Annual Report 2018

Chakwal Spinning Mills Limited

CHAKWAL SPINNING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

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

OUR 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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of members of **CHAKWAL SPINNING MILLS LIMITED** will be held at the Registered Office of the Company situated at 7/1 E-3, Main Boulevard, Gulberg III, Lahore on Tuesday, November 27, 2018 at 12:30 p.m. to transact the following business:-

ORDINARY BUSINEES

1. To confirm the minutes of EOGM held on May 31, 2018.

2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2018, together with the reports of Directors and Auditor's report thereon.

3. To appoint auditors for the year ending June 30, 2019 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.

SPECIAL BUSINESS

1. To consider and, if thought fit, to pass with or without modification, the following resolutions as special resolutions

   RESOLVED THAT, lease arrangement under the lease agreement executed with Yousaf Weaving Mills Limited be and is hereby validated / ratified and also its subsequent termination.

   FURTHER RESOLVED THAT, all the actions, deeds and things taken to complete the lease arrangement / agreement by the chief executive officer of the Company be and hereby approved.

2. To consider and, if thought fit , to pass with or without modification the following resolution as special resolution;

   RESOLVED THAT, the related party transactions carried out by the Company during the year in normal course of business during the year ended June 30, 2018 be and are hereby approved.

   FURTHER RESOLVED THAT, the chief executive officer of the Company be and is hereby authorized to approve the transaction to be conducted with the related parties in the normal course of business during the current financial year ending June 30, 2018 and till the date of next Annual General Meeting.

Lahore:

November 05, 2018

NADEEM ANWAR
Company Secretary

NOTES:

1. A statement of material facts under section 134 of the Companies Act 2017 concerning the special business to be transacted at EOGM is being sent to the members with the notice of the meeting.

2. The shares transfer books for ordinary shares of the Company will be closed from 21-11-2018 to 27-11-2018 (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 November 20, 2018 will be in treated in time. The same or any change in address, if any, alongside valid copy of CNIC for filing annual return of Company be sent to our share registrar M/s. Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35839182.

3. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Company's registered office not less than forty eight (48) hours before the time of meeting. Members through CDC appointing proxies must attach attested copy of their Computerized National Identity Card (CNIC) or Passport with the proxy form.

4. The shareholders through CDC, who wish to attend the Annual General Meeting, are requested to please bring, original CNIC. CDC account holder will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

5. In case of corporate entity, certified copy of the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.

6. The financial statements for the year ended June 30, 2018 shall be uploaded on the Company's website www.Chakwalspinningmills.com twenty one days prior to the date of holding of annual general meeting.

7. Pursuant to SECP Notification S.R.O. 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form available on Company's website.

8. If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.

9. Members are requested to promptly notify the Company of any change in their registered address.

STATEMENT UNDER SECTION 134 OF THE COMPANIES ACT, 2017 CONCERNING THE SPECIAL BUSINESS

1. The board of Directors in their meeting held on November 10, 2017 decided to give on lease the production facilities to Yousaf Weaving Mills Limited. The arrangements were given on lease up to December 31, 2017 and was subject to be renewed subsequently. The arrangement were reviewed in the Board Meeting held on February 28, 2018 and was agreed to continue up till March 31, 2018.

2. The management of the Company has discharged the lease agreement and resumes its responsibility since April 01, 2018. These arrangements were for a specific period and not aim to continue for a longer period. Since the arrangement gets elapsed on March 31, 2018, however the management on the authority of a special resolution is validating / ratifying / approving the lease arrangement from the shareholders in the Annual General Meeting.

3. The Directors have no direct interest except to the extent of their directorship and shareholding.
4. In this regard the Company provide the following further information

The Company incurred substantial business losses in the last period which affected its cash flow and liquidity and had to close its operations. The management of the Company made every possible effort to resume the operation despite injecting of Rs. 97.902 million during the year ended June 2017 but eroded due to heavy losses faced by the Company. The management of the Company with continuous suffering was eager to mobilize the sources and regain the lost confidence.

The scheme of lease arrangement should be seen in the spectrum that both the companies Chakwal Spinning Mills Limited and Yousaf Weaving Mills Limited are adjacent to each other with common wall. It was well known fact that the textile industry was passing through difficult business conditions and has mounted huge business losses which has affected the cash flow and liquidity. These losses made the Company liable to workers' salaries and benefits. The labor force in the mills belongs to adjacent villages. Having close proximity, the closure of business unit impacted the affairs of Yousaf Weaving Mills Limited. The Company gave on lease the production facilities of Chakwal Spinning Mills Limited to Yousaf Weaving Mills Limited under the lease agreement dated November 10, 2017. These arrangements were temporarily in nature with the sole object to revive the Company which has closed its operation due to no working Capital. The unit has been closed and the arrangements were aim to put the Company back on track of continued operation which has been availed and agreement stand elapsed.

The Company earned a sum of Rs 7.5 million as lease rental under the lease agreement. The balance amount receivable as at June 30, 2018 is amounting to Rs. 7.10 million as appearing in the financial statements.

5. The Company in the normal course of business carried out transaction with related parties. All these transactions were presented before the Board of Directors for their review and consideration as recommended by the Audit committee on quarterly basis.

Since the directors of the Company were interested in the related parties transactions carried out during the financial year ended June 30, 2018 with the related parties , due to their common directorship and shareholding in these associated undertakings, therefore, these transactions have been placed before the members of the Company for their approval in the General Meeting. During the year following transaction is made with related party as per financial statements:

Sale of materials, goods & services:

- Yousaf Weaving Mills Limited 2.725 million

The transactions with all related parties are entered on arms' length basis.

The Directors are interested to the extent of their directorship / shareholding.

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REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF THE BOARD AND EFFECTIVNESS 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.

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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.

Date November 05, 2018

Mr. Khawaja Mohammad Jawed
Chairman

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

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

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

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

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

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

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

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

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

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

محرکات، صلاحیت اور معلومات مہیا کرنے کے لئے وضاحت دینے کی ضرورت ہوتی ہے۔ مذکورہ بالا کی بنیاد پر، یہ مناسب طور پر کہا جاسکتا ہے کہ CSML کے بورڈ نے اس بات کو یقینی بنانے میں اہم کردار ادا کیا ہے کہ کمپنی کے مقاصد کو نہ صرف حاصل کیا جاسکتا ہے، بلکہ بورڈ اور اس کے ارکان کی راہنمائی اور نگرانی کے ذریعہ انتظامیہ ٹیم کی مشترکہ کوششوں کے ساتھ توقعات سے بھی آگے بڑھا جاسکتا ہے۔

خواجہ محمد جاوید

چیئرمین

05 نومبر 2018

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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 2018.

Financial Performance:

The Company has to face difficult business conditions in the past years and mounted huge business losses which eroded its liquidity/ cash flow and it has to close its operation despite the fact that the management injected Rs 97.902 million in the period ended June 2017. This bail out also get eroded due to heavy losses and the Company has to close its operation in March 2017. With continuous suffering the management of the Company remains eager to mobilize the sources and regain the lost confidence. The Chakwal Spinning Mills Limited and Yousaf Weaving Mills Limited are adjacent to each other and having close proximity the affairs of Chakwal Spinning Mills also impacted the affairs of Yousaf Weaving Mills Limited. Ultimately, the production facilities were leased to Yousaf Weaving Mills Limited with the sole object to revive the Company which has closed its operation since March 2017. The aim was to put the Company on the track of continued operation which availed and the lease arrangement has been elapsed since March 31, 2018.

The operation of the Company has been resumed since March 31, 2018.

The financial results of the Company during the period are summarized below;

Sales	201.244 million
Gross Loss	38.524 million
Loss Before Taxation	90.745 million
Loss After Taxation	93.261 million

With existing constraints the Company manufactures polyester yarn and sold in the local market. The raw material of polyester staple fiber is dependent on local players as they continuously keep the prices upward and have no mercy. The local market did not reciprocate the yarn price in similar fashion which affects the margin and operating results. The US$ linked energy cost have a negative impact on the squeezed margins. With all odds the

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management has been successful to achieve sustainability in its operation. The management believe to reinforce its efforts to put the Company on the path of operating profitability and is hopeful with the incentive recently announce by the new elected Government the things will get a better shape in the period to come.

Financial Statements Audit

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

a) The The directors of the Company have decided to ratify/validate the lease arrangement with Yousaf Weaving Mills limited which has since been elapsed since March 31, 2018 from the members of the Company under the authority of special resolution in the Annual General meeting to be held on November 27, 2018.

b) Recovery suits by a banks have been filed against the Company, which have been adequately disclosed in the note no. 15 of the financial statements. The amounts of principal of loan (Note 13) and interest accrued thereon (Note 12) have been accordingly accounted for in the financial statements. The reason for default is continuing losses and cash-flow problems being faced by the Company for the last many years. The management negotiates with banks for re-structuring of its financial facilities to meet its working capital requirements. The management believes in smooth and reliable relationship with the banks. The management has made a number of steps to put the Company on the path of expansion and profitability, which will reinforce its cash-flows. We believe that we shall be able to cope with these financial problems with the banks amicably without hurting the interest of shareholders.

c) The management shall comply the provisions of Companies Act 2017 on un claimed dividend in due course of time.

d) The audit observation on going concern has been disclosed in Note no 3.2 of the financial statements.

Conversion of Directors' Loan into Equity:

Securities and Exchange Commission of Pakistan (SECP) has accorded approval of issuance of further shares other than right issue (under Section 83 of the Companies Act, 2017) vide letter No. EMD/CI/31/2005-964 dated September 27, 2018 on the basis of special resolution passed by the shareholders of the Company in the Extra Ordinary General Meeting held on May 31,

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2018. In compliance with the said approval, we have issued shares at face value of Rs.5/- each to the following directors on October 02, 2018:

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

These shares have been issued at Rs.5 per share. After this issue, total paid up capital comprises of 121,576,200 shares of Rs. 607,881,000.

Overview /Future Outlook:

Unstable political scenario, volatile market condition, rising energy cost, exorbitant Pak Rupee devaluation against US $, and increase in the price of Polyester Fiber by local player do have its impact on the performance of the Company. The present Government is looking vibrant to move the industry from the continued whims and have announced energy package for the sector. If these get materialized on sustainable basis, the industry will positively move in sheer manner for its contribution in the national economy. Moreover, the Government should make a policy of early refund of sale tax that will give breathing space with ease in stretched cash flow.

