Annual Report 2024

Chakwal Spinning Mills Limited

VISION

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

OUR MISSION

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

CHAKWAL SPINNING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Marsoor Bin Saeed	(Chief Executive Officer)
Khawaja Mohammad Jahangir	(Chairman)
Khawaja Mohammad Kaleem	(Executive Director)
Khawaja Mohammad Tanveer	(Non-Executive Director)
Mst. Munaza Kaleem	(Non-Executive Director)
Ms. Soha Kaleem	(Non-Executive Director)
Mr. Sheraz Anjum Malik	(Non-Executive Director)
Mr. Sheikh Maqbool Ahmed	(Independent Director)
Mr. Abbas Ali	(Independent Director)

AUDIT COMMITTEE

Mr. Sheikh Maqbool Ahmed	(Chairman)
Ms. Soha Kaleem	(Member)
Mr. Abbas Ali	(Member)

HR & REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. Nadeem Anwar	(ACA)

CHIEF FINANCIAL OFFICER

Mr. Abdul Hye Khan Ghouri

BANKERS

Habib Metro Bank Limited
Faysal Bank Limited
The Bank of Punjab
Meezan Bank Limited

AUDITORS

H.A.M.D & Co.
Chartered Accountants
First Floor, 2 G (2,7),
Mushtaq Ahmed Gurmani Road,
Block G, Gulberg 2,
Lahore, Pakistan.

CORPORATE & REGISTERED OFFICE

7/1-E-3 Main Boulevard Gulberg III, Lahore
Tel : (042) 35717510
Fax : (042) 35755760

SHARE REGISTRARS

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

MILLS

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

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

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

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

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

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

December 21, 2024

Mr. Khawaja Mohammad Jahangir

Chakwal Spinning Mills Ltd. Lahore.

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

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

بورڈ نے اسٹریٹجک منصوبہ بندی کے عمل، انٹرپرائز رسک مینجمنٹ سسٹم، پالیسی ڈویلپمنٹ اور مالیاتی طریق کار، نگرانی اور منظوری میں فعال طور پر حصہ لیا ہے۔

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

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

کمپنی اور ڈائریکٹر کی رپورٹ کے مواد کے مطابق ہیں

قابل اطلاق قوانین اور ضوابط کی ضرورت؛

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

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

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

ان کے اختیارات اور فیصلہ سازی

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

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

خواجہ محمد جہانگیر

Chakwal Spinning Mills Ltd. Lahore.

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DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of Chakwal Spinning Mills Limited, we are pleased to submit annual report of your Company together with audited financial statements and auditors' report thereon for the year ended 30th June 2024.

The Company during the period incurred a net loss after tax for the year of Rs. 121.745 million as compared to the loss of Rs. 30.803 million during the last year. The increase in loss is attributed to depreciation on revalued amount of assets of the company. The company did not incur any cash loss since the loss incurred is approximately equal to the depreciation cost for the year. The management of the company is managing to generate revenue to meet its outstanding liability and recurring expenses by letting its certain premises.

The operation of the company was suspended aftermath of Covid-19 after affects as it melt down the cash flow and liquidity of the company due to continued business losses suffered by the company. The management of the company remains curious toward resumption of business operations of the company and looks every avenue which put the company again on the path of operational consistency with ultimate goal of profitability. The reason that resumption of spinning operation could not made possible was the crises like situation in the textile industry. The energy is main cost element and un consistent Government policies toward uninterrupted power supply at affordable price remained proved hurdle in its growth.

The Information technology and Cloud environment has great business potential as Government is focused and providing lucrative incentive to this industry. The management of the company get opportunity to change its business line by indulging in information technology and signed an MOU with an IT company. The arrangements were properly disseminate to share Holders and well informed to Regulators. Unfortunately, this merger could not get matured and lapsed.

The management of the company who has got confidence that IT is the source which can turn around the destiny of the company decided to run the affairs by its means with the technical, advisory and financial partnership with local players. The board announced to change the name of the company in line with the new principal line of IT and properly held EOGM to get the approval of the Members of the company. The company get completed all the formalities in this respect and filed documents with SECP. The management also engaged a trade professional in the field of IT and Cloud environment as Chief Executive Officer. Promptly after assuming the office of CEO, he get engaged and succeeded to get substantial financial and operational partners including advisory support. However, SECP turned down our request for change of name and change of primary line of business. At present, we are still engage with SECP to get approvel of are proposed line of business and name change.

We are hopeful that are efforts and engagement with SECP shall bear the fruit and your company shall start new IT business soon.

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Financial Statements Audit

The auditors of the company have given an adverse opinion on the company's ability as a going concern. The management has prepared accounts of the company on going concern as it is mitigating the uncertainties through its concrete business plan to indulge in the IT business with new name and change in principle line of business. The management believes it will succeed to get rid of all ills with the confidence of regulators and be able to smoothly operate its new business.

Furthermore, the company shall also able to mature its efforts for the revival of its spinning business.

The auditors of the company have given adverse opinion on certain other matters including verification of bank outstanding balance confirmation. The company has limitations in this respect as the company is in litigation with banks. However, the Company has accounted for all due liabilities of the Banks which correspond with the amount provided in the suits filed by the banks. The litigation is pending with court of law, and during the currency of litigation cost of fund is pending to account for till the out come of court verdict. Similarly, we are addressing the non compliance of Section 244 and 245 of the Companies Act 2017 by meeting the requirement of law. The members of the company have been informed in this respect in the notice of Annual General meeting to be held on January 16, 2025. The company did not account for the amount of deferred taxation as it assumes that no taxable profits are expecting in operational discontinuance.

Future Outlook

The management of the company is confident that it will meet all the challenges and with strenuous efforts be able to resume the operations of the company during this year under new name in IT and cloud Environment. We are ultimately intended to settle and restructure our pending issue with financial institutions which will definitely proves a mile store for the betterment and survival of the company.

The management of the company is confident that they have the solution, which is beneficial for all stake holders.

Principal Activity

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

Principal Risks and Uncertainties

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

The Company's principal financial liabilities comprise long term finances, trade and other payables and short term borrowings. The Company's principal financial assets comprise of trade debts, advances, short-term deposits, other receivables, cash and bank balances that arise directly from its operations.
The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

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

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Corporate Social Responsibility

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

Environment, Health and Safety

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

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

Internal Financial Controls

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

Related Parties

All related party transactions during the financial year ended June 30, 2024 were reviewed by the Audit Committee and approved by the Board of Directors.

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance regulations, 2019 have been duly complied with. A statement to this effect is annexed to the Report. However, the auditors in its review report highlighted that the company has not arranged the directors training program. It further said that the company has not complied Regulation 35.

Certain directors are exempt from Director's Training Program, however, the Board ensures that other directors will duly comply with the requirement of the Code of Corporate Governess with respect to the Directors' Training Program. As regard non compliance of Regulation 35 of the Regulations, we ensure to duly comply it in true spirit.

Corporate Governance & Financial Reporting Framework

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

i) The financial statements prepared by the management of the Company present fair state of Company's operations, cash flows and changes in equity.
ii) Proper books of account of the Company have been maintained.
iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.

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

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

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

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

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

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

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

Shareholding Pattern

The share holding pattern as at June 30, 2024 for ordinary shares is annexed.

Appointment of Auditors

M/s. H.A.M.D & Co. Chartered Accountants, Lahore are due to retire. The new Auditot shall be appointed in the Annual General Meeting.

