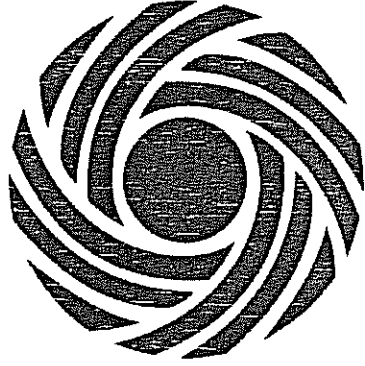


Annual Report 2023



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 Kaleem (Chairman)
Khawaja Mohammad Jahangir (Executive Director)
Khawaja Mohammad Tanveer (Non-Executive Director)
Mr. Muhammad Naveed (Non-Executive Director)
Mst. Munaza Kaleem (Non-Executive Director)
Ms. Soha Kaleem (Independent Director)
Mr. Sheikh Maqbool Ahmed (Independent Director)
Mr. Abbas Ali

AUDIT COMMITTEE

Mr. Sheikh Maqbool Ahmed (Chairman)
Khawaja Mohammad Kaleem (Member)
Mr. Muhammad Naveed (Member)

HR & REMUNERATION COMMITTEE

Mr. Sheikh Maqbool Ahmed (Chairman)
Khawaja Mohammad Tanveer (Member)
Mst. Munaza Kaleem (Member)

COMPANY SECRETARY

Mr. Nadeem Anwar (ACA)

CHIEF FINANCIAL OFFICER

Mr. Abdul Hye Khan Ghouri

BANKERS

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

AUDITORS

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

CORPORATE & REGISTERED OFFICE

7/1-E-3 Main Boulevard Gulberg III, Lahore
Tel : (042) 35717510
Fax : (042) 35755760
SHARE REGISTRARS
Corp link (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel : (042) 35839182
Fax : (042) 35869037

MILLS

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



CHAKWAL SPINNING MILLS LTD.

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

Tel: 92-42-35757108, 35717510-17 Fax: 92-42-35764036, 35764043, 35757105

E-mail: ksmt@pol.com.pk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 36th 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 Monday, November 27, 2023 at 11:00 a.m. to transact the following business :-

ORDINARY BUSINESS:

1. To confirm the minutes of last AGM held on October 27, 2022
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2023, together with the reports of Directors and Auditor's report thereon.
3. To appoint auditors for the year ending June 30, 2024 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
November 06, 2023

NOTES:

1. The share transfer books for ordinary shares of the Company will be closed from 20-11-2023 to 27-11-2023 (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 19-11-2023 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, 2023 shall be uploaded on the Company's website 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.

چیمبر ملین کی جانب سے بورڈ کی مجموعی کارکردگی اور کمپنی کی ترقی کے لئے بورڈ کے اہم کردار کے جائزہ کی رپورٹ

چکوال اسپیک ملز لمیٹڈ (CSML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے شیئر ہولڈرز کے بہترین مفاد کو برقرار رکھنے کے لیے اپنی ذمہ داریاں پوری تندی سے ادا کی ہیں اور کمپنی کے معاملات کو بہتر اور موثر انداز میں چلایا ہے۔ بورڈ نے اپنے اختیارات کا استعمال کیا ہے اور کمپنی ایکٹ 2017 (پبلیک نیوز آڈیش 1984) اور لمیٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2017 کے مطابق اپنے فرائض انجام دیے ہیں۔

بورڈ نے اسٹریٹجک منصوبہ بندی کے عمل، انٹریز انرسٹک پیمنٹ سسٹم، پالیسی ڈیولپمنٹ اور مالیاتی طریق کار، نگرانی اور منظوری میں فعال طور پر حصہ لیا ہے۔

کارپوریٹ فیصلہ سازی کے عمل کو مضبوط اور باضابطہ بنانے کیلئے سال بھر کے تمام اہم معاملات بورڈ یا اس کی کمیٹیوں کے سامنے پیش کیے گئے تھے اور خاص طور کمپنی کے ذریعے کیے گئے تاہم متعلقہ فریق لین دین کو آڈٹ کمیٹی کی سفارش پر بورڈ نے منظوری دیا تھا۔

بورڈ نے اس بات کو یقینی بنایا ہے کہ داخل کنٹرول اور خود تشخیصی طریقہ کار اور ایوانڈرنی آڈٹ سرگرمیوں کے ذریعے اس کے باقاعدہ جائزے کا مناسب نظام موجود ہے اور بورڈ نے ڈائریکٹرز کی رپورٹ تیار اور منظور کر لی ہے اور اس بات کو یقینی بنایا ہے کہ ڈائریکٹرز کی رپورٹ کو سہ ماہی اور سالانہ مالیاتی گوشواروں کے ساتھ شائع کیا جائے۔

کمپنی اور ڈائریکٹرز کی رپورٹ کے مواد کے مطابق ہیں قابل اطلاق قوانین اور ضوابط کی ضرورت؛

بورڈ نے ایک چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر، کمپنی مینجمنٹ اور ہیڈ آف انٹرنل آڈٹ سمیت دیگر اہم ایگزیکٹو کی خدمات حاصل کیں اور تخصیص اور معاوضے کو یقینی بنایا ہے۔

بورڈ نے اس بات کو یقینی بنایا ہے کہ اس کے اراکین کے درمیان بروقت مناسب معلومات کا اشتراک کیا جائے اور بورڈ کے اراکین کو میٹنگوں کے درمیان ہونے والی پیش رفت سے باخبر رکھا جائے؛ اور

بورڈ نے کمپنی پر لاگو متعلقہ قوانین اور ضوابط کے مطابق بورڈ کو تفویض کردہ اختیارات کی روشنی میں اپنی طاقت کا استعمال کیا ہے اور بورڈ نے بطور ڈائریکٹرز کے طور پر عمل اور مشق کے دوران تمام قابل اطلاق قوانین اور ضابطوں کی تعمیل کو ہمیشہ ترجیح دی ہے

ان کے اختیارات اور فیصلہ سازی بورڈ کی کارکردگی کا سالانہ جائزہ ان کلیدی شعبوں کی بنیاد پر لگایا جاتا ہے جہاں بورڈ کو اعلیٰ سطح نگرانی فراہم کرنے کے لیے وضاحت بشمول اسٹریٹجک عمل: اہم کاروباری ضوابط اور کارکردگی کے سنگ میل، عالمی اقتصادی ماحول اور سابق منظر جس میں کمپنی کام کرتی ہے کی ضرورت ہوتی ہے

کمپنی کے کاروبار کی طرف سے؛ بورڈ کی حرکیات صلاحیت اور معلومات کا بہاؤ۔ مذکورہ بالا کی بنیاد پر یہ معقول طور پر کہا جاسکتا ہے کہ CSML کے بورڈ نے اس بات کو یقینی بنانے میں کلیدی کردار ادا کیا ہے کہ کمپنی کے مقاصد کو نہ صرف حاصل کیا گیا ہے بلکہ انتظامیہ کی ٹیم کے ساتھ مشترکہ کوششوں اور بورڈ کی رہنمائی اور نگرانی کے ذریعے اور اس کے اراکین کے ذریعے تو تفویضات سے کو بھی پورا کیا گیا ہے۔

خواجہ محمد جہانگیر
چیف ایگزیکٹو

مورخہ: 05 نومبر 2023

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.

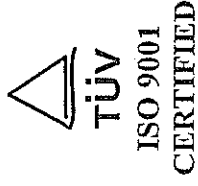
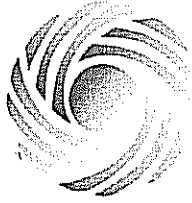
- The Board has actively participated in strategic planning processes, enterprise risk management system, policy development and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize 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.

