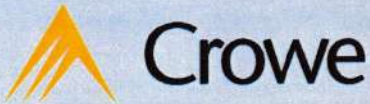


BUSINESS PLAN



CHAKWAL SPINNING MILLS

Prepared by:



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February 11, 2025

To,
Mr. Khawaja Muhammad Kaleem,
Director,
Chakwal Spinning Mills Limited
7/1 E-3 Main Boulevard, Gulberg III,
Lahore, Pakistan.

Dear Mr. Kaleem,

We are pleased to submit the Business Plan for Chakwal Spinning Mills Ltd (**CWSM**) (Proposed new name to be communicated later), prepared in collaboration with the management of CWSM. This document outlines CWSM's vision to establish Pakistan's leading multi-cloud and AI-enabled data center.

The business plan outlines CWSM's market positioning, key service offerings, and expansion strategy. Notable highlights include:

- Executive Summary – Vision, mission, and strategic objectives of CWSM.
- Market Expansion Strategy – Transition into the cloud industry and positioning as a leader.
- Operational Plan – Phased implementation with a primary site and a DR site.
- Service Offerings – Multi-cloud solutions, AI-enabled cloud services, IaaS, PaaS, and SaaS. Financial Projections – covering revenue, costs, profitability, and capital requirements.

WORK PERFORMED

- Business Plan Development – Assist with market analysis, operational framework, revenue strategies, and competitive positioning assessment.
- Financial Model Creation – Five-year projections covering revenue, costs, profitability, and capital requirements.
- The evaluation of the reasonableness of the estimates, assumptions, and information provided by CWSM management.

Yours truly,



Crowe Hussain Chaudhury & Co.

Chartered Accountant

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1. EXECUTIVE SUMMARY

Chakwal Spinning Mills Ltd (CWSM) is undergoing a strategic transformation. This transition marks a complete shift in business operations, repositioning the company from its traditional textile business to become Pakistan's first locally operated multi-cloud and AI-enabled data center provider. Through strategic partnerships with Microsoft, Huawei, and Amazon, CWSM aims to tap into the USD 750 million untapped cloud market in Pakistan and establish itself as a leading player in the country's digital infrastructure sector.

CWSM's flagship data center in Lahore is set to meet the rising demand for secure data storage, cloud computing, and AI-driven solutions, fully aligned with Pakistan's National Cloud and AI policies. The company will expand in phases, starting with deploying core infrastructure in collaboration with Dell and Huawei and then integrating AI-enabled services through partnerships with AWS, Alibaba, and Google Cloud. These advanced AI-driven cloud solutions offer superior scalability, enhanced security, and automation, differentiating CWSM from other market players. Leveraging cutting-edge AI algorithms, CWSM will enable intelligent data management, real-time analytics, and sophisticated security features, providing an unparalleled cloud experience.

From a financial standpoint, CWSM forecasts strong revenue growth, rising from **PKR 1.1 billion** in Year 1 to **PKR 6.2 billion** by Year 5, primarily driven by increased rack utilization and stable pricing strategies. Net profit margins are expected to improve significantly, with projected operating cash inflows reaching **PKR 3.75 billion** by Year 5. The company will require **PKR 2.69 billion** in year 5 which will be part of the investments made in the capital work in process spread throughout the years 3 to 7 to construct the data center, with initial financing of **PKR 2.95 billion** in the early years.

CWSM is transforming into a new entity under a new name and business line. This transformation aims to drive revenue growth, achieve business expansion, and effectively settle CWSM liabilities. CWSM's projected financial statements presented hereafter include all assets, liabilities, and equities from the previous CWSM operations.

Despite regulatory uncertainties and cybersecurity challenges, CWSM is well-positioned to mitigate risks through compliance with global standards, robust cybersecurity protocols, and strategic partnerships. By leveraging advanced cloud and AI technologies, CWSM aims to be at the forefront of Pakistan's digital transformation, providing state-of-the-art, secure, and intelligent cloud services to meet the evolving demands of businesses and enterprises.



2. COMPANY INTRODUCTION

Chakwal Spinning Mills, a renowned industrial conglomerate in Pakistan, has established itself as a leader in the textile sector, specializing in the production of high-quality yarn. With a legacy rooted in innovation and excellence, the company operates state-of-the-art facilities and leverages advanced technology to deliver products that meet global standards. Over the years, the Chakwal spinning mill has diversified its portfolio, showcasing its commitment to growth and adaptability. Now, with its vision to explore new horizons, the company is venturing into the cloud and data center industry, aiming to redefine technological infrastructure in Pakistan.

3. MARKET EXPANSION STRATEGY

Chakwal Spinning Mills Ltd is transforming this strategic move positions the company as Pakistan's first multi-cloud provider, enabling partnerships with global technology leaders, including Huawei, Dell, Microsoft, Amazon, and Google Cloud. The rebranding reflects the company's commitment to being a trailblazer in the region's cloud and data center market.

As part of this transformation, CWSM plans to establish Pakistan's first locally operated data center featuring cutting-edge and unique capabilities. This initiative represents a landmark achievement in the country's technological advancement, laying the groundwork for cloud services that adhere to national policies and standards. By introducing innovative solutions, the company aims to revolutionize the market while building trust and ensuring robust security for both businesses and government entities.



The current cloud market in Pakistan is valued at approximately **USD 800 million**. However, a substantial gap exists as only **USD 50 million** of this market is serviced locally by operators like PTC and Jazz using VMware technology. This leaves an untapped **USD 750 million** market with no multinational presence to address it. CWSM intends to fill this gap, seizing the opportunity to become a key player in Pakistan's growing digital economy.



Furthermore, the introduction of the Special Investment Facilitation Council (SIFC) policy mandates



that all data generated within Pakistan must be stored locally as per the National Cloud Policy. This regulatory development underpins the need for localized cloud infrastructure, ensuring compliance with legal frameworks and enhancing data security for critical national and business information.

To achieve these ambitious goals, CWSM plans to onboard top-tier cloud experts and forge alliances with multinational corporations. By combining global expertise with local market insights, the company is poised to lead the charge in reshaping Pakistan's cloud ecosystem. These efforts will position CWSM as a pioneer, laying the groundwork for a robust and secure digital infrastructure.

4. STRATEGIC GOALS AND OBJECTIVES



Chakwal Spinning Mills Ltd, soon to be rebranded, has outlined a strategic set of core business objectives that align with its ambitious vision to lead Pakistan's digital transformation. These objectives are rooted in the company's commitment to building a robust cloud infrastructure that addresses the nation's growing demand for localized and compliant data solutions.

4.1. Establish Pakistan's Leading Data Center

At the core of CWSM is the development of a Tier III+ state-of-the-art data center, designed to align with Pakistan's National Cloud Policy. This facility will form the backbone of the country's cloud ecosystem, providing scalable, resilient, and hyper-secure infrastructure tailored to the specific needs of the local market. By addressing data sovereignty and localization requirements, CWSM will



enable the onshore storage and processing of critical data, ensuring full compliance with regulatory frameworks and other data protection guidelines. The data center will incorporate high-performance computing (HPC) for advanced workloads, redundant power, and cooling systems to guarantee 99.982% uptime, and AI-enabled monitoring and orchestration platforms for optimized resource utilization and security. Additionally, the facility will feature carrier-neutral connectivity, allowing seamless integration with multiple network providers. This cutting-edge infrastructure will foster trust among enterprise clients and government entities, establishing a secure, compliant, and scalable cloud ecosystem in Pakistan.



4.2. Serves Government and Private Sectors



CWSM aspires to become the preferred provider of cloud solutions for both government and private organizations. The company plans to deliver tailored services designed to address the unique needs of various sectors, including secure data storage, advanced processing capabilities, and customized cloud applications. By prioritizing compliance with local regulations and adhering to global security standards, CWSM will position itself as a trusted partner in driving digital transformation across industries. This focus on sector-specific solutions and regulatory alignment will enable CWSM to support enterprises and government entities in achieving operational excellence, scalability, and innovation.

4.3. Forge Global Partnerships



A cornerstone of CWSM's strategy is its collaboration with globally recognized technology leaders, including Microsoft Azure, Huawei, and Amazon Web Services (AWS). These strategic partnerships will empower CWSM to deliver hybrid and multi-cloud solutions that seamlessly integrate global best practices with localized insights. By leveraging the technological expertise, innovative frameworks, and advanced tools offered by these partners, CWSM will provide state-of-the-art solutions that adhere to the highest standards of performance, security, and scalability. These alliances will also enable CWSM to address diverse business needs, ensuring its services remain at the forefront of Pakistan's rapidly evolving cloud and AI ecosystem.

5. STRATEGIC LOCATION AND BENEFITS

5.1. Primary Location - Lahore

CWSM has strategically chosen Lahore as the initial location for its data center operations due to its strong economic ecosystem, advanced infrastructure, and the presence of a concentrated business network. Lahore, being the economic hub of Punjab, offers several advantages that align with CWSM's vision of growth, profitability, and market dominance.

5.1.1. Proximity to Headquarters and Networks



With CWSM's and its business networks' head offices located in Lahore, the city serves as an ideal centralized hub for launching CWSM's data center operations. Its proximity to key stakeholders, including clients, vendors, and regulatory bodies, facilitates seamless coordination and enhances operational efficiency. Additionally, Lahore's thriving ecosystem of corporate offices, IT firms, and financial institutions creates a strong demand for secure, scalable, and reliable data center services. This strategic location positions CWSM to effectively meet the needs of Pakistan's growing digital economy while capitalizing on the city's business and technological landscape.



5.1.2. Emerging Digital Economy



Lahore is rapidly evolving into a thriving digital economy, driven by the increasing adoption of e-commerce, fintech, and digital services. This transition is creating a strong demand for local data centers that can deliver low-latency solutions and comply with regulatory requirements for data localization. Moreover, Lahore's robust ecosystem of educational institutions and tech startups fosters an innovation-driven environment, further amplifying the need for reliable and scalable data infrastructure. This dynamic landscape positions CWSM to play a pivotal role in supporting the city's digital transformation by offering cutting-edge data center and cloud solutions.

5.2. DR/Secondary Location – Islamabad



As the capital of Pakistan, Islamabad has emerged as a secure and logistically connected city that offers a strategic and technically viable location for CWSM's disaster recovery (DR) site. The city's robust infrastructure includes reliable high-speed internet connectivity and multiple network redundancies. These features ensure Islamabad can serve as an ideal base for seamless real-time data replication and disaster recovery operations. Its geographic distance from Lahore adds a layer of resilience, minimizing risks from localized disasters such as power outages or natural calamities. By leveraging Islamabad's infrastructure, CWSM can provide geo-redundant services, ensuring uninterrupted operations and business continuity for its clients across critical sectors.

5.2.1. Role of Islamabad DR Site

The Islamabad DR site will serve as the active-passive secondary location, ensuring high availability and geo-redundancy for mission-critical services. This site will be configured to handle:

- **Real-Time Replication:** Using synchronous and asynchronous data replication technologies to mirror critical workloads from the Lahore primary site.
- **Failover Operations:** Rapid activation of secondary infrastructure in case of primary site failure, ensuring minimal service disruption.
- **Compliance and Resilience:** Adherence to global standards like ISO 27001, along with local regulatory requirements, to secure client data and maintain uninterrupted service.



6. PAKISTAN'S CLOUD TRANSFORMATION JOURNEY

6.1. Ad-Hoc Beginnings

Pakistan's fragmented and inconsistent approach to cloud adoption has hindered its digital transformation, preventing the country from fully leveraging cloud technologies for innovation, efficiency, and scalability. As a result, Pakistan lags behind other economies that have embraced cloud technologies more strategically, missing out on the opportunities cloud services offer for enhancing business performance, reducing operational costs, and fostering innovation across industries. The lack of a cohesive, nationwide cloud adoption strategy has contributed to the slow digital progress, limiting the potential for greater economic growth and competitive advantage.

6.2. Regulatory Milestones

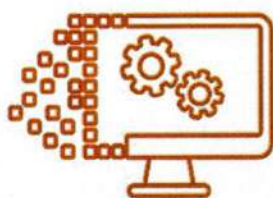
Recent regulatory progress has advanced cloud adoption in Pakistan. In 2020, the State Bank of Pakistan (SBP) allowed financial institutions to use cloud solutions for non-core functions, marking a significant step toward embracing modern technologies. In 2021, the Securities and Exchange Commission of Pakistan (SECP) introduced draft guidelines for cloud adoption by companies, which laid the foundation for a cloud-first approach. These regulatory milestones indicate a growing recognition of the importance of cloud technologies and signal a shift towards creating a more structured and enabling environment for businesses to leverage the benefits of the cloud.

6.3. Cloud First Policy

In February 2022, Pakistan's federal cabinet approved the Cloud First Policy, mandating federal public entities to prioritize cloud infrastructure over traditional on-premise systems. This policy is designed to reduce operational costs, enhance scalability, and foster innovation across government departments. By shifting to cloud solutions, the government aims to improve efficiency, streamline services, and align with global digital transformation trends, positioning Pakistan to better harness the potential of cloud technologies and modernize public sector operations.

FIRST POLICY

6.4. Catalyst for Digital Transformation



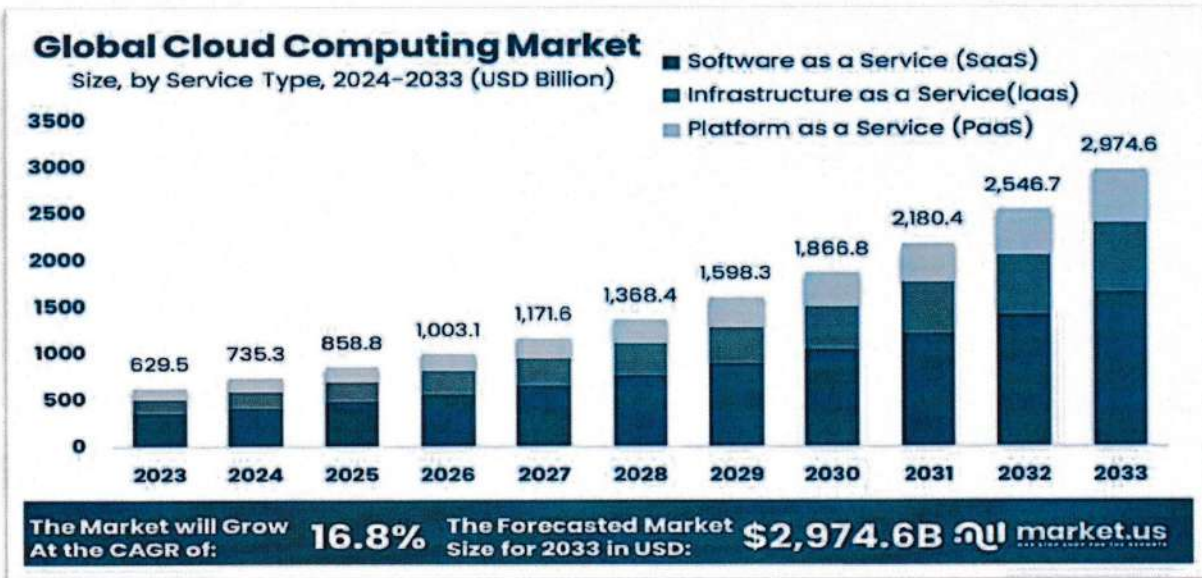
The shift to cloud solutions is poised to catalyze Pakistan's digital transformation, improving resource utilization, operational resilience, and compatibility with emerging technologies like AI and machine learning. By prioritizing cloud adoption, Pakistan can foster more agile, scalable, and secure infrastructures for both government and businesses. This transition will not only streamline operations but also enable innovation and enhanced service delivery, supporting the growth of industries and positioning the country as a competitive player in the global digital economy.



6.5. Focus on Implementation

Sustainable cloud adoption in Pakistan requires a focus on implementation, with a comprehensive framework that includes skill development, streamlined technology procurement, and enabling measures for effective policy execution. Emphasizing people, processes, and products will help establish a strong foundation for a cloud-first environment, ensuring that all stakeholders—government, businesses, and citizens—benefit from the transition. This approach will promote a seamless integration of cloud technologies, foster innovation, and enhance the country’s digital capabilities in line with global trends.

7. GROWTH OF THE GLOBAL CLOUD MARKET



The above chart illustrates the growth of the global cloud computing market from 2023 to 2033, segmented by service types: Software as a Service (SaaS), Infrastructure as a Service (IaaS), and Platform as a Service (PaaS).

The market is projected to grow at a Compound Annual Growth Rate (CAGR) of **16.8%**, expanding from **USD 735.3 billion** in 2024 to **USD 2,974.6 billion** by 2033. SaaS remains the largest segment throughout the period, followed by IaaS and PaaS. This consistent growth highlights the increasing reliance on cloud-based services for businesses and individuals, driven by technological advancements and the demand for scalable digital solutions.



8. CLOUD MARKET TRENDS IN ASEAN ECONOMIES

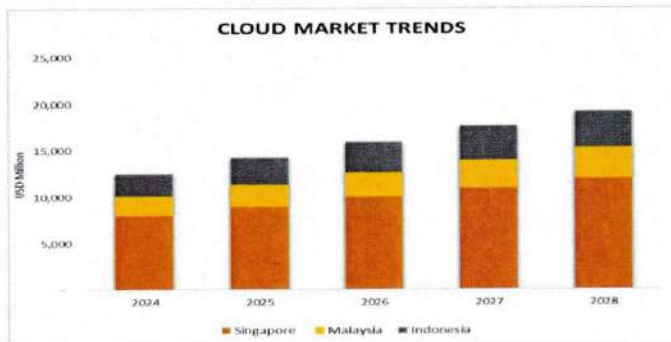
8.1. Singapore

The cloud market in Singapore is experiencing steady growth with a compound annual growth rate (CAGR) of **14%**. Singapore's strong position in the regional cloud market is driven by its advanced digital infrastructure and the adoption of Infrastructure as a Service (IaaS) as the leading cloud offering in the region.

