condition.

Depreciation is charged to income on reducing balance method at the rates specified in Note 16. Full month's depreciation is charged on additions during the month, whereas no depreciation is charged on the assets disposed off during the month. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year income.

Leased

The Company accounts for assets acquired under finance lease by recording assets and related liabilities. Principal values are determined on the basis of discounted values of total minimum lease payments to be paid by the Company. Finance costs are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on outstanding liabilities. Depreciation is charged on the same basis as owned assets at the rates specified in Note 15 to write off the cost of assets over their estimated useful life.

Capital work-in-progress is stated at cost less any identified impairment loss.

5.6 Stock and stores

These have been valued at the lower of cost and net realizable value. Cost has been determined as follows:

Stores and spare parts	- at moving average cost
Raw materials	- at average cost
Work in process	- at average manufacturing cost using average cost method
Finished goods	- at average manufacturing cost
Goods in transit	- at cost comprising invoice value plus other charges incurred thereon

Manufacturing cost in relation to work in process and finished goods comprises cost of material, labor and appropriate manufacturing overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less necessary cost to make the sale.

5.7 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful debts and receivables based on review of outstanding amounts at the period end. Balances considered bad and irrecoverable are written off when identified.

5.8 Related party transactions

Transactions with related parties are made at arm's length prices using comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

5.9 Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

5.10 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash at banks in current accounts.

Note 5 - Significant Accounting Policies ... Contd.

5.11 Revenue recognition

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

Revenue is to be recognized in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognize the revenue when (or as) the entity satisfies a performance obligation.

5.11 Financial instruments

5.11.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

5.11.1.1 Classification

The Company classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Company held in short term investments are classified at fair value through profit or loss because they are frequently traded.

Reclassification

When the Company changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Company applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit or loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit or loss.

In case of reclassification out of fair value through profit or loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

Note 5 - Significant Accounting Policies ... Contd.

In case of reclassification out of the amortized cost measurement category to fair value through other comprehensive income measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit or loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

5.11.1.2 Initial recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date - the date on which the Company commits to purchase or sell the asset.

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account when the Company's right to receive payments is established. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Company uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade date.

5.11.1.3 Subsequent measurement

For the purpose of measuring financial assets after initial recognition, these are classified into the following categories:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on equity instruments are credited to the statement of profit or loss when the Company's right to receive payments is established.

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Note 5 - Significant Accounting Policies ... Contd.

5.11.1.4 Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Company has transferred substantially all the risks and rewards of the asset; or
 - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit or loss.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

If the Company's continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

5.11.1.5 Impairment of financial assets

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit or loss.

5.11.2 Financial liabilities

5.11.2.1 Initial recognition and measurement

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Note 5 - Significant Accounting Policies ... Contd.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, commitments to provide a loan at a below-market interest rate and contingent consideration recognized in a business combination.

The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the profit and loss account.

The Company's financial liabilities include trade and other payables, loans and borrowings including Company overdrafts, financial guarantee contracts and derivative financial instruments.

5.11.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel. The Company has not designated any financial liability as at fair value through profit or loss.

Financial guarantee contracts and commitments to provide a loan at a below-market interest rate

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts and commitments to provide a loan at a below-market interest rate are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

Contingent consideration recognized in a business combination

These are subsequently measured at fair value with changes recognized in profit or loss.

All other liabilities

All other financial liabilities are measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Note 5 - Significant Accounting Policies ... Contd.

5.11.2.3 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

If the Company repurchases a part of a financial liability, the Company allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized is recognized in profit or loss.

5.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. When applicable, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

5.13 Earnings per Share

The Company presents basic and diluted earnings per share (EPS). Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

5.14 Off-setting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Note 6

Change in Accounting Policy

The Company has adopted IFRS 9 'Financial Instruments' during the year that has replaced IFRIC 9 - Reassessment of Embedded Derivatives, IAS 39 - Financial Instruments: Recognition and Measurement, IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). IFRS 9 shall now govern the classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

Note 6 - Change in Accounting Policies ... Contd.

The Company has also adopted IFRS 15 (Revenue from contract) with customers which has replaced IAS 18 which covers revenue for goods and services, IAS 11 which covers construction contracts, SIC 31 - Revenue - Barter transaction involving advertising services, IFRIC 15 - Agreements for the construction of real estate and IFRIC 18 - Transfer of assets from customers. The Company has adopted both the standards with effect from July 01, 2018, any change in presentation or classification of items has been accounted for in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Below are the details of key impacts arising from the adoption of IFRS 15:

Statement of financial position

In statement of financial position, the corresponding figure of advances from customers amounting to Rs. 8,354,482 has been reclassified to contract liabilities. Contract liabilities are recognized in respect of Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from a customer. Amounts as at June 30, 2018 have also been reclassified as follows for the purpose of comparability:

Description	As at June 30, 2018		
	Carrying Amount as stated	Reclassification	IFRS 15 Carrying
-----Rupees-----			
Advances from customers	8,354,482	(8,354,482)	-
Contract liabilities	-	8,354,482	8,354,482
	<u>8,354,482</u>	<u>-</u>	<u>8,354,482</u>

Description	As at June 30, 2019		
	Carrying Amount as stated	Reclassification	IFRS 15 Carrying
-----Rupees-----			
Advances from customers	897,443	(897,443)	-
Contract liabilities	-	897,443	897,443
	<u>897,443</u>	<u>-</u>	<u>897,443</u>

The application of IFRS 15 did not have a material impact on amounts in the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows as the current methodology for revenue recognition adequately reflects timing of satisfaction of performance obligations under requirements of the new standard.

The application of IFRS 9 has no material impact on the Company's financial statements and no restatement was required in this regard except for the following reclassifications.

Financial Assets - 2018	Classification		Carrying Amount	
	IAS 39	IFRS 9	IAS 39	IFRS 9
-----Rupees-----				
Trade debts			16,373,677	16,373,677
Trade deposits and other receivables	Loans and Receivables	Amortized Cost	7,103,407	7,103,407
Short term loans to employees			562,826	562,826
Cash and bank balances			1,003,878	1,003,878

Note 7

Issued, Subscribed and Paid up Capital

2019	2018		2019	2018
			Rupees	Rupees
<u>121,576,200</u>	<u>40,000,000</u>	Ordinary shares of Rs. 5 each (2018: Rs. 5) fully paid in cash.	<u>607,881,000</u>	<u>200,000,000</u>

During the year the directors' long term loan has been converted into ordinary shares with the approval of Securities and Exchange Commission of Pakistan.