November 05, 2023

Mr. Khawaja Mohammad Jahangir
Chief Executive



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

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E-mail: ksml@pof.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 30th June 2023.

The management of the company is striving hard toward resumption of business operations of the company which has been suspended due to continued business losses sustained by the company which marred its working capital strength and put cash flow and liquidity constraints. The management of the company is looking every business opportunity for the revival of operational activities of the company. The Company during the period incurred a net loss after tax for the year of Rs. 30.802 million as compared to the loss of Rs. 43.254 million during the last year. However, the company did not incur any cash loss since the loss incurred is approximately equal to the depreciation cost for the year. The management of the company is managing to generate revenue to meet its outstanding liability and recurring expenses by letting its certain premises. The unprecedented inflation, high energy cost, steep devaluation of Pak rupee against US Dollar, high interest rates and more important the political instability in the country are real hurdle to have smooth business operations. The textile industry is back bone of our economy and if a unit is closed or shut its operations not only affects investors but also deprived the bread and butter of thousands which are engaged with the unit. All the stake holders should take steps and give shoulder strength to the management of the company for its early revival. The directors of the Company always stand with the company in a difficult periods and are continuously pursuing a way to have a sustainable operational activity. The directors like in past provided funds to meet the liabilities and expenses for running the affairs of the company. The directors are committed that if the future economic environment seems positive they shall put their best efforts to revive the Company's business operation in the upcoming period.

Financial Statements Audit

The auditors of the company have given an adverse opinion on the company's ability as a 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 mature in future to have sustainable business operational activities.

Similarly, the auditors of the company have given a modified opinion on certain other matters including verification of bank outstanding balance confirmation. The company has limitations 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.

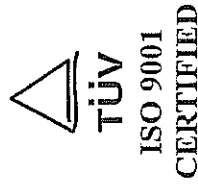
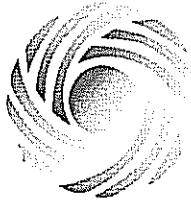
Future Outlook:

The management of the company is confident that it will meet the challenge and with strenuous efforts be able to resume the operations of the company during this year. The Directors are examining every possible opportunity which could made it possible to have smooth business operations with sustainability. Although the national economy and industry is passing through difficult period but with dedicated efforts the things can be turned around. We are ultimately intended to settle and restructure our pending issue with financial institutions which will definitely proves a mile store for the betterment and survival of the company.

The management of the company is confident to get a solution toward the revival of the company which shall be a healthier indication for the company.

Principal Activity

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



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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 adverse impact of risks.

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

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

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

Corporate Social Responsibility

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

Environment, Health and Safety

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

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

Internal Financial Controls

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

Related Parties

All related party transactions during the financial year ended June 30, 2023 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 regulations, 2019 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 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.

The five directors are exempt from Director's Training Program, however, the Board ensures that other directors will duly comply with the requirement of the Code of Corporate Governance with respect to the Directors' Training Program.



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Corporate Governance & Financial Reporting Framework:

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

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

Shareholding Pattern

The share holding pattern as at June 30, 2023 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 2023-2024. 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:

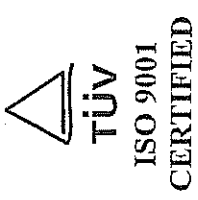
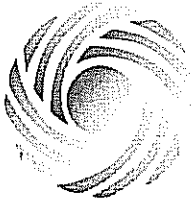
a. Male : 06
b. Female : 02

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 Kaleem (Chairman)
- ii) Mr. Khawaja Mohammad Jahangir (Chief Executive Officer)
- iii) Mr. Khawaja Mohammad Tarveer
- iv) Mr. Sheikh Maqbool Ahmed (Independent Director)
- v) Mr. Mohammad Naveed
- vi) Mst. Zoha Kaleem
- vii) Mst. Munaza Kaleem
- viii) Mr. Abbas Ali



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Committees of the Board

The Board has made following sub-committees:

Audit Committee Meetings:

- i. Mr. Sheikh Maqbool Ahmed - (Chairman)
- ii. Mr. Khawaja Mohammad Kaleem (Member)
- iii. Mr. Mohammad Naveed (Member)

HR and Remuneration Committee Meetings:

- i. Mr. Sheikh Maqbool Ahmed (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.

November 05, 2023
Lahore.

Khawaja Mohammad Jahangir
Chief Executive Officer

On behalf of the Board

Mohammiad Kaleem
Chairman

رپورٹ منجانب ڈائریکٹرز برائے شراکت داران

چکوال اسپننگ ملو لیٹیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم انتہائی مسرت کے ساتھ آپ کی کمپنی کی سالانہ رپورٹ 2023 جون 30 کو ختم ہونے والے سال کے لیے آؤٹ شدہ مالیاتی گوشواروں اور اس پر آؤڈیٹر کی رپورٹ کے ساتھ لف کے جمع کرارہے ہیں۔

کمپنی کی انتظامیہ کمپنی کے کاروباری آپریشنز کو دوبارہ شروع کرنے کی بھرپور کوشش کر رہی ہے جو کمپنی کے مسلسل کاروباری نقصانات کی وجہ سے معطل ہو گئی ہے جس نے اس کے ورکنگ کپینٹل کی طاقت کو متاثر کیا اور کیش فلو اور لیویڈیٹی میں رکاوٹیں ڈال دیں۔ کمپنی کی انتظامیہ کمپنی کی آپریشنل سرگرمیوں کی بحالی کے لیے ہر کاروباری موقع کی تلاش میں ہے۔ کمپنی کو اس مدت کے دوران روپے کے سال کے لیے ٹیکس کے بعد خاص نقصان ہوا۔ 30.802 ملین روپے کے نقصان کے مقابلے میں گزشتہ سال کے دوران 43.254 ملین۔ تاہم، کمپنی کو نقدی کا کوئی نقصان نہیں ہوا کیونکہ ہونے والا نقصان تقریباً سال کی فرسودگی کی لاگت کے برابر ہے۔ کمپنی کی انتظامیہ اپنی بنیاد ذمہ داری اور بار بار چلنے والے اخراجات کو پورا کرنے کے لیے اپنی مخصوص جگہ دے کر آمدنی پیدا کرنے کا انتظام کر رہی ہے۔ غیر معمولی مہنگائی، توانائی کی بلند قیمت، امریکی ڈالر کے مقابلے پاکستانی روپے کی قدر میں زبردست کمی، سود کی بلند شرح اور اس سے بھی اہم ملک میں سیاسی عدم استحکام کاروبار کو آسانی سے چلانے میں حقیقی رکاوٹ ہیں۔ ٹیکنیکل انڈسٹری ہماری معیشت کی ریڑھ کی ہڈی کی حیثیت رکھتی ہے اور اگر کوئی یونٹ بند ہو جاتا ہے یا اس کا کام بند ہو جاتا ہے تو اس سے نہ صرف سرمایہ کار متاثر ہوتے ہیں بلکہ اس یونٹ سے وابستہ ہزاروں افراد نان و نفقہ سے بھی محروم ہو جاتے ہیں۔ تمام اسٹیک ہولڈرز کو چاہیے کہ وہ قدم اٹھائیں اور کمپنی کی انتظامیہ کو اس کی جلد از جلد بحالی کے لیے کوشش کی طاقت دیں۔ کمپنی کے ڈائریکٹرز ہمیشہ مشکل وقت میں کمپنی کے ساتھ کھڑے ہوتے ہیں اور ایک پائیدار آپریشنل سرگرمی کے لیے مسلسل کوشش کر رہے ہیں۔ ماضی کی طرح ڈائریکٹرز کمپنی کے معاملات چلانے کے لیے واجبات اور اخراجات کو پورا کرنے کے لیے فنڈز فراہم کرتے تھے۔ ڈائریکٹرز پر عزم ہیں کہ اگر مستقبل کا معاشی ماحول مثبت معلوم ہوتا ہے تو وہ آنے والی مدت میں کمپنی کے کاروباری آپریشن کو بحال کرنے کی پوری کوشش کریں گے۔