Composition of Board

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

   a. Male :06
   b. Female : 02

2. The composition of the board is as follows:

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

Chief Executive Officer

i) Mr. Mansoor Bin Saeed (Non - Director)

Name of Directors

ii) Mr. Khawaja Mohammad Jahangir (Chairman)
iii) Mr. Khawaja Mohammad Kaleem (Executive Director)
iv) Mr. Khawaja Mohammad Tanveer
v) Mr. Sheraz Anjum Malik
vi) Mst. Soha Kaleem
vii) Mst. Munaza Kaleem
viii) Mr. Sheikh Maqbool Ahmed (Independent Director)
ix) Mr. Abbas Ali (Independent Director)

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Committees of the Board

The Board has made following sub-committees:

Audit Committee Meetings

i. Mr. Sheikh Maqbool Ahmed - (Chairman)
ii. Ms. Soha Kaleem (Member)
iii. Mr. Abbas Ali (Member)

HR and Remuneration Committee Meetings

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

Significant Features of Directors' Remuneration

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

Acknowledge

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

On behalf of the Board

December 21, 2024
Lahore.

Khawaja Muhammad Kaleem
Executive Director

Khawaja Muhammad Jahangir
Chairman

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

Name of Company : Chakwal Spinning Mills Limited
Year ending : June 30, 2024

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

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

   a. Male : 06
   b. Female : 02

2. The composition of the board is as follows:

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

Name	Category
Mr. Mansoor bin Saeed	Chief executive officer
Mr. Khawaja Mohammad Jahangir	Chairman
Mr. Khawaja Mohammad Kaleem	Executive Director
Mr. Khawaja Mohammad Tanveer	Non-Executive Director
Mrs. Munaza Kaleem	Non-Executive Director
Mr. Soha Kaleem	Non-Executive Director
Mr. Sheraz Anjum Malik	Non-Executive Director
Mr. Abbas Ali	Independent Director
Mr. Sheikh Maqbool Ahmed	Independent Director

* Best practices of corporate governance entail having an optimal number and mix of board members with adequate skills and experience. The current Board of Directors of the Company adequately meets this requirement. Further, existing independent directors play an effective part within the Board and make valuable contribution.

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

4. During the period Khawaja Mohammad Jahangir resigned as Chief Executive officer of the Company but he remained work on the Board as Director. And in his place Mr. Mansoor bin Saeed was appointed as Chief Executive officer but not as Director. Mr. Mohammad Naveed during this resigned as Director and in his place Mr. Sheraz Anjum Malik appointed as Director.

5. The Board has developed a vision/mission statement,. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.

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

7. The meetings of the board were presided over by the Chairman and, in her absence, by a director elected by the board for this purpose. The Chief Executive Officer is not a Elected Director of the company but eligible to attend the meeting by virtue of law. The board complied with requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of board.

8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Directors were appraised of their duties and responsibilities from time to time. All of the Directors will duly comply with the requirement of Code of Corporate Governance with respect of Directors' Training Program and the Company is planning to arrange this program for the Director.

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

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

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

    I. Audit Committee:
        i. Mr. Shiekh Maqbool Ahmed – Chairman
        ii. Ms. Soha Kaleem
        iii. Mr. Abbas Ali

    II. HR and Remuneration Committee:
        i. Mr. Shiekh Maqbool Ahmed – Chairman
        ii. Mr. Khawaja Mohammad Tanveer
        iii. Mst. Munaza Kaleem

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

14. The frequencies of meeting of the aforesaid committees were as follows.
    a) Audit Committee: Four quarterly Meeting during the financial year ended June 30, 2024
    b) HR& Remuneration Committee: One meeting during the financial year ended June 30, 2024

15. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;.

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16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

17. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

18. The directors shall comply with the provision of Code of Corporate Governess Rules, 2017 in respect of Director Training Program.

19. The auditors have highlighted the instance of non-Compliance with the requirement for Regulations, which have been adequately replied in Directors Reort to the members.

20. The Chief Executive Officer is out of the country, hense the annual accounts has been signed by two director of the company.

For Chakwal Spinning Mills Limited

Khawaja Mohammad Jahangir
Chairman

Lahore: December 21, 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of CHAKWAL SPINNING MILLS LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ['the Regulations'] prepared by the Board of Directors of **CHAKWAL SPINNING MILLS LIMITED** for the year ended **30 June 2024** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, except for the following, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **30 June 2024**.

Further, we highlight below instances of non-compliances with the requirements of the Code of Corporate Governance as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Statement of Compliance para ref.	Regulation para ref.	Explanation for non-compliance
Paragraph 9	Regulation 19,	The company has not arranged training programs for its directors during the year.
Paragraph 4	Regulation 35,	The company has not posted on its web site the key elements of its significant policies, brief synopsis of TORs of Board's committees and key elements of directors' remuneration policy.

H.A.M.D & Co.

H.A.M.D & Co.
Chartered Accountants

H.A.M.D & Co. Chartered Accountants LAHORE

Lahore:
UDIN: CR20241004030CZ2aND6
DATE : 21 December 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Chakwal Spinning Mills Limited
Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of **Chakwal Spinning Mills Limited** (the Company) which comprise the statement of financial position as at **June 30, 2024**, and the statement of profit or loss and statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the 'Basis of Adverse Opinion' section of our audit report (1) to (4), the statement of financial position, statement of profit or loss and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

1) Material Uncertainty Related to Going Concern

We draw attention to Note No. 2.2 of the accompanying Financial Statements, as more fully described in that note, the Company has incurred loss after tax of Rs. 121.745 (2023: Rs. 30.803) million and its accumulated losses stood at Rs. 979.422 (2023: 893.698) million at year end. After accounting for surplus on revaluation of property plant and equipment of Rs. 1,515.179 during the year its net equity however becomes Rs. 1,344.509 million. Its current liabilities exceed its current assets by Rs. 751.633 (2023: Rs. 829.198) million. The company as discontinued its business activities since March 2020. Consequently, financial position of the company presents adverse key financial and operating ratios.

The company is unable to comply loan agreements with financial institutions and liability continued to be outstanding aggregating at Rs. 385.937 million as reported in note 12 and in note 8, excluding any interest/markup subsequent to default. The Banking Courts have issued decrees against the company having a decretal amount of Rs. 388.222 million. The company financial statements require adjustments as more fully described in paragraph below. Had required adjustment made in these financial statements the company's financial position would deteriorate further from the existing financial position. However, management is in the process of finalizing strategic plans of future operations of the Company.

The conditions given in preceding paragraphs and indicate material uncertainty that may cast significant doubts on the company's ability to continue as a "going concern" and therefore it may unable to realize its assets and discharge its liabilities in the normal course of business. On the other hand, management of the company continued to prepare company Financial Statements on a going concern basis and no adjustment have been incorporated in the Financial Statements to present its assets at recoverable value and the liabilities at its amortized cost. The financial statements do not disclose this fact.

2) The Company had not worked out and provided the amount of markup on the bank borrowings in these financial statements for the year ended June 30, 2024 in view of on-going litigation. Last markup was accrued up to June 2019. Based on available underlying records, unavailability of facility letters, and non-confirmation of mark-up balances from banking companies, we were unable to determine with reasonable accuracy the impact of the markup on the financial statements of any disagreement with Banks. Moreover, banks do not confirmed the balances of debt financing and the bank facility letter was also not provided to us. Based on available underlying records, the response from the legal counsel, and the non-confirmation of loan balances from banking companies, we were unable to determine with reasonable accuracy the impact on these financial statements of any disagreement.

3) Provisions of Section 244 and 245 of the Companies Act, 2017 has not be complied with in respect of Unclaimed dividend of Rs. 384,347 which is outstanding since 2014.

4) We refer to the Note 30 of the annexed financial statements, where effect of deferred taxation has not been accounted by the company in the current year and previous year.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters as mention in the 'Basis for Adverse Opinion' section of our report we have determined that there are no other key audit matters to communicate in our report.

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

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2024.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit except for the possible effects of the matters explained in the 'Basis for Adverse Opinion' section, we further report that in our opinion:

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

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) under section 7 of that Ordinance.