7.1 Reconciliation of the number of shares outstanding as at the beginning and at the end of the year is as under:

Opening balance	40,000,000	40,000,000
Issued during the year	81,576,200	-
Closing balance	<u>121,576,200</u>	<u>40,000,000</u>

Note 7 - Issued, Subscribed and Paid-up Capital ... Contd.

7.2 During the year share are issued to the following sponsor directors:

Khawaja Mohammad Jawed
Khawaja Mohammad Kaleem
Khawaja Mohammad Jahangir

	2019	2018
	Rupees	Rupees
	24,841,000	-
	53,135,200	-
	3,600,000	-
	<u>81,576,200</u>	<u>-</u>

Note 8

Surplus on revaluation of property, plant & equipment

	2019	2018
	Rupees	Rupees
Opening balance	140,797,695	168,073,740
Impairment loss during the year	-	(24,293,247)
Transfer to retained earnings in respect of net incremental depreciation - net of deferred tax	<u>(4,101,947)</u>	<u>(2,982,798)</u>
Closing balance	<u>136,695,748</u>	<u>140,797,695</u>

Latest revaluation of freehold land has been carried out as at June 30, 2018 by M/s. K.G. Traders (Private) Limited on the basis of their professional assessment of present market value, based on inquiries made about the cost of land of similar nature, size and location, which resulted in impairment loss of Rs. 24.293 million. Incremental depreciation charged on revalued fixed assets is transferred to the statement of changes in equity to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between the actual depreciation on building and the equivalent depreciation based on the historical cost of building. Forced sale value of revalued assets has been disclosed in Note 16.4 of the financial statements.

Note 9

Liabilities against Assets Subject to Finance Lease

	2019		2018	
	Minimum Lease Payments	Finance Charge	Minimum Lease Payments	Finance Charge
	Rupees			
Not later than one year	2,431,516	65,218	2,431,516	65,218
Later than one year and not later than five years	-	-	-	-
	<u>2,431,516</u>	<u>65,218</u>	<u>2,431,516</u>	<u>65,218</u>

- 9.1 This represents lease of Auto Cone with Habib Metropolitan Bank Limited. The principal amount of lease amount to Rs. 18 million carry mark-up @ 13.16% repayable in 36 equal monthly installments starting from 18-05-2014. Last installment was due on 18-05-2017 which is still outstanding.

Note 10

Deferred Liabilities

		2019	2018
	Note	Rupees	Rupees
Gratuity payable	10.1	8,082,353	2,150,167
Long term advances	10.2	28,993,671	28,993,671
		<u>37,076,024</u>	<u>31,143,838</u>

10.1 Staff Gratuity-Defined Benefit Plan

- 10.1.1 The Company operates unfunded gratuity scheme for its employees that pays a lump sum gratuity to members on leaving company's service after completion of one year of continuous service. The latest actuarial valuation was carried out by TRT Associates as on June 30, 2019. During the last year the Company has terminated employment contracts of all the employees due to shut down of production facility and payoff gratuity payable except few employees. Since no employee was eligible for gratuity during last reporting year, therefore neither actuarial valuation was carried out nor any gratuity expense was accounted for, in that period.

10.1.2 Present value of defined benefit obligation

	2019	2018
	Rupees	Rupees
	<u>8,082,353</u>	<u>2,150,167</u>

Note 10 - Deferred Liabilities ... Contd.

		2019 Rupees	2018 Rupees
10.1.3	Movement in the present value of defined benefit obligation is as follows:		
	Present value of defined benefit obligation as at 1st July	2,150,167	6,842,145
	Current service cost	5,671,093	-
	Interest cost	166,638	-
	Benefit paid	-	(4,691,979)
	Remeasurement of obligation	94,456	-
	Present value of defined benefit obligation as at 30th June	<u>8,082,354</u>	<u>2,150,166</u>
10.1.4	Amount charge to profit and loss account		
	Current service cost	5,671,093	-
	Interest cost	166,638	-
		<u>5,837,731</u>	<u>-</u>
10.1.5	Allocation of charge for the year		
	Cost of sales	27 781,902	-
	Administrative expenses	29 5,055,829	-
		<u>5,837,731</u>	<u>-</u>
10.1.6	Amount recognized in other comprehensive income are:		
	Actuarial loss due to experience adjustments	<u>94,456</u>	<u>-</u>
10.1.7	Key actuarial assumptions used:		
	Discount rate	12.5%	-
	Expected rate of salary increase	11.5%	-
	Retirement age	60 Years	-
10.1.8	Sensitivity analysis for actuarial assumptions:		
	The sensitivity of the defined benefit obligation to changes in the weighted principle assumption is:		
		Change in assumption	Increase in assumption
			Decrease in assumption
	Discount rate	+ - by 100 bps	7,652,061
	Salary increase	+ - by 100 bps	8,573,480
			8,573,480
			7,644,758

- 10.2** This represents an interest free and unsecured long term advance received from a customer against the exclusive sale commitment of a particular quality of waste to him for a period of six years. The same has been extended / renewed for a further period of three years and shall be adjusted in August 2020 or shall be extended / renewed for a further term as mutually agreed between the parties. The amount of advance is being utilized by the Company in the ordinary course of business. According to IFRS, the amount of advance should be recorded at amortized cost however the contract shall be expired on August 2020, therefore due to immaterial impact under IFRS-9, no change is recognized against this advance.

Note 11

Trade and Other Payables

	Note	2019 Rupees	2018 Rupees
Creditors - Unsecured	11.1	194,708,857	237,839,573
Accrued liabilities		164,778,155	156,135,122
Other liabilities		2,033,396	2,020,831
Contract liabilities	11.2	897,443	8,354,482
Income tax payable		6,258,018	5,840,705
Sales Tax Payable		19,688,662	19,688,662
		<u>388,364,531</u>	<u>429,879,375</u>

- 11.1** This includes an amount of Rs. 2,061,975 (2018: Rs. 2,061,975) and Rs. 15,710,094 (2018: Rs. 15,710,094) due to related party Kohinoor Spinning Mills Limited and Chakwal Textile Mills Limited. The maximum aggregate amount due to these related parties at the end of any month during the year was Rs. 17,772,069.