Principal Activity

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

Principal Risks and Uncertainties

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

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

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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, 2018 were reviewed by the Audit Committee and approved by the Board of Directors.

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Compliance with the Code of Corporate Governance:

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

Corporate Governance & Financial Reporting Framework:

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

i) The financial statements prepared by the management of the Company present fair state of Company's operations, cash flows and changes in equity.

ii) Proper books of account of the Company have been maintained.

iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.

iv) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements, and any departures there from has been adequately disclosed and explained.

v) The system of internal control is sound in design and has been effectively implemented and monitored.

vi) Key operating and financial data for the last six years is annexed.

vii) There has been no departure from the best practices of Corporate Governance, as detailed in the listing regulations.

viii) We have been prepared and circulated a statement of ethics and business strategy among directors and employees.

ix) The Company has neither declared dividend nor issued bonus shares because of loss sustained by the Company for the year ended 30th June 2018.

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

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Email: ksml@pol.com.pk

Shareholding Pattern

The share holding pattern as at June 30, 2018 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 2018-2019. The Audit Committee has recommended for re-appointment of present Auditors.

Composition of Board

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

   a. Male : 07
   b. Female : 01

2. The composition of the board is as follows:

   a. Executive Directors : 01
   b. Other Non-Executive Directors : 06
   c. Independent Directors : 01

Name of Directors

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

First four directors are exempt from Director's Training Program, whereas Mr. Mohammad Hamza Yousaf has already attended the director training. The other directors will duly comply with the requirement of Code of Corporate Governess with respect of Directors' Training Program.

Committees of the Board

The Board has made following sub-committees:

CHAKWAL SPINNING MILLS LTD.

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Email: ksml@pol.com.pk

Audit Committee Meetings:

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

HR and Remuneration Committee Meetings:

i. Mr. Mohammad Tariq Sufi (Chairman)
ii. Mr. Khawaja Mohammad Jawed (Member)
iii. Mr. Khawaja Mohammad Jahangir (Member)
iv. Mr. Khawaja Mohammad Tanveer (Member)

Significant Features of Directors' Remuneration

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

Acknowledge

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

On behalf of the Board

November 05, 2018	Khawaja Mohammad Jahangir	Mr.Khawaja Mohammad Jawed
Lahore.	Chief Executive Officer	Chairman

حصہ داران کے لیے ڈائریکٹرز کی رپورٹ

چکوال سپننگ ملز لیمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم آپ کی کمپنی کی، 30 جون 2018 پر ختم شدہ، سالانہ رپورٹ بمع جانچ شدہ مالی حسابات اور آڈیٹر رپورٹ، پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی کارکردگی

کمپنی کو گزشتہ سالوں میں مشکل کاروباری حالات کا سامنا کرنا پڑا اور بڑا کاروباری نقصان اٹھانا پڑا جس نے اس کے مالی بہاؤ (cash flow) کو ختم کر دیا باوجود اس کے کہ منتظمین نے سال 2017 کے دوران 97.902 ملین روپے کمپنی میں ڈالے تھے۔ یہ رقم بھی بھاری خسارے کی نظر ہو گئی اور کمپنی کو اپنی سرگرمیاں مارچ 2017 میں بند کرنا پڑیں۔ باوجود مسلسل خسارے کے کمپنی کے منتظمین ذرائع کو بروئے کار لانے کے لیے پرعزم ہیں اور کھویا ہوا اعتماد دوبارہ حاصل کرنا چاہتے ہیں۔ چکوال سپننگ ملز لیمیٹڈ اور یوسف ویونگ ملز لیمیٹڈ ایک دوسرے کے ساتھ واقع ہیں اور قریب ہونے کی وجہ سے چکوال سپننگ ملز لیمیٹڈ کے معاملات یوسف ویونگ ملز لیمیٹڈ کے معاملات پر اثر انداز ہوئے۔ آخر کار پیداواری سہولیات یوسف ویونگ ملز لیمیٹڈ کو صرف اس مقصد کے لیے دی گئیں تا کہ جو کمپنی مارچ 2017 سے اپنی سرگرمیاں بند کر چکی تھی دوبارہ سے کام شروع کر سکے۔ اس کا مقصد کمپنی کو مسلسل کام کرنے کے راستے پر ڈالنا تھا اور یہ لیز کا معاہدہ 31 مارچ 2018 کو ختم ہو چکا ہے۔

کمپنی کی سرگرمیاں 31 مارچ 2018 سے دوبارہ شروع کر دی گئی ہیں۔

کمپنی کے مختصر مالی نتائج مندرجہ ذیل ہیں:

فروخت	201.244 ملین
مجموعی خسارہ	38.524 ملین
دورانیے کا قبل از ٹیکس خسارہ	90.745 ملین
دورانیے کا بعد از ٹیکس خسارہ	93.261 ملین

موجودہ رکاوٹوں کے باوجود کمپنی پولیسٹر دھاگا بنا رہی ہے اور مقامی منڈی میں بیچ رہی ہے۔ پولیسٹر سٹیپل فائبر کا خام مال مقامی فراہم کنندگان پر منحصر ہے جو مسلسل قیمتوں میں بے رحمی سے اضافہ کرتے رہتے ہیں۔ مقامی منڈی میں قیمتیں اسی تناسب سے نہ بڑھنے کی وجہ

سے منافع اور عملی نتائج پر اثر پڑتا ہے۔یو ایس ڈالر سے منسلک توانائی کی لاگت کا منافع پر منفی اثر پڑ رہا ہے۔تمام تر مسائل کے باوجود منتظمین سرگرمیوں کو مستحکم کرنے میں کامیاب رہے ہیں۔منتظمین تمام کوششوں کو یکجا کرنے اور کمپنی کو منافع کی راہ پر ڈالنے پر یقین رکھتے ہیں اور نئی حکومت کی جانب سے دی گئی ترغیب سے پرامید ہیں کہ مستقبل میں حالات بہتر ہوں گے۔

مالی حسابات کا آڈٹ

(ا) کمپنی کے ڈائریکٹران نے،27 نومبر 2018 کو ہونے والے سالانہ اجلاس عام میں مخصوص قرارداد کی اتھارٹی کے تحت، یوسف سپننگ ملز لیمیٹڈ کے ساتھ معاہدے کی توثیق کرنے کا فیصلہ کیا ہے جو 31 مارچ 2018 کو ختم ہو گیا تھا۔

(ب) کمپنی کے خلاف ایک بینک نے قرضے کی وصولی کا دعوہ دائر کیا ہے،جس کو مناسب طور پر مالی حسابات کے نوٹ نمبر 15 میں ظاہر کر دیا گیا ہے۔اصل رقم نوٹ نمبر 13 اور اس پر سود نوٹ نمبر 12 مالی حسابات میں درج ہیں۔رقوم کی عدم ادائیگیوں کی وجہ پچھلے کئی سالوں سے جاری خسارے اور کمپنی کو درپیش پیسے کا بحران ہے۔منتظمین اپنی مالی ضروریات کو پورا کرنے کے لئے بینکوں سے مالی سہولیات کی تنظیم نو کے لیے بات چیت کر رہے ہیں۔منتظمین بینکوں کے ساتھ بہتر اور قابل اعتماد تعلقات قائم کرنا چاہتے ہیں۔منتظمین نے کمپنی کو بڑھوتری اور منافع کی راہ پر ڈالنے کے لئے بہت سے اقدامات کئے ہیں جو اس کے پیسے کے بہاو کو بہتر بنائیں گے۔ہم پرامید ہیں کہ ہم حصہ داران کے مفادات کو نقصان پہنچائے بغیر بینکوں کے ساتھ ان مالی مسائل کو احسن طریقے سے نمٹا لیں گے۔

(ج) منتظمین Unclaimed Dividend کے سلسلے میں کمپنیز ایکٹ 2017 میں دو گئی ہدایات کو پورا کرے گی۔

(د) کمپنی کا کاروبار جاری رہنے سے متعلق آڈٹ اعتراض کو نوٹ نمبر 3.2 میں دیا گیا ہے۔

ڈائریکٹرز کے قرضے کی ایکوئٹی میں تبدیلی

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

نام	(حصص کی تعداد)
خواجہ محمد جاوید	24,841,000
خواجہ محمد کلیم	53,135,200
خواجہ محمد جہانگیر	3,600,000
کل حصص	**81,576,200**

یہ حصص 5روپے فی حصص کے حساب سے جاری کئے گئے ہیں۔اس اجرا کے بعد مکمل ادا شدہ سرمایہ 121,576,200 حصص (607,881,000روپے) پر مشتمل ہے۔

مجموعی جائزہ

غیر یقینی سیاسی منظرنامہ،منڈی کی غیر مستحکم حالت،توانائی کی لاگت میں اضافہ،یوایس ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں بہت زیادہ کمی اور مقامی فراہم کنندگان کی جانب سے پولیسٹر فائبر کی قیمت میں اضافہ کمپنی کی کارکردگی پر اثر انداز ہوئے۔موجودہ حکومت صنعت کو جاری بحرانی کیفیت سے نکالنے میں مستعد نظر آتی ہے اور شعبے کے لئے توانائی پیکج کا اعلان کیا۔اگر اس کو مستقل بنیادوں پر عملی جامہ پہنایا جائے تو صنعت ملکی معیشت کی بہتری میں سراسر حصہ ڈالے گی۔مزید یہ کہ حکومت کو سیلز ٹیکس کی جلد واپسی کی پالیسی بنانی چاہیے تا کہ پیسہ کے بہاو میں بہتری لائی جا سکے۔

اولین سرگرمی

کمپنی کی اولین سرگرمی دھاگے کی پیداوار اور فروخت ہے۔

اولین خطرات اور خدشات

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

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

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

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

منظّم سماجی ذمہ داری

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

ماحول، صحت اور حفاظت

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

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

اندرونی مالی کنٹرول

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

متعلقہ پارٹی

30 جون 2018 پر اختتام شدہ مالی سال کے دوران تمام متعلقہ پارٹیوں کے ساتھ لین دین کا آڈٹ کمیٹی نے جائزہ لیا اور بورڈ آف ڈائریکٹرز نے اس کی منظوری دی۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