Other Matters

The financial statements for the year ended June 30, 2023 were audited by another firm of Chartered Accountants, who vide their audit report dated November 06, 2023 have expressed modified opinion (adverse opinion).

The engagement partner on the audit resulting in this independent auditor's report is Waseem Ashfaq.

Chartered Accountants
Date: 21 December 2024
Lahore
UDIN: AR202410040aCKcZykgw

H.A.M.D & Co.
Chartered Accountants
LAHORE

CHAKWAL SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital:			
140,000,000 (2023: 140,000,000 of Rs. 5/- each) ordinary shares of Rs.5/- each		700,000,000	700,000,000
Issued, subscribed and paid up share capital	5	607,881,000	607,881,000
Loan from directors	6	118,776,547	42,375,000
Accumulated loss		(979,422,361)	(893,697,878)
Surplus on revaluation of property, plant & equipment	7	1,597,274,524	118,116,081
		1,344,509,710	(125,325,797)
Non Current Liabilities			
Lease Liability	8	-	-
Deferred liabilities	9	-	-
Current Liabilities			
Trade and other payables	10	278,035,442	282,547,818
Accrued mark- up	11	67,778,697	67,778,697
Short term borrowings	12	385,937,419	463,694,024
Current portion of non current liabilities		37,865,589	37,742,792
Unclaimed dividend		384,347	384,347
Provision for taxation	13	10,232,194	10,232,194
		780,233,688	862,379,872
Contingencies and Commitments	14	-	-
		2,124,743,399	737,054,076
ASSETS			
Non Current Assets			
Property, plant and equipment	15	2,065,055,398	672,820,222
Long term loans	16	747,766	712,766
Long term deposits	17	30,339,744	30,339,744
		2,096,142,908	703,872,732
Current Assets			
Trade debts	18	324,607	324,607
Loans and advances	19	4,346,292	8,493,899
Tax refunds due from the government	20	23,880,927	23,880,927
Trade deposits, prepayments and other receivables	21	-	429,716
Cash and bank balances	22	48,665	52,195
		28,600,491	33,181,344
		2,124,743,399	737,054,076

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

DIRECTOR | DIRECTOR | CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
Sales	23	-	-
Cost of sales	24	(122,669,591)	(39,472,494)
Gross Loss		(122,669,591)	(39,472,494)
Distribution cost	25	-	-
Administrative expenses	26	(2,578,779)	(2,417,848)
		(2,578,779)	(2,417,848)
Operating Loss		(125,248,370)	(41,890,342)
Finance cost	27	(1,050,511)	(1,172)
Other operating expenses	28	(250,000)	(250,000)
Other operating income	29	4,803,009	11,338,581
Loss before Taxation		(121,745,872)	(30,802,933)
Taxation	30	-	-
Loss after Taxation		(121,745,872)	(30,802,933)
Loss per Share - Basic & Diluted	31	(1.00)	(0.25)

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

DIRECTOR | DIRECTOR | CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
Loss after taxation	(121,745,872)	(30,802,933)
Other comprehensive income for the year	-	-
Items that will not be reclassified to profit or loss:		
Impairment loss on property, plant & equipment	-	-
Total comprehensive loss for the year	(121,745,872)	(30,802,933)

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

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(121,745,872)	(30,802,933)
Adjustments for:		
- Depreciation	122,944,656	39,803,486
- Provision for gratuity	57,550	-
- Finance cost	1,050,511	1,172
	124,052,717	39,804,658
Operating profit before working capital changes	2,306,845	9,001,725
(Increase) / decrease in current assets		
- Loans and advances	4,147,607	500,000
- Trade deposits, prepayments and other receivables	429,717	6,345,719
Increase / (decrease) in current liabilities		
- Trade and other payables	(4,512,376)	551,873
	64,948	7,397,592
Cash generated from operations	2,371,793	16,399,317
Finance cost paid	(1,050,511)	(1,172)
Net Cash generated used in Operating Activities	1,321,282	16,398,145
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term loans - employees	(35,000)	-
Net Cash used in Investing Activities	(35,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	618,189	-
Loan from directors and others	(1,908,000)	(16,393,935)
Net Cash used in Financing Activities	(1,289,811)	(16,393,935)
Net decrease in cash and cash equivalents	(3,530)	4,210
Cash and cash equivalents at the beginning of the year	52,195	47,985
	48,665	52,195

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

DIRECTOR

Suhakaleem
DIRECTOR

CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

Particulars	Share Capital	Accumulated Loss	Loan from Directors	Surplus on revaluation of property, plant & equipment	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2022	607,881,000	(866,848,717)	42,375,000	122,069,853	(94,522,864)
Other comprehensive loss for the year	-	(30,802,933)	-	-	(30,802,933)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	3,953,772	-	(3,953,772)	-
Balance as at June 30, 2023	607,881,000	(893,697,878)	42,375,000	118,116,081	(125,325,797)
Conversion of Directors Loan from short term	-	-	76,401,547		76,401,547
Impact of Revaluation of PPE	-	-	-	1,515,179,832	1,515,179,832
Loss for the Year	-	(121,745,872)	-	-	(121,745,872)
Other comrehensive loss for the year	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	36,021,389	-	(36,021,389)	-
Balance as at June 30, 2024	607,881,000	(979,422,361)	118,776,547	1,597,274,524	1,344,509,710

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

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Note 1
The Company and its Operations

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

Note 2
Basis of Preparation

2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Appropriateness of the Going Concern Assumption

The Company has incurred loss after tax of Rs. 121.745 million (2023: Rs. 30.803 million) and at year end; its accumulated losses stood at Rs. 979.422 million (2023: 893.698 million). Its current liabilities exceed its current assets by Rs. 751.633 million (2023: Rs. 829.198 million). The Company has suspended its operations since March-2020. The Company in order to carry on its business and to meet its current obligation requires generating sufficient cash flows. The Company has breached the terms of the loan/financing agreements and is unable to make timely repayments of its loan/financing including markup/interest thereon, The banking companies also filed suits against the Company for recovery of outstanding balances and related interest accrued thereon. Accordingly there is a material uncertainly relating to the Company's operation that may cast sufficient doubt on the discharge of its liabilities in the normal course of business. Continuation of the Company as a going concern is dependent on improved cash flows. These factors raise doubts about the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis based on the following plans. For this purpose the management of the Company has drawn up plans to mitigate these conditions which include:-

- The Company plans to expand into the rapidly growing IT sector, focusing on cloud computing, data centers, software development, and other IT-related services. This includes the development and operation of clould-based infrastructure and the provision of tailored IT solutions to meet market demands.

- In alignment with strategic shift, the company will undergo a rebranding process, including a name change and amendments to it memorandum of association to reflect its focus on IT and to expand its scope of activities in this sector.

- A key component of the diversification strategy involves the establishment of Pakistan's first cloud data center. This initiative capitalizes on the national clould policy, which mandates the storage of data within Pakistan, positioning the company to address an estimated USD 750 market opportunity.

- The company has entered into an agreement with Intermarket Securities Limited (ISL) to raise PKR. 1.0 billion through equity injections. The funding will be sourced from the Company's sponsors and private investors, with ISL providing advisory services to facilitate fund raising and ensure regulatory compliance.

- In parallel with the IT diversification, management is working to restarte the spinning unit operations, supported by a Balancing, Modernization and Replacement (BMR) plan. This initiative aims to position the Company for a return to production in the near term.

- The Company's sponsors and directors have reaffirmed their ongoing commitment to providing financial support, ensuring the necessary resources to execute the business plan and meet financial obligations.

Therefore, directors are optimistic that above plans would enable turnaround the Company forseeable future period..