Note 12
Accrued Mark-up

		2019 Rupees	2018 Rupees
Accrued mark up on:			
- Liability against assets subject finance lease		174,539	174,539
- Short term borrowings	12.1	67,604,158	64,282,108
		<u>67,778,697</u>	<u>64,456,647</u>

- 12.1 The principal amount of the short term borrowings is Rs. 356.949 million which is under litigation, the cost of funds is to be determined by Banking Court, at the current reporting date therefore no mark-up is charged for the year on the said borrowings.

Note 13
Short Term Borrowings

	Note	2019 Rupees	2018 Rupees
Banking companies - Secured			
- Running / cash finance	13.1	385,384,477	352,694,910
- Unpresented cheques	13.2	10,307,542	15,387,630
Related parties - Unsecured			
- Loan from directors	13.3	34,206,307	22,511,369
		<u>429,898,326</u>	<u>390,593,909</u>

- 13.1 These represent utilized portion of short term finance facilities of Rs. 385 million (2018: Rs. 350 million) available from various banks under mark up arrangements. These are secured current assets, fixed assets and personal guarantees of directors. Mark-up on the above facilities ranges from 3 months Kibor plus 2% per annum, payable quarterly. These facilities has been expired on September 30, 2016.
- 13.2 This represents cheques issued but not presented on the statement of financial position date. These cheques will be honored subsequent to the statement of financial position date.
- 13.3 This represents interest free funds obtained from directors to meet working capital requirements of the Company.

Note 14
Provision for Taxation - Net

	Note	2019 Rupees	2018 Rupees
Balance at the beginning of the year		8,034,121	5,518,564
Provision for the year	14.1	13,408,789	2,515,557
Balance at the end of the year		<u>21,442,910</u>	<u>8,034,121</u>

- 14.1 The provision for current year tax represents minimum tax on under section 113 of Income tax ordinance 2001. Sufficient tax provision has been incorporated in these financial statements.
- 14.2 Assessments up to and including tax year 2018 have been finalized by deeming provisions of the Income Tax Ordinance, 2001.
- 14.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. The comparison of estimated provision for taxation and actual tax assessed as per income tax return filed for previous years can be analyzed as follows:

	2016	2017	2018
Provision for Taxation	10,639,347	5,518,564	2,515,557
Tax assessed	1,271,019	-	-

Note 15

Contingencies and Commitments

Contingencies

- 15.1 Tax liability for Rs. 4,870,776 (2018: Rs. 4,870,776) has been demanded by the concerned assessing officer for the various assessment years against which company has filed appeals. No provision for this amount has been made because the management is confident that the decision shall be in favor of the company.
- 15.2 Habib Metropolitan Bank Limited filed a suit against the Company and Others before the Lahore High Court vide COS No.126873/2018, wherein the Bank claimed recovery of Rs. 359.375 million inclusive of principal and mark up amounts. This suit is still pending adjudication. The amount involved in this case is the same as claimed by the Bank. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case. Sufficient provision of markup have been made in these financial statement.
- 15.3 The Company has filed a suit against Habib Metropolitan Bank Limited before the Lahore High Court vide COS No.219125/2018, wherein along with other prayers recovery of Rs. 2,306.246 million has also been claimed. This suit is still pending adjudication. There is no scope of any loss to the Company in the instant matter. This case is being vigorously pursued by the Company.

Commitments

- 15.4 There is no commitments of the company for the year ended June 30, 2019 (2018: Nil).

Note 16

Property, Plant and Equipment

----- 2019 -----										
PARTICULARS	Freehold land	Factory Buildings on free hold land	Colony Buildings on free hold land	Plant & Machinery	Power House	Tools & equipment	Office equipment	Furniture and fixtures	Vehicles	Total
OWNED										
COST/REVALUED AMOUNT										
Balance as at July 01, 2018	82,812,500	321,448,097	104,616,215	1,143,914,896	154,449,284	5,186,925	1,698,383	2,940,455	11,601,040	1,828,667,795
Additions	-	-	-	-	-	-	-	-	-	-
Deletions	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2019	82,812,500	321,448,097	104,616,215	1,143,914,896	154,449,284	5,186,925	1,698,383	2,940,455	11,601,040	1,828,667,795
DEPRECIATION										
Balance as at July 01, 2018	-	206,122,111	46,133,776	591,660,934	84,459,974	2,364,908	963,342	2,109,849	8,814,542	942,629,436
Charge for the year	-	11,532,599	5,848,244	27,612,698	6,998,931	282,202	73,504	83,061	557,300	52,988,539
Balance as at June 30, 2019	-	217,654,710	51,982,020	619,273,632	91,458,905	2,647,110	1,036,846	2,192,910	9,371,842	995,617,975
Written Down Value as at June 30, 2019										
	82,812,500	103,793,387	52,634,195	524,641,264	62,990,379	2,539,815	661,537	747,545	2,229,198	833,049,820
Rates %	-	10%	10%	5%	10%	10%	10%	10%	20%	
LEASED										
COST/REVALUED AMOUNT										
PLANT AND MACHINERY										
Balance as at July 01, 2018	-	-	-	24,352,205	-	-	-	-	-	24,352,205
Additions	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2019	-	-	-	24,352,205	-	-	-	-	-	24,352,205
Depreciation										
Balance as at July 01, 2018	-	-	-	4,682,474	-	-	-	-	-	4,682,474
Charge for the year	-	-	-	983,487	-	-	-	-	-	983,487
Balance as at June 30, 2019	-	-	-	5,665,961	-	-	-	-	-	5,665,961
Written Down Value as at June 30, 2019										
	-	-	-	18,686,244	-	-	-	-	-	18,686,244
WDV as at June 30, 2019 -										
	82,812,500	103,793,387	52,634,195	543,327,508	62,990,379	2,539,815	661,537	747,545	2,229,198	851,736,064
GRAND TOTAL										

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Note 16 - Property, Plant and Equipment ... Contd.