مالی بیانات کا آؤٹ
کمپنی کے آؤڈیٹرز نے کمپنی کی قابلیت پر ایک تشریحی تاشاک تشریح کے طور پر منفی رائے دی ہے۔ انتظامیہ نے تشریح کے پیش نظر 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 آؤڈیٹرز نے بینک کے بقایا بیلنس کی تھریقی سمیت بعض دیگر معاملات پر ایک ترمیم شدہ رائے دی ہے۔ اس سلسلے میں کمپنی کی حدود ہیں 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 میں آؤڈیٹر کی رائے میں ترمیم کی جائے تاکہ آؤڈیٹرز کے اطمینان کے لیے اسے درست کیا جاسکے۔

مستقبل کا آؤٹ لک:

کمپنی کی انتظامیہ کو یقین ہے کہ وہ اس چیلنج کا مقابلہ اور سختی سے کرے گی۔ کوششیں اس سال کے دوران کمپنی کے کاموں کو دوبارہ شروع کرنے کے قابل ہوں گی۔ ڈائریکٹرز جانچ کر رہے ہیں۔ ہر ممکن موقع جس کے ساتھ کاروبار کو ہموار کرنا ممکن ہو سکے۔ پائیداری اگرچہ قومی معیشت اور صنعت مشکل دور سے گزر رہی ہے۔ سرشار کو کوششوں سے چیزیں بدلی جاسکتی ہیں۔ ہم بالآخر حل کرنے کا ارادہ رکھتے ہیں اور ہم بالآخر مالیاتی اداروں کے ساتھ اپنے زیر النواء مسئلے کو حل کرنے اور اس کی تنظیم نو کرنے کا ارادہ رکھتے ہیں جو یقینی طور پر کمپنی کی بہتری اور بقا کے لیے ایک اہم سنگ میل ثابت ہوگا۔ کمپنی کی انتظامیہ کو یقین ہے کہ کمپنی کی بحالی کا کوئی حل نکال لیا جائے گا۔ جو کمپنی کے لیے ایک مفید قدم ہوگا۔

بنیادی سرگرمیاں

کینی کی بنیادی سرگرمی دھاکے کی تیاری اور فروخت ہے۔

بنیادی خطرات اور غیر قیمتی صورت حال

بورڈ آف ڈائریکٹرز کینی 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۔ کینی کی اصل مالی ذمہ داریوں میں طویل مدتی مالیات، تجارت اور دیگر قابل ادائیگی اور مختصر مدت کے قرضے شامل ہیں۔ کینی کے اصل مالیاتی اثاثے تجارتی قرضوں، ایڈوانسز، قلیل مدتی ڈپازٹس، دیگر قابل وصول، نقد اور بینک بیلنس پر مشتمل ہیں جو براہ راست اس کے آپریٹرز سے پیدا ہوتے ہیں۔ کینی 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 لیکویڈٹی ریسک کینی کا مجموعی ریسک مینجمنٹ پروگرام مالیاتی منڈیوں کی غیر متنوع صلاحیت پر توجہ مرکوز کرتا ہے اور مالی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کینی نے مالی بیانات میں تمام قانونی چارہ جوئی اور ان کے متوقع نتائج کا مناسب طور پر انکشاف کیا ہے۔

کارپوریٹ سماجی ذمہ داری

کینی اپنے کاروبار میں کارپوریٹ سماجی ذمہ داری کے انضمام پر پختہ یقین رکھتی ہے، اور ان کیہی نگرانی کی بہتری کے لیے مستقل مزاجی سے کوششیں کرتی ہے جو براہ راست یا بالواسطہ ہمارے کاروبار سے متاثر ہیں۔

ماحولیات، صحت اور حفاظت

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

داخلی مالیاتی کنٹرول

بورڈ آف ڈائریکٹرز کے ذریعے کینی کی تمام سطحوں پر مضبوط اندرونی کنٹرول کا نظام قائم اور نافذ کیا جاتا ہے۔ اندرونی کنٹرول کا نظام کینی کے مقاصد کے حصول اور آپریٹسز میں تاخیر اور کارکردگی، قابل اعتماد مالیاتی رپورٹنگ اور قوانین، ضوابط اور پالیسیوں کی تعمیل کو یقینی بنانے کے لیے ڈیزائن کے لحاظ سے درست ہے۔

مشافقت جمعیتیں

30 جون 2023 کو ختم ہونے والے مالی سال کے دوران تمام مشافقت فریقین کے لین دین کا آڈٹ کینی نے جائزہ لیا اور بورڈ آف ڈائریکٹرز نے اس کی

مشفوری دی۔

کوڈ آف کارپوریٹ گورننس کی تعمیل:

کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کے تقاضوں کی پوری طرح 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 کہ کینی نے ڈائریکٹرز کے ترقی پروگرام کا اہتمام نہیں کیا ہے اور نہ ہی کمیشن سے ڈائریکٹرز کے ترقی پروگرام سے استثنیٰ حاصل کیا ہے جیسا کہ ضوابط کی شق 19 کے تحت مطلوب ہے۔ پانچ ڈائریکٹرز ڈائریکٹرز ٹریڈنگ پروگرام سے مستثنیٰ ہیں، تاہم، بورڈ اس بات کو یقینی بناتا ہے کہ دیگر ڈائریکٹرز ڈائریکٹرز کے ترقی پروگرام کے حوالے سے کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کریں گے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک:

جیسا کہ کوڈ آف کارپوریٹ گورننس کی ضرورت ہے، ڈائریکٹرز یہ بتاتے ہوئے خوش ہیں کہ:

(i) کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات کمپنی کے آپریٹنگ، کیش فلو اور ایکویٹی میں تبدیلیوں کی مضحکہ خیز حالت کو پیش کرتے ہیں۔
(ii) کمپنی کے اکاؤنٹس 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 تخمینے منقول اور دائرہ رسد پر فیصلے پر مبنی ہیں۔
(iv) بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز (IFRS)، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں، اور وہاں سے کسی بھی روایتی کامناسب طور پر انکشاف اور وضاحت کی گئی ہے۔

(v) اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے موثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
(vi) پچھلے پانچ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسک ہے۔
(vii) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی اخراج نہیں ہوا ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔
(viii) ہمیں ڈائریکٹرز اور ملازمین کے درمیان اخلاقیات اور کاروباری حکمت عملی کا ایک بیان تیار اور تقسیم 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۔
(x) ٹھایا ٹیکس اور لیویز مالی بیانات کے نوٹوں میں دیے گئے ہیں۔

شیئر ہولڈنگ بیٹرن

عام حصص کے لیے 30 جون 2023 کے مطابق شیئر ہولڈنگ بیٹرن منسک ہے۔

آڈیٹرز کی تقرری

اسلم منگ ایٹڈ کمپنی چارٹڈ اکاؤنٹنٹس، لاہور ریٹائر ہونے والے ہیں اور انہی کے امیدوار ہیں، رواں مالی سال 2023-2024 کے لیے آڈیٹرز کے طور پر دوبارہ تقرری کے لیے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی نے موجودہ آڈیٹرز کی دوبارہ تقرری کی سفارش کی ہے۔