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

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک

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

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

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

iii) مالی حسابات کی تیاری میں مناسب اکاونٹنگ پالیسیاں یکساں طور پر لاگو کی گئی ہیں اور اکاونٹنگ تخمینا جات مناسب اور دانشمندانہ فیصلوں پرمبنی ہیں۔

iv) بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS)، جیسے کہ پاکستان میں قابل عمل ہیں، پرحسابات بناتے وقت عمل کیا گیا ہے اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

v) اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اس پر موئثر طریقے سے عملدرامد اور نگرانی کی جاتی ہے۔

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

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

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

ix) کمپنی نے 30 جون 2018 پر اختتام پزیر ہونے والے سال کے دوران خسارے کی وجہ سے کسی ڈیویڈینڈ اور بونس حصص کا اجرانہیں کیا۔

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

حصص کنندگان کی تفصیل

30 جون 2018 کی تاریخ میں حصص کنندگان کی تفصیل منسلک ہے۔

محاسب کی تقرری

اسلم ملک چارٹرڈ اکاؤنٹنٹس لاہور کی خدمات کی میعاد پوری ہو رہی ہے اور اُنھوں نے مالی سال 19-2018 کے لئے قابل ہونے کی بنیاد پر دوبارہ اپنی خدمات پیش کرنے کی خواہش ظاہر کی ہے۔ آڈٹ کمیٹی نے ان کو دوبارہ محاسب نامزد کرنے کی سفارش کی ہے۔

بورڈ کے ممبران

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

a۔ مرد : 07

b۔ خواتین: 01

۲۔ بورڈ مندرجہ ذیل پر مشتمل ہے۔

a۔ ایگزیکٹو ڈائریکٹرز : 01

b۔ دیگر نان ایگزیکٹو ڈائریکٹرز : 06

c۔ خود مختار ڈائریکٹرز: 01

ڈائریکٹر کا نام

ا۔ خواجہ محمد جاوید	(چیئرمین)
۲۔ خواجہ محمد کلیم	(ایگزیکٹو ڈائریکٹر)
۳۔ خواجہ محمد جہانگیر	(چیف ایگزیکٹو آفیسر)
۴۔ خواجہ محمد تنویر	
۵۔ محمد حمزہ یوسف	
۶۔ دانش تنویر	
۷۔ منزہ کلیم	
۸۔ محمد طارق صوفی	(خود مختار ڈائریکٹر)

پہلے چار ڈائریکٹر، ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ ہیں جب کہ محمد حمزہ یوسف پہلے سے ہی ڈائریکٹرز ٹریننگ حاصل کر چکے ہیں اور موجودہ مالی سال کے دوران تقرر کیئے گئے نئے ڈائریکٹرز، کوڈ آف کارپوریٹ گورننس کے حوالے سے ڈائریکٹرز ٹریننگ پروگرام کی شرط پر عمل پیرا ہوں گے۔

بورڈ کی کمیٹیاں

بورڈ نے مندرجہ ذیل ذیلی کمیٹیاں بنائی ہیں:

آڈٹ کمیٹی کے اجلاس:

ا۔محمد طارق صوفی	(چیئرمین)
۲۔خواجہ محمد جاوید	(ممبر)
۳۔ دانش تنویر	(ممبر)
۴۔محمد حمزہ یوسف	(ممبر)

انسانی وسائل اور معاوضہ کمیٹی کے اجلاس:

ا۔محمد طارق صوفی	(چیئرمین)
۲۔خواجہ محمد جاوید	(ممبر)
۳۔خواجہ محمد جہانگیر	(ممبر)
۴۔خواجہ محمد تنویر	(ممبر)

ڈائریکٹران کی تنخواہ کے اہم پہلو

بورڈ آف ڈائریکٹرز نے ایگزیکٹوڈائریکٹرز کی تنخواہ سے متعلق باقاعدہ پالیسی کی اجازت دی ہے جوان کی کمپنی کے معاملات میں ان کی ذمہ داریوں پر منحصر ہے۔ تنخواہ ان کی ذمہ داریوں کے مطابق اور ان کی کمپنی کو کامیابی سے چلانے کے لئے ان کی قابلیت کے مطابق تاکہ ان کی جانب سے کمپنی میں مزید بہتری لائی جاسکے۔

اعتراف

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

بورڈ آف ڈائریکٹرز کی طرف سے

تاریخ : 5 نومبر 2018

لاہور

خواجہ محمد جہانگیر
چیف ایگزیکٹو آفیسر

خواجہ محمد جاوید
چیئرمین

<u>Statement of Compliance with the Listed Companies</u>
<u>(Code of Corporate Governance) Regulations, 2017</u>

Name of Company : Chakwal Spinning Mills Limited
Year ending : June 30, 2018

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

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

    a. Male : 07
    b. Female : 01

2. The composition of the board is as follows:

    a. Executive Directors : 01
    b. Other Non-Executive Directors : 06
    c. Independent Directors : 01

Name	Category
Mr. Khawaja Mohammad Kaleem	Executive Director
Mr. Khawaja Mohammad Jawed	Non-Executive Director
Mr. Khawaja Mohammad Jahangir	Non-Executive Director
Mr. Khawaja Mohammad Tanveer	Non-Executive Director
Mr. Mohammad Hamza Yousaf	Non-Executive Director
Mr. Danish Tanveer	Non-Executive Director
Mst. Munaza Kaleem	Non-Executive Director
Mr. Mohammad Tariq Sufi	Independent Director

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Act and these regulations.

7. The meetings of the board were presided over by the Chairman and, in her absence, by a director elected by the board for this purpose. The board complied with requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of board.

8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The board has arranged Directors' Training program for following director:
    - Mr. Mohammad Hamza Yousaf

Four directors are exempt from Director's Training Program, whereas Mr. Mohammad Hamza Yousaf attended the director training course during the year, whereas other directors will duly comply with the requirement of Code of Corporate Governess with respect of Directors' Training Program.

10. No appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit has been made during the year.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The Board has formed committees comprising of members given below:

    I. Audit Committee:
        i. Mr. Mohammad Tariq Sufi (Chairman)
        ii. Mr. Khawaja Mohammad Jawed
        iii. Mr. Danish Tanveer
        iv. Mr. Mohammad Hamza Yousaf

    II. HR and Remuneration Committee:
        i. Mr. Mohammad Tariq Sufi (Chairman)
        ii. Mr. Khawaja Mohammad Jawed
        iii. Mr. Khawaja Mohammad Jahangir
        iv. Mr. Khawaja Mohammad Tanveer

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the aforesaid committees were as per following:

a) Audit Committee: Four Quarterly meetings during the financial year ended June 30, 2018.
b) HR & Remuneration Committee: One meeting during the financial year ended June 30, 2018.

15. The board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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 other requirements of the Regulations have been complied with.

For **Chakwal Spinning Mills Limited**

Khawaja Mohammad Jawed
Chairman

Lahore : Novemver 05, 2018

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UK200Group
Independent quality assured professionals

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Chakwal Spinning Mills Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Chakwal Spinning Mills Limited** for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Place: Lahore
Date: 05 NOV 2018

ASLAM MALIK & CO. Chartered Accountants LAHORE

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

Other Offices at:

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **Chakwal Spinning Mills Limited** (the Company), which comprise the statement of financial position as at **June 30, 2018**, and the statement of profit or loss account and the 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.

In our opinion, except for the effects of the matter described in paragraph (a) to (c) in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the company as at June 30, 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

a) The Company has suspended its operation since March 31, 2017 and leased out the complete production facility with all land, buildings and machinery & equipment, parts and accessories to M/S Yousuf Weaving Mills Limited under lease agreement to meet day to day expenses. However under Section 183 of the Companies Act, 2017 a special resolution needs to be passed before making such arrangement. We noted that requirements of the Companies Act, 2017 have not been complied with for this transaction.

b) Banking companies filed suit against the Company for recovery of outstanding balances of Short Term Loans amounting to Rs 352.695 million, we were unable to verify the outstanding balances as at June 30, 2018 because we had not received reply to direct confirmations from the banking companies and Bank facility letters provided to us were also expired. There are no other satisfactory audit procedures that we could adopt to verify the balances. In the absence of any documentary evidence and alternative audit procedures, we are unable to obtain sufficient appropriate audit evidence to ascertain the existence, accuracy and obligation of the above mentioned balances.

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

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

Material uncertainty related to going concern

The company has incurred net loss of Rs. 93.260 million for the year 2018 (2017: Net Loss of Rs 355.904 million), its accumulated losses stood at Rs. 689.648 million (2017: Accumulated losses of Rs 599.371 million) its current liabilities exceeds its current assets by Rs. 786.529 million (2017: 742.631 million). These conditions along with other matters as set forth in Note 3.2 to the financial statements, indicate the existence of a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern. These financial statements have however been prepared on a going concern basis for the reasons fully explained in note 3.2

Key Audit Matters

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

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit

1	**Promulgation of Companies Act, 2017** As referred to in note 3.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018 The Act forms an integral part of the statutory financial reporting framework as applicable to the company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In case of the company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements. The above changes and enhancements in the financial statements are considered important and a key audit matter because of volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.	Our audit procedures included, but were not limited to: i. We accessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the act; ii. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements; and iii. Verified on test basis the supporting evidence for the additional disclosure and ensured appropriateness of the disclosures made.
2	**Revaluation of Property, plant and equipment:** The company has revalued its freehold land, buildings and plant and machinery. Revaluation of these assets was performed on June 26, 2018. The valuation was performed by independent valuers, expert external for company. The revaluation of tangible fixed assets at their fair value is complex process related to calculation of estimate while using a number of assumptions and specifics methods and models. Due care is required for	In this area, our audit procedures comprised: • Consideration and assessment of the tangible fixed assets valuation process and the rules, policies and the procedures applied by the company; • Appraisal of the objectivity ,competence and independence of the external independent appraisal; • Comparisons of key inputs , used by the external independent appraisers which

	accounting for gains and losses on the revaluation and providing adequate disclosures in the financial statements. Due to specifics of valuation process, accouting and disclosure requirements and the materiality of these assets , we have determined this matter as a key audit matters.	publicly accessible data and/or historical available data; • Consideration of the methodology of accounting for gains and losses on the revaluation and testing on a simple basis,its application; • Testing and assessment of the completeness ,appropriateness and the adequacy of the disclosures in company's financial statements with regard to the revaluation performed.
3	**Contingencies** The Company is subject to material litigations involving different courts pertaining to recovery of Loans by the financial Institutions, which requires management to make assessment and judgments with respect to likelihood and impact of such litigations. Management have engaged independent legal counsel on these matters. The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgments required to determine the level of certainty on these matters. The details of contingencies along with management's assessment and the related provisions are disclosed in note 15.3 and 15.4 to the financial statements.	In response to this matter, our audit procedures included: Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances. Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations. We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets. The disclosures of legal exposures and provisions were assessed for completeness and accuracy

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, 2018.