2018										
PARTICULARS	Freehold land	Factory Buildings on free hold land	Colony Buildings on free hold land	Plant & Machinery	Power House	Tools & equipment	Office equipment	Furniture and fixtures	Vehicles	Sub Total
OWNED										
COST/REVALUED AMOUNT										
Balance as at July 01, 2017	74,520,000	314,212,817	100,947,165	1,182,504,973	154,449,284	5,186,925	1,698,383	2,940,455	13,218,040	1,849,678,042
Additions	-	-	-	4,900,000	-	-	-	-	-	4,900,000
Revaluation	8,292,500	7,235,280	3,669,050	-	-	-	-	-	-	19,196,830
Deletions	-	-	-	(43,490,077)	-	-	-	-	-	(43,490,077)
Transfer / Adjustment	-	-	-	-	-	-	-	-	(1,617,000)	(1,617,000)
Balance as at June 30, 2018	82,812,500	321,448,097	104,616,215	1,143,914,896	154,449,284	5,186,925	1,698,383	2,940,455	11,601,040	1,828,667,795
DEPRECIATION										
Balance as at July 01, 2017	-	194,146,947	40,061,105	561,163,196	76,683,384	2,051,350	881,671	2,017,559	9,146,330	886,151,542
Charge for the year	-	11,975,164	6,072,671	30,497,738	7,776,590	313,558	81,671	92,290	446,959	57,256,641
Deletions	-	-	-	-	-	-	-	-	(778,747)	(778,747)
Balance as at June 30, 2018	-	206,122,111	46,133,776	591,660,934	84,459,974	2,364,908	963,342	2,109,849	8,814,542	942,629,436
Written Down Value as at June 30, 2018	82,812,500	115,325,986	58,482,439	552,253,962	69,989,310	2,822,017	735,041	830,606	2,786,498	886,038,359
Rates %	-	10%	10%	5%	10%	10%	10%	10%	20%	
LEASED										
PLANT AND MACHINERY										
Balance as at July 01, 2017	-	-	-	24,352,205	-	-	-	-	-	24,352,205
Additions	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2018	-	-	-	24,352,205	-	-	-	-	-	24,352,205
Depreciation										
Balance as at July 01, 2017	-	-	-	3,647,225	-	-	-	-	-	3,647,225
Charge for the year	-	-	-	1,035,249	-	-	-	-	-	1,035,249
Balance as at June 30, 2018	-	-	-	4,682,474	-	-	-	-	-	4,682,474
Written Down Value as at June 30, 2018	-	-	-	19,669,731	-	-	-	-	-	19,669,731
WDV as at June 30, 2018 -										
GRAND TOTAL	82,812,500	115,325,986	58,482,439	571,923,693	69,989,310	2,822,017	735,041	830,606	2,786,498	905,708,090

(53)

16.1 The depreciation charge for the year has been allocated as under:

	Note	2019 Rupees	2018 Rupees
Cost of sales	27	53,258,161	57,670,970
Administrative expenses	29	713,865	620,920
		<u>53,972,026</u>	<u>58,291,890</u>

16.2 There has been no disposal of property, plant and equipment during the current year; whereas detail of property, plant and equipment disposed off during the last year is as follows:

2018							
Particulars	Cost / Revalued	Accumulated Depreciation	Written Down Value	Disposal Proceeds	Gain/(Loss)	Mode of disposal	Particulars of Purchaser
	Rupees	Rupees	Rupees	Rupees	Rupees		
<u>Vehicle</u>							
Honda Citi LEB-15-8626	1,617,000	778,747	838,253	1,264,269	426,016	Negotiation	Muhammad Ashraf
	<u>1,617,000</u>	<u>778,747</u>	<u>838,253</u>	<u>1,264,269</u>	<u>426,016</u>		

16.3 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location / Address	Usage of immovable property	Total Area (In Kanals)	Covered Area (In sq. ft.)
49-Km, Multan Road,	Production unit	132.5	298,440

16.4 As per the valuation report of independent valuer as of June 30, 2018, the forced sales value of revalued assets is Rs. 815.023 million. The management believes that these values approximate to the values as on June 30, 2019. Break-up of forced sale value is as following:

Asset	Forced Sale Value (Rs.)
Land	74,531,250
Building	157,742,100
Plant & Machinery	582,750,000
	<u>815,023,350</u>

16.5 The revaluation of freehold land, building and plant & machinery was carried out on June 30, 2018 by M/s. K.G. Traders (Pvt) Limited, an independent valuer on prevailing market prices.

16.6 Had there been no revaluation, the Cost, accumulated depreciation and book values of the revalued assets would have been as follows:

PARTICULARS	As at June 30, 2019			As at June 30, 2018		
	Cost	Accumulated Depreciation	Written Down Value	Cost	Accumulated Depreciation	Written Down Value
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land	5,009,292	-	5,009,292	5,009,292	-	5,009,292
Building	356,307,236	244,488,131	111,819,105	356,307,236	232,063,786	124,243,450
Plant and machinery	1,099,851,692	605,201,505	494,650,187	1,099,851,692	579,167,285	520,684,407
Power house	145,165,634	89,522,993	55,642,641	145,165,634	83,340,477	61,825,157
Total	1,606,333,854	939,212,629	667,121,225	1,606,333,854	894,571,548	711,762,306

Note 17

Long Term Loans

	Note	2019 Rupees	2018 Rupees
Loans to employees - (Secured - considered good)			
- Due from executive	17.1	3,528,317	3,326,537
- Due from other employees		2,503,680	2,301,720
		6,031,997	5,628,257
Less: Current portion			
- Due from executives		(352,832)	(332,654)
- Due from other employees		(250,368)	(230,172)
		(603,200)	(562,826)
		<u>5,428,797</u>	<u>5,065,431</u>
17.1 Reconciliation of carrying amount of loan to executive:			
Opening balance		3,326,537	3,326,537
Disbursement during the year		201,780	-
		3,528,317	3,326,537
Recoveries during the year		-	-
Closing Balance		<u>3,528,317</u>	<u>3,326,537</u>
17.2 This represents interest free loans given to executives and other employees for construction of houses and other purposes as per the Company's policy. These loans shall be recovered in monthly installments from salary and are secured against gratuity balances.			
17.3 The maximum aggregate amount of loans due from executive at the end of any month during the year was Rs. 3.528 million (2018: Rs. 3.327 million)			
17.4 Long term loans have been carried at cost as the effect of carrying these balances at amortized cost would not be material.			