بورڈ کی تشکیل

1. درج ذیل کے مطابق ڈائریکٹرز کی کل تعداد 08 ہے:

a. مرد	06:
b. خواتین	02:
2. بورڈ کی تشکیل حسب ذیل ہے:	
a. ایگزیکٹو ڈائریکٹرز	01:
b. دیگر غیر ایگزیکٹو ڈائریکٹرز	05:
c. آزاد ڈائریکٹرز	02:

ڈائریکٹرز کے نام

- (i) جناب خواجہ محمد کلیم (چیرمین)
- (ii) جناب خواجہ محمد جہانگیر (چیف ایگزیکٹو آفیسر)
- (iii) جناب خواجہ محمد تنویر
- (iv) جناب شیخ متبول احمد (آزاد ڈائریکٹر)
- (v) جناب محمد نوید
- (vi) محترمہ سوبا کلیم
- (vii) محترمہ منزہ کلیم

viii) جناب عباس علی

بورڈ کی کمیٹیاں

بورڈ نے درج ذیل ذیلی کمیٹیاں بنائی ہیں۔

آڈٹ کمیٹی کے اجلاس:

(i) جناب شیخ مقبول احمد (چیرمین)

(ii) جناب خواجہ محمد کلیم (ممبر)

(iii) جناب محمد نوید (ممبر)

HR اور معاوضہ کمیٹی کے اجلاس:

(i) جناب شیخ مقبول احمد (چیرمین)

(ii) جناب خواجہ محمد تنویر (ممبر)

(iii) محترمہ منزہ کلیم (ممبر)

ڈائریکٹرز کے معاوضے کی اہم خصوصیات

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

تقدیریں

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

بورڈ کی جانب سے

محمد کلیم

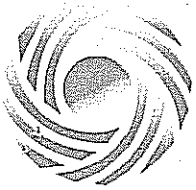
چیرمین

خواجہ محمد جمالی

چیف ایگزیکٹو آفیسر

05 نومبر 2023

لاہور۔



CHAKWAL SPINNING MILLS LTD.

ISO 9001:2000
CERTIFIED

7/1, E-3, Main Boulevard, Gulberg - III, Lahore, Pakistan.
Tel: +92-42-35757108, 35717510 - 17 Fax: +92-42-35764036, 35764043, 35757105
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, 2023

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:

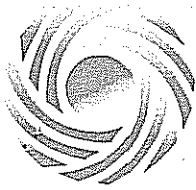
a. Male : 06
b. Female : 02

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 Jahangir	Chief Executive Officer
Mr. Khawaja Mohammad Kaleem	Non-Executive Director
Mr. Khawaja Mohammad Tanveer	Non-Executive Director
Mr. Mohammad Naveed	Non-Executive Director
Mirt. Munaza Kaleem	Non-Executive Director
Ms. Soha Kaleem	Non-Executive Director
Mr. Sheikh Maqbool Ahmed	Independent Director
Mr. Abbas Ali	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.

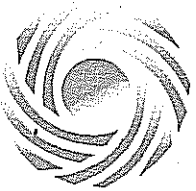
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4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, 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 apprised 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. Sheikh Maqbool Ahmed – Chairman
 - ii. Mr. Khawaja Mohammad Kaleem
 - iii. Mr. Muhammad Naveed
 - II. HR and Remuneration Committee:
 - i. Mr. Sheikh Maqbool Ahmed – Chairman
 - ii. Mr. Khawaja Mohammad Tanveer
 - iii. Mst. Munaza Kaleem



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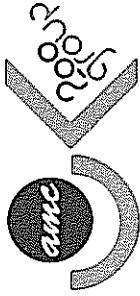
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13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the aforesaid committees were as following:
 - a) Audit Committee: Four Quarterly meeting during the financial year ended June 30, 2022.
 - b) HR & Remuneration Committee : One meeting during the financial year ended June 30, 2022.
15. 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.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. The directors shall comply with the provision of Code of Corporate Governers Rules, 2017 in respect of Director Training Program.
20. The auditor's highlighted the instance of non-compliance with the requirement of the Regulation, which have been adequately replied in the Director's Report to the members.

For Chakwal Spinning Mills Limited

Khawaja Mohammad Jahangir
Chief Executive Officer

Lahore: November 05, 2023



Aslam Malik & Co.

Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Chakwal Spinning Mills Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 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 June 30, 2023 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 ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

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

Paragraph Reference	Description
9	The Company has not arranged the directors training program or obtained the exemption from directors training program from the commission as required under clause 19 of the Regulations.

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

Chartered Accountants



November 6, 2023
Lahore

UDIN: CR202310148443rXcsjW

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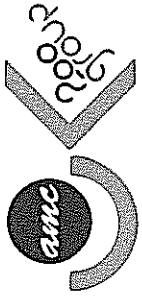
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Aslam Malik & Co.

Chartered Accountants

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, 2023**, 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 (e), 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, 2023 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 14 the company is in litigation with the banking companies. The company had not worked out and provided the amount of markup on the short-term borrowings in these financial statements for the year ended June 30, 2023. Based on available underlying records, unavailability of facility letters, and non-confirmation of mark-up balances from banking companies, we were unable to determine with reasonable accuracy the impact on the markups financial statements of any disagreement with Banks. Moreover, due to litigation banks do not confirmed the balances of short-term borrowings (Note No.12), and the bank facility letter was also not provided to us. Based on available underlying records, the response from the legal counsel, and the 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 (Note 9) to the financial statements. We had not been provided with 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 recognized in respect of the above-mentioned gratuity amount. 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, 2023, the results of the company for the year then ended and the related disclosures thereof in the financial statements.

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Furthermore, the disclosure given by the management in the financial statements is not in accordance with the International Accounting Standard 19 and leads 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 15 to the financial statements, the company holds property, plant, and equipment with a reported carrying value of **Rs. 672.820 million** which is a 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 4.5, 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 a 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. 893.698 million (2022: Rs. 866.849 million) and its current liabilities exceed its current assets by Rupees 826.699 million (2022: 835.699 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. 2.497 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 2.2, 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 mentioned 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, 2023.

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:

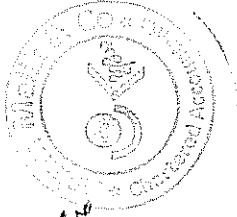
- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

- 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**.

Aslam Malik

Chartered Accountants



Date: November 06, 2023.