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, 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 been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No zakat is deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter Paragraph

Financial statements of the company for the year ended June 30, 2017 were audited by another firm of chartered accountant whose reports, dated November 05, 2017, expressed unqualified opinion on those financial statements.

The engagement partner on the audit resulting in this independent auditors' report is Mohammad Aslam Malik.

Place: Lahore
Date: November 05, 2018

(Aslam Malik & Co.)
Chartered Accountants

CHAKWAL SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
CAPITAL AND LIABILITIES				
Share Capital and Reserves				
Authorized share capital:				
140,000,000 (2017: 100,000,000 of Rs.05/- each) ordinary shares of Rs.5/- each		700,000,000	500,000,000	500,000,000
Issued, subscribed and paid up share capital	7	200,000,000	200,000,000	200,000,000
Loan from directors	8	450,256,000	450,256,000	271,256,000
Accumulated loss		(689,648,887)	(599,371,061)	(249,314,434)
Surplus on revaluation of property, plant & equipment		140,797,695	168,073,740	175,803,662
		101,404,808	218,958,679	397,745,228
Non Current Liabilities				
Liabilities against asset subject to finance lease	9	-	-	-
Deferred liabilities	10	31,143,838	35,835,817	70,303,010
Current Liabilities				
Trade and other payables	11	432,232,519	427,516,622	529,588,509
Accrued mark- up	12	64,456,647	30,800,883	6,239,517
Short term borrowings	13	390,593,909	366,317,451	461,681,029
Current portion of non current liabilities	7	2,366,318	2,366,318	6,800,146
Unclaimed dividend		384,347	384,347	384,347
Provision for taxation	14	8,034,121	5,518,564	9,263,058
		898,067,861	832,904,185	1,013,956,606
Contingencies and Commitments	15	-	-	-
		1,030,616,507	1,087,698,681	1,482,004,844
ASSETS				
Non Current Assets				
Property, plant and equipment	16	905,708,090	984,231,480	1,043,624,762
Capital work in progress		-	-	1,259,810
Long term loans	17	5,065,431	4,897,425	6,151,146
Long term deposits	18	8,304,191	8,297,191	8,297,191
		919,077,712	997,426,096	1,059,332,909
Current Assets				
Stores and spares	19	8,288,944	7,504,615	8,476,966
Stock in trade	20	20,499,748	964,667	133,050,685
Trade debts	21	16,373,677	11,561,255	109,817,294
Loans and advances	22	21,769,816	24,683,001	168,619,387
Tax refunds due from the government	23	43,100,960	44,570,284	-
Trade deposits, prepayments and other receivables	24	501,772	436,716	966,840
Cash and bank balances	25	1,003,878	552,047	1,740,763
		111,538,795	90,272,585	422,671,935
		1,030,616,507	1,087,698,681	1,482,004,844

The annexed notes from 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales	26	201,244,580	536,175,239
Cost of sales	27	(239,768,759)	(827,155,803)
Gross Loss		(38,524,179)	(290,980,564)
Distribution cost	28	(887,210)	(281,400)
Administrative expenses	29	(24,773,845)	(37,052,135)
		(25,661,055)	(37,333,535)
Operating Loss		(64,185,234)	(328,314,099)
Finance cost	30	(33,685,849)	(30,282,759)
Other operating expenses	31	(800,000)	(920,525)
Other operating income	32	7,926,016	2,413,046
Loss before Taxation		(90,745,067)	(357,104,337)
Taxation	33	(2,515,557)	1,199,727
Loss after Taxation		(93,260,624)	(355,904,610)
Loss per Share - Basic & Diluted	34	(2.33)	(8.90)

The annexed notes from 1 to 44 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, 2018

	Note	2018 Rupees	2017 Rupees
Loss after taxation		(93,260,624)	(355,904,610)
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:			
Impairment loss on property, plant & equipment		(24,293,247)	-
Remeasurement of net defined benefit liability	7.1.3	-	(645,109)
Total comprehensive loss for the year		(117,553,871)	(356,549,719)

The annexed notes from 1 to 44 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, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(90,745,067)	(357,104,337)
Adjustments for:			
- Depreciation		58,291,890	64,456,718
- Provision for gratuity	10.1.1	-	18,459,846
- Gain on disposal of property, plant and equipment		(426,016)	(2,192,515)
- Interest income		-	(6)
- Finance cost		33,685,849	30,282,759
		91,551,723	111,006,802
Operating profit / (loss) before working capital changes		806,656	(246,097,535)
(Increase) / decrease in current assets			
- Stores and spares		(784,329)	972,351
- Stock in trade		(19,535,081)	132,086,019
- Trade debts		(4,812,422)	98,256,039
- Loans and advances		2,913,185	82,243,475
- Tax refunds due from the government		1,596,420	13,672,949
- Trade deposits, prepayments and other receivables		(65,056)	530,124
Increase / (decrease) in current liabilities			
- Trade and other payables		4,715,897	(103,414,472)
		(15,971,386)	224,346,485
Cash used in operations		(15,164,730)	(21,751,050)
Finance cost paid		(30,085)	(5,721,393)
Gratuity paid		(4,691,979)	(33,914,628)
Long term advance		-	(19,012,411)
Income tax paid		(127,106)	(1,671,104)
Net cash used in Operating Activities		(20,013,900)	(82,070,586)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,900,000)	(22,482,924)
Addition in Capital work in progress		-	1,259,810
Long term loans		(168,006)	1,253,721
Long term deposits		(7,000)	-
Proceeds from disposal of property, plant and equipment		1,264,279	19,612,000
Interest Received		-	6
Net Cash used in Investing Activities		(3,810,727)	(357,387)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		15,387,630	(14,265,578)
Loan from directors and others		8,888,828	97,902,000
Repayment of liabilities against assets subject to finance lease		-	(4,433,828)
Net Cash generated from Financing Activities		24,276,458	79,202,594
Net increase / (decrease) in cash and cash equivalents		451,831	(1,188,716)
Cash and cash equivalents at the beginning of the year		552,047	1,740,763
		1,003,878	552,047

The annexed notes from 1 to 44 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, 2018

Particulars	Share Capital	Accumulated Profit / (Loss)	Loan from Directors	Surplus on revaluation of property, plant & equipment	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2016 as previously reported	200,000,000	(249,314,434)	271,256,000	-	221,941,566
Impact of restatement	-	-	-	175,803,662	175,803,662
Balance as at June 30, 2016 as restated	200,000,000	(249,314,434)	271,256,000	175,803,662	397,745,228
Net loss for the year	-	(356,549,719)	-	-	(356,549,719)
Other comprehensive loss for the year	-	645,109	-	-	645,109
	-	(355,904,610)	-	-	(355,904,610)
Loan from Directors	-	-	179,000,000		179,000,000
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	5,847,983	-	(7,729,922)	(1,881,939)
Balance as at June 30, 2017 as restated	200,000,000	(599,371,061)	450,256,000	168,073,740	218,958,679
Net loss for the year		(93,260,624)			(93,260,624)
Other comprehensive loss for the Year	-	-	-	(24,293,247)	(24,293,247)
	-	(93,260,624)	-	(24,293,247)	(117,553,871)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	2,982,798	-	(2,982,798) -	- -
Balance as at June 30, 2018	200,000,000	(689,648,887)	450,256,000	140,797,695	101,404,808

The annexed notes from 1 to 44 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, 2018

Note 1
The Company and its Operations

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

Note 2
Significant Transactions and Events Affecting the Company's Financial Position and Performance

		2018
2.1	Summary of significant events and transactions in the current reporting period:	Impact in Rupees
	Purchase of property, plant and equipment	4,900,000
	Lease arrangement with associated company Yousaf Weaving Mills Limited	7,500,000
	Accrued markup increased during the year	33,608,706
	Decrease in revenue as compared to last year	334,930,659

Note 3
Basis of Preparation

3.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Appropriateness of the Going Concern Assumption

The Company has to face difficult business conditions in the past years and mounted huge business losses which eroded its liquidity and it has to close its operation despite the fact that the management injected Rs 97.902 in the period ended June 2017. This bail out also get eroded due to heavy losses and the Company has to close its operation in March 2017. With continuous suffering the management of the Company remains eager to mobilize the sources and regain the lost confidence. The Chakwal Spinning Mills Limited and Yousaf Weaving Mills Limited are adjacent to each other therefore production facilities were leased out to Yousaf Weaving Mills Limited with the sole object to revive the Company which has closed its operation since March 2017. The aim was to put the Company on the track of continued operation which availed and the lease arrangement has been elapsed since March 31, 2018.

The operation of the Company has been resumed since April 01, 2018 and the operating results are for a period three months ended June 30, 2018.

As a result, the Company has incurred gross loss of Rs. 38.524 million and loss after taxation of Rs. 93.201 million during the year. The Company has accumulated losses of Rs. 689.649 million as at the reporting date. Its current liabilities exceed its current assets by Rs. 786.529 million. These factors raise doubts about the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis based on the following:

Note 3 - Basis of Preparation ... Contd.

(a) Management is optimistic and appreciate that the government has imposed antidumping duty and measures on import of yarn. The Government has also reduced import duty at zero percent on imported cotton which will help the industry as well as company to revive.

(b) The Company is expecting that the present Government will give incentive to textile industry in terms of reduction in energy prices. Recently the Government has announced energy package for the industry which would cause a positive impact on the Company's operations.

(c) The Company is negotiating with its bankers for re-structuring of its financial facilities to meet its working capital requirements.