USD Million			
Year	Singapore	Malaysia	Indonesia
2024	8,000	2,000	2,500
2025	9,000	2,300	2,900
2026	10,000	2,600	3,300
2027	11,000	2,900	3,700
2028	12,000	3,200	4,000
CAGR	14.00%	14.00%	15.00%

8.2. Malaysia

Malaysia's cloud market is also growing at a CAGR of **14%**, reflecting its increasing investment in digital technologies. The Malaysian government's focus on digital transformation and data localization is a key factor contributing to this growth, with IaaS playing a pivotal role in meeting the market demand.



8.3. Indonesia

Indonesia boasts the highest growth rate among the three countries, with a CAGR of **15%**, highlighting the rapid expansion of its cloud market. Indonesia's growth is fueled by its large population, the rising adoption of cloud technologies in various industries, and a growing reliance on IaaS for scalable infrastructure solutions.



9. MARKET ANALYSIS

9.1. Emerging Trends in Global and Regional Cloud Markets

The global cloud market is experiencing exponential growth, driven by rapid digital transformation across industries. Key trends include the rising adoption of hybrid and multi-cloud solutions, the growing focus on data localization due to regulatory requirements, and the increasing use of artificial intelligence (AI) and machine learning (ML) to optimize cloud operations. Globally, the cloud



computing market is projected to grow at a compound annual growth rate (CAGR) of **17.9%**, reaching **USD 1 trillion** by 2030.

Regionally, the Middle East and South Asia (MEASA) cloud market is expanding as businesses and governments invest in digital infrastructure to enhance operational efficiency. In Pakistan, cloud adoption is in its early stages, with a projected CAGR of **25%** in the next five years. Key factors driving this growth include:

- **Rising Demand for Data Localization:** Regulatory mandates are encouraging businesses to store and process data within Pakistan, creating a need for local data centers.
- **E-Commerce Boom:** The e-commerce market is growing rapidly, necessitating scalable and secure cloud solutions to handle increased traffic and transactions.
- **Digital Transformation in the Public Sector:** Government agencies are embracing digital tools to improve service delivery, creating a significant demand for compliant cloud infrastructure.
- **Healthcare and Education Sector Growth:** Increased adoption of telemedicine and e-learning platforms is fueling demand for cloud-based services.

CWSM's strategy aligns with these trends by offering localized, scalable, and secure cloud solutions that cater to the regulatory and operational needs of businesses in Pakistan and the broader MEASA region.



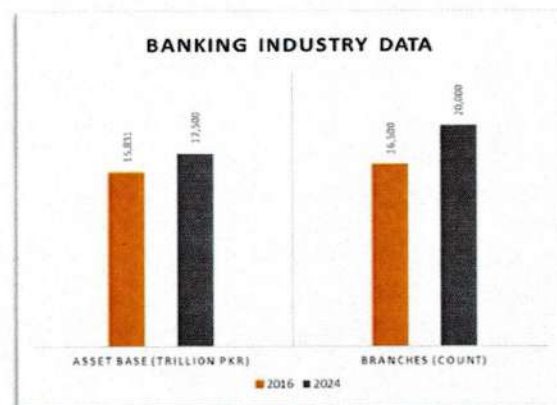
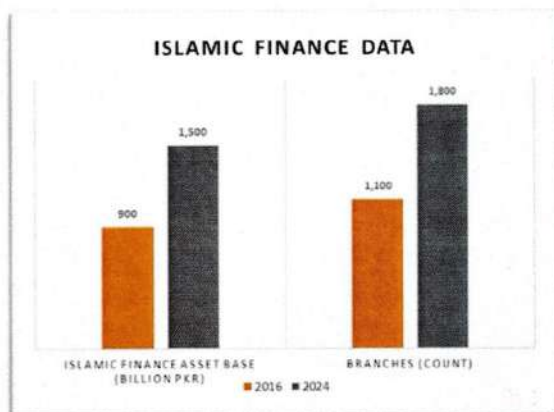
9.2. Identifying Key Market Segments

CWSM aims to serve a diverse range of industries, each with unique requirements for secure, scalable, and efficient data storage and processing. With Pakistan's digital transformation accelerating across various sectors, CWSM's tailored solutions position it as a trusted partner for organizations in need of reliable data infrastructure.

9.2.1. Financial Sector

The financial sector depends on secure, compliant data center solutions to handle large volumes of sensitive customer and transactional data. As digital banking, online transactions, and customer data analytics continue to rise, financial institutions require robust infrastructure capable of real-time data processing, disaster recovery, and 24/7 operational support. CWSM's localized data solutions are specifically designed to meet these needs, ensuring compliance with Pakistan's regulatory requirements, including data localization mandates. By enabling financial institutions to securely store sensitive customer data within the country, CWSM positions itself as a trusted partner in ensuring the security, compliance, and continuity of operations in Pakistan's evolving financial landscape.

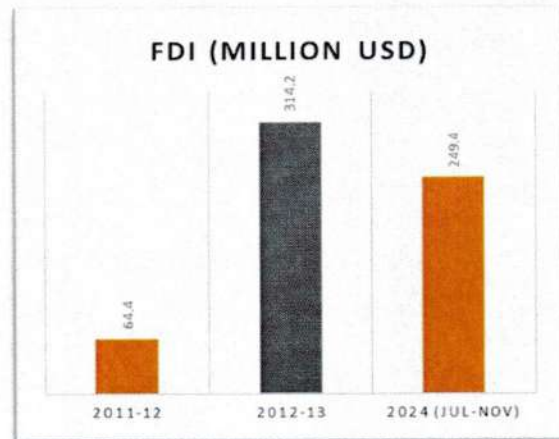
The banking sector in Pakistan has seen noteworthy growth in recent years. By December 2016, key financial indicators indicated improvements in the asset base and branch network. Here's a summary of the key figures from 2016 and 2024, showcasing the sector's performance.





Foreign Direct Investment (FDI) in the financial sector showed fluctuations; it was **USD 64.4 million** in 2011-12, rising to **USD 314.2 million** in 2012-13, and reaching **USD 249.4 million** from July to November 2024.

These trends indicate that Pakistan's financial services sector is growing, with banks expanding their assets and improving financial health. The CWSM has an opportunity to meet the demands of these institutions.



CWSM aims to support banks and financial institutions by offering secure private cloud and disaster recovery services. This will enable clients to maintain regulatory compliance, reduce operational risks, and ensure continuous data availability, which is critical for trust and financial transactions.

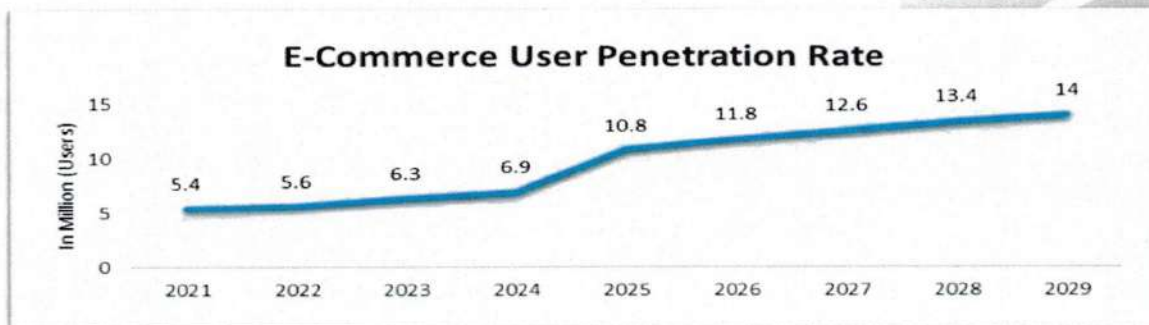
9.2.2. E-Commerce

The exponential growth of e-commerce platforms has created a heightened demand for low-latency, secure, and scalable data solutions. CWSM is well-positioned to support e-commerce companies by providing secure storage for customer data, real-time analytics for business insights, and disaster recovery services to ensure uninterrupted operations. These offerings will



not only enhance operational efficiency but also build and maintain customer trust by ensuring data security and business continuity. With the increasing reliance on digital commerce, CWSM's solutions will be integral in helping e-commerce businesses scale and thrive in a competitive market.

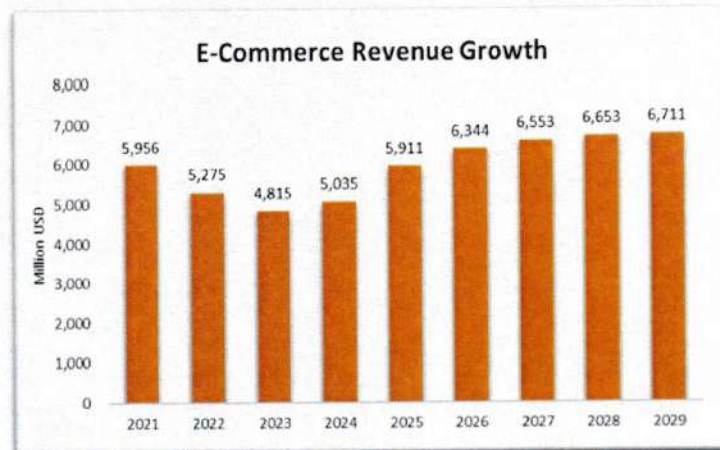
As of July 2024, Pakistan's e-commerce sector has experienced significant growth, with over **16.6 million** monthly active users engaging with mobile shopping applications. (THE NATION)





Looking ahead, the number of e-commerce users in Pakistan is projected to reach **14 million** by 2029, with user penetration expected to be **14.1%** in 2025. (STATISTA)

This upward trend reflects the increasing adoption of online shopping platforms and digital services among Pakistani consumers.



For e-commerce clients, CWSM plans to offer scalable cloud infrastructure with load-balancing capabilities to manage seasonal spikes in traffic. This will help avoid website downtime, enhance customer experience, and drive revenue growth.

9.2.3. Healthcare

Hospitals, clinics, and healthcare providers are increasingly adopting electronic health records (EHRs), telemedicine, and AI-based diagnostic tools. These advancements require secure, compliant, and scalable data solutions. CWSM can provide healthcare organizations with reliable infrastructure to manage sensitive patient data, ensure regulatory compliance (e.g., HIPAA or local health data standards), and offer disaster recovery solutions to minimize service disruptions.



CWSM will provide HIPAA-compliant infrastructure tailored for telemedicine platforms and hospitals, facilitating the secure storage of patient records and enabling expansion into underserved regions while maintaining data privacy.

9.2.4. Education

As universities, colleges, and online learning platforms rapidly embrace digital transformation through e-learning, data-driven student management systems, and research, the demand for secure, scalable data solutions is growing. CWSM can support these institutions by providing scalable storage for academic records, research data, and online learning platforms while ensuring data security and low-latency solutions for optimal performance.

CWSM's cloud solutions will empower educational institutions to implement hybrid learning systems, ensuring seamless performance of Learning Management Systems (LMS), improving



administrative processes, and enhancing the overall learning experience for students. These scalable and secure infrastructure solutions will facilitate the growth of digital education, allowing institutions to innovate and meet the evolving needs of students and faculty. (Online education)

9.2.5. Government Agencies

Government agencies are increasingly in need of secure and compliant data storage solutions to manage critical information, including citizen records, public services data, and administrative systems. CWSM's infrastructure is specifically designed to meet these requirements, offering secure, scalable, and reliable data storage solutions that adhere to regulatory standards. By providing data protection and compliance with local and international regulations, CWSM enables secure digital transformation for public sector entities, helping them streamline operations, enhance service delivery, and ensure the confidentiality and integrity of sensitive government data.

Pakistan's digital transformation has significantly enhanced the accessibility and efficiency of services provided by government authorities, such as the National Database and Registration Authority (NADRA) and the Federal Board of Revenue (FBR). Here's an overview of their user engagement and digital initiatives:

National Database and Registration Authority (NADRA)

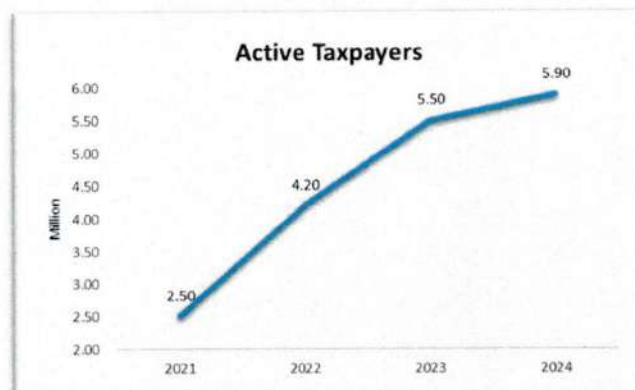
Digital Identity Services: NADRA has issued over **120 million** Computerized National Identity Cards (CNICs), serving as a foundational element for digital identity in Pakistan.

Federal Board of Revenue (FBR)

Taxpayer Registration: Through real-time data integration with NADRA and other organizations, the FBR identified **1.35 million** potential taxpayers, significantly expanding the tax base. **(PROFIT BY PAKISTAN TODAY)**

By October 26, 2024, the FBR had registered **4.821 million** income tax returns, with taxpayers contributing Rs **123 billion** in tax payments. **(BUSINESS RECORDER)**

Digital Services: The FBR offers online platforms for tax filing and payment, enhancing user engagement and compliance.





9.2.6. Content Delivery

Businesses delivering digital content, such as streaming platforms, online gaming services, and e-commerce websites, require fast, reliable, and secure infrastructure to meet growing user demands. CWSM's advanced content delivery solutions are tailored to these needs, providing scalable and efficient systems that ensure low latency, optimized bandwidth, and seamless performance. With features like edge caching, real-time traffic monitoring, and load balancing, CWSM's infrastructure enhances the delivery of digital content while maintaining security and scalability. This allows businesses to deliver exceptional user experiences and maintain a competitive edge in the digital landscape.

9.2.7. IT Companies and Tech Startups

IT companies and startups require robust and flexible infrastructure to support cloud applications, software development, and big data analytics. CWSM's customizable solutions are designed to meet these dynamic needs, offering scalable and cost-effective data management systems that enable businesses to innovate and scale their operations seamlessly. By providing reliable infrastructure for data storage, processing, and analytics, CWSM helps IT companies and startups focus on their core business goals while ensuring that they have the agility and resources necessary to grow and succeed in a competitive technology landscape.

According to the Pakistan Bureau of Statistics (PBS), the export of IT services in Pakistan has shown a consistent upward trend over the past few years. Here is a summary of the annual IT export figures:

Fiscal Year	IT Exports (USD million)
2020-2021	2,59
2021-2022	2,483
2022-2023	2,925
2023-2024	3,223

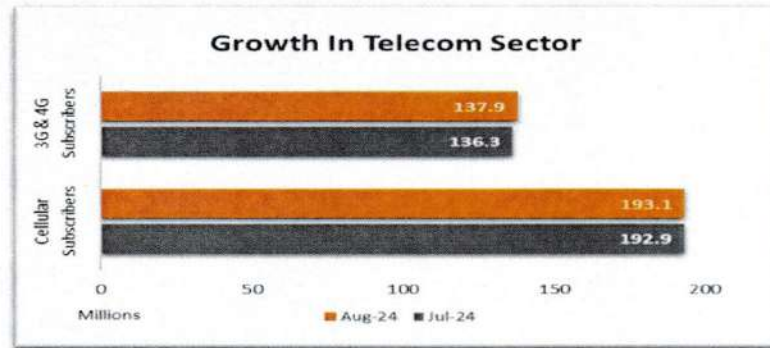
These figures indicate a steady growth in Pakistan's IT exports, reflecting the sector's expanding contribution to the national economy.



9.2.8. Telecommunications Companies

Telecom operators require robust and reliable data centers to manage large volumes of customer data, billing systems, and complex network operations. CWSM can meet these needs by providing secure, scalable, and high-performance infrastructure capable of handling vast amounts of data while ensuring high availability and low-latency service delivery. CWSM's solutions are designed to support telecom operators in managing real-time data processing, network performance monitoring, and seamless customer interactions. With enhanced security protocols and compliance with regulatory standards, CWSM ensures that telecom operators can deliver uninterrupted services, optimize their networks, and maintain customer trust.

As of August 2024, Pakistan's mobile telecommunications sector has experienced significant growth, with a marked increase in cellular subscribers. This growth is also characterized by a rise in 3G and 4G users, highlighting the country's progress in adopting mobile technology.



9.3. Opportunities In Pakistan's Commercial Cloud Sector

USD Million			
Service	2025	2028	Growth
Business Process as a Service (BPaaS)	99.15	118.60	19.60%
Infrastructure as a Service (IaaS)	253.90	376.10	48.20%
Platform as a Service (PaaS)	259.40	416.50	60.60%
Software as a Service (SaaS)	198.60	267.90	35.00%
Desktop as a Service (DaaS)	4.39	5.94	35.30%
Total Market Size	815.44	1,185.00	45.20%

9.3.1. Business Process as a Service (BPaaS)

The demand for Business Process as a Service (BPaaS) in Pakistan is steadily rising, the growth highlights the increasing adoption of cloud-based automation to streamline operations and reduce manual work.



9.3.2. Infrastructure as a Service (IaaS)

Infrastructure as a Service (IaaS) dominates Pakistan's cloud market, its growth is driven by scalable infrastructure demands, enterprise cloud migrations, and large-scale digitization efforts, cementing its role as the backbone of the cloud ecosystem.