2.3 Basis of measurement

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

2.4 Functional currency

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

2.5 Use of estimates and judgments

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

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

3 Initial application of a standard, amendment or interpretation to an existing standard

3.1 Amendments to accounting standards that are effective for the year ended June 30, 2024

The following amendments to accounting standards are effective for the year ended June 30, 2024. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 'Presentation of Financial Statements' and IFRS practice statement 2 - Disclosure of accounting policies

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates

Amendments to IAS 12 'Income Taxes' - Deferred tax related to assets and liabilities arising from a single transaction

Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules

Due to the adoption of Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies effective from January 01, 2023. The word 'significant' has been replaced with 'material' as reflected in related note of accounting polices (note 4). Although the amendments did not result in any changes to the accounting policies themselves.

3.2 New Standard and amendments to accounting standards that are not yet effective have not been early adopted by the company

The following new standard and amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	01-Jan-24
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with	01-Jan-24
Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	01-Jan-24

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of	01-Jan-25
IFRS 17 - 'Insurance Contracts' (including amendments made in June 2020 and December 2021)	01-Jan-26
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	01-Jan-26

Other than the aforesaid amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 18 - Presentation and Disclosures in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

Note 4
Significant Accounting Policies

4.1 Employee retirement benefits

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

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

4.2 Provisions

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

4.3 Trade and other payables

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

4.4 Taxation

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

Current

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

Deferred

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

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

4.5 Property, plant and equipment

Owned

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

Depreciation is charged to income on reducing balance method at the rates specified in Note 15. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale as per IFRS 5 and the date that the asset is derecognized. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

4.6 Stock and stores

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

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

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

4.7 Trade debts and other receivables

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

4.8 Related party transactions

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

4.9 Dividend distribution

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

4.10 Cash and cash equivalents

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

4.11 Revenue recognition

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

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

Note 4 - Significant Accounting Policies ... Contd.

Revenue from contracts with customers

Sale of Goods

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

Contract assets

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

Contract liabilities

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

4.12 Financial instruments

4.12.1 Financial assets

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

4.12.1.1 ***Classification***

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

a) Financial assets at amortized cost

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

b) Financial assets at fair value through other comprehensive income

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

c) Financial assets at fair value through profit or loss

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

Reclassification

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

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

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

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

Note 4 - Significant Accounting Policies ... Contd.

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

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

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

4.12.1.2 ***Initial recognition and measurement***

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

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

4.12.1.3 ***Subsequent measurement***

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

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

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

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

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

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

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

4.12.1.4 ***Derecognition***

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

a) the Company has transferred substantially all the risks and rewards of the asset; or

b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

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

4.12.1.5 *Impairment of financial assets*

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

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

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

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

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

4.12.2 Financial liabilities

4.12.2.1 *Initial recognition and measurement*

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

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

The Company does not reclassify any of its financial liabilities.

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

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

Note 4 - Significant Accounting Policies ... Contd.

4.12.2.2 *Subsequent measurement*

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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

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

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

Contingent consideration recognized in a business combination

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

All other liabilities

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

4.12.2.3 *Derecognition*

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

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

4.13 Fair value measurement

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

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

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

4.14 Earnings per Share

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

4.15 Dividend to ordinary shareholders

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

4.16 Off-setting of financial assets and financial liabilities

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

4.17 Leases

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

<u>Company as a lessee</u>

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

i) Right-of-use assets

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

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

ii) Lease liabilities

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

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

Note 4 - Significant Accounting Policies ... Contd.

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

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

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

Company as a lessor

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

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

Note 5
Issued, Subscribed and Paid up Capital

2024	2023		2024	2023
Number of shares			Rupees	Rupees
121,576,200	121,576,200	Ordinary shares of Rs. 5 each (2021: Rs. 5) fully paid in cash.	607,881,000	607,881,000

Note 6
Loan from Directors

	2024	2023
	Rupees	Rupees
Loan from directors	118,776,547	42,375,000

These interest free loans were obtained from the Directors of the Company to meet working capital requirements of the Company. These loans are subordinated to finances from the directors and these are repayable at the discretion of the Company after the short term finances availed from the banks. These are not measured at amortized cost, rather these are treated as equity at face value in accordance with the guideline provided through TR 32 - "Accounting Directors' Loan" as issued by the Institute of Chartered Accountants of Pakistan. A amount of Rs. 76,401,547 has been classified as long-term from show term borrowing with the approval of the board.

Note 7
Surplus on Revaluation of Property, Plant & Equipment

	2024	2023
	Rupees	Rupees
Opening balance	118,116,081	122,069,853
Revaluation adjustment	1,515,179,832	-
Impairment	-	-
	1,633,295,913	122,069,853
Transfer to retained earnings in respect of net incremental depreciation	(36,021,389)	(3,953,772)
Closing balance	1,597,274,524	118,116,081

Latest revaluation of freehold land has been carried out as at December 30, 2023 by M/s. Diamond Surveyors Pakistan on the basis of their professional assessment of present market value, based on inquiries made about the cost of land of similar nature, size and location. Incremental depreciation charged on revalued fixed assets is transferred to the statement of changes in equity to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between the actual depreciation on building and the equivalent depreciation based on the historical cost of building.

Note 8
Lease Liability

	2024		2023	
	Lease Payments	Finance Charge	Lease Payments	Finance Charge
	--------------------	Rupees	--------------------	
Not later than one year	2,431,516	65,218	2,431,516	65,218
Later than one year and not later than five years	-	-	-	-
	2,431,516	65,218	2,431,516	65,218

8.1 This represents lease finance facility of Auto Cone machine from Habib Metropolitan Bank Limited. The principal amount of lease amount to Rs. 18 million carry mark-up @ 13.16% repayable in 36 equal monthly installments starting from 18-05-2014. Last installment was due on 18-05-2017 which is still outstanding. The lease finance facility is under litigation, therefore, no markup is further accrued due to litigation, payment of which depends upon decision of the Court.

Note 9
Deferred Liabilities

		Note	2024 Rupees	2023 Rupees
	Gratuity payable	9.1	6,440,353	6,382,803
	Long term advances from customers	9.2	28,993,671	28,993,671
			35,434,024	35,376,474
Less:	Current portion		(35,434,024)	(35,376,474)
			-	-

9.1 Staff Gratuity-Defined Benefit Plan

9.1.1 The Company operates unfunded gratuity scheme for its employees that pays a lump sum gratuity to members on leaving company's service after completion of one year of continuous service. The latest actuarial valuation was carried out by TRT Associates as on December 31, 2023.

		Note	2024 Rupees	2023 Rupees
9.1.2	**Present value of defined benefit obligation**		6,440,353	6,382,803
9.1.3	**Movement in the present value of defined benefit obligation is as follows:**			
	Present value of defined benefit obligation as at 1st July		6,382,803	6,382,803
	Current service cost		57,550	-
	Interest cost		-	-
	Benefit paid		-	-
	Present value of defined benefit obligation as at 30th June		6,440,353	6,382,803
9.1.4	**Amount charge to profit and loss account**			
	Current service cost		57,550	-
	Interest cost		-	-
			57,550	-
9.1.5	**Allocation of charge for the year**			
	Cost of sales	24	-	-
	Administrative expenses	26	-	-
			-	-
9.1.6	**Amount recognized in other comprehensive income are:**			
	Actuarial loss due to experience adjustments		-	-
9.1.7	**Key actuarial assumptions used:**			
	Discount rate		-	-
	Expected rate of salary increase		-	-
	Retirement age		-	-

Note 9 - Deferred Liabilities ... Contd.

9.2 This represents an interest free and unsecured long term advance received from a customer against the exclusive sale commitment of a particular quality of waste to him for a period of six years. The same has been extended / renewed for a further period of three years and shall be adjusted in August 2025 or shall be extended / renewed for a further term as mutually agreed between the parties. The amount of advance is being utilized by the Company in the ordinary course of business. According to IFRS, the amount of advance should be recorded at amortized cost however the contract has been expired on August 2025, therefore due to immaterial impact under IFRS-9, no change is recognized against this advance.