(e) The Company is also focusing on reduction of production costs by following measures:
i) Exploring new local markets / customers.
ii) Avail discount on early payments as allowed by the supplier if it is marginally feasible.
iii) Adopt just in time policy for procuring raw material and store items.
iv) Provide employee training to make them more efficient and diversified.
v) Eliminate low margin products.
vi) Employee effective cost control measures to minimize the product cost.

3.3 Basis of measurement

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

3.4 Functional currency

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

3.5 Use of estimates and judgments

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

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

4 Changes in Accounting Standards, Interpretations and Pronouncements

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

The Company has adopted the following accounting standard and the amendments which became effective for the current year:

IAS 7	- Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)
IAS 12	- Income Taxes — Recognition of deferred Tax Assets for Unrealized Losses (Amendments)

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

Improvements to Accounting Standards Issued by the IASB in December 2014

IFRS 12 - Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

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

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

	Effective Date (Period beginning on or after)
-IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	January 01, 2018
-IFRS 9 'Financial Instruments: Classification and Measurement'	July 01, 2018
-IFRS 15 'Revenue from Contracts with Customers'	July 01, 2018
-IFRS 16 'Lease'	January 01, 2019
-IAS 23 'Borrowing Costs'	January 01, 2019

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application; except for IFRS 9, IFRS 15 and IFRS 16. The management is in the process of determining the effect of application of IFRS 9, IFRS 15 and IFRS 16.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	Effective Date (Period beginning on or after)
'-IFRS 14 'Regulatory Deferral Accounts'	January 1, 2016
-IFRS 17 'Insurance Contracts '	January 1, 2021

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

Note 5
Significant Accounting Policies

5.1 Employee retirement benefits

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

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

5.2 Provisions

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

Note 5 - Significant Accounting Policies ... Contd.

5.3 Trade and other payables

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

5.4 Taxation

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

Current

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

Deferred

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

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

5.5 Property, plant and equipment

Owned

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

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

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

Leased

The Company accounts for assets acquired under finance lease by recording assets and related liabilities. Principal values are determined on the basis of discounted values of total minimum lease payments to be paid by the Company. Finance costs are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on outstanding liabilities. Depreciation is charged on the same basis as owned assets at the rates specified in Note 16 to write off the cost of assets over their estimated useful life.

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

Note 5 - Significant Accounting Policies ... Contd.

5.6 Stock and stores

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

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

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

5.7 Trade debts and other receivables

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

5.8 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

Financial instruments are initially recorded at fair value on the date of acquisition or date of contract and are re-measured to fair value at subsequent reporting dates.

The gain or loss relating to financial instruments is recognized immediately in the profit and loss account.

5.9 Off-setting of financial assets and financial liabilities

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

5.10 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 and saving accounts.

5.11 Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets or securities are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

5.12 Related party transactions

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

5.13 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.

Note 5 - Significant Accounting Policies ... Contd.

5.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

- Sales of goods are recognized when goods are delivered and title has been passed.

- Export rebate is recognized on accrual basis at the time of making the export sales.

- Profit on saving accounts is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective profit rate applicable.

Note 6
Change in Accounting Policy

- The Company has changed its accounting policy for the presentation and treatment of Surplus on Revaluation of Property, Plant and Equipment in line with the requirements of newly promulgated Companies Act, 2017 which does not stipulate any special treatment for revaluation surplus and therefore allows the presentation prescribed under IAS 16 "Property, Plant and Equipment". Thus, the Surplus on Revaluation of Property, Plant and Equipment is presented as equity. This change in policy is applied retrospectively in accordance with the requirements of IAS 8 "Accounting, Policies, Changes in Accounting Estimates and Errors" with effect from earliest period presented in these financial statements. Since section 235 of the repealed Companies Ordinance, 1984 has lost its application, the revaluation surplus which was previously shown as a separate line item on statement of financial position, has now been presented in equity for the year ended June 30 2017, and figures have been restated accordingly.

- In view of the above, the accounting policy for the presentation and treatment of Surplus on Revaluation of Property, Plant and Equipment is given below:

- Increase in the carrying amounts arising on revaluation of land and buildings are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase in first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the Revaluation surplus on land and building to retained earnings.

	As at June 30, 2017			As at June 30, 2016		
	As previously reported on June 30, 2017	Adjustment	As restated on June 30, 2017	As previously reported on June 30, 2016	Adjustment	As restated on June 30, 2016
	---Rupees in thousand---					
Effect on statement of financial						
Revaluation surplus on property, plant and equipment	168,074	(168,074)	-	175,804	(175,804)	-
Share capital and reserves	50,885	168,074	218,959	221,941	175,804	397,745
Effect on statement of changes in equity	-	168,074	168,074	-	175,804	175,804

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

Note 7
Issued, Subscribed and Paid up Capital

2018	2017		2018	2017
Number of shares			Rupees	Rupees
40,000,000	40,000,000	Ordinary shares of Rs. 5 each (2016: Rs. 5) fully paid in cash.	200,000,000	200,000,000

7.1 The paid up capital of the company was reduced to the extent of 50% i.e. Rs. 200 million during the year 2013 by cancelling the issued and paid up capital of the company which has been lost are un- presented by its valuable assets as per orders of honorable Lahore High Court, Lahore vide CO No.54/2011 duly acknowledged by Securities and Exchange Commission of Pakistan.

Note 8
Loan from Directors

	2018	2017
	Rupees	Rupees
	450,256,000	450,256,000

8.1 The director of the Company had advanced loan in previous years to meet working capital requirements. Due to cash flow problems, the Company could not return back this loan. To keep the Company going special resolution was passed by the shareholders of the Company in its Extra Ordinary General Meeting held on May 31, 2018 to convert the directors' loan of Rs. 407,881,000 into 81,576,200 Ordinary Shares at Rs. 5 per share by way of shares otherwise than right under Section 83 of Companies Act, 2017. Subsequent to the balance sheet date share have been issued to following directors;

i)	Khawaja Mohammad Jawed	24,841,000	shares
ii)	Khawaja Mohammad Kaleem	53,135,200	shares
iii)	Khawaja Mohammad Jahangir	3,600,000	shares
		81,576,200	shares

Note 9
Liabilities against Assets Subject to Finance Lease

	2018		2017	
	Minimum Lease Payments	Finance Charge	Minimum Lease Payments	Finance Charge
	Rupees			
Not later than one year	2,431,516	65,208	2,431,516	65,208
Later than one year and not later than five years	-	-	-	-
	2,431,516	65,208	2,431,516	65,208

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

Note 10
Deferred Liability

	Note	2018 Rupees	2017 Rupees
Gratuity payable	10.1	2,150,167	6,842,146
Long term advances	10.2	28,993,671	28,993,671
		31,143,838	35,835,817

Note 10 - Deferred Liabilities ... Contd.

10.1 Staff Gratuity-Defined Benefit Plan

10.1.1 The Company operates unfunded gratuity scheme for its employees that pays a lump sum gratuity to members on leaving company's service after completion of one year of continuous service. The latest actuarial valuation was carried out by TRT Associates as on June 30, 2017. During the year the Company has terminated employment contracts of all the employees due to shut down of production facility and payoff gratuity payable except few employees. Since no employee becomes eligible for gratuity during current reporting year, therefore neither actuarial valuation is carried out nor any gratuity expense is accounted for.

			2018	2017
			Rupees	Rupees
10.1.2	**Present value of defined benefit obligation**		2,150,167	6,842,145
10.1.3	***The amounts recognized in the profit and loss account and balance sheet are as follows:***			
	Current service cost		-	17,427,615
	Interest cost		-	387,122
	Actuarial (gain)/Loss		-	-
			-	17,814,737
	At the beginning of the year		6,842,145	22,296,927
	Amount recognized during the year - as shown		-	17,814,737
	Benefits payments		(4,691,979)	(33,914,628)
	Remeasurement chargeable in other comprehensive Income		-	645,109
			2,150,166	6,842,145
10.1.4	***Allocation of charge for the year***			
	Cost of sales	27	-	15,942,650
	Administrative expenses	29	-	1,872,087
			-	17,814,737
	Discount rate		-	7.25%
	Expected rate of increase in salary		-	6.75%
	Average expected remaining working life of Employees		-	7 years
	Mortality Rates		-	SLIC 2001-2005
			-	Setback 1 year
	Withdrawal Rates		-	Age-Based
			-	(per appendix)
	Retirement assumption		-	60 years age

10.2 This represents an interest free and unsecured long term advance received from a customer against the exclusive sale commitment of a particular quality of waste to him for a period of six years. The same has been extended / renewed for a further period of three years and shall be adjusted in August 2020 or shall be extended / renewed for a further term as mutually agreed between the parties.

Note 11
Trade and Other Payables

	Note	2018 Rupees	2017 Rupees
Creditors - Unsecured	11.1	237,839,573	241,177,872
Accrued liabilities		156,135,122	160,050,614
Other liabilities		2,020,831	67,861
Advances from customers	11.2	10,707,626	879,497
Income tax payable		5,840,705	5,652,116
Sales Tax Payable		19,688,662	19,688,662
		432,232,519	427,516,622

Note 11 - Trade and Other Payables ... Contd.

11.1 This includes an amount of Rs. 2,061,975 (2017: Rs. 1,961,975) and Rs. 15,710,094 (2017: Rs. 12,304,096) due to related party Kohinoor Spinning Mills Limited and Chakwal Textile Mills Limited.

11.2 This include advance received from Yousaf Weaving Mills Limited amounting to Rs. 2,353,144 (2017: Rs. Nil)

Note 12
Accrued Mark-up

	2018	2017
	Rupees	Rupees
Accrued mark up on:		
- Liability against assets subject finance lease	174,539	127,480
- Short term borrowings	64,282,108	30,673,403
	64,456,647	30,800,883

Note 13
Short Term Borrowings

	Note	2018	2017
		Rupees	Rupees
Banking companies - Secured			
- Running / cash finance	13.1	352,694,910	352,694,910
- Unpresented cheques	13.2	15,387,630	-
Related parties - Unsecured			
- Loan from directors and others	13.3	22,511,369	13,622,541
		390,593,909	366,317,451

13.1 These represent utilized portion of short term finance facilities of Rs. 350 million (2017: Rs. 350 million) available from various banks under mark up arrangements. These are secured current assets, fixed assets and personal guarantees of directors. Mark-up on the above facilities ranges from 3 months Kibor plus 2% per annum, payable quarterly. These facilities has been expired on September 30, 2016.