9.3.3. Platform as a Service (PaaS)

Platform as a Service (PaaS) is gaining momentum in Pakistan, its growth is driven by adoption among developers, agile practices, and its role in enabling innovation and competitiveness in the digital age.

9.3.4. Software as a Service (SaaS)

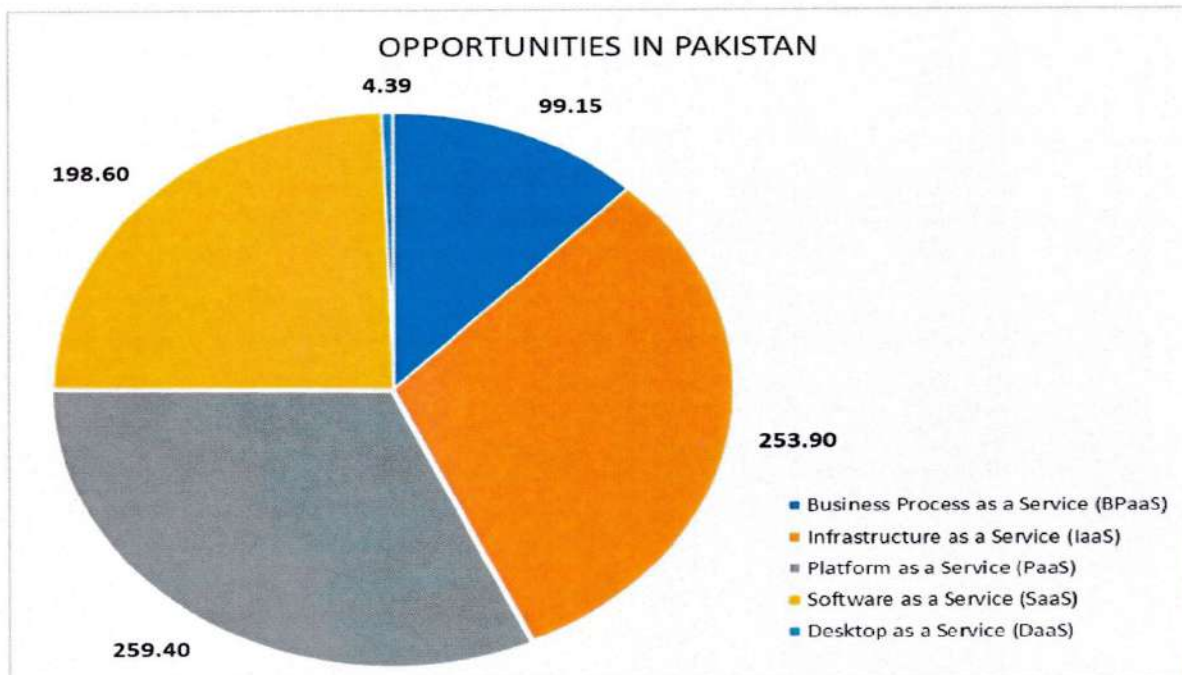
Software as a Service (SaaS) leads Pakistan's cloud market, its growth is driven by the adoption of CRM, ERP, and productivity tools, highlighting its role in cost-effective, scalable solutions and digital transformation.

9.3.5. Desktop as a Service (DaaS)

Desktop as a Service (DaaS) is a niche but growing segment in Pakistan's cloud market, its growth reflects the rising demand for secure remote desktop solutions to support hybrid work environments.

9.3.6. Total Market Size

Pakistan's commercial cloud market shows strong growth, valued at **USD 815.44 million** in 2025 and projected to reach **USD 1.185 billion** by 2028. This growth highlights increasing investments and reliance on cloud services to drive the country's digital economy.





10. SERVICE OFFERINGS

CWSM aims to provide a comprehensive range of cloud services tailored to meet the diverse needs of businesses and government organizations in Pakistan. The company's service portfolio is designed to address critical technological demands, drive digital transformation, and align with the country's evolving data localization and AI policies. Below are the details of the services offered:



IAAS



PAAS



SAAS



ONLINE
PROVISIONING



SERVICES FOR FSI, TELECOM,
FMCG SECTORS



AI LOADS HOSTING
CAPABILITY



AI-ENABLED
CLOUD

10.1. Infrastructure as a Service (IaaS)

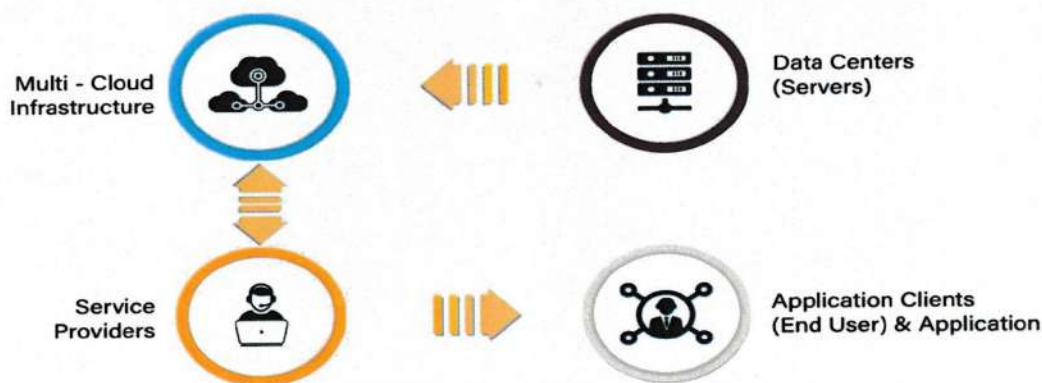
CWSM will deliver a robust, scalable, and highly secure IaaS solution that enables businesses to provision and manage computing resources in the cloud without significant capital expenditure on physical hardware. The technical aspects of the IaaS offerings will include:

- **Scalable Storage Solutions:** CWSM's cloud storage infrastructure will utilize high-performance, distributed storage systems capable of scaling horizontally to meet the evolving demands of businesses. These storage solutions will support object, block, and file storage, offering seamless integration with business applications and allowing businesses to increase or decrease their storage capacity on demand without disruption.
- **Computing Power:** CWSM will provide businesses with access to virtualized compute instances, leveraging technologies like VMware, OpenStack, or KVM (Kernel-based Virtual Machine) to deliver elastic computing resources. These instances will be provisioned with varying amounts of CPU, RAM, and GPU resources, providing the flexibility to scale up or down based on workload requirements. The cloud infrastructure will be optimized for high-performance processing, supporting resource-intensive applications from real-time data analytics to complex simulations and AI workloads.



- **Disaster Recovery:** CWSM will implement multi-tiered disaster recovery solutions utilizing data replication and backup techniques across geographically distributed data centers. Leveraging technologies like VMware Site Recovery Manager (SRM) or other cloud-native backup services, CWSM will ensure that business-critical data and applications are continuously replicated in real-time or near-real-time to secondary disaster recovery sites. This will allow businesses to rapidly failover to backup systems during disruptions and minimize service downtime.

By providing these IaaS offerings, CWSM will empower companies to focus on their core operations while relying on secure, scalable infrastructure.



10.2. Platform as a Service (PaaS)

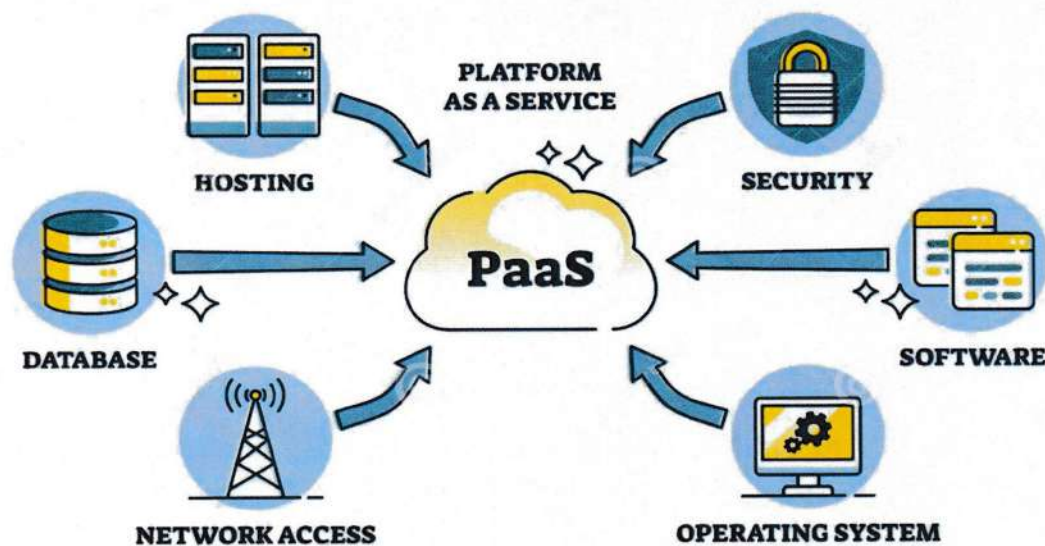
CWSM will offer a comprehensive PaaS solution that enables businesses to quickly develop, test, and deploy applications in a secure and scalable cloud environment. The platform will provide a set of integrated development tools, frameworks, and services that simplify application lifecycle management. The technical components of CWSM's PaaS offerings will include the following:

- **Develop Applications:** CWSM will provide access to a suite of development frameworks and tools, such as Java, .NET, Python, Node.js, and other modern programming languages, designed for rapid application development. This will be coupled with integrated IDEs (Integrated Development Environments), version control, and automated build pipelines to streamline development workflows. Developers will be able to access pre-configured environments, reducing setup time and improving productivity. Additionally, support for microservices and containerized applications (via Docker and Kubernetes) will enable businesses to build scalable, modular applications.
- **Automated Deployment & CI/CD Pipelines:** CWSM's platform will offer robust deployment automation tools, utilizing CI/CD (Continuous Integration/Continuous Deployment) pipelines for seamless application rollout. The platform will integrate with tools like Jenkins, GitLab CI, and AWS Code Pipeline to enable automated testing, build, and deployment processes. This will ensure rapid, reliable, and consistent application releases with minimal



manual intervention and downtime, increasing operational efficiency and reducing the risk of errors during deployment.

- **Collaborative Development:** CWSM's PaaS offering will include support for team-based development with shared code repositories and collaborative development tools, such as GitHub or Bitbucket, and project management platforms like Jira and Trello. The platform will also support integration with cloud-native services like AWS Lambda or Azure Functions, enabling teams to build serverless architectures for enhanced scalability and reduced infrastructure overhead. Development teams can work in parallel with real-time collaboration features, reducing time-to-market and fostering innovation.



By leveraging CWSM's PaaS offerings, businesses, startups, and tech companies will have the tools and infrastructure to rapidly develop, test, and deploy applications while minimizing the complexities associated with infrastructure management. This will empower organizations to focus on delivering innovative solutions with increased speed and efficiency.

10.3. Software as a Service (SaaS)

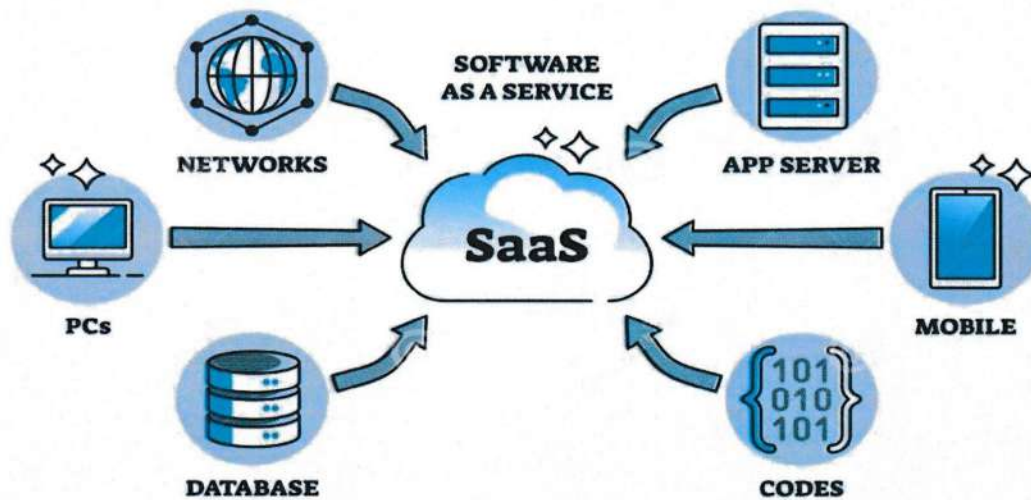
CWSM will provide a robust SaaS platform that delivers a wide array of software applications hosted on the cloud, enabling businesses to leverage advanced solutions without the need for heavy on-premise infrastructure. The technical components of CWSM's SaaS offerings will include:

- **Access Anywhere, Anytime:** CWSM's SaaS applications will be accessible from any device with an internet connection, such as laptops, smartphones, or tablets. This will enable users to work remotely or on the go, providing flexibility for global teams and supporting modern work-from-home models. Additionally, the cloud infrastructure ensures that applications are always up-to-



date and accessible, regardless of the user's location, enabling improved collaboration and business continuity.

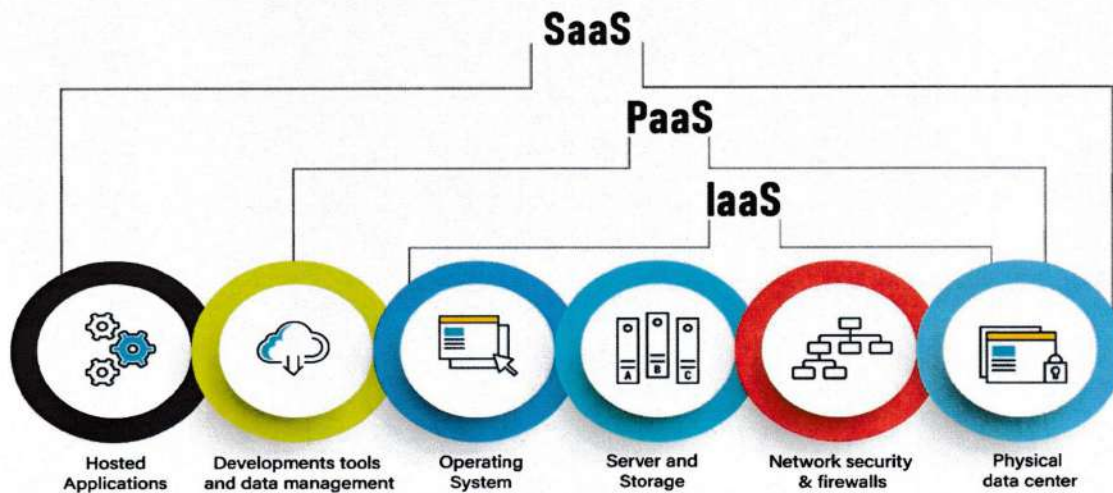
- **Seamless Integration:** CWSM's SaaS offerings will be designed with integration capabilities in mind. Through open APIs and support for common data exchange formats like JSON or XML, businesses can seamlessly integrate SaaS applications with their existing on-premise or cloud-based systems, such as ERP, HRM, or CRM systems. This ensures smooth workflows, consistent data synchronization across platforms, and the elimination of data silos, leading to improved operational efficiency and real-time decision-making.
- **Cost-Efficiency:** With CWSM's subscription-based pricing model, businesses will only pay for what they use, eliminating the need for large upfront costs associated with hardware purchases, software licenses, and maintenance. Subscription fees will include regular software updates, patches, and technical support from CWSM, ensuring that businesses stay on the cutting edge of technology without worrying about manual updates or upgrades. The cloud-based nature of the offering also ensures scalability, enabling businesses to easily expand their use of the software as their needs grow.



CWSM's SaaS platform is ideal for businesses looking to enhance productivity, minimize IT management overhead, and rapidly adopt advanced software solutions. By offloading infrastructure management and maintenance to CWSM, organizations can focus on their core operations, accelerate innovation, and stay ahead in an increasingly competitive digital landscape.



10.4. Difference between SaaS, PaaS, and IaaS



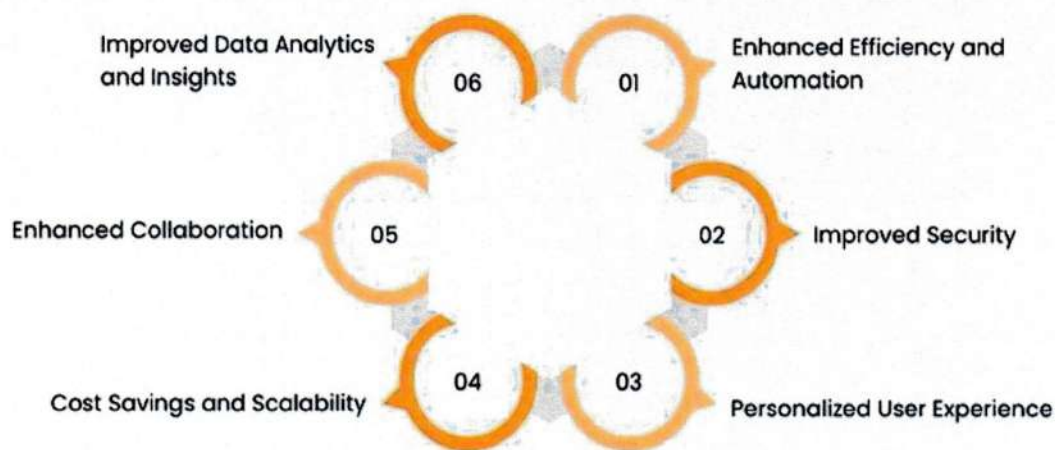
10.5. AI-Enabled Cloud Services

In alignment with Pakistan's draft AI policy, CWSM will provide advanced AI-enabled cloud services designed to empower businesses in their AI adoption journey. These services are engineered to meet the demands of industries looking to integrate artificial intelligence into their operations, enhance automation, and gain a competitive edge. The key technical offerings under this service include:

- **Machine Learning (ML) Applications:** CWSM will offer cloud-based platforms optimized for machine learning model development, training, and deployment. These platforms will support popular ML frameworks like TensorFlow, PyTorch, and Scikit-learn, allowing organizations to develop and scale custom ML models for various business needs such as predictive analytics, fraud detection, or personalized recommendations. CWSM's infrastructure will provide high-performance GPU-powered instances and distributed computing resources to handle the intensive computational requirements of training and running large ML models at scale. Businesses can easily deploy models to production and integrate them with existing systems, ensuring faster time-to-market and real-time processing.
- **AI Analytics:** CWSM's AI-powered analytics tools will enable businesses to extract actionable insights from large datasets using advanced AI algorithms. These tools will integrate with the organization's data sources to perform real-time data processing, pattern recognition, anomaly detection, and trend forecasting. Leveraging AI-driven insights, businesses can optimize decision-making, improve customer engagement, and streamline operations. The cloud-based AI analytics tools will provide scalability and flexibility, enabling businesses to process vast amounts of data quickly and accurately, without the need for significant on-premise infrastructure investments.