Lahore

UDIN: AR202310148dYsWHAbVE

CHAKWAL SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	2023	2022
	Rupees	Rupees
CAPITAL AND LIABILITIES		
Share Capital and Reserves		
Authorized share capital: 140,000,000 (2022: 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	607,881,000	607,881,000
Loan from directors	42,375,000	42,375,000
Accumulated loss	(893,697,878)	(866,848,717)
Surplus on revaluation of property, plant & equipment	118,116,081	122,069,853
	(125,325,797)	(94,522,864)
Non Current Liabilities		
Lease Liability	8	-
Deferred liabilities	9	-
Current Liabilities		
Trade and other payables	282,547,818	281,995,945
Accrued mark- up	67,778,697	67,778,697
Short term borrowings	463,694,024	480,087,959
Current portion of non current liabilities	37,742,792	37,742,792
Unclaimed dividend	384,347	384,347
Provision for taxation	10,232,194	10,232,194
	862,379,872	878,221,934
Contingencies and Commitments	14	-
ASSETS	737,054,076	783,699,071
Non Current Assets		
Property, plant and equipment	672,820,222	712,623,708
Long term loans	712,766	712,766
Long term deposits	27,839,744	27,839,744
	701,372,732	741,176,218
Current Assets		
Trade debts	324,607	324,607
Loans and advances	8,493,899	8,993,899
Tax refunds due from the government	23,880,927	23,880,927
Trade deposits, prepayments and other receivables	2,929,716	9,275,435
Cash and bank balances	52,195	47,985
	35,681,344	42,522,853
	737,054,076	783,699,071

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

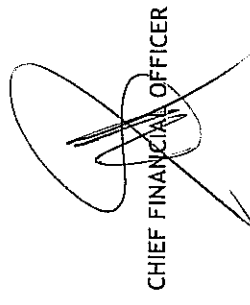
CHAKWAL SPINNING MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		Rupees	Rupees
Sales	23	-	-
Cost of sales	24	(39,472,494)	(42,496,234)
Gross Loss		(39,472,494)	(42,496,234)
Distribution cost	25	-	-
Administrative expenses	26	(2,417,848)	(2,290,048)
Operating Loss		(2,417,848)	(2,290,048)
		(41,890,342)	(44,786,282)
Finance cost	27	(1,172)	(340)
Other operating expenses	28	(250,000)	(250,000)
Other operating income	29	11,338,581	1,782,510
Loss before Taxation		(30,802,933)	(43,254,112)
Taxation	30	-	-
Loss after Taxation		(30,802,933)	(43,254,112)
Loss per Share - Basic & Diluted	31	(0.25)	(0.36)

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

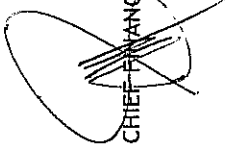
CHAKWAL SPINNING MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	Rupees	Rupees
Loss after taxation	(30,802,933)	(43,254,112)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(30,802,933)</u>	<u>(43,254,112)</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, 2023

	2023	2022
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(30,802,933)	(43,254,112)
Adjustments for:		
- Depreciation	39,803,486	42,895,707
- Finance cost	1,172	340
	39,804,658	42,896,047
	9,001,726	(358,065)
Operating (loss) / profit before working capital changes (Increase) / decrease in current assets		
- Loans and advances	500,000	(4,647,607)
- Trade deposits, prepayments and other receivables	6,345,719	47,500
Increase / (decrease) in current liabilities		
- Trade and other payables	551,873	2,509,270
	7,397,592	(2,090,837)
	16,399,318	(2,448,902)
Cash generated (used in) / from operations		
Finance cost paid	(1,172)	(340)
	16,398,146	(2,449,242)
Net Cash generated used in Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term loans	-	-
Net Cash generated from Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from directors and others	(16,393,935)	2,448,930
	(16,393,935)	2,448,930
Net Cash (used in) / generated from Financing Activities		
Net increase / (decrease) in cash and cash equivalents	4,210	(311)
Cash and cash equivalents at the beginning of the year	47,985	48,296
	52,195	47,985

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, 2023

Particulars	Rupees		Rupees		Rupees	
	Share Capital	Accumulated Loss	Loan from Directors	Surplus on revaluation of property, plant & equipment	Total	
Balance as at June 30, 2021	607,881,000	(827,962,439)	42,375,000	126,437,687	(51,268,752)	
Other comprehensive loss for the year	-	(43,254,112)	-	-	(43,254,112)	
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	4,367,834	-	(4,367,834)	-	
Balance as at June 30, 2022	607,881,000	(866,848,717)	42,375,000	122,069,853	(94,522,864)	
Other comprehensive loss for the Year	-	(30,802,933)	-	-	(30,802,933)	
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	3,953,772	-	(3,953,772)	-	
Balance as at June 30, 2023	607,881,000	(893,697,878)	42,375,000	118,116,081	(125,325,797)	

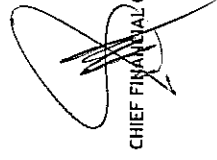
The annexed notes from 1 to 40 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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 II, Lahore. While the production plants of the Company are located at 49-Km, Multan Road, Bhai Phero. The Company is engaged in the business of textile spinning.

Note 2

Basis of Preparation

2.1 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.

2.2 Appropriateness of the Going Concern Assumption

The Company has incurred loss after tax of Rs. 30.803 million (2022: Rs. 43.254 million) and at year end, its accumulated losses stood at Rs. 893.698 million (2022: 866.849 million). Its current liabilities exceed its current assets by Rs. 826.699 million (2022: Rs. 835.699 million). These factors raise doubts about the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis based on the following:

The Management of the company is committed to revive the operation of the company and is striving to have a smooth operational activities. The management is looking all possibilities to have a successful resumption with induction of funds.

The Directors of the company intended to settle and restructure its outstanding financing facilities with the bank on soft terms best suited to the company.

2.3 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.

2.4 Functional currency

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

2.5 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.

3 Changes in Accounting Standards, Interpretations and Pronouncements

- 3.1 Amendments to accounting and reporting standards and interpretations which are effective during the year ended June 30, 2023
- There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or have any significant effect on the Company's financial reporting.
- 3.2 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, 2022
IFRS 7 Financial Instruments: Disclosures [Amendments]	January 1, 2022
IFRS 9 Financial Instruments [Amendments]	January 1, 2022
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2023
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2024
IFRS 16 Leases [Amendments]	January 1, 2024
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2024
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023

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

Note 4
Significant Accounting Policies

4.1 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.

4.2 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.

4.3 Trade and other payables

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

4.4 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.

Note 4 - Significant Accounting Policies ... Contd.

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.

4.5 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 15. 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 Cash and cash equivalents

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

Note 4 - Significant Accounting Policies ... Contd.

4.11 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.

4.12 Financial instruments

4.12.1 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.

4.12.1.1 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.

Note 4 - Significant Accounting Policies ... Contd.

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.

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.

4.12.1.2 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.

4.12.1.3 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.

Note 4 - Significant Accounting Policies ... Contd.

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.

4.12.1.4 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.

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.

4.12.1.5 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.

4.12.2 Financial liabilities

4.12.2.1 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.

Note 4 - Significant Accounting Policies ... Contd.

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

The Company does not reclassify any of its financial liabilities.

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

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

4.12.2.2 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.

4.12.2.3 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 4 - Significant Accounting Policies ... Contd.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

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.

Note 4 - Significant Accounting Policies ... Contd.

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 5
Issued, Subscribed and Paid up Capital

	2023	2022	2023	2022
	Number of shares		Rupees	Rupees
	121,576,200	121,576,200	607,881,000	607,881,000
		Ordinary shares of Rs. 5 each (2022: Rs. 5 each) fully paid in cash.		
Note 6 Loan from Directors			42,375,000	42,375,000
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 7
Surplus on Revaluation of Property, Plant & Equipment

	2023	2022
	Rupees	Rupees
Opening balance	122,069,853	126,437,687
Transfer to retained earnings in respect of net incremental depreciation	(3,953,772)	(4,367,834)
Closing balance	118,116,081	122,069,853

Note 7 - Surplus on Revaluation of Property, Plant & Equipment ... Contd.

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 8 Lease Liability	2023		2022	
	Lease Payments	Finance Charge	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

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

Note 9
Deferred Liabilities

	Note	2023		2022	
		Rupees	Rupees	Rupees	Rupees
Gratuity payable	9.1	6,382,803	6,382,803	6,382,803	6,382,803
Long term advances	9.2	28,993,671	28,993,671	28,993,671	28,993,671
Less: Current portion		35,376,474	35,376,474	35,376,474	35,376,474
		(35,376,474)	(35,376,474)	(35,376,474)	(35,376,474)

9.1 Staff Gratuity-Defined Benefit Plan

9.1.1 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, 2023.