Note 18

Long Term Deposits

	2019 Rupees	2018 Rupees
Deposits against:		
- Utilities	27,832,744	2,151,246
- Margin on letter of guarantee	7,000	6,152,945
	<u>27,839,744</u>	<u>8,304,191</u>

Note 19

Stores and Spares

	2019 Rupees	2018 Rupees
Stores	8,782,208	5,802,261
Spares	-	2,486,683
	<u>8,782,208</u>	<u>8,288,944</u>
19.1 No store and spare held for capitalization as on June 30, 2019 (2018: Nil)		

Note 20

Stock in Trade

	2019 Rupees	2018 Rupees
Raw materials	6,984,520	6,649,511
Work in process	-	9,620,385
Finished goods	23,761	4,229,852
	<u>7,008,281</u>	<u>20,499,748</u>

- 20.1 Raw materials and finished goods are under first charge by way of pledge as security for certain short term borrowings (refer to Note 13).

Note 21
Trade Debts

	Note	2019 Rupees	2018 Rupees
Local - Unsecured and considered good	21.1	<u>43,725,804</u>	<u>16,373,677</u>

21.1 Trade debts do not include any amount due from related parties (2018: Nil).

Note 22
Loans and Advances

	Note	2019 Rupees	2018 Rupees
Current portion of loans to employees	17	603,200	562,826
Advances - Considered good			
- Suppliers and contractors		2,922,398	11,682,559
- Employees	22.1	<u>71,880</u>	<u>67,880</u>
		<u>3,597,478</u>	<u>12,313,265</u>

22.1 Amount due from directors, chief executive and executives of the Company is Nil (2018: Nil)

Note 23
Tax refunds due from the government

	2019 Rupees	2018 Rupees
Tax deducted at source and advance tax	20,428,362	18,921,865
Sales tax refundable - Net	<u>15,917,074</u>	<u>24,179,095</u>
	<u>36,345,436</u>	<u>43,100,960</u>

Note 24
Trade Deposits, Prepayments and Other Receivables

	Note	2019 Rupees	2018 Rupees
Security Deposit		2,500,000	-
Prepayments		501,772	501,772
Other Receivables	24.1	<u>7,248,167</u>	<u>7,103,407</u>
		<u>10,249,939</u>	<u>7,605,179</u>

24.1 This solely represents amount due from Yousaf Weaving Mills Limited.

Note 25
Cash and Bank Balance

	2019 Rupees	2018 Rupees
Cash in hand	13,002	46,828
Cash at bank - in current accounts	<u>364,028</u>	<u>957,050</u>
	<u>377,030</u>	<u>1,003,878</u>

Note 26
Sales

	2019 Rupees	2018 Rupees
Local - Yarn Sales	1,059,939,757	197,195,399
Waste Sales	<u>12,763,365</u>	<u>4,049,181</u>
	<u>1,072,703,122</u>	<u>201,244,580</u>
Commission	(139,513)	-
	<u>1,072,563,609</u>	<u>201,244,580</u>

Note 27
Cost of Sales

	Note	2019 Rupees	2018 Rupees
Raw materials consumed	27.1	742,161,403	140,944,021
Salaries, wages and benefits	27.2	107,038,442	28,966,801
Fuel and power		113,126,303	16,133,452
Store and spares consumed		17,614,335	5,633,941
Packing material		13,345,871	3,118,475
Repairs and maintenance		2,767,064	508,036
Travelling and conveyance		2,485,327	643,300
Depreciation	16.1	53,258,161	57,670,970
		<u>1,051,796,906</u>	<u>253,618,996</u>
Work in process			
- Opening		9,620,385	-
- Closing		-	(9,620,385)
		<u>9,620,385</u>	<u>(9,620,385)</u>
Cost of goods manufactured		<u>1,061,417,291</u>	<u>243,998,611</u>
Finished goods			
- Opening stock		4,229,852	-
- Closing stock		(23,761)	(4,229,852)
		<u>4,206,091</u>	<u>(4,229,852)</u>
		<u>1,065,623,382</u>	<u>239,768,759</u>
27.1 Raw materials consumed:			
Opening stock		6,649,511	964,665
Purchases during the year		<u>742,496,412</u>	<u>146,628,867</u>
		<u>749,145,923</u>	<u>147,593,532</u>
Closing stock		<u>(6,984,520)</u>	<u>(6,649,511)</u>
		<u>742,161,403</u>	<u>140,944,021</u>

27.2 This includes Rs. 781,902 (2018: Rs. Nil) in respect of employee benefits - gratuity scheme.

Note 28
Distribution Cost

	2019 Rupees	2018 Rupees
Salaries, wages and benefits	310,231	403,560
Freight and other charges	<u>5,405,546</u>	<u>483,650</u>
	<u>5,715,777</u>	<u>887,210</u>

Note 29
Administrative Expenses

	Note	2019 Rupees	2018 Rupees
Salaries, wages and benefits	29.1	14,688,794	3,479,380
Director's remuneration		12,000,000	12,000,000
Travelling and conveyance		32,264	44,670
Rent, rates and taxes		1,618,200	1,600,000
Communication		447,870	182,765
Repairs and maintenance		473,298	218,655
Utilities		1,928,277	430,404
Printing and stationery		350,622	223,854
Entertainment		211,117	136,495
Vehicle running and maintenance		1,471,543	748,740
Fees and subscriptions		1,710,243	1,808,297
Legal and professional charges		2,650,315	2,923,000
Advertisement and publicity		199,775	155,800
Depreciation	16.1	713,865	620,920
Miscellaneous		<u>248,406</u>	<u>200,865</u>
		<u>38,744,589</u>	<u>24,773,845</u>

29.1 This includes Rs. 5,055,829 (2018: Rs. Nil) in respect of employee benefits - gratuity scheme.

Note 30
Finance Cost

	2019	2018
	Rupees	Rupees
Finance lease charges	-	47,059
Short term borrowings	3,322,050	33,608,706
Bank charges and commission	262,514	30,084
	<u>3,584,564</u>	<u>33,685,849</u>

Note 31
Other Operating Expenses

	Note	2019	2018
		Rupees	Rupees
Auditors' remuneration	31.1	<u>800,000</u>	<u>800,000</u>
31.1 Auditors' remuneration			
Audit fee		650,000	650,000
Half yearly review and code of corporate governance		<u>150,000</u>	<u>150,000</u>
		<u>800,000</u>	<u>800,000</u>

Note 32
Other Operating Income

	2019	2018
	Rupees	Rupees
Gain on sale of property, plant and equipment	-	426,016
Rental income	-	7,500,000
Scrap sale	<u>1,782,768</u>	<u>-</u>
	<u>1,782,768</u>	<u>7,926,016</u>

Note 33
Taxation

	2019	2018
	Rupees	Rupees
Current - for the year	13,408,789	2,515,557
Deferred - for the year	-	-
	<u>13,408,789</u>	<u>2,515,557</u>

33.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the Company has declared accounting loss for the year. Therefore minimum tax @ 1.25% has been provided in these financial statements.

