

# **Annual Report 2021**



**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.*

# 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, 1<sup>st</sup> 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 34<sup>th</sup> 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 Thursday, March 31, 2022 at 11:00 a.m. to transact the following business :-

### **ORDINARY BUSINESS:**

1. To confirm the minutes of last AGM held on February 26, 2021
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2021, together with the reports of Directors and Auditor's report thereon.
3. To appoint auditors for the year ending June 30, 2022 and to fix their remuneration. The retiring auditors Aslam Malik & Company Chartered Accountants have shown their interest in their reappointment.
4. To transact any other business which may be brought forward with the permission of the Chair

Lahore:

**NADEEM ANWAR**  
Company Secretary  
March 10, 2022

### **NOTES:**

1. The share transfer books for ordinary shares of the Company will be closed from 24-03-2022 to 31-03-2022 (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 22-03-2022 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.
2. 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.
3. 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.

4. 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.
5. The financial statements for the year ended June 30, 2021 shall be uploaded on the Company's website [www.chakwalspinningmills.com](http://www.chakwalspinningmills.com) twenty one days prior to the date of holding of Annual General Meeting.
6. 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.
7. 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.
8. Members are requested to promptly notify the Company of any change in their registered address.

## **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.



February 28, 2022

Mr. Khawaja Mohammad Jawed  
Chairman



**CHAKWAL SPINNING MILLS LTD.**



**ISO 9001:2000  
CERTIFIED**

7/1, E-3, Main Boulevard, Gulberg - III, Lahore, Pakistan.  
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Email: ksml@pol.com.pk

## **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 30<sup>th</sup> June 2021.

### **Financial Performance:**

Business operations of the Company has been shut down since from last year due to insufficient cash flows, increased in production cost, reduction in demand in local market mainly due to Covid-19 pandemic. The Company during the period incurred a net loss after tax for the year of Rs. 48 million as compares to loss of Rs. 50 million during the last year. However the company did not incur any cash loss since the loss incurred is approximately equal to depreciation cost for the year. The directors of the Company always support the Company in every hour of need, which is also evident from the funds injected by the directors during the current year amounting to Rs. 51 million which is utilized for payment of outstanding liabilities of trade payables. The directors are committed that if future economic environment seems positive they shall put their best efforts to revive the Company's business operation in the up-coming period.

### **Financial Statements Audit**

The auditors of the company have given adverse opinion on company's ability as going concern. The management has prepared accounts of the company on going concern as it is mitigating the uncertainties through its plans which are expected to be mature in future to have sustainable business operational activities.

Similarly, the auditors of the company have given modified opinion on certain other matters including verification of bank outstanding balance confirmation. The company has limitation in this respect as the company is in litigation with banks. However, the Company has accounted for all due liabilities of the Banks which correspond with the amount provided in the suits filed by the banks.

Similarly the management is also committed to address other matters giving rise to the modification of auditor opinion to get it rectified to the satisfaction of auditors.

### **Future Outlook:**

The management of the company is making all possible efforts to resume the operations and get the benefits of positive business environment prevailing in the industry. The management is very hopeful to get the momentum of sustainable operation in the coming days by putting all efforts and polling sources of the company.





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## 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



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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, 2021 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. However the auditors in its review report highlighted that the board has not set an effective internal audit function. Due to shut down of business operations the company has lay off its staff however it will establish internal audit function on resumption of its operation.

## 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.



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- 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.
- x) Outstanding taxes and levis are given in the notes to the financial statements.

## Shareholding Pattern

The share holding pattern as at June 30, 2021 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 2021-2022. 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)

First four directors are exempt from Director's Training Program, whereas other directors will duly comply with the requirement of Code of Corporate Governess with respect of Directors' Training Program.



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## 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. Ms. 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.

February 28, 2022  
Lahore.

Khawaja Mohammad Jahangir  
Chief Executive Officer

On behalf of the Board

Mr. Khawaja Mohammad Jawed  
Chairman

## ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

چکوال سپنگ ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں آپ کی کمپنی کی سالانہ رپورٹ 30 جون 2021 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشواروں اور اس پر آڈیٹرز کی رپورٹ کے ساتھ جمع کراتے ہوئے خوشی محسوس ہو رہی ہے۔

### مالیاتی کارکردگی:

ناکافی نقدی کے بہاؤ، پیداواری لاگت میں اضافہ، مقامی مارکیٹ میں مانگ میں کمی کی وجہ سے بنیادی طور پر کورونا کی وبائی امراض کی وجہ سے کمپنی کے کاروباری آپریشنز پچھلے سال سے بند ہیں۔ اس عرصے کے دوران کمپنی کو 48 ملین روپے کے سالانہ ٹیکس کے بعد خاصہ نقصان ہوا جو کہ گزشتہ سال کے دوران 50 ملین روپے کے نقصان کے مقابلے میں تھا۔ تاہم کمپنی کو نقدی کا کوئی نقصان نہیں ہوا کیونکہ ہونے والا نقصان تقریباً سال کی فرسودگی لاگت کے برابر ہے۔ کمپنی کے ڈائریکٹرز ہمیشہ ضرورت کی ہر گھڑی میں کمپنی کی مدد کرتے ہیں، جو کہ موجودہ سال کے دوران ڈائریکٹرز کی طرف سے لگائے گئے فنڈز سے بھی ظاہر ہوتا ہے جو کہ 51 ملین روپے کی رقم ہے جو تجارتی ادائیگیوں کی بقایا واجبات کی ادائیگی کے لیے استعمال کی جاتی ہے۔ ڈائریکٹرز پر عزم ہیں کہ اگر مستقبل میں معاشی ماحول مثبت نظر آتا ہے تو وہ آنے والے عرصے میں کمپنی کے کاروباری آپریشن کو بحال کرنے کی پوری کوشش کریں گے۔

### مالی بیانات کا آڈٹ:

کمپنی کے آڈیٹرز نے کمپنی کی قابلیت کو تشویشناک قرار دیتے ہوئے منفی رائے دی ہے۔ انتظامیہ نے تشویش سے متعلق کمپنی کے اکاؤنٹس تیار کیے ہیں کیونکہ وہ اپنے منصوبوں کے ذریعے غیر یقینی صورتحال کو کم کر رہی ہے جن کے مستقبل میں پائیدار کاروباری آپریشنل سرگرمیوں کے لیے پختہ ہونے کی امید ہے۔

اسی طرح کمپنی کے آڈیٹرز نے بینک کے بقایا بیلنس کی تصدیق سمیت بعض دیگر معاملات پر نظر ثانی شدہ رائے دی ہے۔ اس سلسلے میں کمپنی کی حد ہے کیونکہ کمپنی بینکوں کے ساتھ قانونی چارہ جوئی میں ہے۔ تاہم، کمپنی نے بینکوں کی تمام واجب الادا ذمہ داریوں کا حساب دیا ہے جو بینکوں کے دائرہ کردہ سوٹ میں فراہم کردہ رقم کے مطابق ہے۔

اسی طرح انتظامیہ بھی دیگر معاملات کو حل کرنے کے لیے پر عزم ہے جس سے آڈیٹر کی رائے میں ترمیم کی جائے تاکہ اسے آڈیٹرز کے اطمینان کے لیے درست کیا جاسکے۔

### مستقبل کا آؤٹ لک:

کمپنی کی انتظامیہ آپریشنز کو دوبارہ شروع کرنے اور انڈسٹری میں موجود مثبت کاروباری ماحول کے فوائد حاصل کرنے کی ہر ممکن کوشش کر رہی ہے۔ انتظامیہ کمپنی کی تمام کوششوں اور پولنگ ذرائع کو بروئے کار لاتے ہوئے آنے والے دنوں میں پائیدار آپریشن کی رفتار حاصل کرنے کے لیے پر امید ہے۔