	2023		2022	
	Rupees	Rupees	Rupees	Rupees
9.1.2 Present value of defined benefit obligation	6,382,803	6,382,803	6,382,803	6,382,803

9.1.3 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	6,382,803
Benefit paid	-	-
Present value of defined benefit obligation as at 30th June	6,382,803	6,382,803
9.1.4 Amount charge to profit and loss account	-	-

Current service cost

Interest cost

9.1.5 Allocation of charge for the year

Cost of sales

Administrative expenses

24

76

9.1.6 Amount recognized in other comprehensive income are:

Actuarial loss due to experience adjustments

Note 9 - Deferred Liabilities ... Contd.

9.1.7 Key actuarial assumptions used:

Discount rate	-
Expected rate of salary increase	-
Retirement age	-

9.2 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 2023 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 2023, therefore due to immaterial impact under IFRS-9, no change is recognized against this advance.

Note 10

Trade and Other Payables

	2023	2022
	Rupees	Rupees
Creditors - Unsecured	120,840,912	120,841,539
Accrued liabilities	133,585,607	133,033,107
Other liabilities	2,033,396	2,033,396
Contract liabilities	72,574	72,574
Income tax payable	6,326,667	6,326,667
Sales Tax Payable	19,688,662	19,688,662
	<u>282,547,818</u>	<u>281,995,945</u>

Note 11

Accrued Mark-up

	2023	2022
	Rupees	Rupees
Accrued mark up on:		
Liability against assets subject finance lease	174,539	174,539
Short term borrowings	67,604,158	67,604,158
	<u>67,778,697</u>	<u>67,778,697</u>

11.1 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 12

Short Term Borrowings

	2023	2022
	Rupees	Rupees
Banking companies - Secured		
Running / cash finance	385,384,477	385,384,477
Related parties - Unsecured		
Loan from directors	78,309,547	94,703,482
	<u>463,694,024</u>	<u>480,087,959</u>

12.1 These represent utilized portion of short term finance facilities of Rs. 385 million (2022: 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.

12.2 This represents interest free funds obtained from directors to meet working capital requirements of the Company.

Note 13

Provision for Taxation - Net

	2023	2022
	Rupees	Rupees
Balance at the beginning of the year	10,232,194	10,232,194
Add: Provision for the year	-	-
Less: Adjustment against advance tax	<u>10,232,194</u>	<u>10,232,194</u>

13.1 Since there is no sales during the year hence no provision has been recorded under section 113 of Income tax ordinance 2001.

Note 14
Contingencies and Commitments

Contingencies

- 14.1 Tax liability for Rs. 4,870,776 (2022: 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.
- 14.2 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.
- 14.3 The Company has filed a suit against Habib Metropolitan Bank Limited before the Lahore High Court vide COS No.219175/2018, 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, 2023 (2022: Nil).

Note 17 - Property, Plant and Equipment ... Contd.

----- 2022 -----										
PARTICULARS	Freehold land	Factory Buildings on free hold land	Colony Buildings on free hold land	Plant & Machinery	Power House	Tools & equipment	Office equipment	Furniture and fixtures	Vehicles	Total
OWNED										
COST/REVALUED AMOUNT										
Balance as at July 01, 2021	82,812,500	321,448,097	104,616,215	1,143,914,896	154,449,284	5,186,925	1,698,383	2,940,455	11,601,040	1,828,667,795
Additions	-	-	-	-	-	-	-	-	-	-
Deletions	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2022	82,812,500	321,448,097	104,616,215	1,143,914,896	154,449,284	5,186,925	1,698,383	2,940,455	11,601,040	1,828,667,795
DEPRECIATION										
Balance as at July 01, 2021	-	237,375,454	61,982,518	670,426,155	103,427,077	3,129,675	1,162,538	2,334,944	10,174,354	1,090,012,715
Charge for the year	-	8,407,264	4,263,370	23,674,437	5,102,221	205,725	53,585	60,551	285,337	42,052,490
Balance as at June 30, 2022	-	245,782,718	66,245,888	694,100,592	108,529,298	3,335,400	1,216,123	2,395,495	10,459,691	1,132,065,205
<i>Written Down Value as at June 30, 2022</i>	<i>82,812,500</i>	<i>75,665,379</i>	<i>38,370,327</i>	<i>449,814,304</i>	<i>45,919,986</i>	<i>1,851,525</i>	<i>482,260</i>	<i>544,960</i>	<i>1,141,349</i>	<i>696,602,590</i>
Rates %	-	10%	10%	5%	10%	10%	10%	10%	20%	
Right to Use Assets										
COST/REVALUED AMOUNT										
PLANT AND MACHINERY										
Balance as at July 01, 2021	-	-	-	24,352,205	-	-	-	-	-	24,352,205
Additions	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2021	-	-	-	24,352,205	-	-	-	-	-	24,352,205
Depreciation										
Balance as at July 01, 2021	-	-	-	7,487,870	-	-	-	-	-	7,487,870
Charge for the year	-	-	-	843,217	-	-	-	-	-	843,217
Balance as at June 30, 2022	-	-	-	8,331,087	-	-	-	-	-	8,331,087
<i>Written Down Value as at June 30, 2022</i>	-	-	-	<i>16,021,118</i>	-	-	-	-	-	<i>16,021,118</i>
WDV as at June 30, 2022 - GRAND TOTAL	82,812,500	75,665,379	38,370,327	465,835,422	45,919,986	1,851,525	482,260	544,960	1,141,349	712,623,708

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

	Note	2023 Rupees	2022 Rupees
Cost of sales	24	39,472,494	42,496,234
Administrative expenses	26	330,992	399,473
		<u>39,803,486</u>	<u>42,895,707</u>

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

15.3 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

15.4. 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, 2022. 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>

15.5 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.

15.6 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, 2023			As at June 30, 2022		
	Cost	Accumulated Depreciation	Written Down Value	Cost	Accumulated Depreciation	Written Down Value
Land	Rupees 5,009,292	Rupees	Rupees	Rupees	Rupees	Rupees
Building	356,307,236	282,942,722	5,009,292	5,009,292	5,009,292	5,009,292
Plant and machinery	1,099,851,692	696,956,023	73,364,514	356,307,236	274,791,109	81,516,127
Power house	145,165,634	35,758,498	402,895,669	1,099,851,692	675,750,988	424,100,704
Total	<u>1,606,333,854</u>	<u>1,015,657,243</u>	<u>590,676,611</u>	<u>1,606,333,854</u>	<u>974,144,246</u>	<u>632,189,608</u>

Note 16 Long Term Loans	2023	2022
	Rupees	Rupees
Loans to employees - (Secured - considered good)		
- Due from executive	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)
	712,766	712,766
16.1 Reconciliation of carrying amount of loan to executive:		
Opening balance	3,528,317	3,528,317
Disbursement during the year	-	-
Recoveries during the year	3,528,317	3,528,317
Closing Balance	3,528,317	3,528,317
16.2 This represents interest free loans given to executives and other employees for construction of houses and other purposes as per the Company's policy. These loans shall be recovered in monthly installments from salary and are secured against gratuity balances.		
16.3 The maximum aggregate amount of loans due from executive at the end of any month during the year was Rs. 3,528 million (2022: Rs. 3,528 million)		
16.4 Long term loans have been carried at cost as the effect of carrying these balances at amortized cost would not be material.		
Note 17 Long Term Deposits	2023	2022
	Rupees	Rupees
Deposits against:		
- Utilities	27,832,744	27,832,744
- Margin on letter of guarantee	7,000	7,000
	27,839,744	27,839,744
Note 18 Trade Debts	2023	2022
	Rupees	Rupees
Local - Unsecured and considered good	324,607	324,607
18.1 Trade debts do not include any amount due from related parties (2022: Nil).		
Note 19 Loans and Advances	2023	2022
	Rupees	Rupees
Current portion of loans to employees		
Advances - Considered good	4,316,292	4,316,292
- Suppliers and contractors	4,177,607	4,677,607
- Employees	-	-
	8,493,899	8,993,899
19.1 Amount due from directors, chief executive and executives of the Company is Nil (2022: Nil)		
Note 20 Tax refunds due from the government	2023	2022
	Rupees	Rupees
Tax deducted at source and advance tax	7,098,105	7,098,105
Sales tax refundable - Net	16,782,822	16,782,822
	23,880,927	23,880,927