- **Support for Large Language Models (LLMs):** As part of its AI-enabled cloud offerings, CWSM will provide dedicated infrastructure for hosting and running large language models (LLMs) such as GPT-3 or similar advanced natural language processing (NLP) models. This capability will allow businesses to implement cutting-edge AI technologies for tasks such as automated customer support, chatbots, content generation, and sentiment analysis. The AI-powered infrastructure will be optimized for high performance and scalability, ensuring that organizations can run large-scale NLP models in a cost-efficient and secure environment.



CWSM's AI-enabled cloud services will provide organizations with the infrastructure, tools, and frameworks needed to adopt AI-driven innovation. By offering scalable, secure, and cost-effective solutions for ML, AI analytics, and LLMs, CWSM will help businesses unlock the full potential of AI across industries, from healthcare and finance to retail and manufacturing. This positions CWSM as a leading player in Pakistan's emerging AI ecosystem, supporting organizations in their digital transformation and AI integration efforts.

10.6. Pay as You Go



The "Pay as You Go" model to be offered by CWSM's data center provides customers with a highly flexible and cost-efficient billing system. This model will ensure that businesses are charged only for the computing resources and services they utilize, eliminating the need for upfront capital investments or long-term commitments. By paying only for what they consume, companies can scale their operations based on demand, optimizing costs while maintaining operational agility. This flexibility enables businesses to align their expenses with actual usage patterns, improving cash flow management and supporting their growth strategies without financial strain.



10.7. Online Provisioning

CWSM's data center will offer online provisioning, allowing businesses to deploy, configure, and manage their cloud services in real-time through an intuitive and user-friendly interface. This feature eliminates the delays typically associated with traditional infrastructure setups, providing businesses with immediate access to computing resources. Companies can dynamically adjust their resource allocations to match evolving workloads, ensuring optimal operational efficiency and minimizing downtime. This level of agility is crucial for industries that require a fast response to market changes, unexpected demand spikes, or shifting operational needs, helping businesses stay competitive and responsive.

10.8. Services for FSI, Telecom, FMCG Sectors

CWSM's data center will offer tailored cloud services designed to meet the unique needs of industries such as Financial Services Institutions (FSI), telecommunications, and Fast-Moving Consumer Goods (FMCG). For telecommunications companies, the infrastructure supports network expansions, 5G rollouts, and efficient customer data processing. FMCG businesses can utilize the platform for supply chain optimization, real-time analytics, and enhancing customer engagement strategies. These specialized solutions enable businesses to streamline operations, improve service delivery, and ensure compliance with industry-specific regulatory standards, helping them stay competitive and meet the evolving demands of their sectors.

10.9. AI Loads Hosting Capability

CWSM's data center will be engineered to handle complex Artificial Intelligence (AI) workloads, including machine learning, deep learning, and large language models. Equipped with advanced computing power and optimized infrastructure, it provides the necessary resources to process large datasets, run predictive analytics, and develop AI-driven solutions. This capability will be especially beneficial for industries like healthcare, manufacturing, and e-commerce, where AI is revolutionizing operations and decision-making. The AI hosting capability allows businesses to leverage cutting-edge technology without the high costs associated with building and maintaining on-premise AI infrastructure, enabling them to scale innovation efficiently.

11. KEY COMPONENTS OF CLOUD DATA CENTER

11.1. Certifications



CWSM is committed to achieving key certifications and accreditations within the first six months of its operation to ensure compliance with international standards and local regulatory requirements. These certifications will demonstrate CWSM's adherence to global best practices and foster trust among both international and local stakeholders.



11.1.1. Certifications to Be Achieved

i. ISO 9001: Quality Management



ISO 9001 certification ensures that CWSM implements a comprehensive and effective quality management system (QMS), focusing on continuous improvement and operational excellence. This certification demonstrates CWSM's commitment to consistently delivering high-quality services that meet customer expectations and comply with international standards. By adhering to ISO 9001 guidelines, CWSM strengthens its internal processes, enhances service delivery, and fosters a culture of ongoing improvement, which ultimately leads to higher customer satisfaction and optimized operational efficiency across all functions.

ii. ISO 14001: Environmental Management



ISO 14001 certification demonstrates CWSM's commitment to minimizing its environmental impact through the implementation of effective environmental management systems (EMS). This certification highlights CWSM's dedication to adopting eco-friendly practices in its operations, including reducing waste, optimizing energy consumption, and enhancing resource efficiency. By adhering to ISO 14001 standards, CWSM contributes to sustainability within the data center industry, ensuring that its operations align with global environmental best practices and regulatory requirements while promoting a greener and more sustainable future.

iii. ANSI/TIA-942-C Rated 4: Data Center Design Standards



Achieving the ANSI/TIA-942-C Rated 4 certification affirms that CWSM's data centers meet the highest standards for reliability, redundancy, and disaster recovery. This designation ensures that CWSM's facilities are designed to minimize downtime, offering maximum resilience to power failures, natural disasters, and other operational disruptions. With a Rated 4 certification, CWSM guarantees robust infrastructure capable of supporting mission-critical services, providing customers with unparalleled operational continuity and confidence in the reliability of their data center solutions.

iv. ISO/IEC 27001:2022: Information Security Management



ISO 27001 certification provides a robust framework for managing sensitive information securely. This certification assures clients that CWSM implements comprehensive information security management practices to protect against data breaches, cyberattacks, and other potential threats to data integrity and confidentiality. By adhering to ISO 27001 standards, CWSM demonstrates its commitment to safeguarding client data through effective risk management, continuous monitoring, and the use of advanced security technologies, ensuring the highest level of protection for sensitive information across its operations.



v. ISO/IEC 27017:2015: Cloud Security



ISO/IEC 27017:2015 certification focuses on security controls for cloud service providers, enhancing CWSM's cloud security measures. This certification ensures that CWSM applies robust security practices for the secure storage, processing, and transmission of data within cloud environments. By adhering to ISO/IEC 27017 standards, CWSM demonstrates its commitment to safeguarding client data in the cloud while maintaining compliance with internationally recognized security practices. This certification further reinforces CWSM's ability to provide secure and reliable cloud services, building trust with clients who rely on cloud solutions for sensitive data management.

vi. ISO/IEC 27005:2022: Risk Management



ISO 27005 certification provides detailed guidance on managing information security risks, emphasizing a structured approach to identifying, assessing, and mitigating potential threats. This certification highlights CWSM's proactive stance in safeguarding client data by continuously evaluating risks that could affect the confidentiality, integrity, and availability of information. By adhering to ISO 27005 standards, CWSM ensures that risks are effectively managed through robust risk management strategies, enhancing its ability to protect sensitive data and maintain operational resilience. This certification reinforces CWSM's commitment to providing secure and trustworthy services for its clients.

vii. ISO/IEC 27070:2021: Virtualized Environments Security



ISO/IEC 27070:2021 certification focuses on securing virtualized environments through advanced security techniques. This certification validates CWSM's capability to protect sensitive data within virtualized infrastructures, addressing the unique security challenges posed by virtualization. By adhering to ISO/IEC 27070 standards, CWSM ensures that its virtualized environments are fortified against vulnerabilities, safeguarding client data while meeting the evolving demands of technology. This certification demonstrates CWSM's commitment to maintaining the highest levels of security in virtualized infrastructures, ensuring compliance with international standards and providing clients with secure, reliable solutions.

viii. CSA STAR Certification



CWSM plans to achieve the Cloud Security Alliance (CSA) STAR certification, which will demonstrate its commitment to meeting a globally recognized standard for cloud security. The certification emphasizes transparency, trust, and the implementation of rigorous security practices. By undergoing a stringent third-party assessment, CWSM will ensure that its cloud services meet the highest standards of security, data protection, and compliance. Achieving the CSA STAR certification will reinforce CWSM's reputation as a reliable and secure cloud service



provider, enhancing client confidence in its ability to manage sensitive data and comply with industry best practices.

ix. SOC 2 (AICPA)



SOC 2 compliance evaluates how well CWSM manages sensitive customer information based on five key trust principles: security, availability, processing integrity, confidentiality, and privacy. This certification highlights CWSM's commitment to securing data and ensuring the integrity of its cloud services. By meeting SOC 2 requirements, CWSM demonstrates its adherence to the highest standards in safeguarding customer data, fostering trust among clients and assuring them that their sensitive information is handled with the utmost care and in compliance with industry best practices.

x. Health Insurance Portability and Accountability Act (HIPAA)



HIPAA compliance ensures that CWSM is fully capable of securely handling Protected Health Information (PHI). This certification is essential for businesses in the healthcare sector, confirming that CWSM meets stringent U.S. regulations for data privacy and security. By adhering to HIPAA standards, CWSM guarantees the confidentiality, integrity, and availability of sensitive health information, fostering trust with healthcare providers, insurers, and patients, and ensuring that all data handling processes comply with the required regulatory frameworks.

11.1.2. Local Compliance: Adherence to Pakistan's Specific Regulations

In addition to global certifications, CWSM will also adhere to Pakistan's local regulatory framework, ensuring compliance with national standards and building trust among local stakeholders.

i. Data Localization

CWSM will ensure that sensitive data generated by Pakistani clients remains within Pakistan's borders, in accordance with local laws and regulatory frameworks. This practice will address concerns around data sovereignty and privacy, providing clients with the assurance that their data is stored, processed, and protected within the country. By complying with these regulations, CWSM will uphold high standards of data privacy and security, fostering trust and enabling local businesses to meet their data management needs with confidence.



ii. SECP and PTA Guidelines

CWSM will comply with the regulatory guidelines set by the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Telecommunication Authority (PTA), ensuring that all cloud services and data center operations align with the national regulations governing the telecommunications and IT sectors. By adhering to these regulations, CWSM will maintain operational transparency, ensure legal compliance, and foster trust among clients and stakeholders while contributing to the development and integrity of Pakistan's growing digital economy.



iii. Energy and Environmental Compliance



CWSM will comply with local energy efficiency and environmental standards to reduce its carbon footprint and minimize its operational impact. This will be achieved through energy-efficient designs, the adoption of renewable energy, and waste reduction measures, fostering a commitment to sustainable business practices. By implementing these eco-friendly initiatives, CWSM aims to contribute to environmental preservation while aligning with global sustainability trends, demonstrating its responsibility toward both the business and the broader community.

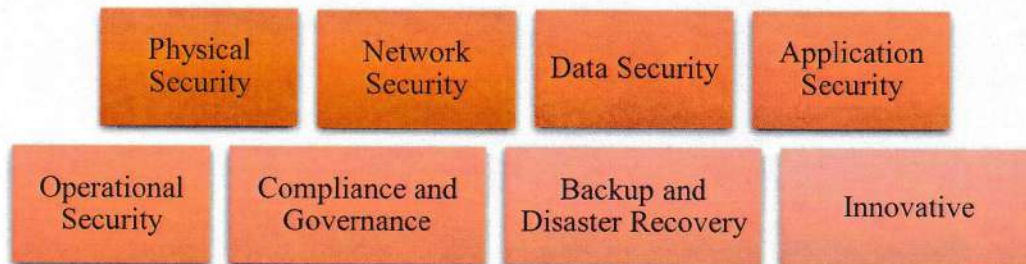
iv. Regulatory Collaboration

CWSM will work closely with local government agencies and regulatory bodies to ensure that its operations meet Pakistan's national standards. This collaboration will enhance confidence in CWSM's services among local clients and stakeholders, highlighting CWSM's commitment to operating within legal and regulatory frameworks.



11.2. Security

11.2.1. Robust Security Framework for Cloud Operations



11.2.2. Disaster Recovery and Business Continuity Plan

To safeguard uninterrupted operations and ensure data resilience, CWSM's data center will implement a cutting-edge disaster recovery and high-availability strategy. This strategy includes real-time data replication across geographically redundant sites, leveraging advanced storage technologies to achieve a near-zero Recovery Point Objective (RPO). Critical applications will benefit from high-availability (HA) clustering in both active-active and active-passive configurations, guaranteeing operational continuity in the event of hardware or software failures.

CWSM's fault-tolerant architecture will include N+1 redundancy for power, cooling, and network systems to eliminate single points of failure. Automated load balancers will distribute traffic dynamically across servers to optimize performance and mitigate overload risks. Furthermore, AI-powered monitoring systems will be deployed to proactively detect anomalies, predict potential failures, and trigger automated recovery processes, minimizing downtime.

The redundancy roadmap includes multiple layers of protection:

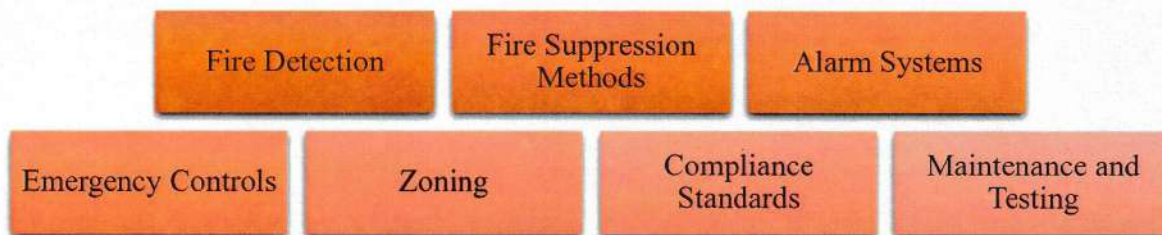
- **Power Infrastructure:** Dual power feeds with on-site backup generators and uninterruptible power supply (UPS) systems to support 48-hour operational continuity during outages.
- **Network Redundancy:** Connectivity from multiple Internet Service Providers (ISPs) and SD-WAN deployment to ensure continuous access and seamless failover for network traffic.
- **Backup Strategy:** Tiered backups with weekly full backups and daily incremental backups, stored on both local and off-site systems. Immutable backups using WORM (Write Once, Read Many) technology will further protect against ransomware threats.



- **Failover Mechanisms:** Geo-redundant sites with orchestration tools such as VMware Site Recovery Manager and automated DNS failover systems will enable seamless redirection to the Islamabad DR site in case of primary site outages.

12. MITIGATING SECURITY RISKS AND THREATS

The fire suppression system for a cloud-based data center is designed to protect critical equipment and data while minimizing damage. It includes early detection systems using sensitive smoke and



heat sensors, inert gas systems like FM-200 or Novec 1230, and clean agent suppression systems to effectively extinguish fires without harming equipment. Pre-action water sprinklers act as a backup, and fire-resistant doors and partitions help contain fires within specific zones. Ventilation and smoke control systems ensure safety and visibility, while automated alerts notify personnel of any fire-related issues. Regular testing, maintenance, and integration with the building management system (BMS) ensure the system remains fully operational, providing optimal protection and business continuity.

13. PAKISTAN'S DIGITAL TRANSFORMATION POLICIES

13.1. Digital Pakistan policy

The 2018 Digital Pakistan Policy remains central to the country's digital transformation, focusing on connectivity, infrastructure, e-government, and digital skills. It aims to create an environment for public and private sector growth, leveraging technology for better services and economic development.

13.2. Cloud first policy

The Cloud First Policy modernizes government IT services by prioritizing cloud adoption and aligning with global best practices. It introduces a framework for classifying data into five categories with corresponding deployment models, ensuring improved security, compliance, and resource optimization.