33.2 Deferred tax asset amounting to Rs. 61.617 million (2018: 52.715 million) arising mainly due to brought forward losses amounting to Rs. 721.351 (2018: 721.351 million) has not been recognized in the current year, as the attributable temporary differences are not expected to reverse in the foreseeable future.

Note 34
Loss per Share

	2019	2018
	Rupees	Rupees
Loss after taxation	Rupees (53,530,724)	(93,260,624)
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	Number 100,124,860	40,000,000
Loss per share - basic & diluted	Rupees <u>(0.53)</u>	<u>(2.33)</u>

34.1 There is no dilution effect on the basic loss per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

Note 35

Remuneration of Chief Executive, Directors' and Executives

The aggregate amounts charged in the accounts for the year as remuneration and benefits to the chief executive, directors and executive of the Company are as follows:

	2019		2018	
	Director	Executives	Director	Executives
	-----Rupees-----			
Managerial Remuneration	8,000,000	2,700,000	8,000,000	-
House rent allowance	4,000,000	-	3,200,000	-
Medical	516,789	-	172,610	-
Utilities	123,024	90,056	738,656	-
Reimbursable expenses	1,471,543	-	-	-
	<u>14,111,356</u>	<u>2,790,056</u>	<u>12,111,266</u>	<u>-</u>
Number of persons	1	1	1	-

- 35.1 As per the Companies Act, 2017, an executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.
- 35.2 Neither any director remuneration nor any meeting fee have been paid to any director of the Company.
- 35.3 No remuneration has been paid to chief executive officer of the Company during the year.

Note 36

Transactions with Related Parties

The related parties comprise associated companies, related group companies, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Particulars	Relationship	2019	2018
		Rupees in million	
Sale of materials to Yousaf Weaving Mills Limited	Associate - Common Directorship	-	2.725
Rental income from Yousaf Weaving Mills Limited		-	7.500
Short term funds availed from directors	Director	11.695	8.889

Note 37

Financial Risk Management

37.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

a) Market Risk

'Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will effect the Company's income or the value of its holdings of financial instruments.

Note 37 - Financial Risk Management ... Contd.

i) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company has no receivable / (payable) balance in foreign currency.

ii) Other Price Risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in marker prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risk.

iii) Interest Rate Risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing, lease liabilities and short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2019 Rupees	2018 Rupees
Floating rate instruments		
Financial Liabilities		
Short term borrowings	385,384,477	352,694,910

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have Increased / (decreased) equity and profit or loss by Rs. 3.851 million (2018: Rs. 3.527). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is prepared assuming that amounts of assets and liabilities outstanding as at the reporting date have been outstanding for the entire year.

b) Credit Risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:-

	2019 Rupees	2018 Rupees
Long term loans	5,428,797	5,065,431
Long term deposits	27,839,744	8,304,191
Trade debts	43,725,804	16,373,677
Loans and advances	3,597,478	12,313,265
Trade deposits and other receivables	9,748,167	7,103,407
Cash and bank balances	377,030	1,003,878

The aging of trade debts at balance sheet date is as follows:

1 - 30 days	15,200,068	2,646,832
31 - 60 days	5,955,138	1,001,210
61 - 120 days	6,481,281	1,164,380
120 days and above	16,089,317	11,561,255
	<u>43,725,804</u>	<u>16,373,677</u>

Note 37 - Financial Risk Management ... Contd.

The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of parties and trade debts are subject to specific credit ceilings based on customer credit history.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party default rate:

Name of Bank	Rating Agency	Credit Rating	
		Short-term	Long-term
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA+
Bank of Punjab	PACRA	A1+	AA
Allied Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR-VIS	A-1+	AAA

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs. 385 million (2018: Rs. 350 millions) worth short term borrowing limits available from financial institutions and Rs. 0.377 million (2018: Rs 1.004 million) cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2019

	Carrying Amount	Contractual Cash Flows	Less than 1 year	Between 1 to 5 years	5 years and above
	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	388,364,531	388,364,531	388,364,531	-	-
Accrued mark- up	67,778,697	67,778,697	67,778,697	-	-
Short term finances	385,384,477	385,384,477	385,384,477	-	-

Contractual maturities of financial liabilities as at June 30, 2018

	Carrying Amount	Contractual Cash Flows	Less than 1 year	Between 1 to 5 years	5 years and above
	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	429,879,375	429,879,375	429,879,375	-	-
Accrued interest	64,456,647	64,456,647	64,456,647	-	-
Short term borrowings	352,694,910	352,694,910	352,694,910	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30th June. The rates of interest mark up have been disclosed in Note 12 to these financial statements.

(d) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2019 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

Note 37 - Financial Risk Management ... Contd.

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non market observable)

37.2 Financial instruments by categories

	2019	2018
	Rupees	Rupees
<u>Financial asset as at amortized cost</u>		
Long term loans	5,428,797	5,065,431
Long term deposits	27,839,744	8,304,191
Trade debts	43,725,804	16,373,677
Short term loans to employees	3,597,478	12,313,265
Trade deposits and other receivables	9,748,167	7,103,407
Cash and Bank Balance	377,030	1,003,878
<u>Financial liabilities at amortized cost</u>		
Trade and other payables	388,364,531	429,879,375
Accrued mark- up	67,778,697	64,456,647
Short term borrowings	385,384,477	352,694,910

37.3 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 38

Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level, and regulate its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

As on the balance sheet date, the gearing ratio of the Company was as under:

	2019	2018
	Rupees	Rupees
Total borrowings	474,639,644	843,216,227
Cash and bank balances	(377,030)	(1,003,878)
Net Debt	<u>474,262,614</u>	<u>842,212,349</u>
Equity	47,779,628	101,404,808
Total capital employed	<u>522,042,242</u>	<u>943,617,157</u>
Gearing Ratio	90.85%	89.25%

Note 39

Plant Capacity and Production

	2019	2018
	Rupees	Rupees
Number of spindles installed	33,468	33,468
Installed capacity in 20's count (Kgs) - approximately	11,168,743	11,168,743
Actual production after conversion into 20's count (Kgs)	<u>3,974,512</u>	<u>757,545</u>

It is difficult to describe precisely the under utilization of production capacity in spinning since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, etc. It also varies according to the pattern of production adopted in particular year.