Note 21

Trade Deposits, Prepayments and Other Receivables

	Note	2023 Rupees	2022 Rupees
Security Deposit		2,500,000	2,500,000
Prepayments		429,716	429,716
Other Receivables	21.1	-	6,345,719
		<u>2,929,716</u>	<u>9,275,435</u>

21.1 This solely represents amount due from Yousaf Weaving Mills Limited. The maximum aggregate amount outstanding during the year was Rs. 6,345,719.

Note 22

Cash and Bank Balance

	2023 Rupees	2022 Rupees
Cash in hand	-	-
Cash at bank - in current accounts	52,195	47,985
	<u>52,195</u>	<u>47,985</u>

Note 23

Sales

	2023 Rupees	2022 Rupees
Local - Yarn Sales	-	-
Sales tax	-	-
Net sales	-	-

Note 24

Cost of Sales

	Note	2023 Rupees	2022 Rupees
Raw materials consumed	24.1	-	-
Salaries, wages and benefits	24.2	-	-
Depreciation	15.1	39,472,494	42,496,234
		<u>39,472,494</u>	<u>42,496,234</u>
Finished goods		-	-
Opening stock		-	-
Closing stock		-	-
		<u>39,472,494</u>	<u>42,496,234</u>
24.1 Raw materials consumed:			
Opening stock		-	-
Purchases during the year		-	-
Closing stock		-	-

24.2 This includes Rs. Nil (2022: Rs. Nil) in respect of employee benefits - gratuity scheme.

Note 25

Distribution Cost

	2023 Rupees	2022 Rupees
Freight and other charges	-	-

Note 26
Administrative Expenses

	Note	2023 Rupees	2022 Rupees
Salaries, wages and benefits			
Director's remuneration	26.1	600,000	600,000
Communication		675,000	675,000
Printing and stationery		-	2,275
Entertainment		-	42,500
Vehicle running and maintenance		-	60,000
Fees and subscriptions		736,856	2,500
Advertisement and publicity		75,000	343,075
Depreciation	15.1	330,992	165,725
		<u>2,417,848</u>	<u>399,473</u>
			<u>2,290,048</u>

26.1 This includes Rs. Nil (2022: Rs. Nil) in respect of employee benefits - gratuity scheme.

Note 27
Finance Cost

	Note	2023 Rupees	2022 Rupees
Bank charges and commission		1,172	340

Note 28
Other Operating Expenses

	Note	2023 Rupees	2022 Rupees
Auditors' remuneration	28.1	250,000	250,000

Note 29
Other Operating Income

	Note	2023 Rupees	2022 Rupees
Other income		11,338,581	1,782,510

Note 30
Taxation

Current - for the year
Deferred - for the year

		-	-
		-	-

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. Since there is no sales during the year hence no provision for taxation is accounted for during the current year based on minimum tax u/s 113 of the Income Tax Ordinance, 2001.

30.2 Deferred tax asset amounting to Rs. 93.151 million (2022: 85.039 million) arising mainly due to brought forward losses amounting to Rs. 707.843 (2022: 716.947 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

		2023 Rupees	2022 Rupees
Loss after taxation	Rupees	(30,802,933)	(43,254,112)
Weighted average number of ordinary shares outstanding during the year	Number of shares		
Loss per share - basic & diluted	Number Rupees	121,576,200 (0.25)	121,576,200 (0.36)

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:

	2023		2022	
	Director	Executives	Director	Executives
Managerial Remuneration	-----Rupees-----			
Number of persons	0	0	0	0

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	2023	2022
		Rupees in '000'	
Short term funds (paid) / availed from directors	Director	(16,394)	2,449
Expenses paid by Yousaf Weaving Mills Limited on behalf of Chakwal Spinning Mills	Associate-Common Directorship	6,346	-

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.

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.

Note 34 - Financial Risk Management ... Contd.

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:

	2023	2022
	Rupees	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 (2022: Rs. 3.851). 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:

	2023	2022
	Rupees	Rupees
Long term loans	712,766	712,766
Long term deposits	27,839,744	27,839,744
Trade debts	324,607	324,607
Loans and advances	8,493,899	8,993,899
Trade deposits and other receivables	2,500,000	8,845,719
Cash and bank balances	52,195	47,985

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	324,607
324,607	324,607

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

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

Name of Bank	Rating Agency	Credit Rating	
		Short-term	Long-term
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA+
Bank of Punjab	PACRA	A1+	AA
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 (2022: Rs. 385 millions) worth short term borrowing limits available from financial institutions and Rs. 0.052 million (2022: Rs 0.048 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, 2023

	Carrying Amount Rupees	Contractual Cash Flows		
		Less than 1 year	Between 1 to 5 years	5 years and above
	Rupees	Rupees	Rupees	Rupees
Trade and other payables	282,547,818	282,547,818		
Accrued mark-up	67,778,697	67,778,697		
Short term finances	385,384,477	385,384,477		
Current portion of non current liabilities	37,742,792	37,742,792		

Note 34 - Financial Risk Management ... Contd.

Contractual maturities of financial liabilities as at June 30, 2022

	Carrying	Contractual	Less than	Between	5 years
	Amount	Cash Flows	1 year	1 to 5 years	and above
	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	281,995,945	281,995,945	281,995,945	-	-
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, 2023 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)

34.2 Financial instruments by categories

	2023	2022
	Rupees	Rupees
<u>Financial asset as at amortized cost</u>		
Long term loans	712,766	712,766
Long term deposits	27,839,744	27,839,744
Trade debts	324,607	324,607
Short term loans to employees	8,493,899	8,993,899
Trade deposits and other receivables	2,500,000	8,845,719
Cash and Bank Balance	52,195	47,985
<u>Financial liabilities at amortized cost</u>		
Trade and other payables	282,547,818	281,995,945
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:

Note 35 - Capital Risk Management ... Contd.

	2023	2022
	Rupees	Rupees
Total borrowings	543,811,816	560,205,751
Cash and bank balances	(52,195)	(47,985)
Net Debt	543,759,621	560,157,766
Equity	(125,325,797)	(94,522,864)
Total capital employed	418,433,824	465,634,902
Gearing Ratio	129.95%	120.30%

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

	2023	2022
	Rupees	Rupees
Number of spindles installed	33,468	33,468
Installed capacity in 20's count (Kgs) - approximately	11,168,743	11,168,743
Actual production after conversion into 20's count (Kgs)	-	-

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	2023	2022
		Rupees	Rupees
Employees as at June 30,			
Permanent	37.1	1	1
Temporary		-	-
Average employees during the year			
Permanent		1	3
Temporary		-	-
38.1 Includes factory employees as at June 30,		-	-

Note 39

Authorization of Financial Statements

These financial statements were authorized for issue on _____ by the Board of Directors of the Company.