13.2 This represents cheques issued in excess of bank balance that have not been presented at the balance sheet date but have been cleared subsequently.

13.3 These are un-secured and interest free funds obtained from the directors to meet the working capital requirements of the Company. These loans are repayable on demand.

Note 14
Provision for Taxation - Net

	Note	2018	2017
		Rupees	Rupees
Balance at the beginning of the year		5,518,564	9,263,058
Advance tax adjustment		-	(4,426,704)
Prior year reversal / adjustment		-	(4,836,354)
Provision for the year	14.1	2,515,557	5,518,564
Balance at the end of the year		8,034,121	5,518,564

14.1 The provision for current year tax represents minimum tax on under section 113 of Income tax ordinance 2001. Sufficient tax provision has been incorporated in these financial statements.

14.2 Assessments upto and including tax year 2017 have been finalized by deeming provisions of the Income Tax Ordinance, 2001.

14.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. The comparison of estimated provision for taxation and actual tax assessed as per income tax return filed for previous years can be analyzed as follows:

Note 14 - Provision for Taxation - Net ... Contd.

	2015	2016	2017
Provision for Taxation	21,332,556	10,639,347	5,518,564
Tax assessed	15,134,771	1,271,019	-

Note 15
Contingencies and Commitments

Contingencies

15.1 The Company has provided bank guarantee in favour of Sui Northern Gas Pipelines Limited amounting to Rs.38.522 million (2017: Rs.38.522 million) on account of payment of dues against consumption of natural gas.

15.2 Tax liability for Rs. 4,870,776 (2017: 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 favour of the company.

15.3 Habib Metropolitan Bank Limited filed a suit against the Company and Others before the Lahore High Court vide COS No.126873/2018, wherein the Bank claimed recovery of Rs. 359.375 million inclusive of principal and mark up amounts. This suit is still pending adjudication. The amount involved in this case is the same as claimed by the Bank. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case. Sufficient provision of markup have been made in these financial statement.

15.4 The Company has filed a suit against Habib Metropolitan Bank Limited before the Lahore High Court vide COS No.219125/2018, wherein along with other prayers recovery of Rs. 2,306.246 million has also been claimed. This suit is still pending adjudication. There is no scope of any loss to the Company in the instant matter. This case is being vigorously pursued by the Company.

Commitments

15.5 There is no commitments of the company for the year ended June 30, 2018 (2017: Nil).

Note 16
Property, Plant and Equipment

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

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

	2017									
PARTICULARS	**Freehold land**	**Factory Buildings on free hold land**	**Colony Buildings on free hold land**	**Plant & Machinery**	**Power House**	**Tools & equipment**	**Office equipment**	**Furniture and fixtures**	**Vehicles**	**Sub Total**
OWNED										
COST/REVALUED AMOUNT										
Balance as at July 01, 2016	74,520,000	305,195,443	98,003,615	1,203,806,206	145,949,284	5,186,925	1,698,383	2,918,455	18,793,170	1,856,071,481
Additions	-	9,017,374	2,943,550	2,000,000	8,500,000	-	-	22,000	-	22,482,924
Deletions	-	-	-	(23,301,233)	-	-	-	-	(5,575,130)	(28,876,363)
Transfer / Adjustment	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2017	74,520,000	314,212,817	100,947,165	1,182,504,973	154,449,284	5,186,925	1,698,383	2,940,455	13,218,040	1,849,678,042
DEPRECIATION										
Balance as at July 01, 2016	-	180,968,874	33,325,812	535,854,897	68,278,840	1,702,953	790,925	1,915,422	11,403,714	834,241,437
Charge for the year	-	13,178,073	6,735,293	33,212,061	8,404,544	348,397	90,746	102,137	1,295,731	63,366,982
Deletions	-	-	-	(7,903,762)		-	-	-	(3,553,115)	(11,456,877)
Transfer / Adjustment	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2017	-	194,146,947	40,061,105	561,163,196	76,683,384	2,051,350	881,671	2,017,559	9,146,330	886,151,542
Written Down Value as at June 30, 2017	74,520,000	120,065,870	60,886,060	621,341,777	77,765,900	3,135,575	816,712	922,896	4,071,710	963,526,500
Rates %	-	10%	10%	5% & 10%	10%	10%	10%	10%	20%	
LEASED										
PLANT AND MACHINERY										
Balance as at July 01, 2016	-	-	-	24,352,205	-	-	-	-	-	24,352,205
Additions	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2017	-	-	-	24,352,205	-	-	-	-	-	24,352,205
Depreciation										
Balance as at July 01, 2016	-	-	-	2,557,489	-	-	-	-	-	2,557,489
Charge for the year	-	-	-	1,089,736	-	-	-	-	-	1,089,736
Transfer / Adjustment	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	3,647,225	-	-	-	-	-	3,647,225
Balance as at June 30, 2017	-	-	-	20,704,980	-	-	-	-	-	20,704,980
Written Down Value as at June	74,520,000	120,065,870	60,886,060	642,046,757	77,765,900	3,135,575	816,712	922,896	4,071,710	984,231,480

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

	Note	2018 Rupees	2017 Rupees
Cost of sales	27	57,670,970	62,968,105
Administrative expenses	29	620,920	1,488,613
		58,291,890	64,456,718

16.2 Detail of items of Property, plant & equipment Disposed off during the year

2018

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

2017

Particulars	Cost / Revalued	Accumulated Depreciation	Written Down Value	Disposal Proceeds	Gain/(Loss)	Mode of disposal	Particulars of Purchaser
	Rupees	Rupees	Rupees	Rupees	Rupees		
Plant & Machinery							
Auto Cone Murata Mach Cone 7-II (2 No's)	8,501,652	4,764,707	3,736,945	4,032,000	295,055	Negotiation	Abdul Hafeez
Air Compressor L-37	750,549	450,505	300,044	100,000	(200,044)	Negotiation	Abdul Hafeez
Murata Doubling Machines 368 TFO (6 No's)	14,049,032	2,688,551	11,360,481	11,340,000	(20,481)	Negotiation	Abdul Hafeez
	23,301,233	7,903,763	15,397,470	15,472,000	74,530		
Vehicles							
Suzuki Cultus LEB-15-8626	1,091,000	344,271	746,729	850,000	103,271	Negotiation	Mirza Saifullah
Toyota Corolla XLI LEB-10-5278	1,305,000	1,047,884	257,116	1,000,000	742,884	Negotiation	Ibrar Khaliq
Toyota Corolla GLI LED-10-7793	1,529,095	1,152,887	376,208	1,050,000	673,792	Negotiation	Aftab Ahmad
Honda City LE-13-8970	1,550,035	942,917	607,118	1,200,000	592,882	Negotiation	Talat Mahmood
Honda CG-125 LEP-12-A-8025	100,000	65,156	34,844	40,000	5,156	Negotiation	Muhammad Aslam
	5,575,130	3,553,115	2,022,015	4,140,000	2,117,985		
	28,876,363	11,456,878	17,419,485	19,612,000	2,192,515		

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

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

Note 17
Long Term Loans

	Note	2018 Rupees	2017 Rupees
Loans to employees - Unsecured and considered good	17.1	5,628,257	5,317,425
Current portion		(562,826)	(420,000)
		5,065,431	4,897,425

17.1 These represent interest free long term loans given to employees (other than chief executive, and directors) as per the policy of the Company, as house building finance.

Note 18
Long Term Deposits

	2018 Rupees	2017 Rupees
Deposits against:		
- Utilities	2,151,246	2,151,246
- Margin on letter of guarantee	6,152,945	6,145,945
	8,304,191	8,297,191

Note 19
Stores and Spares

	2018 Rupees	2017 Rupees
Stores	5,802,261	5,628,461
Spares	2,486,683	1,876,154
	8,288,944	7,504,615

19.1 No store and spare held for capitalization as on June 30, 2018 (2017: Nil)

Note 20
Stock in Trade

	2018 Rupees	2017 Rupees
Raw materials	6,649,511	964,667
Work in process	9,620,385	-
Finished goods	4,229,852	-
	20,499,748	964,667

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

Note 21
Trade Debts

	Note	2018 Rupees	2017 Rupees
Local - Unsecured and considered good	21.1	16,373,677	11,561,255

21.1 Trade debts do not include any amount due from related parties (2017: Nil).

Note 22
Loans and Advances

	Note	2018 Rupees	2017 Rupees
Current portion of loans to employees	15	562,826	420,000
Advances - Considered good			
- Suppliers and contractors	22.1	21,139,110	23,408,382
- Employees	22.2	67,880	854,619
		21,769,816	24,683,001

22.1 This includes Rs. 9,456,551 (2017: Rs. 263,043) due from Yousaf Weaving Mills Limited.

22.2 Amount due from directors, chief executive and executives of the Company is Nil (2017: Nil)

Note 23
Tax refunds due from the government

	2018 Rupees	2017 Rupees
Tax deducted at source and advance tax	18,921,865	18,794,769
Sales tax refundable - Net	24,179,095	25,775,515
	43,100,960	44,570,284

Note 24
Trade Deposits, Prepayments and Other Receivables

	2018 Rupees	2017 Rupees
Prepayments	501,772	429,716
Other receivables	-	7,000
	501,772	436,716

Note 25
Cash and Bank Balance

	2018 Rupees	2017 Rupees
Cash in hand	46,828	112,690
Cash with banks in Current accounts	957,050	439,357
	1,003,878	552,047

Note 26
Sales

	2018 Rupees	2017 Rupees
Local - Yarn Sales	197,195,399	539,540,382
Waste Sales	4,049,181	9,902,930
	201,244,580	549,443,312
Sales tax	-	(10,558,334)
Discounts / Commission to selling agents	-	(2,709,739)
	-	(13,268,073)
	201,244,580	536,175,239

Note 27
Cost of Sales

	Note	2018 Rupees	2017 Rupees
Raw materials consumed	27.1	140,944,021	391,884,785
Salaries, wages and benefits	27.2	28,966,801	112,423,533
Fuel and power		16,133,452	112,971,060
Abnormal stock spoilage		-	35,464,173
Store and spares consumed		5,633,941	35,733,444
Packing material		3,118,475	13,290,274
Repairs and maintenance		508,036	7,244,044
Insurance		-	1,899,857
Travelling and conveyance		643,300	-
Depreciation	16	57,670,970	62,968,105
		253,618,996	773,879,275