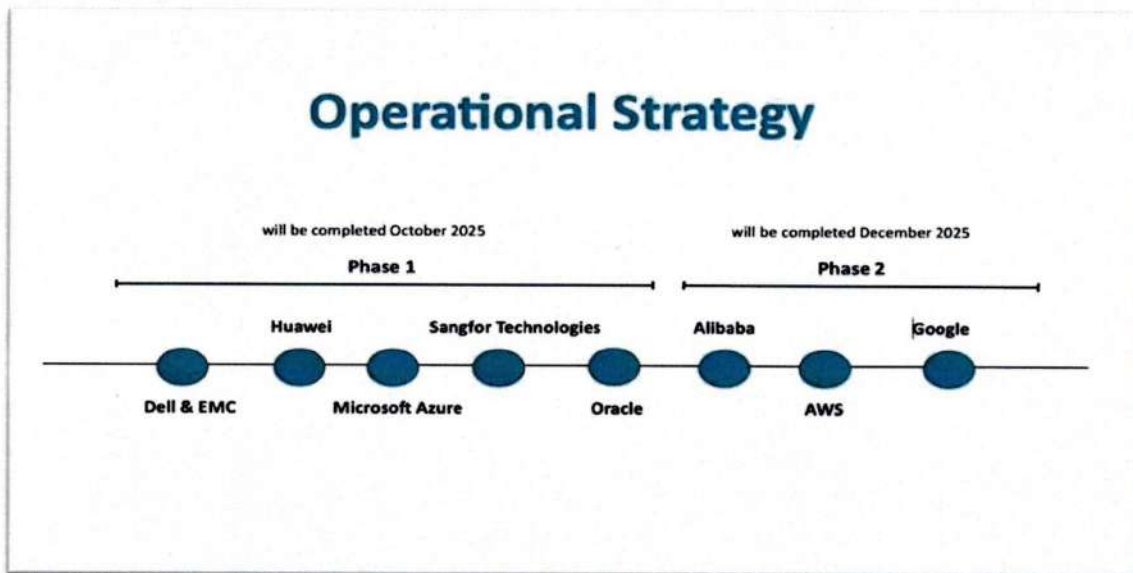
13.3. Draft AI policy

The 2023 Draft AI Policy outlines the government's vision to leverage AI for economic and societal growth. Relying on cloud computing, it aims to integrate AI across industries, using LLMs and algorithms to drive innovation, efficiency, and new revenue streams in sectors like healthcare, education, and governance.



These policies highlight Pakistan's commitment to digital transformation, leveraging cloud and AI to build a secure, efficient ecosystem. The government cloud market is projected to surpass **USD 200 million**, reflecting significant investment in cloud solutions.

14. PHASED IMPLEMENTATION AND OPERATIONAL ROADMAP



The operational strategy for the cloud business plan is structured into two distinct phases, each designed to leverage partnerships with global technology leaders to establish a robust and scalable cloud infrastructure. The business will start in the middle of the year 0.

14.1. Phase 1: Foundational Partnerships & Core Infrastructure Development

Phase 1 focuses on establishing the core cloud infrastructure and forming strategic partnerships with globally recognized technology providers. This foundational phase will ensure that CWSM is equipped to offer scalable, reliable, and secure cloud services.



14.1.1. Key Partnerships in Phase 1:

- **Dell & EMC:** Leading providers of infrastructure solutions, Dell & EMC will support storage and hardware requirements for scalable cloud services.
- **Microsoft Azure:** A globally renowned cloud platform, Azure will enable hybrid and multi-cloud solutions while providing tools for application development and deployment.
- **Huawei:** Huawei will contribute its expertise in cloud infrastructure and networking to enhance scalability and connectivity.
- **Sangfor Technologies:** Known for its security and IT solutions, Sangfor Technologies will play a vital role in ensuring the robustness and safety of the cloud environment.
- **Oracle:** Oracle's cloud services will be integrated to deliver enterprise-grade solutions for businesses requiring secure and efficient data management.

14.1.2. Success Metrics for Phase 1:

- Completion of core infrastructure setup in Lahore by the end of Year 1.
- Partnership agreements finalized with all Phase 1 tech giants.
- Achieving from **50%** in Year 1 to **80%** in Year 5 rack utilization and establishing a minimum of five key enterprise customers.
- A secure and compliant cloud platform with robust cybersecurity measures in place.

14.2. Phase 2: Expansion & AI Integration

Phase 2 will build upon the infrastructure and partnerships established in Phase 1, expanding CWSM's service offerings and capabilities, particularly through the integration of advanced AI-driven cloud solutions. This phase will also focus on geographical and technological expansion to strengthen CWSM's competitive edge.

14.2.1. Key Partnerships in Phase 2:

- **Alibaba:** As a leader in cloud computing and data intelligence, Alibaba will bring advanced tools for e-commerce and enterprise cloud applications.
- **AWS (Amazon Web Services):** AWS will provide industry-leading cloud infrastructure and platforms, further enhancing the company's ability to offer reliable and innovative cloud solutions.
- **Google:** Google's cloud services will contribute advanced AI and machine learning capabilities, expanding the range of services the company can offer to clients in Pakistan.



14.2.2. Success Metrics for Phase 2:

- Achieving a revenue target of **PKR 6.2 billion** by Year 5, driven by new services like AI and machine learning.
- Expand into at least one additional location with new data centers.
- **80%+** rack utilization and a significant increase in enterprise clients.
- Integrating AI and machine learning tools into the service offerings, with at least **50%** of clients using advanced AI-driven solutions by Year 5.

By structuring these phases around strategic partnerships and clear success metrics, CWSM will establish a robust foundation in Phase 1 and scale to a more diversified, innovative, and AI-enabled offering in Phase 2.

15. INNOVATION AND AI SERVICES

15.1. AI Differentiation: Unique Capabilities Setting CWSM Apart

CWSM's focus on integrating AI into its cloud services will set the company apart by providing cutting-edge capabilities designed to address the growing demand for data-driven insights and automation. Here are some specific AI capabilities that differentiate CWSM from its competitors:

- **Proprietary AI Models for Predictive Analytics:** CWSM will develop its proprietary AI models designed specifically for industries such as healthcare, e-commerce, and manufacturing. These models can predict customer behavior, streamline supply chains, and enhance diagnostic accuracy, providing businesses with insights that are not available through standard off-the-shelf AI solutions.
- **AI-Driven Automation and Process Optimization:** Leveraging machine learning algorithms, CWSM will offer services that automate key business processes, such as inventory management, predictive maintenance, and fraud detection. By automating these tasks, businesses can reduce operational costs and enhance efficiency.
- **AI-Powered Business Intelligence (BI) Tools:** CWSM will provide AI-powered BI tools that offer advanced data analysis and visualization, enabling businesses to make data-driven decisions. The platform will integrate AI to identify patterns, trends, and anomalies in real-time, helping businesses stay ahead of the competition.





- **AI-Enhanced Cloud Security:** CWSM will incorporate AI into its cloud security solutions by using machine learning models to detect and prevent threats in real-time. These AI-driven security tools will offer superior protection compared to traditional methods by continuously learning from new data and adapting to emerging threats.



- **Customized AI Solutions for Vertical Markets:** By working closely with clients in specific industries, CWSM will design tailored AI models that meet the unique needs of vertical markets. For instance, in healthcare, CWSM can create AI models for image recognition and diagnosis, while in retail, AI can help optimize pricing strategies and inventory management.

15.2. AI in Action: Practical Scenarios and Pilot Project Examples

Integrating AI into cloud services has real-world applications that demonstrate its potential to transform industries. Here are some practical scenarios and pilot project examples where CWSM can successfully integrate AI into its cloud services:

- **Salesforce Einstein:** Uses AI to provide predictive insights within CRM systems, suggesting potential leads and optimizing sales processes.
- **Amazon Personalize:** Leverages machine learning to deliver personalized product recommendations to customers on Amazon's online marketplace.
- **Google Cloud Vision API:** Enables image recognition and analysis on cloud-based data, allowing for automated image tagging and object detection.
- **Microsoft Azure Cognitive Services:** Offers a suite of AI tools, including text analytics, sentiment analysis, and facial recognition for various cloud applications.
- **Netflix Recommendation Engine:** Utilizes AI algorithms to suggest movies and TV shows based on user viewing history, creating a tailored experience.

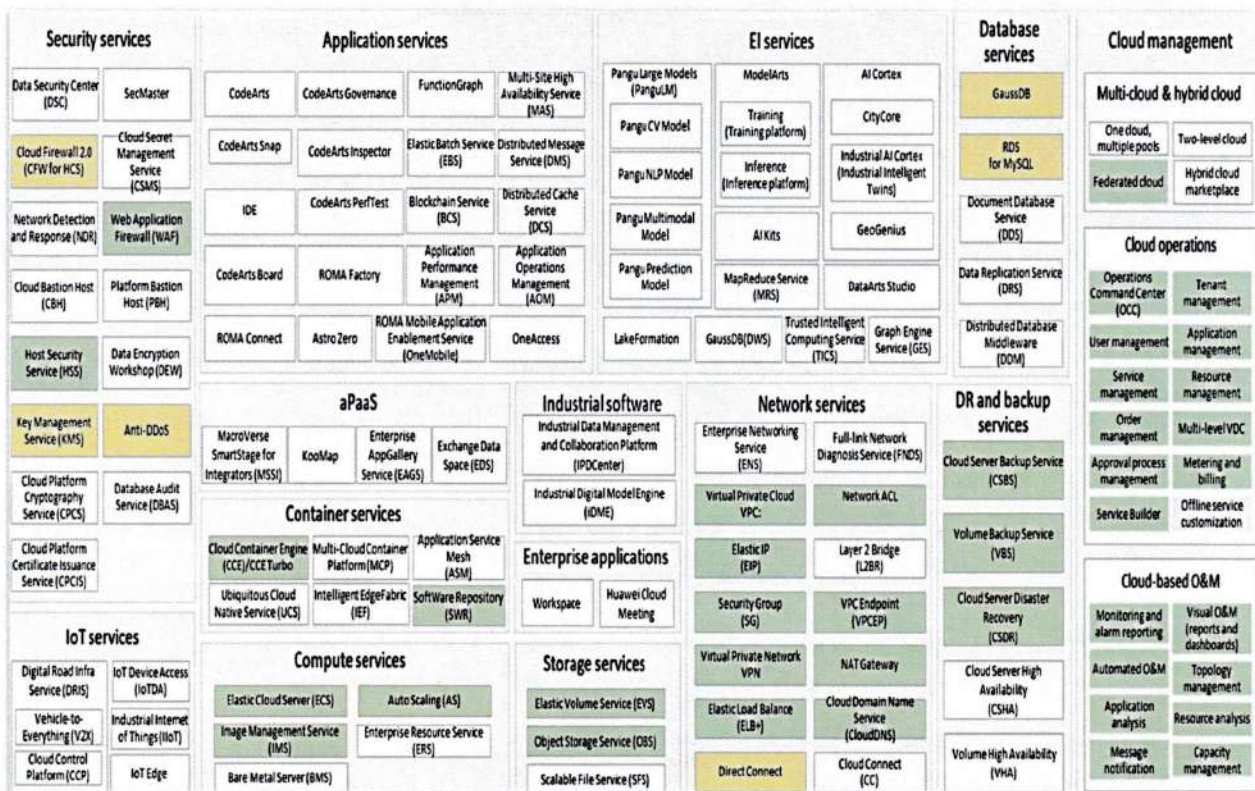
15.3. Key benefits of integrating AI into cloud services:

- **Improved Customer Experience:** AI-powered chatbots and virtual assistants can provide 24/7 support and answer basic queries, enhancing customer interactions.
- **Operational Efficiency:** Predictive analytics can optimize resource allocation, identify potential issues, and automate tasks, leading to cost savings.
- **Data Insights:** Machine learning algorithms can analyze large datasets to extract valuable insights, informing business decisions.



These practical applications demonstrate the power of AI in action and how CWSM can integrate AI into its cloud services to help businesses across different industries solve complex problems, enhance decision-making, and optimize operations. By offering AI-enabled cloud solutions that address real-world challenges, CWSM can position itself as a leader in the cloud and AI services market in Pakistan and beyond.

16. AI-ENABLED SERVICES-BASED DATA CENTER



17. SALES AND MARKETING

17.1. Targeting Strategy

CWSM will adopt a comprehensive targeting strategy to effectively reach potential clients across priority sectors such as financial services, healthcare, education, e-commerce, and IT. The approach includes:

17.1.1. Strategic Campaigns

- **Sector-Specific Outreach:** Develop tailored marketing campaigns highlighting how CWSM's solutions address industry-specific challenges, such as compliance for financial services or secure storage for healthcare data.





- **Case Studies and Testimonials:** Showcase success stories and real-world use cases to build trust and credibility among potential clients.
- **Thought Leadership:** Organize webinars, industry panels, and knowledge-sharing events to position CWSM as a trusted authority in the cloud and data center space.

17.1.2. Partnerships

- Collaborate with local IT consultancies, system integrators, and global technology providers to expand market reach.
- Engage with trade associations and regulatory bodies to create awareness and strengthen ties with key decision-makers in target sectors.



17.1.3. Channels

- **Direct Sales:** Deploy a dedicated sales team to engage directly with enterprise clients and government agencies, offering personalized consultations and solutions.
- **Referral Programs:** Introduce incentives for existing clients and partners to refer new customers.
- **Resellers and Distributors:** Leverage channel partners to penetrate untapped markets.



17.2. Digital Presence

A strong digital marketing strategy will play a crucial role in positioning CWSM as a leader in the data center and cloud services industry. Key components include:

17.2.1. Website Optimization

- Develop a user-friendly, SEO-optimized website showcasing CWSM's service portfolio, certifications, and case studies.
- Include interactive tools such as a cost calculator for potential clients to estimate service pricing.



17.2.2. Analytics and CRM Integration

- Use advanced analytics to track campaign performance and customer behavior, enabling data-driven decision-making.
- Integrate a robust Customer Relationship Management (CRM) system to streamline lead management and improve sales efficiency.





By combining targeted campaigns with a strong digital presence, CWSM will attract tech-savvy clients, build trust, and establish a dominant position in Pakistan’s growing cloud services market.

17.3. Customer-Acquisition Strategy

CWSM aims to onboard customers from untapped sectors in Pakistan’s digital ecosystem through a multi-faceted approach:

17.3.1. Targeted Outreach Campaigns

- Develop sector-specific marketing campaigns to highlight CWSM’s tailored solutions for financial services, healthcare, education, and e-commerce.
- Use success stories and testimonials to build credibility and demonstrate value.



17.3.2. Direct Engagement with Key Decision-Makers

- Establish partnerships with industry associations and regulatory bodies to connect with potential customers.
- Organize workshops, webinars, and networking events to showcase CWSM’s expertise and certifications.

17.3.3. Incentive Programs for Early Adopters

- Offer discounted packages or extended support services to attract early adopters and build a loyal customer base.

17.3.4. Local Partner Network

- Collaborate with IT consultancies, system integrators, and cloud resellers to access their customer networks.
- Leverage local market insights to identify and approach untapped customer segments.

17.3.5. Digital Marketing Strategy

- Invest in targeted digital advertising campaigns to reach tech-savvy clients in sectors like e-commerce and IT.
- Optimize the website for lead generation and provide tools like cost calculators or service demos to engage potential customers.



17.3.6. Sector-Specific Solutions

- For financial services, emphasize regulatory compliance, data localization, and disaster recovery.
- For e-commerce, offer solutions to ensure scalability during peak shopping periods.
- For healthcare, highlight secure storage and HIPAA-compliant services for patient data.

By leveraging this comprehensive strategy, CWSM will position itself as the preferred partner for businesses navigating Pakistan's evolving digital landscape, ensuring steady growth and customer acquisition across untapped sectors.

18. FINANCIAL ANALYSIS

18.1. Risk Sensitivity: Financial Risks & Mitigation Strategies

CWSM's business operations, like any large-scale infrastructure venture, are exposed to various financial risks that could impact profitability, cash flow, and overall financial stability. Below are the key financial risks, along with their mitigation strategies:

18.1.1. Inflation Risk

Impact: Inflation can drive up the costs of construction, raw materials, labor, and operational expenses, thereby reducing profit margins.

Mitigation Strategies:

- **Fixed-Price Contracts:** Where possible, CWSM can negotiate fixed-price contracts with suppliers and contractors to lock in costs and mitigate the impact of inflation.
- **Cost Contingency Planning:** Maintain a contingency reserve in the capital budget to cover unexpected cost increases due to inflationary pressures.
- **Operational Efficiencies:** Regularly optimize internal processes and adopt cost-saving technologies to counteract rising operational costs.

18.1.2. Currency Fluctuation Risk



Impact: Since CWSM will be engaging in international partnerships and acquiring global technology (e.g., Dell, Huawei, AWS, etc.), fluctuations in exchange rates could increase the cost of imported equipment, services, and repatriated profits. This risk is particularly relevant given that the company's capital and operational expenditures will be denominated in foreign currencies.



Mitigation Strategies:

- **Currency Hedging:** CWSM can use financial instruments like forward contracts and options to hedge against significant fluctuations in exchange rates, locking in favorable rates for future transactions.
- **Multi-Currency Accounts:** Maintain multi-currency accounts to facilitate payments in different currencies, thus reducing the need for frequent currency conversions that may expose the business to unfavorable rates.
- **Local Sourcing:** Where feasible, CWSM can look to source technology and equipment locally or regionally, reducing dependency on foreign currency.
- **Revenue Diversification:** By expanding to international markets and offering services to multinational clients, CWSM can balance the impact of local currency depreciation by generating revenue in foreign currencies.

18.1.3. Capital Expenditure Risk

Impact: The capital-intensive nature of building and maintaining data centers could lead to overestimation of future demand or underperformance of the facilities, resulting in unutilized or underutilized infrastructure. This could impact return on investment and overall profitability.

Mitigation Strategies:

- **Phased Expansion:** The company can adopt a phased expansion approach, building infrastructure based on market demand and scaling up as customer needs grow, reducing the risk of overbuilding.
- **Market Research & Demand Forecasting:** Implementing robust market research and demand forecasting models will allow CWSM to make more accurate predictions regarding capacity requirements, ensuring that infrastructure investments align with customer demand.
- **Flexible Infrastructure Design:** The infrastructure should be designed to allow for easy upgrades and scalability, so if demand grows faster than expected, the company can quickly expand its capacity.

18.1.4. Regulatory and Compliance Risk

Impact: Changes in government regulations, tax policies, or compliance requirements (such as data privacy laws or cloud governance policies) can affect CWSM's cost structure and business operations.