### بنیادی سرگرمی:

کمپنی کی بنیادی سرگرمی دھاگے کی تیاری اور فروخت ہے۔

### بنیادی خطرات اور غیر یقینی صورتحال

بورڈ آف ڈائریکٹرز کمپنی کے کاموں کی نگرانی کرنے اور خطرات کے کسی بھی ممکنہ منفی اثرات کو کم کرنے کے لیے ایک مؤثر حکمت عملی وضع کرنے کا

ذمہ دار ہے۔

کمپنی کی اصل مالی ذمہ داریوں میں طویل مدتی مالیات، تجارت اور دیگر قابل ادائیگی اور مختصر مدت کے قرضے شامل ہیں۔ کمپنی کے اصل مالیاتی اثاثے تجارتی قرضوں، ایڈوانسز، قلیل مدتی ڈپازٹس، دیگر قابل وصول، نقدی اور بینک بیلنس پر مشتمل ہیں جو براہ راست اس کے آپریشنز سے پیدا ہوتے ہیں۔

کمپنی کی سرگرمیاں اسے متعدد مالیاتی خطرات سے دوچار کرتی ہیں: مارکیٹ کا خطرہ (بشمول کرنسی کا خطرہ، شرح سود کا خطرہ اور قیمت کا خطرہ)، کریڈٹ ریسک اور لیکویڈیٹی ریسک۔

کمپنی کا مجموعی ریسک مینجمنٹ پروگرام مالیاتی منڈیوں کی غیر متوقع صلاحیت پر توجہ مرکوز کرتا ہے اور مالی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کمپنی نے مالی بیانات میں تمام قانونی چارہ جوئی اور ان کے متوقع نتائج کو مناسب طور پر ظاہر کر دیا ہے۔

### کارپوریٹ سماجی ذمہ داری:

کمپنی اپنے کاروبار میں کارپوریٹ سماجی ذمہ داری کے انضمام پر پختہ یقین رکھتی ہے، اور ان کمیونٹیز کی ترقی کے لیے مستقل مزاجی سے کوشش کرتی ہے جو براہ راست یا بالواسطہ ہمارے کاروبار سے متاثر ہیں۔

### ماحولیات، صحت اور حفاظت:

کمپنی ملازمین اور عوام کی صحت کو لاحق خطرے سے بچنے کے لیے کام کے محفوظ حالات کو برقرار رکھتی ہے۔ انتظامیہ نے سال بھر میں اپنے تمام آپریشنز میں محفوظ ماحول کو برقرار رکھا ہے اور اس نے اپنی حفاظت اور رہنے کی سہولیات کو مسلسل اپ گریڈ کیا ہے۔ مشینری کے ساتھ ساتھ پلانٹ میں کام کرنے والے ملازمین کے لیے بھی حفاظت کا مسئلہ ہے۔ آگ بجھانے والے آلات اور آگ سے بچاؤ کے دیگر آلات سائٹس کے ساتھ ساتھ رجسٹرڈ اور کمپنی کے ہیڈ آفس پر رکھے گئے ہیں۔ فائر سیفٹی آلات کی کارکردگی کو یقینی بنانے کے لیے باقاعدہ مشقیں کی جاتی ہیں۔

### اندرونی مالیاتی کنٹرول:

بورڈ آف ڈائریکٹرز کے ذریعہ کمپنی کی تمام سطحوں پر مضبوط اندرونی کنٹرول کا نظام قائم اور نافذ کیا جاتا ہے۔ داخلی کنٹرول کا نظام کمپنی کے مقاصد کے حصول اور آپریشنل تاثیر اور کارکردگی، قابل اعتماد مالیاتی رپورٹنگ اور قوانین، ضوابط اور پالیسیوں کی تعمیل کو یقینی بنانے کے لیے ڈیزائن میں درست ہے۔

### متعلقہ فریقین:

30 جون 2021 کو ختم ہونے والے مالی سال کے دوران تمام متعلقہ فریقین کے لین دین کا آڈٹ کمیٹی نے جائزہ لیا اور بورڈ آف ڈائریکٹرز نے ان کی منظوری دی۔

### کوڈ آف کارپوریٹ گورننس کی تعمیل:

پاکستان شاک ایپینج کی طرف سے اپنی فہرست سازی کے ضابطوں میں کوڈ آف کارپوریٹ گورننس کے تقاضوں کو کمپنی نے اپنایا ہے اور ان کی مناسب تعمیل کی گئی ہے۔ اس سلسلے میں ایک بیان رپورٹ کے ساتھ منسلک ہے۔ تاہم آڈیٹرز نے اپنی جائزہ رپورٹ میں اس بات پر روشنی ڈالی ہے کہ بورڈ نے ایک موثر اندرونی آڈٹ کا کام ترتیب نہیں دیا ہے۔ کاروباری سرگرمیاں بند ہونے کی وجہ سے کمپنی نے اپنے عملے کو نکال دیا ہے تاہم وہ اپنے آپریشن کو دوبارہ شروع کرنے پر اندرونی آڈٹ کا کام شروع کرے گی۔

### کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک:

جیسا کہ کوڈ آف کارپوریٹ گورننس کی ضرورت ہے، ڈائریکٹرز بخوشی باعث قول ہیں:

- (i) کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات کمپنی کے آپریشنز، کمیشن فلو اور ایکویٹی میں تبدیلیوں کی منصفانہ حالت کو پیش کرتے ہیں۔
- (ii) کمپنی کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
- (iii) مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

(iv) بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS)، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی بیانات کی تیاری میں پیروی کی گئی ہے، اور وہاں سے کسی بھی روانگی کو مناسب طور پر ظاہر اور وضاحت کی گئی ہے۔

(v) اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

(vi) پچھلے پانچ سالوں کا کلیدی آپریشننگ اور مالیاتی ڈیٹا منسلک ہے۔

(viii) ہمیں ڈائریکٹرز اور ملازمین کے درمیان اخلاقیات اور کاروباری حکمت عملی کا ایک بیان تیار اور گردش کر دیا گیا ہے۔ (ix) کمپنی نے سال بھر کے نقصان کی وجہ سے نہ تو ڈیویڈنڈ کا اعلان کیا ہے اور نہ ہی بونس شیئرز جاری کیے ہیں۔

(ix) بقایا ٹیکس اور لیویز مالی بیانات کے نوٹوں میں دیے گئے ہیں۔

### شیئر ہولڈنگ پیٹرن:

عام حصص کے لیے 30 جون 2021 کے مطابق شیئر ہولڈنگ پیٹرن منسلک ہے۔

### آڈیٹرز کی تقرری:

اسلم ملک اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، لاہور ریٹائر ہونے والے ہیں اور اہل ہیں، مالی سال 2021-2022 کے لیے آڈیٹرز کے طور پر دوبارہ تقرری کے لیے بخود پیشکش کرتے ہیں۔ آڈٹ کمیٹی نے موجودہ آڈیٹرز کی دوبارہ تقرری کی سفارش کی ہے۔

### بورڈ کی تشکیل:

(۱) درج ذیل کے مطابق ڈائریکٹرز کی کل تعداد 08 ہے:

07: (الف) مرد

01: (ب) خاتون

(۲) بورڈ کی تشکیل حسب ذیل ہے:

01: (الف) ایگزیکٹو ڈائریکٹرز

05: (ب) دیگر غیر ایگزیکٹو ڈائریکٹرز

02: (ج) آزاد ڈائریکٹرز

### ڈائریکٹرز کے نام:

(i) جناب خواجہ محمد جاوید (چیئر مین)

(ii) جناب خواجہ محمد کلیم (ایگزیکٹو ڈائریکٹر)

(iii) جناب خواجہ محمد جہانگیر (چیف ایگزیکٹو آفیسر)

(iv) جناب خواجہ محمد تنویر

(v) جناب شیخ مقبول احمد (آزاد ڈائریکٹر)

(vi) مسٹر۔ دانش تنویر

(vi) محترمہ منزہ کلیم

(vii) جناب محمد طارق صوفی (آزاد ڈائریکٹر)

پہلے چار ڈائریکٹرز ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ ہیں، جب کہ دیگر ڈائریکٹرز، ڈائریکٹرز کے تربیتی پروگرام کے حوالے سے کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کریں گے۔

### بورڈ کی کمیٹیاں:

بورڈ نے درج ذیل ذیلی کمیٹیاں بنائی ہیں۔

### آڈٹ کمیٹی کے اجلاس:

(i) جناب محمد طارق صوفی (چیرمین)

(ii) جناب خواجہ محمد جاوید (ممبر)

(iii) مسٹر دانش تنویر (ممبر)

### HR اور معاوضہ کمیٹی کے اجلاس:

(i) جناب محمد طارق صوفی (چیرمین)

(ii) جناب خواجہ محمد تنویر (ممبر)

(iii) محترمہ منزہ کلیم (ممبر)

### ڈائریکٹرز کے معاوضے کی اہم خصوصیات

بورڈ آف ڈائریکٹرز نے کمپنی کے معاملات میں ان کی ذمہ داری کے لحاظ سے ایگزیکٹو ڈائریکٹرز کے معاوضے کے لیے ایک رسمی پالیسی کی منظوری دی ہے۔ معاوضہ ان کی ذمہ داری اور مہارت کی سطح کے مطابق ہے جو کمپنی کو کامیابی کے ساتھ چلانے اور ان سے قدر میں اضافے کی حوصلہ افزائی کے لیے درکار ہے۔

تسلیم کرتے ہیں۔

کمپنی کے عملے اور کارکنوں کی مسلسل محنت اور لگن اور ہر سطح پر اچھے انسانی تعلقات تعریف کے مستحق ہیں۔ ڈائریکٹرز کمپنی کے ساتھ مسلسل تعاون کے لیے تمام اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہتے ہیں۔

### منحائب بورڈ آف ڈائریکٹرز

خواجہ محمد جاوید صاحب  
(چیرمین)

خواجہ محمد جہانگیر صاحب  
(چیف ایگزیکٹو آفیسر)

مورخہ : 28 فروری 2022 بمقام : لاہور





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Email: ksml@pol.com.pk

## **Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019**

Name of Company : Chakwal Spinning Mills Limited  
Year ending : June 30, 2021

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
Mrs. Munaza Kaleem	Non-Executive Director
Mr. Danish Tanveer	Non-Executive Director
Mr. Sheikh Maqbool Ahmed	Independent Director
Mr. Mohammad Tariq Sufi	Independent Director

\* Best practices of corporate governance entail having an optimal number and mix of board members with adequate skills and experience. The current Board of Directors of the Company adequately meets this requirement. Further, existing independent directors play an effective part within the Board and make valuable contribution. Therefore, the fraction (2.6) has not been rounded up.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.



# CHAKWAL SPINNING MILLS LTD.



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CERTIFIED

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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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
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 Directors were appraised of their duties and responsibilities from time to time. All of the Directors will duly comply with the requirement of Code of Corporate Governance with respect of Directors' Training Program and the Company is planning to arrange this program for the Director.
10. No appointment of Company Secretary, Chief Financial Officer and Head of Internal Audit has been made during the year.
11. Chief financial officer and chief executive officer 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



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13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. Due to shut down of business operations, presently the board did not set up an effective internal since there was no staff for this purpose.
15. 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;.
16. 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.
17. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
18. The directors shall comply with the provision of Code of Corporate Governness Rules, 2017 in respect of Director Training Program.

For Chakwal Spinning Mills Limited

Khawaja Mohammad Javed  
Chairman

Lahore: February 24, 2022



**Aslam Malik & Co.**  
Chartered Accountants  
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## 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, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Chakwal Spinning Mills Limited** for the year ended 30 June 2021 in accordance with the requirements of regulation 36 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.

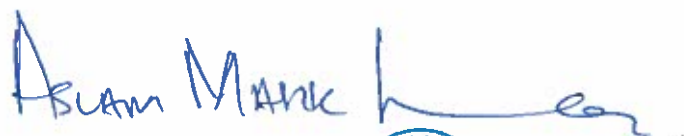
As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control 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. We are only required and have ensued 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.

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 30 June 2021.

Further, we highlight below instance of non-compliance with the requirements 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 19 of the regulations
15	The board has not setup an internal audit function as required by regulation 31 of chapter x of listed Companies Code of Corporate Governance regulations 2019



(Aslam Malik & Co.)  
Chartered Accountants



Lahore

Date: February 28, 2022

Engagement Partner: Hafiz Muhammad Ahmad



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## INDEPENDENT AUDITOR'S REPORT

**To the Members of Chakwal Spinning Mills Limited**

### Report on the Audit of the Financial Statements

#### Adverse 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, 2021, and the statement of profit or loss and statement of 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 explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the basis of adverse section of our audit report (a) to (f), the statement of financial position, statement of profit or loss and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Adverse Opinion

- a) As fully explained in note 16 the company is in litigation with the banking companies. The company had not worked out and provided the amount of mark-up on the short term borrowings in these financial statements for the year ended June 30, 2021. Based on available underlying records, unavailability of 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.

Moreover, due to litigation banks do not confirmed us the balances of short term borrowings (Note No.14) and the bank facility letter was also not provided to us. Based on available underlying records, response from the legal counsel and non-confirmation of loan balances from banking companies, we were unable to determine with reasonable accuracy the impact on these financial statements of any disagreement.

- b) Gratuity payable amounting to Rs. 6,382,803 stated in the (Note 11) to the financial statements. We had not been provided by the actuarial valuation by the management. Further we have not been provided with sufficient information and explanations to assess whether any actuarial adjustments in value should be recognised in respect of the above-mentioned gratuity amount.

amc

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There are no other satisfactory audit procedures that we could adopt to determine whether any adjustments in value should be made in the financial statements in respect of gratuity. Any adjustments found to be necessary might have consequential effects on the net assets of the company as at June 30, 2021, the results of the company for the year then ended and the related disclosures thereof in the financial statements.

Furthermore the disclosure given by the management in the financial statements is not in accordance with the International Accounting Standard 19 and lead to departure from international financial reporting standards as applicable in Pakistan.

- 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.
- d) As set out in note 17 to the financial statements, the company holds property, plant and equipment with reported carrying value of **Rs. 755.519 million** which is substantial portion of the financial position. These assets are measured at cost less accumulated depreciation and impairment losses.

As disclosed in the accounting policies note 5.5, the company reviews the carrying amount of its property, plant and equipment at each reporting date to determine whether there is any indication that an asset is impaired. If any such indicators exist then, the asset's recoverable amount should be estimated by reference to forecast future cash flows and fair value less costs to sell. If the recoverable amount of the asset is less than its carrying value, the asset's carrying value should be reduced and an impairment expense recognised.