	2018 Rupees	2017 Rupees
Work in process		
- Opening	-	45,458,786
- Closing	(9,620,385)	-
	(9,620,385)	45,458,786
Cost of goods manufactured	243,998,611	819,338,061
Finished goods		
- Opening stock	-	7,817,742
- Closing stock	(4,229,852)	-
	(4,229,852)	7,817,742
	239,768,759	827,155,803

27.1 Raw materials consumed:

Opening stock	964,665	79,774,156
Purchases during the year	146,628,867	350,269,970
	147,593,532	430,044,126
Sales during the year	-	(1,730,503)
Abnormal stock spoilage	-	(35,464,173)
Closing stock	(6,649,511)	(964,665)
	140,944,021	391,884,785

27.2 This includes Rs. Nil (2017: Rs. 15,942,650) in respect of employee benefits - gratuity scheme.

Note 28
Distribution Cost

	2018 Rupees	2017 Rupees
Salaries, wages and benefits	403,560	-
Freight	483,650	281,400
	887,210	281,400

Note 29
Administrative Expenses

	Note	2018 Rupees	2017 Rupees
Salaries, wages and benefits	29.1	3,479,380	14,679,844
Director' remuneration		12,000,000	12,000,000
Travelling and conveyance		44,670	343,102
Rent, rates and taxes		1,600,000	2,569,684
Postage, fax and telephone		182,765	592,965
Repairs and maintenance		218,655	175,683
Insurance		-	231,934
Utilities		430,404	1,147,280
Printing and stationery		223,854	472,852
Entertainment		136,495	451,235
Vehicle running and maintenance		748,740	1,430,856
Fees and subscriptions		1,808,297	644,787
Legal and professional charges		2,923,000	761,000
Advertisement and publicity		155,800	27,300
Depreciation	13.2	620,920	1,488,613
Miscellaneous		200,865	35,000
		24,773,845	37,052,135

29.1 This includes Rs.Nil (2017: Rs. 1,872,087) in respect of employee benefits - gratuity scheme.

Note 30
Finance Cost

	2018 Rupees	2017 Rupees
Finance lease charges	47,059	556,676
Short term borrowings	33,608,706	29,052,008
Bank charges and commission	30,084	674,075
	33,685,849	30,282,759

Note 31
Other Operating Expenses

	Note	2018 Rupees	2017 Rupees
Auditors' remuneration	31.1	800,000	700,000
Loss on disposal of property, plant and equipment		-	220,525
		800,000	920,525

31.1 Auditors' remuneration

	2018	2017
Audit fee	650,000	550,000
Half yearly review and code of corporate governance	150,000	150,000
	800,000	700,000

Note 32
Other Operating Income

	2018 Rupees	2017 Rupees
Income from non financial assets		
Gain on sale of property, plant and equipment	426,016	2,413,040
Rental income	7,500,000	-
Interest Income	-	6
	7,926,016	2,413,046

Note 33
Taxation

Current			
-	For the year	2,515,557	5,518,564
-	Reversal Prior years	-	(4,836,354)
Deferred		-	(1,881,937)
		2,515,557	(1,199,727)

33.1 Deferred tax asset amounting to Rs. 52.715 million (2017: 44.698 million) arising mainly due to brought forward losses amounting to Rs. 317.095 (2017: 555 million) has not been recognized in the current year, as the attributable temporary differences are not expected to reverse in the foreseeable future.

Note 34
Loss per Share

		2018	**2017**
		Rupees	Rupees
Loss after taxation	Rupees	(93,260,624)	(355,904,610)
		Number of shares	
Weighted average number of ordinary shares outstanding during the year	Number	40,000,000	40,000,000
Loss per share - basic & diluted	Rupees	(2.33)	(8.90)
Loss per share - diluted		(2.33)	(8.90)

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

Note 35
Remuneration of Chief Executive, Directors' and Executives

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

	2018		**2017**	
	Director	**Executives**	**Director**	**Executives**
	----------Rupees----------			
			Restated	Restated
Managerial Remuneration	8,000,000	-	8,000,000	2,400,000
House rent allowance	3,200,000	-	3,200,000	1,080,000
Medical	172,610	-	-	-
Utilities	738,656	-	800,000	408,944
	12,111,266	-	12,000,000	3,888,944
Number of persons	1		1	2

35.1 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. Comparative figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017 (Previously, basic salary limit for executive was Rs. 500,000).

Note 36
Transactions with Related Parties

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

Note 36 - Transactions with Related Parties ... Contd.

Particulars	Relationship	2018	2017
		Rupees in million	
Purcahse of material, goods and services			
Yousaf Weaving Mills Limited	*Associates*	-	0.061
Chakwal Textile Mills Limited	*Associates*	-	15.270
Sale of materials			
Yousaf Weaving Mills Limited	*Associates*	2.725	-
Rental income from Yousaf Weaving Mills Limited	*Associates*	7.500	-
Loan (received from) / repaid - net	Director	8.889	(97.902)

Note 37
Financial Risk Management

37.1 Financial risk factors

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

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

a) Market Risk

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

i) Currency Risk

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

ii) Other Price Risk

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

iii) Interest Rate Risk

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

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

Note 37 - Financial Risk Management ... Contd.

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

	2018 Rupees	2017 Rupees
Floating rate instruments		
Financial Liabilities		
Short term borrowings	352,694,910	352,694,910

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have Increased / (decreased) equity and profit or loss by Rs. 3.526 million (2017: Rs. 3.526). 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:-

	2018 Rupees	2017 Rupees
Long term loans	5,065,431	4,897,425
Long term deposits	8,304,191	8,297,191
Trade debts	16,373,677	11,561,255
Loans and advances	21,769,816	24,683,001
Trade deposits, prepayments and other receivables	501,772	436,716
Cash and bank balances	1,003,878	552,047

The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating. The names and credit rating of major banks where the Company maintains its bank balances are as follows:-

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

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs.350 million worth short term borrowing limits available from financial institutions and Rs. 1.004 million (2017: Rs 0.522 million) cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Note 37 - Financial Risk Management ... Contd.

Contractual maturities of financial liabilities as at June 30, 2018

	Carryin Amount Rupees	Contractual cash flows Rupees	Less then 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Trade and other payables	432,232,519	432,232,519	432,232,519	-	-
Accrued mark- up	64,456,647	64,456,647	64,456,647	-	-
Short term finances	352,694,910	352,694,910	352,694,910	-	-

Contractual maturities of financial liabilities as at June 30, 2017

	Carryin Amount Rupees	Contractual cash flows Rupees	Less then 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Trade and other payables	427,516,622	427,516,622	427,021,472	-	-
Accrued interest	30,800,883	30,800,883	30,800,883	-	-
Short term finances	352,694,910	392,584,704	392,584,704	-	-

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 30 June. The rates of interest mark up have been disclosed in Note 10.1 to these financial statements.

Note 38
Fair value Measurements

38.1 Financial Instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2018 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)

Financial assets as at June 30, 2018

	Cash and Cash Equivalents	Loans and Receivables	Available-for-sale	Total
	Rupees			
Long term loans	-	5,065,431	-	5,065,431
Long term deposits	-	8,304,191	-	8,304,191
Trade debts	-	16,373,677	-	16,373,677
Bank balances	1,003,878	-	-	1,003,878

Note 38 - Fair Value Measurements ... Contd.

Financial assets as at June 30, 2017

	Cash and Cash Equivalents	Loans and Receivables	Available-for-Sale	Total
	---Rupees---			
Long term loans	-	4,897,425	-	4,897,425
Long term deposits	-	8,297,191	-	8,297,191
Trade debts	-	11,561,255	-	11,561,255
Bank balances	552,047	-	-	552,047

Financial liabilities at amortized cost	**2018**	**2017**
	Rupees	Rupees
Trade and other payables	432,232,519	427,516,622
Accrued mark up	64,456,647	30,800,883
Short term borrowings	390,593,909	366,317,451

Note 39
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:

	2018	**2017**
	Rupees	Rupees
Total borrowings	802,950,910	816,573,451
Cash and bank balances	(1,003,878)	(552,047)
Net Debt	801,947,032	816,021,404
Equity	101,404,808	50,884,939
Total capital employed	903,351,840	866,906,343
Gearing Ratio	88.77%	94.13%

Note 40
Plant Capacity and Production

	2018	**2017**
	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)	757,545	4,528,886

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 41
Number of Employees

		Note	2018 Rupees	2017 Rupees
	Number of employees as at June 30,	41.1	305	834
	Average no. of employees during the year		570	850
41.1	Includes factory employees as at June 30,		301	826

Note 42
Recoverable Amounts and Impairment

As at the reporting date, subject to appropriateness of going concern assumption, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

Note 43
Authorization of Financial Statements

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

Note 44
Corresponding Figures

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

Nature	From	To	Amount (Rupees)
Unclaimed dividends	Trade and other payables	Face of the Statement of Financial Position	384,347

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

KEY FINACIASL DATA OF LAST SIX YEARS

(Rupees in '000)

	2018	2017	2016	2015	2014	2013
Sales	201,245	536,175	1,057,846	2,112,615	2,741,832	2,296,439
Gross Loss	(38,524)	(290,981)	(230,599)	34,805	228,754	331,149
(Loss) / Profit before Taxation	(90,745)	(357,104)	(332,704)	(131,692)	62,443	137,765
Taxes	(2,516)	1,200	(2,032)	7,739	(10,184)	(22,456)
(Loss) / Profit after taxes Taxation	(93,261)	(355,904)	(334,736)	(123,953)	52,259	115,309
Total Assets	1,086,914	1,087,699	1,482,005	1,750,810	1,749,660	1,653,856
Current Liabilities	(898,068)	(832,904)	(1,013,957)	(925,770)	(777,510)	(763,619)
	188,846	**254,795**	**468,048**	**825,040**	**972,150**	**890,237**
Share Capital	200,000	200,000	200,000	200,000	200,000	200,000
Loan fron Directors	450,256	450,256	271,256	271,256	271,256	371,256
Accumlated Loss	(689,649)	(599,371)	(249,314)	78,863	211,166	199,007
Surplus on Revaluation of Fixed Assets	140,798	168,074	175,803	184,222	193,399	54,804
Equity	101,405	218,959	397,745	734,341	875,821	825,067
Finance Lease	-	-	-	6,097	11,825	-
Deferred Liability	31,144	35,836	70,303	84,652	84,504	65,170
	132,549	**254,795**	**468,048**	**825,090**	**972,150**	**890,237**