Mitigation Strategies:

- **Proactive Compliance Monitoring:** Maintain a dedicated compliance team to stay abreast of any regulatory changes and ensure the business remains compliant with national and international regulations.
- **Legal Counsel & Partnerships:** Collaborate with legal experts and international firms to ensure all partnerships, contracts, and operations adhere to local and global regulatory frameworks.
- **Flexibility in Service Offerings:** Develop services that can easily adapt to changing regulatory environments, particularly concerning data storage, privacy, and security standards.

By recognizing and addressing these financial risks through proactive strategies, CWSM will enhance its resilience against external shocks, maintain stable financial performance, and continue to grow its cloud and AI services in Pakistan and beyond.

19. EQUITY STRUCTURE AND ADVISORY FRAMEWORK FOR CWSM

19.1. Lead Advisor

Dawood Equities Limited (DEL) has been appointed for this initiative. It will oversee the facilitation of equity injection, financial planning, and other critical advisory roles essential for the successful execution of the data center operations.



19.2. Financial Proposal

Injection of **PKR 126.95 million** as loan in Year 0 by directors, friends and family to restructure the banking liabilities. Afterwards financing of **PKR 1.1 billion** will be made through fresh equity by the issuance of right shares underwritten by DEL. Any subsequent investments beyond this point will be classified as equity contributions.

19.3. Management and Board Control

Company will appoint **F.D Registrar (Pvt) Limited** as its new registrar upon the any first approval of change in line of business or change in name of company or issuance of right shares by the regulator. Despite this inclusion, the sponsors will retain overall control of the company's management, ensuring continuity in operations and strategic alignment.



19.4. Exclusivity Period

Upon acceptance of the term sheet, CWSM's sponsors will exclusively work with the DEL to raise funds. During this period, CWSM will not engage with any other underwriter till the completion of



transaction without consent of DEL, ensuring a focused and streamlined approach to achieving the financial targets outlined in the agreement.

19.5. Costs

PKR 1 million has been paid on acceptance of this letter and **3%** of the issuance and advisory fee **PKR 33 million** is to be paid upon receiving the funds through issuance of right shares. Any out-of-pocket expenses, legal fees etc. necessary to execute the transaction shall be borne by CWSM.



19.6. Reserve Matter

Following “Reserved Matters” shall be implemented by CWSM with mutual consent of DEL:

1. A material change in the composition of the Board.
2. Entering any liquidation event.
3. The declaration or payment of any dividend.
4. Any alterations or changes to the rights, preferences or privileges of the shares.
5. Any related party transactions, loans to the shareholders, management or employees beyond specified levels approved by the Board.

19.7. Closing Conditions

The implementation of the term sheet is conditional on achieving specific milestones. CWSM must secure regulatory approvals for name and business model changes, provide a detailed budget for investment utilization, and deliver a quarterly business plan for the first year of operations.

19.8. Use Of Proceeds

The proceeds from right offering shall be exclusively used for the purpose for procurement for cloud racks and/or bank liability settlement or any IT related business transactions.



19.9. Validity

The terms outlined in the document are valid for one year from the date of issuance, providing CWSM with a defined timeframe to meet the stipulated conditions and initiate operations under the agreed framework.

20. CORPORATE TRANSITION AND FINANCIAL RESTRUCTURING

The transformation of Chakwal Spinning Mills Ltd (CWSM) represents a significant strategic shift, both in operational scope and financial structure. Rather than forming a completely new entity, this transition is a continuation of CWSM under a new name and business line. This means it is not an



entirely new company but an evolution of CWSM, repurposing its financials, assets, and liabilities into the AI-driven data center business.

As part of this transition, the financials of the existing business —including its assets, liabilities, and equity are incorporated into the financial statements of the new business (**TBP**). This ensures a seamless integration where all historical financial obligations and resources of CWSM continue under new name (**TBP**). Notably, the liabilities of CWSM will be settled using the cash flows generated by the new business’s operations.

21. KEY ASSUMPTIONS UNDERPINNING PROJECTIONS

21.1. General Assumptions

- **Exchange rate**

The exchange rate is set at **280 PKR** as the base, and afterward, the rupee is estimated to devalue by about **5%** every year, providing a baseline for converting costs, revenues, and other financial figures from US dollars to Pakistani rupees.

- **Taxation**

The corporate income tax rate is set at **29% of profit before tax**, which aligns with the existing taxation policies in Pakistan for the listed companies.

- **Inflation and Rupee Devaluation**

It is assumed that the inflation rate will be **10%** and the rupee will be devalued by about **5%** against the USD every year. This adjustment ensures that the model reflects the impact of inflation while accounting for currency devaluation, maintaining a realistic projection of price changes.

21.2. Revenue

Revenue	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Capacity Available (No. of Racks)	15	22	36	36	36
Capacity Utilization (No. of Racks)	6	9	15	23	29



The projected revenue for the data center is driven by both rental and services income, with rental income accounting for **60%** of the total and services income making up **40%**. The revenue per rack per annum is estimated at **USD 683,759**, with a **3%** increase during the forecast period, gradually aiming to improve service delivery. The initial installed capacity will be 8 racks in year 0, growing incrementally to 36 racks by Year 3, and this level will be maintained through Years 4 and 5. The capacity utilization is planned to remain at 50% for the first 3 years with an increase to 65% in Year 4 and to 80% in Year 5, ensuring a steady stream of revenue. Each rack provides significant resources, including **1,264** cores, **5,632** GB of memory, and **326,400** GB of storage, supporting high-performance computing tasks and large-scale data storage. Additionally, rental revenue per core/per GB will contribute to the financial sustainability and profitability of the operation.

Total Resources per Rack	
Cores	1264
Memory	5632
Storage	326400
Rental Revenue per 1 Core, 4 GB RAM, 256GB storage	
Annual	324.57
Monthly	27.05
Services Revenue per 1264 customers	
Annual	216.38
Monthly	18.03
Yearly Revenue per Rack	
Rental	410,260
Services	273,499

21.3. Payroll

- **Salary Increment**

Employee salaries are projected to increase by **10% annually**, reflecting expected market trends and adjustments for inflation, ensuring competitive compensation for staff retention and motivation.

- **Employee Benefits**

Employee benefits are set at **10% of gross salary**, providing for welfare measures and meeting statutory requirements, fostering employee satisfaction and compliance.

21.4. Administration Expenses

The administrative expenses will be paid in arrears, with payments made one month after the indirect costs have been incurred.

21.5. Sales & Marketing Expenses

Sales and marketing expenses are estimated at **USD 3,600** per rack per annum, covering the costs of customer acquisition, promotions, and brand development.

21.6. Insurance Cost

Insurance is estimated at **3%** of CAPEX, ensuring adequate coverage for risks associated with infrastructure, operations, and business continuity.

21.7. Capital Expenditure



A significant CAPEX of **PKR 9.7 billion** is allocated for a new data center which will be constructed over the years till year 7, reflecting the company's expansion strategy to accommodate growing customer demand and enhance operational capabilities.

21.8. Provisional and Contingent Expenses

A provision of **USD 100,000** is made for contingent expenses, ensuring financial flexibility to address unforeseen events during the project's lifecycle.

21.9. Cost of service (annually)

- **Rent**

The rent per rack is set at **USD 24,000 (PKR 6.72 million)**, covering the leasing costs of physical space for the data center facility.

- **Electricity**

Electricity cost is estimated at **USD 20,000 (PKR 5.6 million)** per rack, reflecting the energy consumption required to power servers and maintain cooling systems.

- **O&M Staff**

Operations and maintenance staff costs are estimated at **USD 2,400 (PKR 672,000)** per rack, ensuring adequate support for technical operations and routine maintenance.

- **Maintenance – Hardware**

Hardware maintenance costs are estimated at **USD 13,000 (PKR 3.64 million)** per rack, including repairs and regular servicing of physical infrastructure.

- **Maintenance - Software**

Software maintenance cost is estimated at **USD 20,000 (PKR 5.6 million)** per rack, covering software updates, licensing fees, and troubleshooting support.



22. FINANCIAL BREAKDOWN AND COSTS

22.1. Capital Expenditures

22.1.1. Aggregate Capital Expenditures

CAPITAL EXPENDITURE						
	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	USD	USD	USD	USD	USD	USD
Cost per Rack	350,000					
No. of Rack	8	7	7	14	-	8
Total Cost of Racks	2,800,000	2,450,000	2,450,000	4,900,000	-	2,800,000
Total Cost FA	3,060,729	2,450,000	2,450,000	4,900,000	-	2,800,000
Total Cost Intangibles	63,000	-	-	-	22,000	-
Total Cost FA PKR	857,004,000	686,000,000	718,830,000	1,506,462,300	-	945,201,442
Total Cost Intangibles PKR	17,640,000	-	-	-	7,087,400	-
New Data Centre PKR				250,000,000	2,700,000,000	2,693,000,000
Total Cost in PKR	874,644,000	686,000,000	686,000,000	1,372,000,000	6,160,000	3,477,000,000

In Year 0, the cost per rack is **USD 350,000**, with 8 racks installed, leading to a total rack cost of **USD 2.8 million**. The total capital expenditure for the year amounts to **PKR 874.6 million**, reflecting initial setup and infrastructure investment.

Year 1 sees an increase in the number of racks by **7**, costing **USD 2.45 million**. There is no expenditure on intangibles during this year, with total capital expenditure reaching **PKR 68.6 million**.

In Years 2 and 3, a total of **7 and 14 racks** will be installed each year respectively, resulting in total rack costs of **USD 2.45 million** and **USD 4.9 million** annually respectively. The total capital expenditure for both years amounts to **PKR 2,058 million**.

In Year 5, 8 racks will be replaced, costing a total of **USD 2.8 million**. Additionally, the new data center incurs a significant cost of **PKR 2.693 billion** for the year. The total capital expenditure for the year reached **PKR 3.477 billion**, marking substantial investment in infrastructure and expansion.

Overall, the five-year period demonstrates strategic investments in racks, fixed assets, intangibles, and new data center projects to support operational growth and capacity enhancement.



22.1.2. Cost per rack

COST PER RACK			
Equipment/Rack	USD	Equipment/Rack	USD
Leaf Switch 1 48 x 25gbps	20,000	PDU's	1,000
Leaf Switch 2 48 x 25gbps	20,000	DAC Cables	2,000
OOB Switch	5,000		
Storage Node 1	25,000		
Storage Node 2	25,000		
Compute Node 1	14,000	Compute Node 10	14,000
Compute Node 2	14,000	Compute Node 11	14,000
Compute Node 3	14,000	Compute Node 12	14,000
Compute Node 4	14,000	Compute Node 13	14,000
Compute Node 5	14,000	Compute Node 14	14,000
Compute Node 6	14,000	Compute Node 15	14,000
Compute Node 7	14,000	Compute Node 16	14,000
Compute Node 8	14,000	Compute Node 17	14,000
Compute Node 9	14,000	Compute Node 18	14,000
Cost per Rack	350,000		

The table outlines the cost per rack for the data center, totaling **USD 350,000** per rack, which includes components such as Leaf Switches, OOB switches, storage nodes, compute nodes, PDU's, and DAC cables.

22.1.3. Equipment cost

EQUIPMENT COST				
Equipment/office	YEAR 0 USD	Equipment/office	YEAR 0 USD	YEAR 4 USD
Transit Router 1	30,000	Transit Router 2	30,000	
Spine Switch 100gbps x 16 ports	20,000	Spine Switch 100gbps x 16 ports	20,000	
Infrastructure Switch 1	5,000	Infrastructure Switch 2	5,000	
Infrastructure Services Server1	10,000	Infrastructure Services Server4	10,000	
Infrastructure Services Server2	10,000	Infrastructure Services Server5	10,000	
Infrastructure Services Server3	10,000	Infrastructure Services Server6	10,000	
Structure Cabling	5,000	Structure Cabling	5,000	
Server rack network cabinet	2,000	Fortinet Firewalls with Redundancy	10,000	10,000
IoT-Enabled Temperature Devices	5,000	EDR KASERPERSKY Solution	12,000	12,000
Patch Panel fully loaded	200	Microsoft Windows Licenses	1,000	
Redundant Internet Links	2,000	ISO 27001 ISMS Certification/NIST	40,000	
Cable Management Accessories	100	Vehicle - General CAPEX	71,429	

The table outlines the equipment costs required for the data center's infrastructure. Key components include Transit Routers at **USD 30,000** each, Spine Switches at **USD 20,000** each, and Infrastructure



Servers at **USD 10,000 per unit**, ensuring robust connectivity and scalability. Additional costs include structure cabling priced at **USD 5,000** and server rack cabinets at **USD 2,000**, supporting efficient operations.

Cybersecurity measures include Firewalls at **USD 10,000**, EDR solutions at **USD 12,000**, and ISMS certifications for **USD 40,000**, ensuring compliance and security. General expenses, such as vehicles costing **USD 71,429**, cater to logistical needs. These allocations emphasize a focus on performance, security, and scalability, with recurring costs in Year 4 reflecting maintenance and upgrades.

22.2.Fixed Assets

22.2.1. Financial Year 01

	Cost				No of Months	Depredation				Net book value
	As at start of period	Additions	Disposal	As at end of period		As at start of period	For the Year	Disposal	As at end of period	
	Rupees					Rupees				
Transit Router	-	50,400,000	-	50,400,000	60	-	10,080,000	-	10,080,000	40,320,000
Vehicles	-	20,000,000	-	20,000,000	120	-	2,000,000	-	2,000,000	18,000,000
Rack - Equipment	-	1,470,000,000	-	1,470,000,000	60	-	294,000,000	-	294,000,000	1,176,000,000
Existing Business (CWSM)	-	2,037,026,360	-	2,037,026,360	60	-	407,405,272	-	407,405,272	1,629,621,088
New Data Centre - CWIP	-	0	-	0	0	-	-	-	-	-
Other Equipment	-	2,604,000	-	2,604,000	120	-	260,400	-	260,400	2,343,600
	-	3,580,030,360	-	3,580,030,360		-	713,745,672	-	713,745,672	2,866,284,688

The Cost section details the initial investment in fixed assets for the year, including Transit Routers, Vehicles, Rack Equipment, and Other Equipment, and existing business totaling **PKR 3.58 billion**, with no disposal recorded.

22.2.2. Financial Year 02

	Cost				No of Months	Depredation				Net book value
	As at start of period	Additions	Disposal	As at end of period		As at start of period	For the Year	Disposal	As at end of period	
	Rupees					Rupees				
Transit Router	50,400,000	0	-	50,400,000	60	10,080,000	10,080,000	-	20,160,000	30,240,000
Vehicles	20,000,000	0	-	20,000,000	120	2,000,000	2,000,000	-	4,000,000	16,000,000
Rack - Equipment	1,470,000,000	718,830,000	-	2,188,830,000	60	294,000,000	437,766,000	-	731,766,000	1,457,064,000
Existing Business (CWSM)	2,037,026,360	0	-	2,037,026,360	60	407,405,272	407,405,272	-	814,810,544	1,222,215,816
New Data Centre - CWIP	-	0	-	0	0	-	-	-	-	-
Other Equipment	2,604,000	0	-	2,604,000	120	260,400	260,400	-	520,800	2,083,200
	3,580,030,360	718,830,000	-	4,298,860,360		713,745,672	857,511,672	-	1,571,257,344	2,727,603,016

The Cost section outlines the previous year's asset balance and new investments, including an additional **PKR 0.718 billion** in Rack Equipment, raising total fixed assets to **PKR 4.298 billion** with no disposal.

22.2.3. Financial Year 03

	Cost				No of Months	Depredation				Net book value
	As at start of period	Additions	Disposal	As at end of period		As at start of period	For the Year	Disposal	As at end of period	
	Rupees					Rupees				
Transit Router	50,400,000	0	-	50,400,000	60	20,160,000	10,080,000	-	30,240,000	20,160,000
Vehicles	20,000,000	0	-	20,000,000	120	4,000,000	2,000,000	-	6,000,000	14,000,000
Rack - Equipment	2,188,830,000	1,506,462,300	-	3,695,292,300	60	731,766,000	739,058,460	-	1,470,824,460	2,224,467,840
Existing Business (CWSM)	2,037,026,360	0	-	2,037,026,360	60	814,810,544	407,405,272	-	1,222,215,816	814,810,544
New Data Centre - CWIP	-	250,000,000	-	250,000,000	0	-	-	-	-	250,000,000
Other Equipment	2,604,000	0	-	2,604,000	120	520,800	260,400	-	781,200	1,822,800
	4,298,860,360	1,756,462,300	-	6,055,322,660		1,571,257,344	1,158,804,132	-	2,730,061,476	3,325,261,184



The Cost section shows assets from the previous year, with Rack Equipment increasing by **PKR 1.506 billion** and contributions to construction of New Data Center of **PKR .250 billion** and no disposal.

22.2.4. Financial Year 04

	Financial Year 04									
	Cost				No of Months	Depreciation				Net book value
	As at start of period	Additions	Disposal	As at end of period		As at start of period	For the Year	Disposal	As at end of period	As at end of period
	Rupees					Rupees				
Transit Router	50,400,000	0		50,400,000	60	30,240,000	10,080,000		40,320,000	10,080,000
Vehicles	20,000,000	0		20,000,000	120	6,000,000	2,000,000		8,000,000	12,000,000
Rack - Equipment	3,695,292,300	0		3,695,292,300	60	1,470,824,460	739,058,460		2,209,882,920	1,485,409,380
Existing Business (CWSM)	2,037,026,360			2,037,026,360	60	1,222,215,816	407,405,272		1,629,621,088	407,405,272
New Data Centre - CWIP	250,000,000	2,700,000,000		2,950,000,000	0					2,950,000,000
Other Equipment	2,604,000	0		2,604,000	120	781,200	260,400		1,041,600	1,562,400
	6,055,322,660	2,700,000,000		8,755,322,660		2,730,061,476	1,158,804,132		3,888,865,608	4,866,457,052

The Cost section reports increase in fixed assets to **PKR 8.755 billion**, with expenditure for New Data Center by **PKR 2.7 billion** and no disposals.