As per IFRSs as applicable in Pakistan, there is an indication of Impairment. Because the company has not determined the recoverable amount of the relevant assets, we are unable to determine whether the carrying value of these assets should be reduced and a corresponding impairment expense recognised. Consequently, in the absence of recoverable amount of property plant and equipment at the reporting date we were unable to quantify the impact with reasonable accuracy on these financial statements.

- e) At the reporting date, the Company's accumulated losses stand at RS. 827,712 million (2020: Rs. 784.259 million) and its current liabilities exceed its current assets by Rupees 835.090 million (2020: 833.033 million). This situation may be further deteriorated if the possible effects of matter discussed in paragraph (a) to (d) above all accounted for in the financial statements. The Company has also suspended its operations since March 2020. Further, the financial results show adverse key financial ratios and the company's court cases are decreed in favour of the banking companies, due to its inability to comply with loan agreements. The company is also unable to pay short term financing from banking companies amounting to Rs. 452.989 million and the related finance cost, Liabilities against assets subject to finance lease amounting to Rs. 2.541 million along with the finance cost, if the execution applications filed by the banking companies are decided by the courts. At present, there is no formal approved business plan for future periods.

These conditions and events indicate material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, as described in Note 3.2, these financial statements have been prepared under the going concern assumption. These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate; consequently, in our opinion, the company cannot be considered to be a going concern and thus the preparation of these financial statements on a going concern basis is inappropriate. In our opinion, the financial statements should reflect adjustments to reduce the value of assets to their recoverable amount and to provide any further liabilities that may arise. These adjustments are likely to be substantial, and in view of further qualifications

discussed in paragraphs (a) to (d) above we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.

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 adverse our opinion.

**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 matters as mention in the basis for adverse opinion section of our report we have determined that there are no other key audit matters to communicate in our report.

**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, 2021.

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 are 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 except for the matters discussed in basis for adverse opinion section, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) 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 not 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 was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) under section 7 of that Ordinance.

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

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



Place: Lahore

Date: February 28, 2022

*ame.*

# CHAKWAL SPINNING MILLS LIMITED

## STATEMENT OF FINANCIAL POSITION

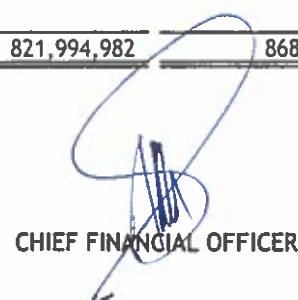
### AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>CAPITAL AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital:			
140,000,000 (2020: 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	6	607,881,000	607,881,000
Loan from directors	7	42,375,000	42,375,000
Accumulated loss		(827,962,439)	(784,259,887)
Surplus on revaluation of property, plant & equipment	8	126,437,687	131,310,019
		(51,268,752)	(2,693,868)
<b>Non Current Liabilities</b>			
Lease Liability	9	-	-
Deferred liabilities	10	-	-
<b>Current Liabilities</b>			
Trade and other payables	11	279,486,675	329,412,646
Accrued mark- up	12	67,778,697	67,778,697
Short term borrowings	13	477,639,029	426,043,089
Current portion of non current liabilities		37,742,792	37,742,792
Unclaimed dividend		384,347	384,347
Provision for taxation	14	10,232,194	10,232,349
		873,263,734	871,593,920
<b>Contingencies and Commitments</b>			
	15	-	-
		821,994,982	868,900,052
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	16	755,519,415	801,787,161
Long term loans	17	712,766	712,766
Long term deposits	18	27,839,744	27,839,744
		784,071,925	830,339,671
<b>Current Assets</b>			
Trade debts	19	324,607	933,497
Loans and advances	20	4,346,292	4,346,292
Tax refunds due from the government	21	23,880,927	23,880,927
Trade deposits, prepayments and other receivables	22	9,322,935	9,357,935
Cash and bank balances	23	48,296	41,730
		37,923,057	38,560,381
		821,994,982	868,900,052

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

# CHAKWAL SPINNING MILLS LIMITED

## STATEMENT OF PROFIT OR LOSS

### FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
	Note	Rupees	Rupees
Sales	24	-	146,548,532
Cost of sales	25	(45,784,257)	(178,973,803)
Gross Loss		(45,784,257)	(32,425,271)
Distribution cost	26	-	(949,461)
Administrative expenses	27	(2,529,403)	(14,072,158)
		(2,529,403)	(15,021,619)
Operating Loss		(48,313,660)	(47,446,890)
Finance cost	28	(11,224)	(28,378)
Other operating expenses	29	(250,000)	(800,000)
Loss before Taxation		(48,574,884)	(48,275,268)
Taxation	30	-	(2,198,228)
Loss after Taxation		(48,574,884)	(50,473,496)
Loss per Share - Basic & Diluted	31	(0.35)	(0.36)

The annexed notes from 1 to 40 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, 2021**

	2021	2020
	Rupees	Rupees
Loss after taxation	(48,574,884)	(50,473,496)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(48,574,884)</u>	<u>(50,473,496)</u>

The annexed notes from 1 to 40 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, 2021

	2021 Rupees	2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(48,574,884)	(48,275,268)
Adjustments for:		
• Depreciation	46,267,746	49,948,903
• Finance cost	11,224	28,378
	46,278,970	49,977,281
Operating (loss) / profit before working capital changes	(2,295,914)	1,702,013
(Increase) / decrease in current assets		
• Stores and spares	-	8,782,208
• Stock in trade	-	7,008,281
• Trade debts	608,890	42,792,307
• Loans and advances	-	(748,814)
• Tax refunds due from the government	-	(865,748)
• Trade deposits, prepayments and other receivables	35,000	892,004
Increase / (decrease) in current liabilities		
• Trade and other payables	(49,925,971)	(58,951,885)
	(49,282,081)	(1,091,647)
Cash generated (used in) / from operations	(51,577,995)	610,366
Finance cost paid	(11,224)	(28,378)
Gratuity paid	-	(1,699,550)
Income tax paid	(155)	(78,532)
Net Cash generated used in Operating Activities	(51,589,374)	(1,196,094)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Long term loans	-	4,716,031
Long term deposits	-	-
Net Cash generated from Investing Activities	-	4,716,031
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings - net	-	(10,307,542)
Loan from directors and others	51,595,940	6,452,305
Net Cash generated / (used in) from Financing Activities	51,595,940	(3,855,237)
Net increase / (decrease) in cash and cash equivalents	6,566	(335,300)
Cash and cash equivalents at the beginning of the year	41,730	377,030
	48,296	41,730

The annexed notes from 1 to 40 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, 2021

Particulars	Share Capital	Accumulated Loss	Loan from Directors	Surplus on revaluation of property, plant & equipment	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2019	607,881,000	(739,172,120)	42,375,000	136,695,748	47,779,628
Other comprehensive loss for the year		(50,473,496)			(50,473,496)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	5,385,729	-	(5,385,729)	-
Balance as at June 30, 2020	607,881,000	(784,259,887)	42,375,000	131,310,019	(2,693,868)
Other comprehensive loss for the Year	-	(48,574,884)	-	-	(48,574,884)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	4,872,332	-	(4,872,332)	-
Balance as at June 30, 2021	607,881,000	(827,962,439)	42,375,000	126,437,687	(51,268,752)

The annexed notes from 1 to 40 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, 2021

#### 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, Bhal Phero. The Company is engaged in the business of textile spinning.