CHAKWAL SPINNING MILLS LIMITED
Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2018

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	0.0053
2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	662,508	1.6563
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	KHAWAJA MOHAMMAD JAVED	2,432,729	6.0818
2	KHAWAJA MOHAMMAD JAHANGIR PHINO	2,831,750	7.0794
3	KHAWAJA MOHAMMAD TANVEER	2,557,250	6.3931
4	KHAWAJA MOHAMMAD KALEEM	7,962,213	19.9055
5	MR. MUHAMMAD TARIQ SUFI	500	0.0013
6	MR. MOHAMMAD HAMZA YOUSUF	500	0.0013
7	MR. DANISH TANVEER	500	0.0013
8	MST. MUNAZA KALEEM	500	0.0013
9	MRS. KAUSAR TASNEEM W/O KHWAJA MOHAMMAD JAVED	400	0.0010
10	MRS. RUBINA KHANUM W/O KHAWAJA MOHAMMAD JAHANGIR	1,000	0.0025
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		260,757	0.6519

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

S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	7,962,213	19.9055
2	KHAWAJA MOHAMMAD JAVED	2,432,729	6.0818
3	KHAWAJA MOHAMMAD JAHANGIR PHINO	2,831,750	7.0794
4	KHAWAJA MOHAMMAD TANVEER	2,557,250	6.3931
5	KHAWAJA MUHAMMAD NADEEM	2,855,400	7.1385
6	MR. SHAHID KHAMIANI (CDC)	2,622,000	6.5550

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

Sr. No.	Name	Sale	Purchase
1	MR. DANISH TANVEER	-	500
2	MST. MUNAZA KALEEM	-	500
3	MRS. RUBINA KHANUM	1,000	-

FORM 34

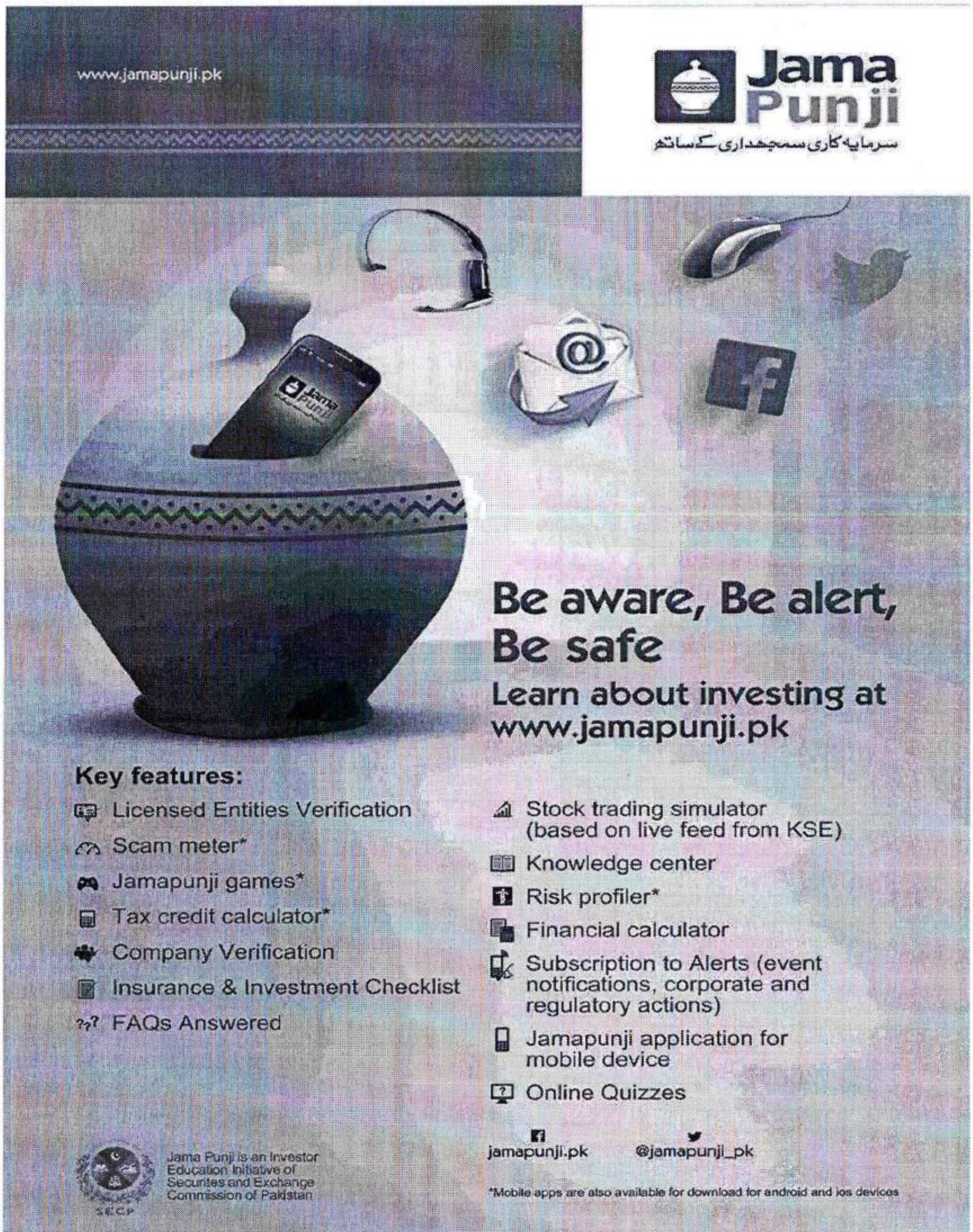
THE COMPANIES ACT, 2017
(Section 227(2)(f)
PATTERN OF SHAREHOLDING

1.1 Name of the Company: **CHAKWAL SPINNING MILLS LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at: **30-06-2018**

			------Shareholdings------				
CDC	PHY	2.2 No. of Shareholders	From	To	Total Shares Held	CDC	PHY
100	80	180	1	100	9,610	1,610	8,000
140	189	329	101	500	139,402	67,702	71,700
182	24	206	501	1,000	202,602	179,402	23,200
378	32	410	1,001	5,000	1,268,788	1,176,088	92,700
157	2	159	5,001	10,000	1,308,024	1,291,324	16,700
56	1	57	10,001	15,000	745,202	733,202	12,000
46	2	48	15,001	20,000	891,500	856,500	35,000
27		27	20,001	25,000	623,100	623,100	
28		28	25,001	30,000	798,695	798,695	
11		11	30,001	35,000	364,500	364,500	
8		8	35,001	40,000	312,500	312,500	
8	1	9	40,001	45,000	392,200	349,500	42,700
11		11	45,001	50,000	531,500	531,500	
7		7	50,001	55,000	368,000	368,000	
7		7	55,001	60,000	412,000	412,000	
5		5	60,001	65,000	317,000	317,000	
4		4	65,001	70,000	278,935	278,935	
4		4	70,001	75,000	297,500	297,500	
5		5	75,001	80,000	392,000	392,000	
4		4	80,001	85,000	332,500	332,500	
2		2	85,001	90,000	177,000	177,000	
4		4	90,001	95,000	374,500	374,500	
3		3	95,001	100,000	300,000	300,000	
3		3	100,001	105,000	308,500	308,500	
1		1	105,001	110,000	110,000	110,000	
3		3	110,001	115,000	342,013	342,013	
2		2	115,001	120,000	237,000	237,000	
1		1	120,001	125,000	125,000	125,000	
1		1	125,001	130,000	130,000	130,000	
2		2	145,001	150,000	300,000	300,000	
2	1	3	160,001	165,000	490,600	326,000	164,600
1		1	170,001	175,000	175,000	175,000	
1		1	200,001	205,000	200,700	200,700	
2		2	245,001	250,000	497,500	497,500	
1		1	250,001	255,000	251,000	251,000	
1		1	265,001	270,000	268,500	268,500	
1		1	315,001	320,000	316,000	316,000	
1		1	640,001	645,000	642,500	642,500	
1		1	660,001	665,000	662,508	662,508	
1		1	685,001	690,000	689,000	689,000	
1		1	895,001	900,000	900,000	900,000	
	1	1	1,365,001	1,370,000	1,367,792		1,367,792
	1	1	2,430,001	2,435,000	2,432,729		2,432,729
	1	1	2,555,001	2,560,000	2,557,250		2,557,250
1		1	2,620,001	2,625,000	2,622,000	2,622,000	
	1	1	2,830,001	2,835,000	2,831,750		2,831,750
	1	1	2,855,001	2,860,000	2,855,400		2,855,400
	1	1	7,850,001	7,855,000	7,850,200		7,850,200
1224	**338**	**1562**			**40,000,000**	**19,638,279**	**20,361,721**

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	15,787,342	39.4684
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	-
2.3.3 NIT and ICP	0	-
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	5,522	0.0138
2.3.5 Insurance Companies	54,300	0.1358
2.3.6 Modarabas and Mutual Funds	796,608	1.9915
2.3.7 Share holders holding 10% or more	7,962,213	19.9055
2.3.8 General Public		
a. Local	22,238,073	55.5952
b. Foreign	0	-
2.3.9 Others (to be specified)		
1- Joint Stock Companies	976,101	2.4403
2- Investment Companies	12,000	0.0300
3- Foreign Companies	58,700	0.1468
4- Pension Funds	68,935	0.1723
5- Others	2,419	0.0060



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Form of Proxy – 31st Annual General Meeting

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

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

I/We________________________________ of ____________________ being a member (s) of CHAKWAL SPINNING MILLS LIMITED hold ________ ordinary shares hereby appoint Mr./Mrs./Miss __________________________ of ____________________ or failing him/her ______________________ of ______________________ as my /our Proxy to attend and vote for me/us and on my/our behalf at the 31st Annual General Meeting of the Company to be held on Tuesday, 27th November, 2018 at 12:30 p.m at the registered office 7/1 E-III, Main Boulevard, Gulberg III, Lahore.

Signed this ________________________ day of ____________2018.

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.)