Note 40

Number of Employees

	Note	2019	2018
		Rupees	Rupees
Employees as at June 30,			
Permanent	40.1	59	-
Temporary		607	305
Average employees during the year			
Permanent		30	-
Temporary		456	570
39.1 Includes factory employees as at June 30,		55	-

Note 41

Authorization of Financial Statements

These financial statements were authorized for issue on December 05, 2019 by the Board of Directors of the Company.

Note 42

General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following re-arrangements / reclassifications have been made in these financial statements for better presentation:

Nature	From	To	Amount Rupees
Other receivables	Loans and advances	Trade deposits, prepayments and other receivables	7,103,407
Other receivables	Contract liabilities		2,353,144


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED
KEY FINACIASL DATA OF LAST FIVE YEARS

	2019	2018	2017	2016	2015	2014
Sales	1,072,564	201,245	536,175	1,057,846	2,112,615	2,741,832
Gross Profit / (Loss)	6,940	(38,524)	(290,981)	(230,599)	34,805	228,754
(Loss) / Profit before Taxation	(40,122)	(90,745)	(357,104)	(332,704)	(131,692)	62,443
Taxes	(13,409)	(2,516)	1,200	(2,032)	7,739	(10,184)
(Loss) / Profit after taxes Taxation	(53,531)	(93,261)	(355,904)	(334,736)	(123,953)	52,259
Total Assets	995,091	1,028,263	1,087,699	1,482,005	1,750,810	1,749,660
Current Liabilities	(910,235)	(895,714)	(832,904)	(1,013,957)	(925,770)	(777,510)
	84,856	132,549	254,795	468,048	825,040	972,150
Share Capital	607,881	200,000	200,000	200,000	200,000	200,000
Loan from Directors	42,375	450,256	450,256	271,256	271,256	271,256
Accumlated Loss	(739,172)	(689,649)	(599,371)	(249,314)	78,863	211,166
Surplus on Revaluation of Fixed Assets	136,696	140,798	168,074	175,803	184,222	193,399
Equity	47,780	101,405	218,959	397,745	734,341	875,821
Finance Lease	-	-	-	-	6,097	11,825
Deferred Liability	37,076	31,144	35,836	70,303	84,652	84,504
	84,856	132,549	254,795	468,048	825,090	972,150

FORM 34

**THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING**

1.1 Name of the Company

CHAKWAL SPINNING MILLS LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2019

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
190	1	100	9,701
317	101	500	132,802
190	501	1,000	186,902
366	1,001	5,000	1,131,497
143	5,001	10,000	1,126,724
67	10,001	15,000	880,702
45	15,001	20,000	825,500
23	20,001	25,000	535,600
21	25,001	30,000	603,000
11	30,001	35,000	359,695
11	35,001	40,000	428,500
9	40,001	45,000	390,700
12	45,001	50,000	579,000
5	50,001	55,000	263,000
5	55,001	60,000	293,635
5	60,001	65,000	317,000
6	65,001	70,000	413,935
4	70,001	75,000	300,000
4	75,001	80,000	314,000
4	80,001	85,000	332,500
2	85,001	90,000	175,500
2	90,001	95,000	186,500
4	95,001	100,000	399,500
2	100,001	105,000	202,000
4	105,001	110,000	431,500
3	110,001	115,000	342,013
2	115,001	120,000	237,000
1	120,001	125,000	125,000
1	125,001	130,000	130,000
1	135,001	140,000	140,000
1	140,001	145,000	145,000
1	145,001	150,000	150,000
1	160,001	165,000	164,600
1	180,001	185,000	185,000
1	195,001	200,000	198,000
1	250,001	255,000	251,000
1	270,001	275,000	275,000
1	290,001	295,000	292,000
1	310,001	315,000	313,000
1	345,001	350,000	350,000
1	350,001	355,000	354,500
1	495,001	500,000	500,000
2	500,001	505,000	1,003,500

2	660,001	665,000	1,325,373
1	895,001	900,000	900,000
1	915,001	920,000	918,800
1	1,275,001	1,280,000	1,276,792
1	1,435,001	1,440,000	1,436,600
1	2,395,001	2,400,000	2,397,250
1	2,655,001	2,660,000	2,655,500
1	6,430,001	6,435,000	6,431,750
1	27,270,001	27,275,000	27,273,729
1	60,985,001	60,990,000	60,985,400
1,485			121,576,200

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	94,813,792	77.9871
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	-
2.3.3 NIT and ICP	662,508	0.5449
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	5,522	0.0045
2.3.5 Insurance Companies	54,300	0.0447
2.3.6 Modarabas and Mutual Funds	134,100	0.1103
2.3.7 Share holders holding 10% or more	88,371,142	72.6879
2.3.8 General Public		
a. Local	24,953,458	20.5250
b. Foreign	0	-
2.3.9 Others (to be specified)		
1- Joint Stock Companies	810,466	0.6666
2- Investment Companies	12,000	0.0099
3- Foreign Companies	58,700	0.0483
4- Pension Funds	68,935	0.0567
5- Others	2,419	0.0020

CHAKWAL SPINNING MILLS LIMITED
Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2019

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

- -

Mutual Funds (Name Wise Detail)

1	ASIAN DEVELOPMENT EQUITY FUND	2,100	0.0017
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Directors and their Spouse and Minor Children (Name Wise Detail):

1	KHAWAJA MOHAMMAD JAVED	27,273,729	22.4334
2	KHAWAJA MOHAMMAD JAHANGIR PHINO	6,431,750	5.2903
3	KHAWAJA MOHAMMAD KALEEM	61,097,413	50.2544
4	MR. MUHAMMAD TARIQ SUFI	500	0.0004
5	MR. MOHAMMAD HAMZA YOUSUF	8,500	0.0070
6	MR. DANISH TANVEER	500	0.0004
7	MST. MUNAZA KALEEM	500	0.0004
8	MRS. KAUSAR TASNEEM W/O KHWAJA MOHAMMAD JAVED	400	0.0003
9	MRS. RUBINA KHANUM W/O KHAWAJA MOHAMMAD JAHANGIR	500	0.0004