Note 10
Trade and Other Payables

	Note	2024 Rupees	2023 Rupees
Creditors - Unsecured		116,728,536	120,840,912
Accrued liabilities		133,185,607	133,585,607
Other liabilities		2,033,396	2,033,396
Contract liabilities		72,574	72,574
Income tax payable		6,326,667	6,326,667
Sales Tax Payable		19,688,662	19,688,662
		278,035,442	282,547,818

	Note	2024 Rupees	2023 Rupees
Accrued mark up on:			
- Liability against assets subject finance lease		174,539	174,539
- Short term borrowings - HMBL	11.1	59,561,264	59,561,264
- Short term borrowings - BOP	11.2	8,042,894	8,042,894
		67,778,697	67,778,697

11.1 The company has accrued markup upto June 2019. No mark-up has been charged for the year on the said borrowings in view of litigation. Markup payable and the cost of funds payable is to be determined by the Court. Principal amount of the short term borrowings from Habib Metropoliton Bank Limited (HMBL) is Rs. 357.501 million (2023: Rs. 356.948 million).

11.2 The company has accrued markup upto June 2019. No mark-up has been charged for the year on the said borrowings in view of litigation. Markup payable and the cost of funds payable is to be determined by the Court. Principal amount of the short term borrowings from Bank of Punjab (BOP) is Rs. 28.435 million (2023: Rs. 28.435 million) .

Note 12
Short Term Borrowings

	Note	2024 Rupees	2023 Rupees
Banking companies - Secured			
- Running / cash finance - HMBL	12.1	357,501,678	356,948,736
- Running / cash finance - BOP	12.2	28,435,741	28,435,741
Related parties - Unsecured			
- Loan from directors	12.3	-	78,309,547
		385,937,419	463,694,024

12.1 These represent utilized portion of short term finance facilities of Rs. 357.501 million (2023: Rs. 356.948 million) availed from Habib Metropoliton Bank Limited (HMBL) under mark up arrangements. These are secured against current assets, fixed assets and personal guarantees of directors. Mark-up on the above facilities ranges from 3 months Kibor plus 2% per annum, payable quarterly. These facilities has been expired on September 30, 2016 and is under litigation.

12.2 These represent utilized portion of short term finance facilities of Rs. 28.435 million (2023: Rs. 28.435 million) availed from Bank of Punjab (BOP) under mark up arrangements. These are secured against current assets, fixed assets and personal guarantees of directors. Mark-up on the above facilities ranges from 3 months Kibor plus 2% per annum, payable quarterly. These facilities has been expired on September 30, 2016 and is under litigation.

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

Note 13
Provision for Taxation - Net

		Note	2024 Rupees	2023 Rupees
	Balance at the beginning of the year		10,232,194	10,232,194
Add:	Provision for the year	13.1	-	-
Less:	Adjustment against advance tax		-	-
			10,232,194	10,232,194

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

Note 14
Contingencies and Commitments

Contingencies

14.1 Tax liability for Rs. 4,870,776 (2023: Rs. 4,870,776) has been demanded by the concerned assessing officer for the various assessment years against which company has filed appeals. No provision for this amount has been made because the management is confident that the decision shall be in favor of the company.

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

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

14.4 Bank of Punjab (BOP) filed a suit against the Company before the Lahore High Court, wherein the Bank claimed recovery of Rs. 47.348 million inclusive of principal and mark up amounts. This suit is still pending adjudication. The amount involved in this case is the same as claimed by the Bank. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case. Sufficient provision of markup have been made in these financial statement.

14.5 Certain government dues are payable by the company since 2019 in respect of Sales Tax Rs. 19.68 million, Income Tax Payable Rs. 6.326 million, Gas Bills Rs. 65.55 million and liability in respect of EOBI and PESSI of Rs. 1.955 million up to the reporting date. The Company is exposed to be liabile for surcharge/penalties on these government dues, however, management is determined to settle all government dues as per decision upon resuming business operations.

Commitments

There is no commitments of the company for the year ended June 30, 2024 (2023: Nil).

Note 15
Property, Plant and Equipment

---------- 2024 ----------										
PARTICULARS	**Freehold land**	**Factory Buildings on free hold land**	**Colony Buildings on free hold land**	**Plant & Machinery**	**Power House**	**Tools & equipment**	**Office equipment**	**Furniture and fixtures**	**Vehicles**	**Total**
OWNED										
COST/REVALUED AMOUNT										
Balance as at July 01, 2023	82,812,500	321,448,097	104,616,215	1,143,914,896	154,449,284	5,186,925	1,698,383	2,940,455	11,601,040	1,828,667,795
Revaluation	579,687,500	512,506,251	119,791,221	151,389,501	149,788,412	2,016,947	-	-	-	1,515,179,832
Deletions	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2024	662,500,000	833,954,348	224,407,436	1,295,304,397	304,237,696	7,203,872	1,698,383	2,940,455	11,601,040	3,343,847,627
DEPRECIATION										
Balance as at July 01, 2023	-	253,349,256	70,082,921	716,591,307	113,121,297	3,520,553	1,264,349	2,449,991	10,687,961	1,171,067,635
Charge for the year	-	58,060,509	15,432,452	28,935,655	19,111,640	368,332	43,403	49,046	182,616	122,183,653
Balance as at June 30, 2024	-	311,409,765	85,515,373	745,526,962	132,232,937	3,888,885	1,307,752	2,499,037	10,870,577	1,293,251,288
Written Down Value as at June 30, 2024	*662,500,000*	*522,544,583*	*138,892,063*	*549,777,435*	*172,004,759*	*3,314,987*	*390,631*	*441,418*	*730,463*	*2,050,596,339*
Rates %	-	10%	10%	5%	10%	10%	10%	10%	20%	
Right to Use Assets										
COST/REVALUED AMOUNT										
PLANT AND MACHINERY										
Balance as at July 01, 2023	-	-	-	24,352,205	-	-	-	-	-	24,352,205
Additions	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2024	-	-	-	24,352,205	-	-	-	-	-	24,352,205
Depreciation										
Balance as at July 01, 2023	-	-	-	9,132,143	-	-	-	-	-	9,132,143
Charge for the year	-	-	-	761,003	-	-	-	-	-	761,003
Balance as at June 30, 2024	-	-	-	9,893,146	-	-	-	-	-	9,893,146
Written Down Value as at June 30, 2024	-	-	-	*14,459,059*	-	-	-	-	-	*14,459,059*
WDV as at June 30, 2024 - GRAND TOTAL	***662,500,000***	***522,544,583***	***138,892,063***	***564,236,494***	***172,004,759***	***3,314,987***	***390,631***	***441,418***	***730,463***	***2,065,055,398***

Note 15 - Property, Plant and Equipment ... Contd.