22.2.5. Financial Year 05

	Financial Year 05									
	Cost				No of Months	Depreciation				Net book value
	As at start of period	Additions	Disposal	As at end of period		As at start of period	For the Year	Disposal	As at end of period	As at end of period
	Rupees					Rupees				
Transit Router	50,400,000	0		50,400,000	60	40,320,000	10,080,000		50,400,000	-
Vehicles	20,000,000	0		20,000,000	120	8,000,000	2,000,000		10,000,000	10,000,000
Rack - Equipment	3,695,292,300	945,201,442	784,000,000.00	3,856,493,742	60	2,209,882,920	739,059,180	784,000,000.00	2,164,942,100	1,691,551,642
Existing Business (CWSM)	2,037,026,360			2,037,026,360	60	1,629,621,088	407,405,992		2,037,027,080	
New Data Centre - CWIP	2,950,000,000	2,693,000,000		5,643,000,000	0					5,643,000,000
Other Equipment	2,604,000	0		2,604,000	120	1,041,600	260,400		1,302,000	1,302,000
	8,755,322,660	3,638,201,442	784,000,000	11,609,524,102		3,888,865,608	1,158,805,572	784,000,000	4,263,671,180	7,345,852,922

During the year, significant asset additions included **PKR 2.693 billion** for a New Data Center construction and **PKR 945 million** for Rack Equipment, totaling fixed assets at **PKR 11.60 billion**. Additionally, the 8 racks installed in year 0 are disposed of in year 5 for **PKR 0.784 billion**.

22.3. Intangibles

22.3.1. Financial Year 01

	Financial Year 01									
	Cost				No of Months	Amortization				Net book value
	As at start of period	Additions	Disposal	As at end of period		As at start of period	For the Year	Disposal	As at end of period	As at end of period
	Rupees					Rupees				
Firewall	-	2,800,000		2,800,000	36	-	933,333		933,333	1,866,667
EDR Solution	-	3,360,000		3,360,000	36	-	1,120,000		1,120,000	2,240,000
Microsoft Windows Licenses	-	280,000		280,000	60	-	56,000		56,000	224,000
ISMS Certification/ NIST Deployment	-	11,200,000		11,200,000	60	-	2,240,000		2,240,000	8,960,000
	-	17,640,000		17,640,000		-	4,349,333		4,349,333	13,290,667

The total cost of intangible assets for the year amounted to **PKR 17.64 million**, which included Firewalls with Redundancy at **PKR 2.8 million**, EDR Solution at **PKR 3.36 million**, Microsoft Windows Licenses at **PKR 280,000**, and ISMS at **PKR 11.2 million**.



22.3.2. Financial Year 02

	Financial Year 02									
	Cost				No of Months	Amortization				Net book value
	As at start of period	Additions	Disposal	As at end of period		As at start of period	For the Year	Disposal	As at end of period	As at end of period
	Rupees					Rupees				
Firewall	2,800,000	0	0	2,800,000	36	933,333	933,333	-	1,866,667	933,333
EDR Solution	3,360,000	0	0	3,360,000	36	1,120,000	1,120,000	-	2,240,000	1,120,000
Microsoft Windows Licenses	280,000	0	0	280,000	60	56,000	56,000	-	112,000	168,000
ISMS Certification/ NIST Deployment	11,200,000	0	0	11,200,000	60	2,240,000	2,240,000	-	4,480,000	6,720,000
	17,640,000	-	-	17,640,000		4,349,333	4,349,333	-	8,698,667	8,941,333

The total cost of intangible assets remained consistent at **PKR 17.6 million**, with no new additions or disposal during the year.

22.3.3. Financial Year 03

	Financial Year 03									
	Cost				No of Months	Amortization				Net book value
	As at start of period	Additions	Disposal	As at end of period		As at start of period	For the Year	Disposal	As at end of period	As at end of period
	Rupees					Rupees				
Firewall	2,800,000	0	0	2,800,000	36	1,866,667	933,333	-	2,800,000	-
EDR Solution	3,360,000	0	0	3,360,000	36	2,240,000	1,120,000	-	3,360,000	-
Microsoft Windows Licenses	280,000	0	0	280,000	60	112,000	56,000	-	168,000	112,000
ISMS Certification/ NIST Deployment	11,200,000	0	0	11,200,000	60	4,480,000	2,240,000	-	6,720,000	4,480,000
	17,640,000	-	-	17,640,000		8,698,667	4,349,333	-	13,048,000	4,592,000

Intangible asset **costs** stayed the same at **PKR 17.6 million**, with no changes in additions or deletions.

22.3.4. Financial Year 04

	Financial Year 04									
	Cost				No of Months	Amortization				Net book value
	As at start of period	Additions	Disposal	As at end of period		As at start of period	For the Year	Disposal	As at end of period	As at end of period
	Rupees					Rupees				
Firewall	2,800,000	3,221,545	2,800,000	3,221,545	36	2,800,000	1,073,848	2,800,000	1,073,848	2,147,697
EDR Solution	3,360,000	3,865,855	3,360,000	3,865,855	36	3,360,000	1,288,618	3,360,000	1,288,618	2,577,236
Microsoft Windows Licenses	280,000	0	0	280,000	60	168,000	56,000	-	224,000	56,000
ISMS Certification/ NIST Deployment	11,200,000	0	0	11,200,000	60	6,720,000	2,240,000	-	8,960,000	2,240,000
	17,640,000	7,087,400	6,160,000	18,567,400		13,048,000	4,658,467	6,160,000	11,546,467	7,020,933

A major addition of **PKR 3.2 million** and **PKR 3.8 million** is to be made during the year, primarily attributed to Firewall solutions and EDR Solutions respectively, bringing the total cost to **PKR 18.5 million** with disposals of **PKR 6.16 million**.

22.3.5. Financial Year 05

	Financial Year 05									
	Cost				No of Months	Amortization				Net book value
	As at start of period	Additions	Disposal	As at end of period		As at start of period	For the Year	Disposal	As at end of period	As at end of period
	Rupees					Rupees				
Firewall	3,221,545	0	0	3,221,545	36	1,073,848	1,073,848	-	2,147,697	1,073,848
Transit Router	3,865,855	0	0	3,865,855	36	1,288,618	1,288,618	-	2,577,236	1,288,618
Microsoft Windows Licenses	280,000	0	0	280,000	60	224,000	56,000	-	280,000	-
ISMS Certification/ NIST Deployment	11,200,000	0	0	11,200,000	60	8,960,000	2,240,000	-	11,200,000	-
	18,567,400	-	-	18,567,400		11,546,467	4,658,467	-	16,204,933	2,362,467

No new additions or deletions occurred during Year 5, maintaining the total cost of intangible assets at **PKR 18.5 million**.



22.4. Cost of Service

COST OF SERVICE

Cost of Service	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	PKR	PKR	PKR	PKR	PKR	PKR
Depreciation	-	713,745,672	857,511,672	1,158,804,132	1,158,804,132	1,158,805,572
Ammortization	-	4,349,333	4,349,333	4,349,333	4,658,467	4,658,467
Employee Benefit	181,440	1,088,640	1,197,504	1,317,254	1,448,980	1,593,878
Staff Salary	1,814,400	10,886,400	11,975,040	13,172,544	14,489,798	15,938,778
Total Cost	1,995,840	730,070,045	875,033,549	1,177,643,264	1,179,401,377	1,180,996,695

The section outlines the key expenses over five years. Employee benefits grew from **PKR 1.08 million** in Year 1 to **PKR 1.59 million** in Year 5, reflecting salary increments. Overall, the total cost increased from **PKR 730 million** in Year 1 to **PKR 1.18 billion** in Year 5, driven by the scaling of operations and service delivery.

22.5. Operating Expenses

OPERATING EXPENSES

Operating Costs	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	PKR	PKR	PKR	PKR	PKR	PKR
Staff Salary	17,035,200	34,070,400	39,879,840	43,867,824	48,254,606	53,080,067
Employee Benefit	1,703,520	3,407,040	3,987,984	4,386,782	4,825,461	5,308,007
Rent	26,880,000	53,760,000	110,880,000	178,886,400	321,995,520	354,195,072
Electricity	-	32,200,000	56,980,000	98,252,000	174,414,240	236,130,048
O&M Staff	-	3,864,000	6,513,480	10,698,957	18,092,199	23,332,973
Maintenance - Hardware	-	20,930,000	35,281,350	57,952,682	97,999,413	126,386,936
Insurance	-	107,930,111	142,444,512	220,448,545	350,341,430	262,883,174
Maintenance - Software	-	32,200,000	54,279,000	89,157,973	150,768,328	194,441,439
Total Cost	45,618,720	288,361,551	450,246,166	703,651,163	1,166,691,198	1,255,757,116

The company's operating expenses, including staff salaries, employee benefits, rent, electricity, O&M staff, hardware maintenance, insurance, and software maintenance, reflect its increase over five years. The majority of the costs are directly linked to the number of racks installed, the impact of inflation, and currency devaluation.



22.6.Human Resource

The payroll data provides detailed insights into the salaries allocated for each employee type over five years, highlighting changes in compensation and staff count. In year 0, the half-year salaries are included only.

PAYROLL							
EMPLOYEE Position	Yearly Salary PKR	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
		No of Employees					
CEO	16,800,000	1	1	1	1	1	1
CTO	9,240,000	1	1	1	1	1	1
CFO	5,241,600	1	1	1	1	1	1
Accountant	1,579,200	1	1	1	1	1	1
Sales & Accounts manager	3,360,000	1	1	1	1	1	1
Sales Executive	2,184,000	1	2	2	2	2	2
System Engineer	1,948,800	1	3	3	3	3	3
Network Engineer	840,000	1	3	3	3	3	3
Datacenter Technician	840,000	1	3	3	3	3	3
HR Manager	2,184,000	0	0	1	1	1	1
Security Guards	403,200	3	3	3	3	3	3

EMPLOYEE Position	YEAR 0 PKR	YEAR 1 PKR	YEAR 2 PKR	YEAR 3 PKR	YEAR 4 PKR	YEAR 5 PKR
CEO	8,400,000	16,800,000	18,480,000	20,328,000	22,360,800	24,596,880
CTO	4,620,000	9,240,000	10,164,000	11,180,400	12,298,440	13,528,284
CFO	2,620,800	5,241,600	5,765,760	6,342,336	6,976,570	7,674,227
Accountant	789,600	1,579,200	1,737,120	1,910,832	2,101,915	2,312,107
Sales & Accounts manager	1,680,000	3,360,000	3,696,000	4,065,600	4,472,160	4,919,376
Sales Executive	1,092,000	4,368,000	4,804,800	5,285,280	5,813,808	6,395,189
System Engineer	974,400	5,846,400	6,431,040	7,074,144	7,781,558	8,559,714
Network Engineer	420,000	2,520,000	2,772,000	3,049,200	3,354,120	3,689,532
Datacenter Technician	420,000	2,520,000	2,772,000	3,049,200	3,354,120	3,689,532
HR Manager	-	-	2,402,400	2,642,640	2,906,904	3,197,594
Security Guards	604,800	1,209,600	1,330,560	1,463,616	1,609,978	1,770,975

YEAR 0 PKR	YEAR 1 PKR	YEAR 2 PKR	YEAR 3 PKR	YEAR 4 PKR	YEAR 5 PKR	
Total Payroll						
Total Admin	17,035,200	34,070,400	39,879,840	43,867,824	48,254,606	53,080,067
Total Cost of service	1,814,400	10,886,400	11,975,040	13,172,544	14,489,798	15,938,778
Total Marketing	2,772,000	7,728,000	8,500,800	9,350,880	10,285,968	11,314,565
Employee Benefit						
Total Admin	1,703,520	3,407,040	3,987,984	4,386,782	4,825,461	5,308,007
Total Cost of service	181,440	1,088,640	1,197,504	1,317,254	1,448,980	1,593,878
Total Marketing	277,200	772,800	850,080	935,088	1,028,597	1,131,456



22.7. Sales and Marketing

SALES & MARKETING

	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	PKR	PKR	PKR	PKR	PKR	PKR
Sales & Marketing						
Sales & Marketing Expense		15,120,000	23,237,280	39,844,391	41,751,229	43,749,324
Employee Benefit	277,200	772,800	850,080	935,088	1,028,597	1,131,456
Staff Salary	2,772,000	7,728,000	8,500,800	9,350,880	10,285,968	11,314,565
Total Cost	3,049,200	23,620,800	32,588,160	50,130,359	53,065,794	56,195,345

The Sales & Marketing expenses and associated costs have steadily increased over the 5 years, reflecting the company's efforts to strengthen its market presence and enhance employee support.

RECEIVABLE

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	PKR	PKR	PKR	PKR	PKR
Receivables					
Total Revenue	1,100,852,279	1,824,064,363	2,945,124,461	4,895,406,190	6,205,868,770
Receivable at Period end	91,737,690	152,005,364	245,427,038	407,950,516	517,155,731

23. RECEIVABLES MANAGEMENT OVERVIEW

The receivables at the end of each year indicate the portion of revenue yet to be collected. These figures have grown in line with revenue, starting at **PKR 91 million** in Year 1 and reaching **PKR 517 million** by Year 5. Additionally, all the receivable of existing business amounting to **PKR 424,607** will be received in year 1.

30-Sep-24	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CW5M	IDTL					
PKR	PKR	PKR	PKR	PKR	PKR	PKR

LIABILITIES

Current Liability

Income Tax Payable	10,232,194	-	1,315,867	30,557,408	69,927,205	177,055,344	264,871,743
Short Term Borrowings	385,332,419	269,732,693	231,199,451	154,132,968	77,066,484	-	-
current portion of lease liabilities	2,431,516	1,702,061	1,458,910	972,606	486,303	-	-
current portion of deferred liabilities	35,434,024	24,803,817	21,260,414	14,173,610	7,086,805	-	-
Interest Payable	67,778,697	67,778,697	52,778,697	-	-	-	-
Unclaimed dividend	384,347	384,347	384,347	384,347	384,347	384,347	384,347
Accrued Expenses	279,672,007	279,672,007	305,670,537	40,236,194	62,815,127	101,646,416	109,329,422
Employee Benefit		2,162,160	7,430,640	13,466,208	20,105,333	27,408,370	35,441,711
Payroll Liabilities		1,801,800	4,390,400	5,029,640	5,532,604	6,085,864	6,694,451
	781,265,204	648,037,583	625,889,263	258,952,980	243,404,208	312,580,341	416,721,674

24. PAYABLES AND FINANCIAL OBLIGATIONS

The Payables schedule highlights the company's growing indirect expenses and the corresponding Payables at the end of each year over five years.



PAYABLE

	YEAR 1 PKR	YEAR 2 PKR	YEAR 3 PKR	YEAR 4 PKR	YEAR 5 PKR
Payable					
Indirect Expenses	311,982,351	482,834,326	753,781,522	1,219,756,992	1,311,953,061
Payable at period end	25,998,529	40,236,194	62,815,127	101,646,416	109,329,422

25. REVENUE PROJECTIONS AND GROWTH

REVENUE

	YEAR 1 PKR	YEAR 2 PKR	YEAR 3 PKR	YEAR 4 PKR	YEAR 5 PKR
Revenue					
Capacity Available (No. of Racks)	15	22	36	36	36
Capacity Utilization (No. of Racks)	6	9	15	23	29
Revenue Per Rack					
Rental	660,518,325	1,094,450,146	1,767,093,290	2,937,274,653	3,723,560,483
Services	440,333,954	729,614,217	1,178,031,171	1,958,131,537	2,482,308,287
REVENUE	1,100,852,279	1,824,064,363	2,945,124,461	4,895,406,190	6,205,868,770

The annual revenue generated per rack combines revenue from rental and services. The rental revenue per rack is **USD 410,260**, while the service revenue is **USD 273,499** per rack, making the total annual revenue per rack **USD 683,759** in year 1. After year 1, the rental and service revenue increased by **3%** every year.

