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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, 2022

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

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

- a. Male : 07
- b. Female : 01

2. The composition of the board is as follows:

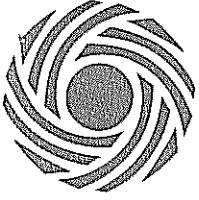
- a. Executive Directors : 01
- b. Other Non-Executive Directors : 05
- c. Independent Directors : 02

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

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

* A Casual Vacancy made by the death of Ex Chairman Mr. Khawaja Mohammad Javed Shall be filled in accordance with law.

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



CHAKWAL SPINNING MILLS LTD.



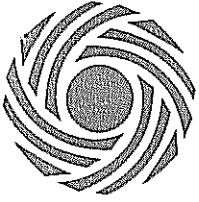
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4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Act and these regulations.
7. The meetings of the board were presided over by the Chairman and, in her absence, by a director elected by the board for this purpose. The board complied with requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Directors were 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. Sheikh Maqbool Ahmed – Chairman
 - ii. Mr. Khawaja Mohammad Kaleem
 - iii. Mr. Muhammad Naveed
 - II. HR and Remuneration Committee:
 - i. Mr. Sheikh Maqbool Ahmed – Chairman
 - ii. Mr. Khawaja Mohammad Tanveer
 - iii. Mst. Munaza Kaleem



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13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the aforesaid committees were as per following:
 - a) Audit Committee: Four Quarterly meetings during the financial year ended June 30, 2021.
 - b) HR & Remuneration Committee: One meeting during the financial year ended June 30, 2021.
15. Due to shut down of business operations, presently the board did not set up an effective internal since there was no staff for this purpose.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. The directors shall comply with the provision of the Code of Corporate Governness Regulations, 2019 in respect of the Director Training Program.
20. The auditors highlighted the instances of non-compliance with the requirement of the Regulations, which have been adequately replied in the Director's Report to the members.

For Chakwal Spinning Mills Limited

Khawaja Mohammad Kaleem
Chairman

Lahore: October 03, 2022



Aslam Malik & Co
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INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Chakwal Spinning Mills Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Chakwal Spinning Mills Limited** for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensued compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

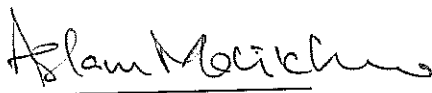
Further, we highlight below instance of non-compliance with the requirements of the regulations as reflected in the paragraph reference where it is stated in the statement of compliance.

📍 **Lahore Head Office:** Suite # 18-19 FF Floor, Central Plaza, Civic Centre, New Garden Town, Lahore-Pakistan.

📍 **Islamabad Office:** House # 726, Street 34, Margalla Town, off Murree Road, Islamabad. Phone : +92-51-2374282-3

📍 **Quetta Office:** 1st Floor, Haji Fateh Khan Center, Adalat Road, Quetta Ph: +92-81-2823837

Paragraph Reference	Description
9	The Company has not arranged the directors training program or obtained the exemption from directors training program from the commission as required under clause 19 of the regulations
15	The board has not setup an internal audit function as required by regulation 31 of chapter x of listed Companies Code of Corporate Governance regulations 2019



Chartered Accountants



Place: Lahore

Date: October 03, 2022

Engagement Partner: Hafiz Muhammad Ahmad Saleem

UDIN: CR2022101484rZEnGpRD