#### Note 2

##### Impact of COVID-19 on the Financial Statements

The outbreak of COVID-19 pandemic and the lockdown situation in the country have impacted businesses to varying degrees, having implications on their operations, financial position, profitability, liquidity and in certain cases, the going concern status. The management has evaluated the impacts of COVID-19 on the Financial Statements of the Company and has concluded as follows:

As disclosed in note 27, no production was carried out during the year and hence no sales were made during the year. However the management has evaluated the impacts of COVID-19 on going concern status of the Company and has concluded that the Company is not exposed to any going concern risk due to COVID-19.

#### 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. 48.325 million (2020: Rs. 50.473 million) and at year end; its accumulated losses stood at Rs. 827,712 million (2020: 784.260 million). Its current liabilities exceed its current assets by Rs. 835.091 million (2020: Rs. 833.034 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:

Current Government has planned energy package to provide incentive to textile industry in terms of reduction in energy prices. Accordingly from next reporting period sui gas and electricity will be provided @ 6.5 \$ per mmbtu and 9 Cents per unit respectively. The management is expecting that these measures would cause a positive impact on the Company's operations.

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.**

**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 IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and related assumptions are reviewed on an on going basis. Accounting estimates are revised in the period in which such revisions are made. Significant management estimates in these financial statements relate to the useful life and residual values of property, plant and equipment; revalued amounts of property, plant and equipment; amortization of intangible assets; impairment of assets; provisions for defined benefit obligations; taxation; and contingent liabilities. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

**4 Changes in Accounting Standards, Interpretations and Pronouncements**

**4.1 Amendments to accounting and reporting standards and Interpretations which are effective during the year ended June 30, 2021**

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned in note 6 of the financial statements.

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

The following standards, amendments and interpretations with respect to the approved accounting and reporting standards as applicable in Pakistan and relevant to the Company, would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective Date
	(Period beginning on or after)
Conceptual Framework in IFRS Standards [Amendments]	January 1, 2020
IFRS 7 Financial Instruments: Disclosures [Amendments]	January 1, 2020
IFRS 9 Financial Instruments [Amendments]	January 1, 2020
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
IFRS 16 Leases [Amendments]	July 1, 2020
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2020

Company will assess the impacts of these changes in the period of initial application once such changes become effective for the company.

Note 5  
Significant Accounting Policies

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**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**

Trade and other payables are recognized initially at fair value net of directly attributable cost, if any.

**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.

**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 17. 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.

**Note 5 - Significant Accounting Policies ... Contd.**

**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**

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

**5.8 Related party transactions**

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is 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.

**5.11 Revenue recognition**

The Company is in the business of sale of textile products. Revenue from contracts with customers is recognized at the point of time when control of the goods is transferred to the customer (generally on delivery of the goods) at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

**Revenue from contracts with customers**

**Sale of Goods**

Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

**Contract assets**

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

**Contract liabilities**

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

*Note 5 - Significant Accounting Policies ... Contd.*

**5.12 Financial instruments**

**5.12.1 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.

**5.12.1.1 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.

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.

**Note 5 - Significant Accounting Policies ... Contd.**

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.

**5.12.1.2 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 debt.

**5.12.1.3 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.

**5.12.1.4 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.

**Note 5 - Significant Accounting Policies ... Contd.**

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.

**5.12.1.5 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.

**5.12.2 Financial liabilities**

**5.12.2.1 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.

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.



*Note 5 - Significant Accounting Policies ... Contd.*

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

**5.12.2.2 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.

**5.12.2.3 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.

**Note 5 - Significant Accounting Policies ... Contd.**

**5.13 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.

**5.14 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.

**5.15 Dividend to ordinary shareholders**

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in the statement of changes in equity and as a liability in the Company's financial statements in the year in which the dividends are approved by the Board of Directors or the Company's shareholders as the case may be.

**5.16 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.

**5.17 Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.



**Note 5 - Significant Accounting Policies ... Contd.**

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

**ii) Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is premeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in Interest-bearing loans.

**iii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

**Company as a lessor**

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the term of the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

**Note 6**  
**Issued, Subscribed and Paid up Capital**

2021	2020		2021	2020
Number of shares			Rupees	Rupees
121,576,200	121,576,200	Ordinary shares of Rs. 5 each (2020: Rs. 5) fully paid in cash.	607,881,000	607,881,000

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

Opening balance	121,576,200	121,576,200
Issued during the year	-	-
Closing balance	121,576,200	121,576,200

**Note 7**  
**Loan from Directors**

	2021	2020
	Rupees	Rupees
Loan from directors	42,375,000	42,375,000

These interest free loans were obtained from the Directors of the Company to meet working capital requirements of the Company. These loans are subordinated to finances from the directors and these are repayable at the discretion of the Company after the short term finances availed from the banks. These are not measured at amortized cost, rather these are treated as equity at face value in accordance with the guideline provided through TR 32 - "Accounting Directors' Loan" as issued by the Institute of Chartered Accountants of Pakistan.

**Note 8**  
**Surplus on Revaluation of Property, Plant & Equipment**

	2021	2020
	Rupees	Rupees
Opening balance	131,310,019	136,695,748
Impairment loss during the year	-	-
Transfer to retained earnings in respect of net incremental depreciation	(4,872,332)	(5,385,729)
Closing balance	126,437,687	131,310,019

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.

**Note 9**  
**Lease Liability**

	2021		2020	
	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	-	-	-	-
	2,431,516	65,218	2,431,516	65,218

**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.

## Notes to and Forming Part of the Financial Statements

## Note 10

## Deferred Liabilities

	Note	2021 Rupees	2020 Rupees
Gratuity payable	10.1	6,382,803	6,382,803
Long term advances	10.2	28,993,671	28,993,671
		35,376,474	35,376,474
Less: Current portion		(35,376,474)	(35,376,474)
		-	-

## 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. There is only one employee remaining who is eligible for gratuity therefore actuarial valuation was not carried out as at June 30, 2021.

	2021 Rupees	2020 Rupees
10.1.2 Present value of defined benefit obligation	6,382,803	6,382,803
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	6,382,803	8,082,353
Benefit paid	-	(1,699,550)
Present value of defined benefit obligation as at 30th June	6,382,803	6,382,803
10.1.4 Amount charge to profit and loss account		
Current service cost	-	-
Interest cost	-	-
10.1.5 Allocation of charge for the year		
Cost of sales	28	-
Administrative expenses	30	-
10.1.6 Amount recognized in other comprehensive income are:		
Actuarial loss due to experience adjustments	-	-
10.1.7 Key actuarial assumptions used:		
Discount rate	-	12.5%
Expected rate of salary increase	-	11.5%
Retirement age	-	60 Years

- 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 2021 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 2021, therefore due to immaterial impact under IFRS-9, no change is recognized against this advance.

Note 11  
Trade and Other Payables

	Note	2021 Rupees	2020 Rupees
Creditors - Unsecured	11.1	119,007,269	168,460,168
Accrued liabilities		132,358,107	132,395,051
Other liabilities		2,033,396	2,033,396
Contract liabilities		72,574	512,574
Income tax payable		6,326,667	6,322,795
Sales Tax Payable		19,688,662	19,688,662
		<u>279,486,675</u>	<u>329,412,646</u>

- 11.1 This includes an amount of Rs. 2,061,975 (2020: Rs. 2,061,975) and Rs. 16,310,094 (2020: 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. 18,372,069.