26. PROJECTED CONSOLIDATED FINANCIAL STATEMENTS

26.1. Dashboard

DASHBOARD

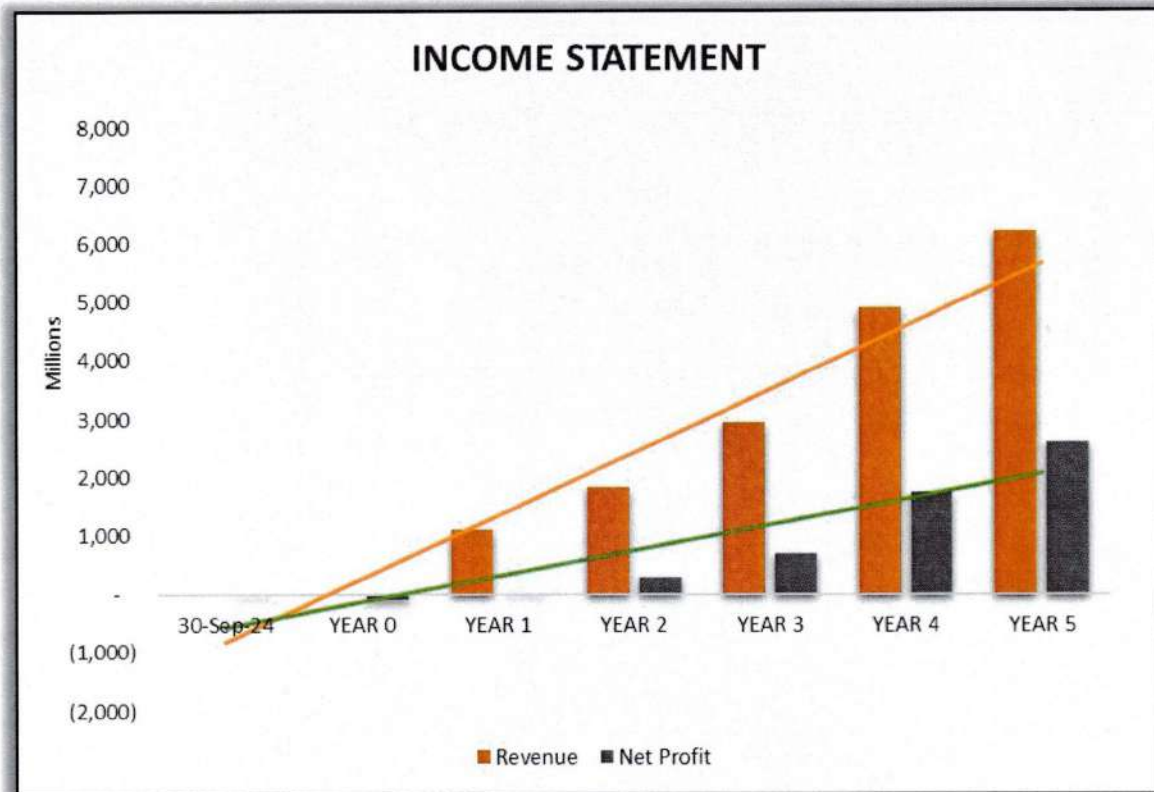
	30-Sep-24 CWSM PKR	YEAR 0 PKR	YEAR 1 PKR	YEAR 2 PKR	YEAR 3 PKR	YEAR 4 PKR	YEAR 5 PKR
Proposed new name to be communicated later							
INCOME STATEMENT							
Revenue	-	-	1,100,852,279	1,824,064,363	2,945,124,461	4,895,406,190	6,205,868,770
Gross Profit	(27,971,867)	(1,995,840)	370,782,234	949,030,814	1,767,481,197	3,716,004,813	5,024,872,075
Net Profit	(29,060,690)	(90,163,760)	12,886,417	299,251,856	684,804,355	1,733,921,297	2,593,916,378
FINANCIAL POSITION							
Total Assets	2,096,714,274	3,067,282,280	3,058,020,377	2,990,335,951	3,659,591,533	5,462,688,963	8,160,746,674
Total Liabilities	781,265,204	648,037,583	625,889,263	258,952,980	243,404,208	312,580,341	416,721,674
Total Shareholder'S Equity	1,315,449,069	2,419,244,697	2,432,131,114	2,731,382,970	3,416,187,325	5,150,108,622	7,744,025,000

26.1.1. Income Statement

The income statement highlights a strong financial recovery, with revenue growing consistently from Year 0 to Year 5, reaching **PKR 6.20 billion**. Gross profit, initially negative, turns positive and climbs



to **PKR 5.02 billion**, reflecting improved cost management and operational efficiency. Net profit, which started in losses, also shows a steady increase, reaching **PKR 2.59 billion** in Year 5, indicating profitability and sustainable growth.



26.1.2. Financial Position

The financial position demonstrates significant asset expansion, with total assets increasing from **PKR 2.09 billion** and **PKR 3.06 billion** in Year 0 to **PKR 8.16 billion** in Year 5. Liabilities remain controlled, ensuring financial stability. Shareholders' equity grows substantially to **PKR 7.744 billion**.



26.2. Statement of Profit and Loss

STATEMENT OF PROFIT & LOSS							
30-Sep-28	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	
CW-M	Proposed new name to be communicated later						
PKR	PKR	PKR	PKR	PKR	PKR	PKR	PKR
TOTAL REVENUE	-	1,100,852,279	1,824,064,363	2,945,124,461	4,895,406,190	6,205,868,770	
Cost of Service	(27,971,867)	(1,995,840)	(730,070,045)	(875,033,549)	(1,177,643,264)	(1,179,401,377)	(1,180,996,695)
TOTAL DIRECT EXPENSES	(27,971,867)	(1,995,840)	(730,070,045)	(875,033,549)	(1,177,643,264)	(1,179,401,377)	(1,180,996,695)
GROSS MARGIN	(27,971,867)	(1,995,840)	370,782,234	949,030,814	1,767,481,197	3,716,004,813	5,024,872,075
INDIRECT EXPENSES							
Operating Expenses	(1,848,899)	(45,618,720)	(288,361,551)	(450,246,166)	(703,651,163)	(1,166,691,198)	(1,255,757,716)
Sales & Marketing	(49)	(3,049,200)	(23,620,800)	(32,588,160)	(50,130,359)	(53,065,794)	(56,195,345)
OPERATING PROFIT	(29,820,805)	(50,663,760)	58,799,883	466,196,488	1,013,699,676	2,496,247,821	3,712,919,015
OTHER INCOME/EXPENDITURE							
Other Income/Expenditure	760,115	(39,500,000)	(40,650,000)	(44,715,000)	(49,186,500)	(54,105,150)	(59,515,665)
Profit Before Tax	(29,060,690)	(90,163,760)	18,149,883	421,481,488	964,513,176	2,442,142,671	3,653,403,350
Income Tax Expense	-	-	(5,263,466)	(122,229,631)	(279,708,821)	(708,221,375)	(1,059,486,971)
NET PROFIT / (LOSS)	(29,060,690)	(90,163,760)	12,886,417	299,251,856	684,804,355	1,733,921,297	2,593,916,378
Gross Profit Ratio			34%	52%	60%	76%	81%
Operating Profit			5%	26%	34%	51%	60%
Net Profit Ratio			1%	16%	23%	35%	42%



26.3. Statement of Financial Position

STATEMENT OF FINANCIAL POSITION							
30 Sep-24	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	
CWSM	Proposed new name to be communicated later						
PKR	PKR	PKR	PKR	PKR	PKR	PKR	PKR
ASSETS							
Current Assets							
Cash and Bank	48,578	95,972,584	27,392,603	42,471,509	60,430,383	157,379,535	271,494,627
Receivable	324,607	324,607	91,737,690	152,005,364	245,427,038	407,950,516	517,155,731
Tax Refunds Due from Government	23,880,927	23,880,927	23,880,927	23,880,927	23,880,927	23,880,927	23,880,927
Loans and advances	4,346,292	4,346,292	4,346,292	4,346,292	-	-	-
	28,600,404	124,524,410	147,357,512	222,704,091	329,738,349	589,210,978	812,531,285
Non Current Assets							
Fixed Assets	2,037,026,360	2,894,030,360	2,866,284,688	2,727,603,016	3,075,261,184	1,916,457,052	1,702,852,922
CWIP - New DataCenter	-	-	-	-	250,000,000	2,950,000,000	5,643,000,000
Intangible	-	17,540,000	13,290,667	8,941,333	4,592,000	7,020,933	2,362,467
Long Term Loans	747,766	747,766	747,766	747,766	-	-	-
Long Term Deposits	30,339,744	30,339,744	30,339,744	30,339,744	-	-	-
	2,068,113,870	2,942,757,870	2,910,662,865	2,767,631,859	3,329,853,184	4,873,477,985	7,348,215,388
TOTAL ASSETS	2,096,714,274	3,067,282,280	3,058,020,377	2,990,335,951	3,659,591,533	5,462,688,963	8,160,746,674
LIABILITIES & SHAREHOLDER'S EQUITY							
Current Liability							
Income Tax Payable	10,232,194	-	1,315,867	30,557,408	69,927,205	177,055,344	264,871,743
Short Term Borrowings	385,332,419	269,732,693	231,199,451	154,132,968	77,066,484	-	-
current portion of lease liabilities	2,431,516	1,702,061	1,458,910	972,606	486,303	-	-
current portion of deferred liabilities	35,434,024	24,803,817	21,260,414	14,173,610	7,086,805	-	-
Interest Payable	67,778,697	67,778,697	52,778,697	-	-	-	-
Unclaimed dividend	384,347	384,347	384,347	384,347	384,347	384,347	384,347
Accrued Expenses	279,672,007	279,672,007	305,670,537	40,236,194	62,815,127	101,646,416	109,329,422
Employee Benefit	-	2,162,160	7,430,640	13,466,208	20,105,333	27,408,370	35,441,711
Payroll Liabilities	-	1,801,800	4,390,400	5,029,640	5,532,604	6,085,864	6,694,451
	781,265,204	648,037,583	625,889,263	258,952,980	243,404,208	312,580,341	416,721,674
Non Current Liability							
Long Term Loans	-	-	-	-	-	-	-
TOTAL LIABILITY	781,265,204	648,037,583	625,889,263	258,952,980	243,404,208	312,580,341	416,721,674
SHAREHOLDER'S EQUITY							
Issued, Subscribed and Paid-up Share Capital	607,881,000	1,674,881,000	1,674,881,000	1,674,881,000	1,674,881,000	1,674,881,000	1,674,881,000
Loan from Directors	118,776,547	118,776,547	118,776,547	118,776,547	118,776,547	118,776,547	118,776,547
Loan from Directors, family and friends	-	126,959,388	126,959,388	126,959,388	126,959,388	126,959,388	126,959,388
Surplus on Revaluation of PPE	1,580,593,361	1,580,593,361	1,264,474,689	948,356,017	632,237,345	316,118,672	-
Retained Earnings	(991,801,839)	(1,081,965,599)	(752,960,510)	(137,589,981)	863,333,046	2,913,373,015	5,823,408,065
	1,315,449,069	2,419,244,697	2,432,131,114	2,731,382,970	3,416,187,325	5,150,108,622	7,744,025,000
TOTAL SHAREHOLDER'S EQUITY	1,315,449,069	2,419,244,697	2,432,131,114	2,731,382,970	3,416,187,325	5,150,108,622	7,744,025,000
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	2,096,714,274	3,067,282,280	3,058,020,376	2,990,335,951	3,659,591,533	5,462,688,963	8,160,746,673

26.3.1. Current Assets

The company's current assets consist of cash and bank balances, receivables, tax refunds, and loans & advances. Over the years, cash balances have increased significantly, from **PKR 95.9 million** in Year 0 to **PKR 271.4 million** in Year 5, reflecting improved liquidity. Receivables also grow consistently, reaching **PKR 517 million** in Year 5, indicating strong credit sales. The tax refund remains static at **PKR 23.88 million**. Additionally, the receivables of existing business will be received in year 0, and the loans and advances will be received in year 2.

26.3.2. Non-Current Assets

Fixed assets reduced from **PKR 2.89 billion** in Year 0 to **PKR 1.70 billion** in Year 5, indicating significant movement to the capital work in process in infrastructure and expansion to **PKR 5.64 billion** in Year 5. The long-term loans and deposits from existing business will be recovered in year 2.



26.3.3. Current Liabilities

The company's current liabilities include income tax payable, short-term borrowings, lease liabilities, deferred liabilities, interest payable, unclaimed dividends, accrued expenses, employee benefits, and payroll liabilities. Current liabilities decreased from **PKR 648 million** in year 0 to **PKR 416.7 million** in year 5. Additionally, short-term borrowing, accrued markup, lease liabilities, and deferred liabilities of existing business will be repaid in year 1.

26.3.4. Non-Current Liabilities

Non-current liabilities primarily consist of long-term loans, remained stagnant from Year 0 to Year 5.

26.3.5. Shareholder's Equity

Shareholders' equity, which includes issued share capital, director's loan/share deposit, surplus on revaluation of property, and retained earnings, grows significantly from **PKR 2.419 billion** in Year 0 to **PKR 7.744 billion** in Year 5.

In Year 0, an initial financing of **PKR 1.1 billion** will be injected into the business in the form of equity, from issuance of right shares with an issuance fee of **3%** at **PKR 33 million**. Whereas **PKR 126.95 million** will be injected by the directors, friends and family as loan.



26.4. Statement of Cashflow

STATEMENT OF CASHFLOW							
30-Sep-24	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	
CWSM	Proposed new name to be communicated later						
PKR	PKR	PKR	PKR	PKR	PKR	PKR	PKR
Operating Activities							
Profit Before Tax	(29,060,690)	(90,163,760)	18,149,883	421,481,488	964,513,176	2,442,142,671	3,653,403,350
Add:							
Depreciation	28,029,038	-	713,745,672	857,511,672	1,158,804,132	1,158,804,132	1,158,805,572
Amortization	-	-	4,349,333	4,349,333	4,349,333	4,658,467	4,658,467
Working Capital Changes							
Receivable	-	-	(91,413,083)	(60,267,674)	(93,421,675)	(162,523,477)	(109,205,215)
Accrued Expenses	1,636,565	-	25,998,529	(265,434,343)	22,578,933	38,831,289	7,683,006
Employee Benefits	-	2,162,160	5,268,480	6,035,568	6,639,125	7,303,037	8,033,341
Deferred Liability	-	(10,630,207)	(3,543,402)	(7,086,805)	(7,086,805)	(7,086,805)	-
Payroll Liabilities	-	1,801,800	2,588,600	639,240	502,964	553,260	608,586
Cashflows from operations							
Less:							
Interest paid	-	-	(15,000,000)	(52,778,697)	-	-	-
Tax Paid	-	(10,232,194)	(3,947,600)	(92,988,090)	(240,339,024)	(601,093,236)	(971,670,572)
Net Cashflows from Operating Activities	604,913	(107,062,201)	656,196,413	811,461,693	1,816,540,160	2,881,589,338	3,752,316,534
Investing Activities							
Fixed Assets Purchased during the year	-	(857,004,000)	(686,000,000)	(718,830,000)	(1,506,462,300)	-	(945,201,442)
CWIP - New Datacenter	-	-	-	-	(250,000,000)	(2,700,000,000)	(2,693,000,000)
Intangible acquired during the year	-	(17,640,000)	-	-	-	(7,087,400)	-
Long Term Loan	-	-	-	-	747,766	-	-
Long term Deposit	-	-	-	-	30,339,744	-	-
Loan and advances	-	-	-	-	4,346,292	-	-
Net Cashflows from Investing Activities	-	(874,644,000)	(686,000,000)	(718,830,000)	(1,721,028,498)	(2,707,087,400)	(3,638,201,442)
Financing Activities							
Loan from Directors, Friends and Family	-	126,959,388	-	-	-	-	-
Proceeds from Right Issue	-	1,100,000,000	-	-	-	-	-
Issuance Fee against Right Issue	-	(33,000,000)	-	-	-	-	-
Lease Liability	-	(729,455)	(243,152)	(486,303)	(486,303)	(486,303)	-
Short term borrowing	(605,000)	(115,599,726)	(38,533,242)	(77,066,484)	(77,066,484)	(77,066,484)	-
Net Cashflows from Financing Activities	(605,000)	1,077,630,207	(38,776,394)	(77,552,787)	(77,552,787)	(77,552,787)	-
Net Change in Cash and Cash equivalent	(87)	95,924,006	(68,579,981)	15,078,906	17,958,875	96,949,151	114,115,093
Cash and Cash equivalent at the start of the year	48,665	48,578	95,972,584	27,392,603	42,471,509	60,430,383	157,379,535
Cash and Cash equivalent at the end of the year	48,578	95,972,584	27,392,603	42,471,509	60,430,383	157,379,535	271,494,627

26.4.1. Cash Flow from Operating Activities

The cash flow from operating activities reflects the company's core business performance. Profit before tax improves significantly from a loss of **PKR 90 million** in Year 0 to **PKR 3.65 billion** in Year 5, indicating a strong operational turnaround.

26.4.2. Cash Flow from Investing Activities

Investing activities show continuous capital expenditures in fixed assets, with purchases reaching **PKR 945 million** in Year 5, highlighting significant expansion. Intangible assets show an expenditure of **PKR 17.6 million** in Year 0 and **PKR 7 million** in Year 4, long-term loans, advances and deposits increase to **PKR 0.747 million**, **PKR 4.3 million**, **PKR 30 million** in Year 3 respectively.



The company's significant investment in infrastructure reflects a strategy focused on long-term sustainability and scalability.

26.4.3. Cash Flow from Financing Activities

Financing activities include equity injections, loans from directors, and investment from underwriter. The company secured **PKR 126.95 million** and **PKR 1.1 billion** in new financing at Year 0, with a **3%** issuance fee against right issue of shares of **PKR 33 million**, which supports its expansion and asset acquisitions. Short-term borrowings and lease liabilities are managed strategically, contributing to overall financial stability. The financing inflow has been instrumental in sustaining growth while managing capital structure effectively.

27. LEGAL DISCLAIMER

This report has been prepared using assumptions, estimates, data, and information provided by the management of Chakwal Spinning Mills Limited (CWSM), by the Consulting Agreement between Chakwal Spinning Mills Limited (CWSM) (proposed new name to be communicated later) and Crowe Hussain Chaudhury & Co. Chartered Accountants. The material in it reflects our understanding based on the information available to us when preparing this report. It should be noted that while preparing this report, we substantially relied on the estimates, hypothetical assumptions, and projections made available by the management, which by their very nature are inherently variable.

As financial consultants, we have not audited the data provided by management and do not express any opinion or assurance regarding its accuracy or fairness.

We understand that any prospective financial information provided by the management of CWSM is based on hypothetical assumptions and expectations of future economic and market development. The assumptions made in the preparation of this report are outlined in the report, which lists key assumptions such as exchange rates, tax laws, and other critical factors that may affect the findings.

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