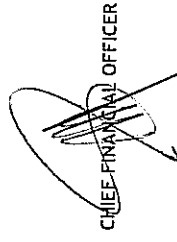
Note 40

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

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

30-06-2023

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
197	1	100	9,595
292	101	500	120,323
147	501	1,000	140,038
295	1,001	5,000	876,185
124	5,001	10,000	1,016,235
47	10,001	15,000	619,702
38	15,001	20,000	704,000
28	20,001	25,000	657,600
23	25,001	30,000	649,500
14	30,001	35,000	461,000
4	35,001	40,000	149,000
6	40,001	45,000	264,700
9	45,001	50,000	446,000
5	50,001	55,000	268,500
7	55,001	60,000	404,000
4	60,001	65,000	257,000
5	65,001	70,000	337,935
5	70,001	75,000	366,500
3	75,001	80,000	239,500
4	80,001	85,000	333,500
3	85,001	90,000	265,000
10	95,001	100,000	994,500
2	100,001	105,000	207,000
1	105,001	110,000	107,500
2	110,001	115,000	227,013
1	125,001	130,000	130,000
1	130,001	135,000	135,000
1	145,001	150,000	148,695
3	150,001	155,000	460,500
1	175,001	180,000	179,500
2	180,001	185,000	361,000
1	185,001	190,000	188,000
1	190,001	195,000	191,000
2	195,001	200,000	400,000
1	200,001	205,000	202,000
1	205,001	210,000	210,000
1	215,001	220,000	218,000
1	230,001	235,000	233,000
1	235,001	240,000	236,000
1	245,001	250,000	250,000
1	305,001	310,000	306,000
1	310,001	315,000	311,500
1	320,001	325,000	322,500
1	335,001	340,000	339,000
2	345,001	350,000	700,000
1	350,001	355,000	350,500
1	465,001	470,000	469,000
1	470,001	475,000	475,000
1	495,001	500,000	500,000
1	565,001	570,000	567,500
1	660,001	665,000	662,508
1	835,001	840,000	840,000
1	940,001	945,000	943,000
1	1,185,001	1,190,000	1,186,500

1	1,250,001	1,250,792
1	3,995,001	4,000,000
1	6,430,001	6,431,750
1	27,275,001	27,270,729
1	60,985,001	60,985,400
1,314		121,576,200

2.3 Categories of Shareholders

	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	67,589,663	55.5945
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	88,368,142	72.6854
2.3.8 General Public		
a. Local	52,959,252	43.5605
b. Foreign	0	-
2.3.9 Others (to be specified)		
1- Joint Stock Companies	159,801	0.1314
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 Share Holders

As on 30th June, 2023

S. No. NAME

DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN

	HOLDING	% AGE
1 KHAWAJA MOHAMMAD JAHANGIR PHINO	6,431,750	5.2903
2 KHAWAJA MOHAMMAD KALEEM	60,985,400	50.1623
3 KHAWAJA MOHAMMAD KALEEM (CDC)	112,013	0.0921
4 KHAWAJA MUHAMMAD TANVEER	2,000	0.0016
5 MR. MUHAMMAD NAVEED (CDC)	57,000	0.0469
6 MST. MUNAZA KALEEM	500	0.0004
7 SHEIKH MAQBOOL AHMED	500	0.0004
MR. ABBAS ALI	500	0.0004
	67,589,663	55.5945

ASSOCIATED COMPANIES

	0	0.0000
--	---	--------

NIT & ICP

CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)

	662,508	0.5449
	662,508	0.5449

BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS

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
	5,522	0.0045

MODARABA & MUTUAL FUNDS

1 FIRST PRUDENTIAL MODARABA	500	0.0004
2 TRUST MODARABA	1,500	0.0012
3 ASIAN DEVELOPMENT EQUITY FUND	2,100	0.0017
	4,100	0.0034

PENSION FUNDS

1 TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND (CDC)

	68,935	0.0567
--	--------	--------

INVESTMENT COMPANIES

1 PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LTD.

	12,000	0.0099
--	--------	--------

INSURANCE COMPANIES

1 PRIME INSURANCE CO. LIMITED
2 STATE LIFE INSURANCE CORPORATION OF PAKISTAN (CDC)

	2,300	0.0019
	52,000	0.0428
	54,300	0.0447

FOREIGN COMPANIES

1 THE PAKISTAN FUND
2 CITIBANK N.A. HONGKONG

	16,000	0.0132
	41,700	0.0343
	57,700	0.0475

JOINT STOCK COMPANIES

1 TRUST SECURITIES & BROKERAGE (PVT) LTD.
2 DALAL SECURITIES (PVT) LTD. (CDC)
3 HAFIZ LIMITED (CDC)
4 HIGHLINK CAPITAL (PVT) LTD. (CDC)

	6,700	0.0055
	25,000	0.0206
	50,000	0.0411
	100	0.0001

ONLY FOR INFORMATION
NOT FOR PRINTING

5	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000
6	PYRAMID INVESTMENTS (PVT) LTD. (CDC)	15,000	0.0123
7	RAO SYSTEMS (PVT.) LTD. (CDC)	45,000	0.0370
8	SAAO CAPITAL (PVT) LIMITED (CDC)	17,500	0.0144
9	SARFRAZ MAHMOOD (PRIVATE) LTD. (CDC)	500	0.0004
		0	0.0000
		159,801	0.1314

OTHERS

1	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST (CDC)	2,419	0.0020
		2,419	0.0020
	SHARES HELD BY THE GENERAL PUBLIC (LOCAL)	52,959,252	43.5605
	SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)	0	0.0000
		52,959,252	43.5605
		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	27,270,729	22.4310
		88,368,142	72.6854

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	27,270,729	22.4310
3	KHAWAJA MOHAMMAD JAHANGIR PHINO	6,431,750	5.2903
		94,799,892	77.9757

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
			NIL

CHAKWAL SPINNING MILLS LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2023

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

Directors and their Spouse and Minor Children (Name Wise Detail):

1	KHAWAJA MOHAMMAD JAHANGIR PHINO	6,431,750	5.2903
2	KHAWAJA MOHAMMAD KALEEM	61,097,413	50.2544
3	KHAWAJA MUHAMMAD TANVEER	2,000	0.0016
4	MR. MUHAMMAD NAVEED (CDC)	57,000	0.0469
5	MST. MUNAZA KALEEM	500	0.0004
6	SHEIKH MAQBOOL AHMED	500	0.0004
7	MR. ABBAS ALI	500	0.0004

Executives:

-

Public Sector Companies & Corporations:

-

Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

130,757 0.1076

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	27,270,729	22.4310*
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

NIL

Sale Purchase

Form of Proxy – 36th Annual General Meeting

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

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

I/We _____ of _____
 being a member (s) of CHAKWAL SPINNING MILLS LIMITED hold _____
 ordinary shares hereby appoint _____ Mr./Mrs./Miss
 him/her _____ of _____ or failing
 Proxy to attend and vote for me/us and on my/our behalf at the 36th Annual General
 Meeting of the Company to be held on Monday, 27th November, 2023 at 10:00 a.m at
 the registered office 7/1 E-III, Main Boulevard, Gulberg III, Lahore.

Signed this _____ day of _____ 2023.

NOTE

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

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

**AFFIX
 REVENUE
 STAMP of Five rupees**

Signature _____

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

Book Post
Printed Matter

If undelivered please return to:
Chakwal Spinning Mills Limited
7/1 E-3, Main Boulevard, Gulberg - III, Lahore
Te: (042) 35757108 Fax: (042) 35755760