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance

260,757 0.2145

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)

S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	61,097,413	50.2544
2	KHAWAJA MOHAMMAD JAVED	27,273,729	22.4334
3	KHAWAJA MOHAMMAD JAHANGIR PHINO	6,431,750	5.2903

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

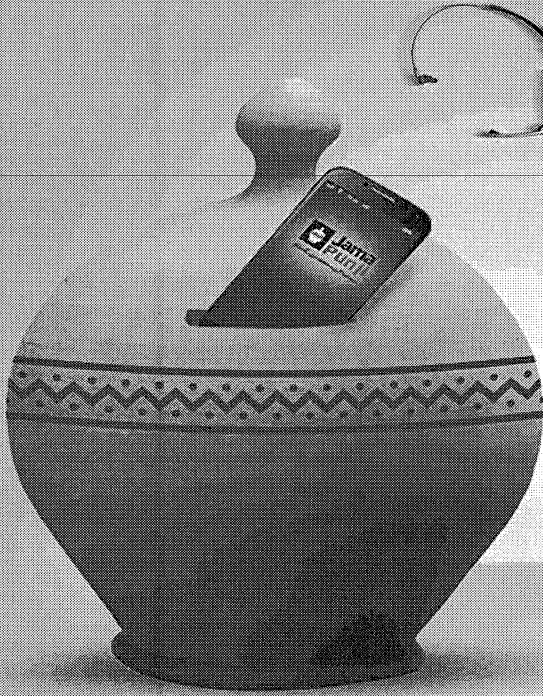
Sr. No.	Name	Sale	Purchase	Sp. Right
1	KHAWAJA MOHAMMAD JAVED		-	24,841,000
2	KHAWAJA MOHAMMAD JAHANGIR PHINO		-	3,600,000
3	KHAWAJA MOHAMMAD KALEEM		-	53,135,200
4	MR. MOHAMMAD HAMZA YOUSAF (CDC)		8,000	
5	MRS. RUBINA KHANUM	500	-	-

Dear Sir, Please check at your end

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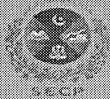
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- 📊 Risk profiler*
- 📊 Financial calculator
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Form of Proxy - 32nd Annual General Meeting

The Corporate Secretary
Chakwal Spinning Mills Limited
7/1 E-3 Main Boulevard Gulberg III, Lahore

Folio # / CDC A/C #.	
Participant I.D	
Account #	
Shares held	

I/We _____ of
being a member (s) of CHAKWAL SPINNING MILLS LIMITED hold _____ ordinary
shares _____ hereby appoint _____ Mr./Mrs./Miss
of

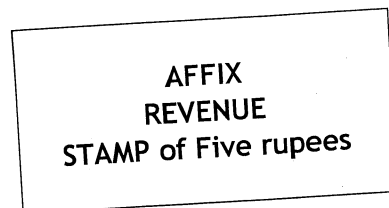
_____ or _____ failing _____ him/her
_____ of _____ as
my /our Proxy to attend and vote for me/us and on my/our behalf at the 32nd Annual
General Meeting of the Company to be held on Friday, 27th December, 2019 at 11:00
a.m at the registered office 7/1 E-III, Main Boulevard, Gulberg III, Lahore.

Signed this _____ day of _____ 2019.

NOTE

1. This Form of proxy, duly completed and signed, must be received at the registered office of the company, at 7/1 E-3 Main Boulevard Gulberg III, Lahore Pakistan, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.

1. Witness:
Signature _____
Name _____
Address _____
CNIC _____
2. Witness:
Signature _____
Name _____
Address _____
CNIC _____



Signature _____

(Signature appended above
should agree with the specimen
signatures registered with the
Company.)

مختار نامہ (Proxy Form)

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر:
شراکتد ارکان نمبر:
ملکیتی حصص:

کارپوریٹ سیکرٹری
چکوال سپننگ ملز لمیٹڈ
E-3، 7/1 مین بلیوارڈ، گلبرگ III،
لاہور

میں / ہم _____ کا / کے

بحیثیت رکن چکوال سپننگ ملز لمیٹڈ بذریعہ ہذا مختار نامہ / مختار نامہ
11:00 بجے، بمقام E-3، 7/1 مین بلیوارڈ، گلبرگ III، لاہور میں منعقد ہونے والے کمپنی کے تیسویں سالانہ اجلاس عام میں شرکت اور حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا بطور مختار
(پراکسی) مقرر کرنا ہوں / کرتے ہیں۔

رسیدی ٹکٹ یہاں چسپاں کریں

آج بروز تاریخ 2019ء کو دستخط کئے گئے۔

گواہان

-1

دستخط: _____
(دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں)

دستخط: _____

نام: _____

پتہ: _____

-2

دستخط: _____

نام: _____

پتہ: _____

نوٹ:

- 1- ایک نمبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا اہل ہو، اپنی جگہ کسی کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔
- 2- پراکسی تقرری کے آلات پر رکن یا اس کے باقاعدہ یا اختیار اٹارنی کی طرف سے دستخط شدہ ہونے چاہئیں۔ اگر رکن ایک کارپوریٹشن ہے، تو اس کی مشترکہ مہر آلات پر ثبت ہونی چاہئے۔
- 3- سی ڈی سی حصص داران سے التماس ہے کہ متعلقہ حصص داران کی شناخت کی سہولت کے لئے غیر معمولی اجلاس عام میں شرکت کے وقت اپنے کمپیوٹرائزڈ قومی شناختی کارڈ مع پرائیویٹ سسٹمز کا آئی ڈی نمبرز اور اپنے اکاؤنٹ نمبرز لازماً ہمراہ لائیں۔
- 4- پراکسی تقرری کے آلات، مع پاور آف اٹارنی، اگر کوئی ہو، جس کے تحت یہ دستخط شدہ ہے یا اس کی نوٹریلی کاپی، اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے دفتر میں جمع کرائے جانے چاہئیں۔