	2023									
PARTICULARS	**Freehold land**	**Factory Buildings on free hold land**	**Colony Buildings on free hold land**	**Plant & Machinery**	**Power House**	**Tools & equipment**	**Office equipment**	**Furniture and fixtures**	**Vehicles**	**Total**
OWNED										
COST/REVALUED AMOUNT										
Balance as at July 01, 2022	82,812,500	321,448,097	104,616,215	1,143,914,896	154,449,284	5,186,925	1,698,383	2,940,455	11,601,040	1,828,667,795
Additions	-	-	-	-	-	-	-	-	-	-
Deletions	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2023	82,812,500	321,448,097	104,616,215	1,143,914,896	154,449,284	5,186,925	1,698,383	2,940,455	11,601,040	1,828,667,795
DEPRECIATION										
Balance as at July 01, 2022	-	245,782,718	66,245,888	694,100,592	108,529,298	3,335,400	1,216,123	2,395,495	10,459,691	1,132,065,205
Charge for the year	-	7,566,538	3,837,033	22,490,715	4,591,999	185,153	48,226	54,496	228,270	39,002,430
Balance as at June 30, 2023	-	253,349,256	70,082,921	716,591,307	113,121,297	3,520,553	1,264,349	2,449,991	10,687,961	1,171,067,635
Written Down Value as at June 30, 2023	*82,812,500*	*68,098,841*	*34,533,294*	*427,323,589*	*41,327,987*	*1,666,372*	*434,034*	*490,464*	*913,079*	*657,600,160*
Rates %	-	10%	10%	5%	10%	10%	10%	10%	20%	
Right to Use Assets										
COST/REVALUED AMOUNT										
PLANT AND MACHINERY										
Balance as at July 01, 2022	-	-	-	24,352,205	-	-	-	-	-	24,352,205
Additions	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2023	-	-	-	24,352,205	-	-	-	-	-	24,352,205
Depreciation										
Balance as at July 01, 2022	-	-	-	8,331,087	-	-	-	-	-	8,331,087
Charge for the year	-	-	-	801,056	-	-	-	-	-	801,056
Balance as at June 30, 2023	-	-	-	*9,132,143*	-	-	-	-	-	*9,132,143*
Written Down Value as at June 30, 2023	-	-	-	***15,220,062***	-	-	-	-	-	***15,220,062***
WDV as at June 30, 2023 - GRAND TOTAL	82,812,500	68,098,841	34,533,294	442,543,651	41,327,987	1,666,372	434,034	490,464	913,079	672,820,222

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

	Note	2024 Rupees	2023 Rupees
Cost of sales	24	122,669,591	39,472,494
Administrative expenses	26	275,065	330,992
		122,944,656	39,803,486

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

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

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

15.4 As per the valuation report of independent valuer as of Decemeber 30, 2023 the forced sales value of revalued assets is Rs. 1,937.680 million. The management believes that these values approximate to the values as on June 30, 2024. Break-up of forced sale value is as following:

Asset	Forced Sale Value (Rs.)
Land	596,250,000
Building	656,818,200
Plant & Machinery	684,612,000
	1,937,680,200

15.5 The revaluation of freehold land, building and plant & machinery was carried out on December 30, 2023 by M/s. Diamond Surveyors Pakistan, an independent valuer on prevaling market prices.

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

PARTICULARS	As at June 30, 2024			As at June 30, 2023		
	Cost	Accumulated Depreciation	Written Down Value	Cost	Accumulated Depreciation	Written Down Value
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land	5,009,292	-	5,009,292	5,009,292	-	5,009,292
Building	356,307,236	290,279,173	66,028,063	356,307,236	282,942,722	73,364,514
Plant and machinery	1,099,851,692	717,100,806	382,750,886	1,099,851,692	696,956,023	402,895,669
Power house	145,165,634	46,699,212	98,466,422	145,165,634	35,758,498	109,407,136
Total	1,606,333,854	1,054,079,191	552,254,663	1,606,333,854	1,015,657,243	590,676,611

Note 16
Long Term Loans

	Note	2024 Rupees	2023 Rupees
Loans to employees - (Secured - considered good)			
- Due from executive	16.1	3,528,317	3,528,317
- Due from other employees		1,535,741	1,500,741
		5,064,058	5,029,058
Less: Current portion			
- Due from executives		(3,528,317)	(3,528,317)
- Due from other employees		(787,975)	(787,975)
		(4,316,292)	(4,316,292)
		747,766	712,766

16.1 Reconciliation of carrying amount of loan to executive:

	2024	2023
Opening balance	3,528,317	3,528,317
Disbursement during the year	-	-
	3,528,317	3,528,317
Recoveries during the year	-	-
Closing Balance	3,528,317	3,528,317

16.2 This represents interest free loans given to executives and other employees for construction of houses and other purposes as per the Company's policy. These loans shall be recovered in monthly installments from salary and are secured against gratuity balances.

16.3 The maximum aggregate amount of loans due from executives and employees at the end of any month during the year was Rs. 5.064 million (2023: Rs. 5.064 million)

16.4 Long term loans have been carried at cost as the effect of carrying these balances at amortized cost would not be material.

Note 17
Long Term Deposits

	2024 Rupees	2023 Rupees
Deposits against:		
- Utilities	30,332,744	30,332,744
- Margin on letter of guarantee	7,000	7,000
	30,339,744	30,339,744

Trade Debts

	Note	2024 Rupees	2023 Rupees
Local - Unsecured and considered good	18.1	324,607	324,607

18.1 Trade debts do not include any amount due from related parties (2023: Nil).

Note 19
Loans and Advances

	Note	2024 Rupees	2023 Rupees
Current portion of loans to employees	16	4,316,292	4,316,292
Advances - Considered good			
- Suppliers and contractors		30,000	4,177,607
- Employees	19.1	-	-
		4,346,292	8,493,899

19.1 Amount due from directors, chief executive and executives of the Company is Nil (2023: Nil)

Note 20
Tax refunds due from the government

	2024 Rupees	2023 Rupees
Tax deducted at source and advance tax	7,098,105	7,098,105
Sales tax refundable - Net	16,782,822	16,782,822
	23,880,927	23,880,927

Note 21
Trade Deposits, Prepayments and Other Receivables

	2024 Rupees	2023 Rupees
Prepayments	-	429,716
	-	429,716

Note 22
Cash and Bank Balance

	2024 Rupees	2023 Rupees
Cash in hand	-	-
Cash at bank - in current accounts	48,665	52,195
	48,665	52,195

Note 23
Sales

	2024 Rupees	2023 Rupees
Local - Yarn Sales	-	-
Sales tax	-	-
Net sales	-	-

Note 24
Cost of Sales

	Note	2024 Rupees	2023 Rupees
Salaries, wages and benefits	24.2	-	-
Depreciation	15.1	122,669,591	39,472,494
		122,669,591	39,472,494

24.2 This includes Rs. Nil (2023: Rs. Nil) in respect of employee benefits - gratuity scheme.

Note 25
Distribution Cost

	2024 Rupees	2023 Rupees
Freight and other charges	-	949,461

Note 26
Administrative Expenses

	Note	2024 Rupees	2023 Rupees
Salaries, wages and benefits	26.1	657,550	600,000
Director's remuneration		-	675,000
Repairs and maintenance		23,500	-
Printing and stationery		4,000	-
Fees and subscriptions		1,540,664	736,856
Advertisement and publicity		78,000	75,000
Depreciation	15.1	275,065	330,992
		2,578,779	2,417,848

26.1 This includes Rs. 57,550 (2023: Rs. Nil) in respect of employee benefits - gratuity scheme.

Note 27
Finance Cost

	2024 Rupees	2023 Rupees
Bank charges and commission	1,050,511	1,172

Note 28
Other Operating Expenses

	Note	2024 Rupees	2023 Rupees
Auditors' remuneration	28.1	250,000	250,000

Note 29
Other Operating Income

	Note	2024 Rupees	2023 Rupees
Other income		4,803,009	11,338,581

Note 30
Taxation

	2024	2023
Current - for the year	-	-
Deferred - for the year	-	-
	-	-

30.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the Company has declared accounting loss for the year. Since there is no sales during the year hence no provision for taxation is accounted for during the current year based on minimum tax u/s 113 of the Income Tax Ordinance, 2001. A deferred tax liability due to certain temporary timing difference amounting to Rs. 272.537 million (2023: Rs. 35.400) million as at the year end has not been accounted for in view of uncertainity of revival of business operations.

30.2 As a matter of prudence, deferred tax asset amounting to Rs. 70.02 million (2023: 93.151 million) arising mainly due to brought forward losses amounting to Rs. 241.46 (2023: 337.88 million) has not been recognized in the current year, as the attributable temporary differences are not expected to reverse in the foreseeable future.