Note 12  
Accrued Mark-up

		2021 Rupees	2020 Rupees
Accrued mark up on:			
- Liability against assets subject finance lease		174,539	174,539
- Short term borrowings	12.1	<u>67,604,158</u>	<u>67,604,158</u>
		<u>67,778,697</u>	<u>67,778,697</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	2021 Rupees	2020 Rupees
Banking companies - Secured			
- Running / cash finance	13.1	385,384,477	385,384,477
- Unpresented cheques	13.2	-	-
Related parties - Unsecured			
- Loan from directors	13.3	<u>92,254,552</u>	<u>40,658,612</u>
		<u>477,639,029</u>	<u>426,043,089</u>

- 13.1 These represent utilized portion of short term finance facilities of Rs. 385 million (2020: Rs. 385 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	2021 Rupees	2020 Rupees
Balance at the beginning of the year		10,232,194	21,442,910
Add: Provision for the year	14.1	-	2,198,228
Less: Adjustment against advance tax		-	(13,408,944)
Balance at the end of the year		<u>10,232,194</u>	<u>10,232,194</u>

*Note 14 - Provision for Taxation - net ... Contd.*

- 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.

**Note 15**  
**Contingencies and Commitments**

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**Contingencies**

- 15.1 Tax liability for Rs. 4,870,776 (2020: 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**

There is no commitments of the company for the year ended June 30, 2021 (2020: Nil).





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

	Note	2021 Rupees	2020 Rupees
Cost of sales	28	45,784,257	49,362,154
Administrative expenses	30	483,489	586,749
		<u>46,267,746</u>	<u>49,948,903</u>

16.2 There has been no disposal of property, plant and equipment during the current year.

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, 2021. 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, 2021			As at June 30, 2020		
	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	265,733,761	90,573,475	356,307,236	255,670,042	100,637,194
Plant and machinery	1,099,851,692	653,429,898	446,421,794	1,099,851,692	629,934,014	469,917,678
Power house	145,165,634	100,095,095	45,070,539	145,165,634	95,087,257	50,078,377
Total	1,606,333,854	1,019,258,754	587,075,100	1,606,333,854	980,691,313	625,642,541



**Note 17**  
**Long Term Loans**

		2021	2020
	Note	Rupees	Rupees
Loans to employees - (Secured - considered good)			
- Due from executive	17.1	3,528,317	3,528,317
- Due from other employees		1,500,741	1,500,741
		5,029,058	5,029,058
Less: Current portion			
- Due from executives		(3,528,317)	(3,528,317)
- Due from other employees		(787,975)	(787,975)
		(4,316,292)	(4,316,292)
		<u>712,766</u>	<u>712,766</u>
<b>17.1</b> Reconciliation of carrying amount of loan to executive:			
Opening balance		3,528,317	3,528,317
Disbursement during the year		-	-
		<u>3,528,317</u>	<u>3,528,317</u>
Recoveries during the year		-	-
Closing Balance		<u>3,528,317</u>	<u>3,528,317</u>
<b>17.2</b> 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.			
<b>17.3</b> The maximum aggregate amount of loans due from executive at the end of any month during the year was Rs. 3.528 million (2020: Rs. 3.528 million)			
<b>17.4</b> 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**

	2021	2020
	Rupees	Rupees
Deposits against:		
- Utilities	27,832,744	27,832,744
- Margin on letter of guarantee	7,000	7,000
	<u>27,839,744</u>	<u>27,839,744</u>

Note 19  
Trade Debts

	Note	2021 Rupees	2020 Rupees
Local - Unsecured and considered good	19.1	<u>324,607</u>	<u>933,497</u>

19.1 Trade debts do not include any amount due from related parties (2020: Nil).

Note 20  
Loans and Advances

	Note	2021 Rupees	2020 Rupees
Current portion of loans to employees	17	4,316,292	4,316,292
Advances - Considered good			
- Suppliers and contractors		30,000	30,000
- Employees	20.1	<u>-</u>	<u>-</u>
		<u>4,346,292</u>	<u>4,346,292</u>

20.1 Amount due from directors, chief executive and executives of the Company is Nil (2020: Nil)

Note 21  
Tax refunds due from the government

	2021 Rupees	2020 Rupees
Tax deducted at source and advance tax	7,098,105	7,098,105
Sales tax refundable - Net	<u>16,782,822</u>	<u>16,782,822</u>
	<u>23,880,927</u>	<u>23,880,927</u>

Note 22  
Trade Deposits, Prepayments and Other Receivables

	Note	2021 Rupees	2020 Rupees
Security Deposit		2,500,000	2,500,000
Prepayments		429,716	429,716
Other Receivables	22.1	<u>6,393,219</u>	<u>6,428,219</u>
		<u>9,322,935</u>	<u>9,357,935</u>

22.1 This solely represents amount due from Yousaf Weaving Mills Limited. The maximum aggregate amount outstanding during the year was Rs. 6,428,219.

Note 23  
Cash and Bank Balance

	2021 Rupees	2020 Rupees
Cash in hand	-	-
Cash at bank - in current accounts	<u>48,296</u>	<u>41,730</u>
	<u>48,296</u>	<u>41,730</u>

Note 24  
Sales

	2021 Rupees	2020 Rupees
Local - Yarn Sales	-	171,461,782
Sales tax	-	(24,913,250)
Net sales	<u>-</u>	<u>171,461,782</u>

Note 25  
Cost of Sales

		2021	2020
	Note	Rupees	Rupees
Raw materials consumed	25.1	-	90,749,977
Salaries, wages and benefits	25.2	-	11,554,818
Fuel and power		-	17,802,974
Store and spares consumed		-	5,236,975
Packing material		-	3,545,233
Repairs and maintenance		-	490,131
Travelling and conveyance		-	207,780
Depreciation	16.1	45,784,257	49,362,154
		<u>45,784,257</u>	<u>178,950,042</u>
Finished goods			
- Opening stock		-	23,761
- Closing stock		-	-
		-	23,761
		<u>45,784,257</u>	<u>178,973,803</u>
25.1 Raw materials consumed:			
Opening stock		-	6,984,520
Purchases during the year		-	83,765,457
		-	90,749,977
Closing stock		-	-
		-	90,749,977

25.2 This includes Rs. Nil (2020: Rs. Nil) in respect of employee benefits - gratuity scheme.

Note 26  
Distribution Cost

	2021	2020
	Rupees	Rupees
Freight and other charges	-	949,461
	-	949,461

Note 27  
Administrative Expenses

		2021	2020
	Note	Rupees	Rupees
Salaries, wages and benefits	27.1	650,000	6,107,043
Director's remuneration		675,000	4,000,000
Travelling and conveyance		6,385	38,940
Communication		2,836	262,200
Repairs and maintenance		-	267,476
Utilities		-	857,713
Printing and stationery		123,500	195,922
Entertainment		210,300	134,868
Vehicle running and maintenance		-	723,702
Fees and subscriptions		117,893	682,545
Legal and professional charges		160,000	155,000
Advertisement and publicity		100,000	60,000
Depreciation	16.1	483,489	586,749
		<u>2,529,403</u>	<u>14,072,158</u>

27.1 This includes Rs. Nil (2020: Rs. Nil) in respect of employee benefits - gratuity scheme.

Note 28  
Finance Cost

	2021 Rupees	2020 Rupees
Bank charges and commission	11,224	28,378
	<u>11,224</u>	<u>28,378</u>

Note 29  
Other Operating Expenses

	Note	2021 Rupees	2020 Rupees
Auditors' remuneration	29.1	250,000	800,000
29.1 Auditors' remuneration			
Audit fee		250,000	650,000
Half yearly review and code of corporate governance		-	150,000
		<u>250,000</u>	<u>800,000</u>

Note 30  
Taxation

Current - for the year	-	2,198,228
Deferred - for the year	-	-
	<u>-</u>	<u>2,198,228</u>

30.1 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 @ 1.5% has been provided in these financial statements.