Note 31
Loss per Share

		2024	2023
		Rupees	Rupees
Loss after taxation	Rupees	(121,745,872)	(30,802,933)
		Number of shares	
Weighted average number of ordinary shares outstanding during the year	Number	121,576,200	121,576,200
Loss per share - basic & diluted	Rupees	(1.00)	(0.25)

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

Note 32
Remuneration of Chief Executive, Directors' and Executives

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

	2024		2023	
	Director	Executives	Director	Executives
	---Rupees---			
Managerial Remuneration	-	-	-	-
	-	-	-	-
Number of persons	0	0	0	0

32.1 Neither any director remuneration nor any meeting fee have been paid to any director of the Company.

32.2 No remuneration has been paid to chief executive officer of the Company during the year.

Note 33
Transactions with Related Parties

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

Particulars	Relationship	2024	2023
		Rupees in '000'	
Short term funds (paid) / availed from directors	Director	(1,908)	(16,394)
Expenses paid by Yousaf Weaving Mills Limited on behalf of Chakwal Spinning Mills	Associate-Common Directorship	-	6,346

Note 34
Financial Risk Management

34.1 **Financial risk factors**

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

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

a) **Market Risk**

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

i) Currency Risk

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

ii) Other Price Risk

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

iii) Interest Rate Risk

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

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

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

	2024	2023
	Rupees	Rupees
Floating rate instruments		
Financial Liabilities		
Short term borrowings	357,501,678	356,948,736

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by Rs. 3.575 (2023: Rs. 3.469) million. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is prepared assuming that amounts of assets and liabilities outstanding as at the reporting date have been outstanding for the entire year.

Note 34 - Financial Risk Management ... Contd.

b) Credit Risk

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

	2024	2023
	Rupees	Rupees
Long term loans	747,766	712,766
Long term deposits	30,339,744	30,339,744
Trade debts	324,607	324,607
Loans and advances	4,346,292	8,493,899
Trade Deposits, Prepayments and Other Receivables	-	429,716
Cash and bank balances	48,665	52,195

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

	2024	2023
1 - 30 days	-	-
31 - 60 days	-	-
61 - 120 days	-	-
120 days and above	324,607	324,607
	324,607	324,607

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

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

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

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs. 385 million (2023: Rs. 385 millions) worth short term borrowing limits available from financial institutions and Rs. 0.049 million (2023: Rs 0.052 million) cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2024

	Carrying Amount	Contractual Cash Flows	Less then 1 year	Between 1 to 5 years	5 years and above
	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	278,035,442	278,035,442	278,035,442	-	-
Accrued mark- up	67,778,697	67,778,697	67,778,697	-	-
Short term finances	357,501,678	357,501,678	357,501,678	-	-
Current portion of non current liabilities	37,865,589	37,865,589	37,865,589	-	-

Contractual maturities of financial liabilities as at June 30, 2023

	Carrying Amount	Contractual Cash Flows	Less then 1 year	Between 1 to 5 years	5 years and above
	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	282,547,818	282,547,818	282,547,818	-	-
Accrued interest	67,778,697	67,778,697	67,778,697	-	-
Short term borrowings	356,948,736	356,948,736	356,948,736	-	-
Current portion of non current liabilities	37,742,792	37,742,792	37,742,792	-	-

Note 34 - Financial Risk Management ... Contd.

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30th June. The rates of interest mark up have been disclosed in Note 14 to these financial statements.

(d) Fair value of financial instruments

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

As at June 30, 2024 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

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

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

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

34.2 Financial instruments by categories

	2024	2023
Financial asset as at amortized cost	Rupees	Rupees
Long term loans	747,766	712,766
Long term deposits	30,339,744	27,839,744
Trade debts	324,607	324,607
Short term loans to employees	4,346,292	8,493,899
Trade Deposits, Prepayments and Other Receivables	-	429,716
Cash and Bank Balance	48,665	52,195
Financial liabilities at amortized cost		
Trade and other payables	278,035,442	282,547,818
Accrued mark- up	67,778,697	67,778,697
Short term borrowings	357,501,678	356,948,736

34.3 Fair values of financial assets and liabilities

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

Note 35
Capital Risk Management

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

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

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

	2024 Rupees	2023 Rupees
Total borrowings	542,579,555	543,811,816
Cash and bank balances	(48,665)	(52,195)
Net Debt	542,530,890	543,759,621
Equity	1,344,509,710	(125,325,797)
Total capital employed	1,887,040,600	418,433,824
Gearing Ratio	28.75%	129.95%

Note 36
Entity- Wise Information

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

36.2 **Information about geographical areas**

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

36.3 **Information about major customers**

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

Note 37
Plant Capacity and Production

	2024 Rupees	2023 Rupees
Number of spindles installed	33,468	33,468
Installed capacity in 20's count (Kgs) - approximately	11,168,743	11,168,743
Actual production after conversion into 20's count (Kgs)	-	-

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

Note 38
Number of Employees

	Note	2024 Rupees	2023 Rupees
Employees as at June 30,			
Permanent	38.1	1	1
Temporary		-	-
Average employees during the year			
Permanent		1	1
Temporary		-	-
38.1 Includes factory employees as at June 30,		-	-

Note 39
Authorization of Financial Statements

These financial statements were authorized for issue on December 21, 2024 by the Board of Directors of the Company.

Note 40
General

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

DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

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

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

2.1. Pattern of holding of the shares held by the shareholders as at — **30-06-2024**

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
238	1	100	10,803
314	101	500	121,286
116	501	1,000	108,571
198	1,001	5,000	570,690
61	5,001	10,000	491,997
23	10,001	15,000	303,674
17	15,001	20,000	307,343
7	20,001	25,000	162,444
9	25,001	30,000	254,253
7	30,001	35,000	230,610
5	35,001	40,000	194,000
3	40,001	45,000	125,400
6	45,001	50,000	300,000
2	50,001	55,000	102,010
3	55,001	60,000	174,000
1	60,001	65,000	65,000
2	65,001	70,000	138,935
4	75,001	80,000	320,000
1	80,001	85,000	82,400
1	85,001	90,000	88,399
3	95,001	100,000	300,000
1	100,001	105,000	101,500
1	105,001	110,000	107,777
2	110,001	115,000	227,013
1	120,001	125,000	120,661
1	145,001	150,000	149,945
1	180,001	185,000	185,000
1	195,001	200,000	200,000
1	205,001	210,000	207,402
1	265,001	270,000	267,500
1	360,001	365,000	361,360
1	435,001	440,000	438,435
1	495,001	500,000	500,000
1	660,001	665,000	662,508
1	965,001	970,000	967,091
1	1,250,001	1,255,000	1,250,792
1	2,520,001	2,525,000	2,521,500
1	2,690,001	2,695,000	2,691,522
1	5,410,001	5,415,000	5,412,500
1	6,060,001	6,065,000	6,064,000
1	6,430,001	6,435,000	6,431,750
2	6,815,001	6,820,000	13,635,364
1	13,635,001	13,640,000	13,635,365
1	60,985,001	60,990,000	60,985,400
1,046			121,576,200

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	81,225,528	66.8104
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	-	-
2.3.3 NIT and ICP	662,508	0.5449
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	5,522	0.0045
2.3.5 Insurance Companies	54,300	0.0447
2.3.6 Modarabas and Mutual Funds	4,100	0.0034
2.3.7 Share holdersholding 10% or more	74,789,778	61.5168
2.3.8 General Public		
a. Local	39,383,108	32.3938
b. Foreign	0	-
2.3.9 Others (to be specified)		
- Joint Stock Companies	95,880	0.0789
- Investment Companies	12,000	0.0099
- Foreign Companies	56,900	0.0468
- Pension Funds	68,935	0.0567
- Others	7,419	0.0061

CHAKWAL SPINNING MILLS LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2024

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
1	ASIAN DEVELOPMENT EQUITY FUND	2,100	0.0017
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	KHAWAJA MOHAMMAD JAHANGIR PHINO	6,431,750	5.2903
2	KHAWAJA MOHAMMAD KALEEM	61,097,413	50.2544
3	KHAWAJA MUHAMMAD TANVEER	2,000	0.0016
0	MR. MUHAMMAD NAVEED (CDC)	13,692,365	11.2624
5	MST. MUNAZA KALEEM	500	0.0004
6	SHEIKH MAQBOOL AHMED	500	0.0004
7	MISS SOHA KALEEM	500	0.0004
8	MR. ABBAS ALI	500	0.0004
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		130,757	0.1076

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

S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	61,097,413	50.2544
2	MR. MUHAMMAD NAVEED	13,692,365	11.2624
5	KHAWAJA MOHAMMAD JAHANGIR PHINO	6,431,750	5.2903

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

Sr. No.	Name	Sale	Purchase
	NIL		

Dear Sir, Please check at your end

CHAKWAL SPINNING MILLS LIMITED
Categories of Share Holders
As on 30th June, 2024

S. No.	NAME	HOLDING	% AGE
	DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN		
1	KHAWAJA MOHAMMAD JAHANGIR PHINO	6,431,750	5.2903
2	KHAWAJA MOHAMMAD KALEEM	60,985,400	50.1623
	KHAWAJA MOHAMMAD KALEEM (CDC)	112,013	0.0921
3	KHAWAJA MUHAMMAD TANVEER	2,000	0.0016
4	MR. MUHAMMAD NAVEED	13,635,365	11.2155
	MR. MUHAMMAD NAVEED (CDC)	57,000	0.0469
5	MST. MUNAZA KALEEM	500	0.0004
6	SHEIKH MAQBOOL AHMED	500	0.0004
7	MISS SOHA KALEEM	500	0.0004
8	MR. ABBAS ALI	500	0.0004
		81,225,528	66.8104
	ASSOCIATED COMPANIES	0	0.0000
	NIT & ICP		
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	662,508	0.5449
		662,508	0.5449
	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS		
1	NATIONAL BANK OF PAKISTAN	1,600	0.0013
2	NATIONAL DEVELOPMENT FINANCE CORPORATION	3,500	0.0029
3	NATIONAL BANK OF PAKISTAN (CDC)	422	0.0003
		5,522	0.0045
	MODARABA & MUTUAL FUNDS		
1	FIRST PRUDENTIAL MODARABA	500	0.0004
2	TRUST MODARABA	1,500	0.0012
3	ASIAN DEVELOPMENT EQUITY FUND	2,100	0.0017
		4,100	0.0034
	PENSION FUNDS		
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND (CDC)	68,935	0.0567
	INVESTMENT COMPANIES		
1	PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LTD.	12,000	0.0099
	INSURANCE COMPANIES		
1	PRIME INSURANCE CO. LIMITED	2,300	0.0019
2	STATE LIFE INSURANCE CORPORATION OF PAKISTAN (CDC)	52,000	0.0428
		54,300	0.0447
	FOREIGN COMPANIES		
1	THE PAKISTAN FUND	15,500	0.0127
2	CITIBANK N.A. HONGKONG	41,400	0.0341
		56,900	0.0468
	JOINT STOCK COMPANIES		
1	TRUST SECURITIES & BROKERAGE (PVT) LTD.	6,700	0.0055
3	HAFIZ LIMITED (CDC)	50,000	0.0411

4	HIGHLINK CAPITAL (PVT) LTD. (CDC)	100	0.0001
5	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000
6	PYRAMID INVESTMENTS (PVT) LTD. (CDC)	15,000	0.0123
7	SAAO CAPITAL (PVT) LIMITED (CDC)	17,500	0.0144
8	SARFRAZ MAHMOOD (PRIVATE) LTD. (CDC)	500	0.0004
9	DAWOOD EQUITIES LTD	5,000	0.0041
10	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	1,079	0.0009
		0	0.0000
		95,880	0.0789

OTHERS

1	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST (CDC)	2,419	0.0020
2	TRUSTEE ALOO & MINOCHER DINSHAW CHARITABLE TRUST (CDC)	5,000	0.0041
		7,419	0.0061

SHARES HELD BY THE GENERAL PUBLIC (LOCAL)	39,383,108	32.3938
SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)	0	0.0000
	39,383,108	32.3938
	121,576,200	**100.0000**

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	61,097,413	50.2544
2	MR. MUHAMMAD NAVEED	13,692,365	11.2624
		74,789,778	61.5168

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	61,097,413	50.2544
2	MR. MUHAMMAD NAVEED	13,692,365	11.2624
3	KHAWAJA MOHAMMAD JAHANGIR PHINO	6,431,750	5.2903
4	MRS. SADAF JAVED	6,817,682	5.6077
5	KHAWAJA MOHAMMAD JAHANGIR PHINO	6,817,682	5.6077
		94,856,892	78.0226

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

Form of Proxy - 37th Annual General Meeting

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

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

I/We____ of ______________________________ being a member (s) of CHAKWAL SPINNING MILLS LIMITED hold ____________ ordinary shares hereby appoint Mr./Mrs./Miss ____ of ____________________________ or failing him/her __________________________________ of ________________________________ as my /our Proxy to attend and vote for me/us and on my/our behalf at the 37th Annual General Meeting of the Company to be held on Thursday, 16th January, 2025 at 10:30 a.m at the registered office 7/1 E-III, Main Boulevard, Gulberg III, Lahore.

Signed this __________________________________ day of _______________2025.

NOTE

1. This Form of proxy, duly completed and signed, must be received at the registered office of the company, at 7/1 E-3 Main Boulevard Gulberg III, Lahore Pakistan, not less than 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.

1. Witness:
   Signature ________________
   Name ________________
   Address ________________
   CNIC ________________
2. Witness:
   Signature ________________
   Name ________________
   Address ________________
   ____
   CNIC ________________

AFFIX
REVENUE
STAMP of Five rupees

Signature________________

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

CHAKWAL SPINNING MILLS LIMITED

Key Financials Data of Loast Five years

	2024	2023	2022	2021	2020	2019
Sales	-	-	-	-	146,548,532	1,072,563,609
Gross Profit / Loss	(122,669,591)	(39,472,494)	(42,496,234)	(45,784,257)	(32,425,271)	6,940,227
(Loss) / Profit before Taxation	(121,745,872)	(30,802,933)	(43,254,112)	(48,574,884)	(48,275,268)	(40,121,935)
Taxes	-	-	-	-	(2,198,228)	(13,408,789)
(Loss) / Profit after Taxation	(121,745,872)	(30,802,933)	(43,254,112)	48,574,884		(53,530,724)
Total Assets	2,124,743,399	737,054,075	783,699,071	821,994,982	868,900,052	995,090,781
Current Liabilities	(780,233,688)	(862,379,872)	(878,221,934)	(873,263,734)	(871,593,920)	(910,235,129)
	1,344,509,711	(125,325,797)	(94,522,863)	(51,268,752)	(2,693,868)	84,855,652
Share Capital	607,881,000	607,881,000	607,881,000	607,881,000	607,881,000	607,881,000
Loan From Directors	118,776,547	42,375,000	42,375,000	42,375,000	42,375,000	42,375,000
Accumulated Loss	(979,422,361)	(893,697,848)	(866,848,717)	(827,962,439)	(784,259,887)	(739,172,120)
Surplus on Revaluation of Fixed Asstes	(1,597,274,524)	(118,116,081)	(122,069,853)	(126,437,687)	(131,310,019)	(136,695,748)
Equity	1,344,509,710	(125,325,797)	(94,522,863)	(51,268,752)	(2,693,868)	47,779,628
Finance Lease	-	-	-	-	-	-
Deffered Liability	-	-		-	-	37,076,024
	1,344,509,710	(125,325,797)	(94,522,863)	(51,268,752)	(2,693,868)	84,855,652