30.2 Deferred tax asset amounting to Rs. 78.282 million (2020: 64.525 million) arising mainly due to brought forward losses amounting to Rs. 722.796 (2020: 703.687 million) has not been recognized in the current year, as the attributable temporary differences are not expected to reverse in the foreseeable future.

Note 31  
Loss per Share

		2021 Rupees	2020 Rupees
Loss after taxation	Rupees	(48,574,884)	(50,476,496)
Number of shares			
Weighted average number of ordinary shares outstanding during the year	Number	140,000,000	140,000,000
Loss per share - basic & diluted	Rupees	<u>(0.35)</u>	<u>(0.36)</u>

31.1 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 32

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:

	2021		2020	
	Director	Executives	Director	Executives
	-----Rupees-----			
Managerial Remuneration	-	675,000	2,500,000	2,700,000
House rent allowance	-	-	1,250,000	-
Medical	-	-	85,240	-
Utilities	-	-	164,760	-
Reimbursable expenses	-	-	-	272,189
	-	675,000	4,000,000	2,972,189
Number of persons	1	1	1	1

- 32.1 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.
- 32.2 Neither any director remuneration nor any meeting fee have been paid to any director of the Company.
- 32.3 No remuneration has been paid to chief executive officer of the Company during the year.

Note 33

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	2021	2020
		Rupees in '000'	
Short term funds availed from directors	Director	51,596	6,452
Expenses paid by Yousaf Weaving Mills Limited on behalf of Chakwal Spinning Mills	Associate-Common Directorship	-	820
Advance received from Chakwal Textile Mills Limited		-	600

Note 34

Financial Risk Management

34.1 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.

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.

Note 34 - Financial Risk Management ... Contd.

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 market 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:

	2021 Rupees	2020 Rupees
Short term borrowings	385,384,477	385,384,477

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 (2020: Rs. 3.854). 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:-

	2021 Rupees	2020 Rupees
Long term loans	712,766	712,766
Long term deposits	27,839,744	27,839,744
Trade debts	324,607	933,497
Loans and advances	4,346,292	4,346,292
Trade deposits and other receivables	8,893,219	8,928,219
Cash and bank balances	48,296	41,730
The aging of trade debts at balance sheet date is as follows:		
1 - 30 days	-	-
31 - 60 days	-	-
61 - 120 days	-	-
120 days and above	324,607	933,497
	<u>324,607</u>	<u>933,497</u>

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:

Note 34 - Financial Risk Management ... Contd.

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 (2020: Rs. 385 millions) worth short term borrowing limits available from financial institutions and Rs. 0.048 million (2020: Rs 0.042 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, 2021

	Carrying Amount Rupees	Contractual Cash Flows Rupees	Less than 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Trade and other payables	279,486,675	279,486,675	279,486,675	-	-
Accrued mark- up	67,778,697	67,778,697	67,778,697	-	-
Short term finances	385,384,477	385,384,477	385,384,477	-	-
Current portion of non current liabilities	37,742,792	37,742,792	37,742,792	-	-

Contractual maturities of financial liabilities as at June 30, 2020

	Carrying Amount Rupees	Contractual Cash Flows Rupees	Less than 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Trade and other payables	329,412,646	329,412,646	329,412,646	-	-
Accrued interest	67,778,697	67,778,697	67,778,697	-	-
Short term borrowings	385,384,477	385,384,477	385,384,477	-	-
Current portion of non current liabilities	37,742,792	37,742,792	37,742,792	-	-

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 14 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, 2021 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:

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

Note 34 - Financial Risk Management ... Contd.

34.2 Financial Instruments by categories

	2021	2020
	Rupees	Rupees
<b>Financial asset as at amortized cost</b>		
Long term loans	712,766	712,766
Long term deposits	27,839,744	27,839,744
Trade debts	324,607	933,497
Short term loans to employees	4,346,292	4,346,292
Trade deposits and other receivables	8,893,219	8,928,219
Cash and Bank Balance	48,296	41,730
<b>Financial liabilities at amortized cost</b>		
Trade and other payables	279,486,675	329,412,646
Accrued mark- up	67,778,697	67,778,697
Short term borrowings	385,384,477	385,384,477

34.3 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 35

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:

	2021	2020
	Rupees	Rupees
Total borrowings	557,756,821	506,160,881
Cash and bank balances	(48,296)	(41,730)
Net Debt	<u>557,708,525</u>	<u>506,119,151</u>
Equity	(51,268,752)	(2,693,868)
Total capital employed	<u>506,439,773</u>	<u>503,425,283</u>
Gearing Ratio	110.12%	100.54%

Note 36

Entity- Wise Information

36.1 The Company constitutes of a single reportable segment, the principal classe of product is yarn.

36.2 Information about geographical areas

The Company does not hold non-current assets in any foreign country. All of the Company sales are local.

36.3 Information about major customers

The Company does not have transactions with any external customer which amount to 10 percent or more of its revenues.



Note 37  
Plant Capacity and Production

	2021 Rupees	2020 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)	-	401,252

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 38  
Number of Employees

	Note	2021 Rupees	2020 Rupees
Employees as at June 30,			
Permanent	38.1	1	5
Temporary		-	-
Average employees during the year			
Permanent		3	32
Temporary		-	304
38.1 Includes factory employees as at June 30,		-	1

Note 39  
Authorization of Financial Statements

These financial statements were authorized for issue on February 28, 2022 by the Board of Directors of the Company.

Note 40  
General

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## CHAKWAL SPINNING MILLS LIMITED

### KEY FINACIASL DATA OF LAST FIVE YEARS

	2020	2019	2018	2017	2016
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Sales	146,549	1,072,564	201,245	536,175	1,057,846
Gross Profit / (Loss)	(32,425)	6,940	(38,524)	(290,981)	(230,599)
(Loss) / Profit before Taxation	(48,275)	(40,122)	(90,745)	(357,104)	(332,704)
Taxes	(198)	(13,409)	(2,516)	1,200	(2,032)
(Loss) / Profit after taxes Taxation	(50,473)	(53,531)	(93,261)	(355,904)	(334,736)
Total Assets	868,900	995,091	1,028,263	1,087,699	1,482,005
Current Liabilities	(871,594)	(910,235)	(895,714)	(832,904)	(1,013,957)
	<b>(2,694)</b>	<b>84,856</b>	<b>132,549</b>	<b>254,795</b>	<b>468,048</b>
Share Capital	607,881	607,881	200,000	200,000	200,000
Loan fron Directors	42,375	42,375	450,256	450,256	271,256
Accumlated Loss	(784,260)	(739,172)	(689,649)	(599,371)	(249,314)
Surplus on Revaluation of Fixed Assets	131,310	136,696	140,798	168,074	175,803
Equity	(2,694)	47,780	101,405	218,959	397,745
Finance Lease	-	-	-	-	-
Deferred Liability	-	37,076	31,144	35,836	70,303
	<b>(2,694)</b>	<b>84,856</b>	<b>132,549</b>	<b>254,795</b>	<b>468,048</b>

**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

**30-06-2021**

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
193	1	100	9,762
317	101	500	132,186
169	501	1,000	164,477
303	1,001	5,000	927,109
127	5,001	10,000	1,078,742
60	10,001	15,000	784,702
37	15,001	20,000	684,500
27	20,001	25,000	644,600
17	25,001	30,000	482,000
12	30,001	35,000	407,000
14	35,001	40,000	540,100
6	40,001	45,000	260,200
17	45,001	50,000	831,000
6	50,001	55,000	316,500
4	55,001	60,000	229,000
3	60,001	65,000	189,000
5	65,001	70,000	344,130
10	70,001	75,000	734,500
4	75,001	80,000	318,000
3	80,001	85,000	249,000
3	85,001	90,000	264,500
14	95,001	100,000	1,393,500
3	100,001	105,000	307,000
2	110,001	115,000	227,013
1	115,001	120,000	120,000
1	125,001	130,000	130,000
2	145,001	150,000	299,500
1	175,001	180,000	179,500
2	195,001	200,000	400,000
2	200,001	205,000	405,000
1	210,001	215,000	211,000
2	215,001	220,000	434,000
1	250,001	255,000	254,000
1	260,001	265,000	263,000
2	295,001	300,000	600,000
2	345,001	350,000	700,000
1	385,001	390,000	386,500
1	395,001	400,000	400,000
1	410,001	415,000	412,500
1	455,001	460,000	458,500
1	490,001	495,000	492,000
2	495,001	500,000	1,000,000
1	500,001	505,000	502,500

1	510,001	515,000	514,500
1	660,001	665,000	662,508
1	790,001	795,000	791,000
1	995,001	1,000,000	1,000,000
1	1,250,001	1,255,000	1,250,792
1	3,495,001	3,500,000	3,500,000
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
<b>1,391</b>		<b>121,576,200</b>	

<b>2.3 Categories of Shareholders</b>	<b>Shares Held</b>	<b>Percentage</b>
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	96,056,584	79.0094
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	-	-
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	4,100	0.0034
2.3.7 Share holdersholding 10% or more	88,371,142	72.6879
2.3.8 General Public		
a. Local	24,290,331	19.9795
b. Foreign	0	-
2.3.9 Others (to be specified)		
1- Joint Stock Companies	361,801	0.2976
2- Investment Companies	12,000	0.0099
3- Foreign Companies	57,700	0.0475
4- Pension Funds	68,935	0.0567
5- Others	2,419	0.0020

**CHAKWAL SPINNING MILLS LIMITED**  
**Categories of Shareholding required under Code of Corporate Governance (CCG)**  
**As on June 30, 2021**

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

**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	SHEIKH MAQBOOL AHMED	500	0.0004
6	MR. DANISH TANVEER	1,251,292	1.0292
7	MST. MUNAZA KALEEM	500	0.0004
8	MRS. KAUSAR TASNEEM W/O KHAWAJA 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**

130,757 0.1076

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

**Shareholders holding five percent or more voting interest 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
1	MR. DANISH TANVEER (CDC)	-	1,250,792

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**CHAKWAL SPINNING MILLS LIMITED**

**Categories of Share Holders**

**As on 30th June, 2021**

**ONLY FOR INFORMATION  
NOT FOR PRINTING**

S. No.	NAME	HOLDING	% AGE
<b><u>DIRECTORS, CEO THEIR SPOUSES &amp; MINOR CHILDREN</u></b>			
1	KHAWAJA MOHAMMAD JAVED	27,273,729	22.4334
2	KHAWAJA MOHAMMAD JAHANGIR PHINO	6,431,750	5.2903
3	KHAWAJA MOHAMMAD KALEEM	60,985,400	50.1623
	KHAWAJA MOHAMMAD KALEEM (CDC)	112,013	0.0921
4	MR. MUHAMMAD TARIQ SUFI	500	0.0004
5	MR. DANISH TANVEER	500	0.0004
	MR. DANISH TANVEER (CDC)	1,250,792	1.0288
6	MST. MUNAZA KALEEM	500	0.0004
7	SHEIKH MAQBOOL AHMED	500	0.0004
8	MRS. KAUSAR TASNEEM W/O KHAWAJA MOHAMMAD JAVED	400	0.0003
9	MRS. RUBINA KHANUM W/O KHAWAJA MOHAMMAD JAHANGIR	500	0.0004
		<b>96,056,584</b>	<b>79.0094</b>
<b><u>ASSOCIATED COMPANIES</u></b>			
		<b>0</b>	<b>0.0000</b>
<b><u>NIT &amp; ICP</u></b>			
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	662,508	0.5449
		<b>662,508</b>	<b>0.5449</b>
<b><u>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS</u></b>			
1	NATIONAL BANK OF PAKISTAN	1,600	0.0013
2	NATIONAL DEVELOPMENT FINANCE CORPORATION	3,500	0.0029
3	NATIONAL BANK OF PAKISTAN (CDC)	422	0.0003
		<b>5,522</b>	<b>0.0045</b>
<b><u>MODARABA &amp; MUTUAL FUNDS</u></b>			
1	FIRST PRUDENTIAL MODARABA	500	0.0004
2	TRUST MODARABA	1,500	0.0012
3	ASIAN DEVELOPMENT EQUITY FUND	2,100	0.0017
4	FIRST UDL MODARABA (CDC)		0.0000
		<b>4,100</b>	<b>0.0034</b>
<b><u>PENSION FUNDS</u></b>			
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND (CDC)	68,935	0.0567
<b><u>INVESTMENT COMPANIES</u></b>			
1	PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LTD.	12,000	0.0099
<b><u>INSURANCE COMPANIES</u></b>			
1	PRIME INSURANCE CO. LIMITED	2,300	0.0019
2	STATE LIFE INSURANCE CORPORATION OF PAKISTAN (CDC)	52,000	0.0428
		<b>54,300</b>	<b>0.0447</b>
<b><u>FOREIGN COMPANIES</u></b>			
1	THE PAKISTAN FUND	16,000	0.0132
2	CITIBANK N.A. HONGKONG	41,700	0.0343
		<b>57,700</b>	<b>0.0475</b>
<b><u>JOINT STOCK COMPANIES</u></b>			

1	TRUST SECURITIES & BROKERAGE (PVT) LTD.	6,700	0.0055
2	ABA ALI HABIB SECURITIES (PVT) LIMITED (CDC)	100,000	0.0823
3	DALAL SECURITIES (PVT) LTD. (CDC)	25,000	0.0206
4	HIGHLINK CAPITAL (PVT) LTD. (CDC)	100	0.0001
5	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000
6	MRA SECURITIES LIMITED (CDC)	105,000	0.0864
7	NCC PRE- SETTLEMENT DELIVERY ACCOUNT (CDC)	47,000	0.0387
8	PYRAMID INVESTMENTS (PVT) LTD. (CDC)	15,000	0.0123
11	RAO SYSTEMS (PVT.) LTD. (CDC)	45,000	0.0370
13	SAAO CAPITAL (PVT) LIMITED (CDC)	17,500	0.0144
14	SARFRAZ MAHMOOD (PRIVATE) LTD. (CDC)	500	0.0004
		<b>361,801</b>	<b>0.2976</b>

#### **OTHERS**

1	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST (CDC)	2,419	0.0020
		<b>2,419</b>	<b>0.0020</b>

#### **SHARES HELD BY THE GENERAL PUBLIC (LOCAL)**

24,290,331 19.9795

#### **SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)**

0 0.0000

24,290,331 19.9795

**121,576,200 100.0000**

#### **SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL**

S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	61,097,413	50.2544
	KHAWAJA MOHAMMAD JAVED	27,273,729	22.4334
		<b>88,371,142</b>	<b>72.6879</b>

#### **SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL**

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
		<b>94,802,892</b>	<b>77.9782</b>

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

Sr. No.	Name	Sale	Purchase
1	MR. DANISH TANVEER (CDC)	-	1,250,792

Dear Sir, Please check at your end

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