

**CHAKWAL SPINNING MILLS
LIMITED**

**FOR THE 3RD QUARTER ENDED
MARCH 31, 2023**



CHAKWAL SPINNING MILLS LTD.



7/1 E-3, Main Boulevard, Gulberg - III, Lahore, Pakistan.
Tel: 92-42-35757108, 35717510-17 Fax: 92-42-35764036, 35764043, 35757105
E-mail: ksml@pol.com.pk

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of the Company are pleased to present their report together with the unaudited condensed interim financial statements for the nine months ended March 31, 2023.

The management of the Company is committed to reviving the business operations of the Company, however, there are certain factors which are beyond the control of the management e.g. adverse economic conditions of the country, political instability, rapid fluctuation in the US \$ exchange rate, high KIBOR rates, day by day increase in cost to do business marred all the efforts of the management to resuscitate production activities. The discontinuation of subsidized energy packages by the government for the export-oriented industry proved to be gruesome for the industry. Many industrial units have been shut down or significantly decrease their production. In these circumstances, it would be very tough for the businesses to survive without the assistance of the government in the shape of a concessionary energy package, provision of soft loans for industry, lifting the ban on the import of raw material and machinery items, stabilizing the US \$ rate so that business confidence of the industrialist could be boost-up and economic growth could be achieved.

The Board also considered the steering committee recommendations and blue print for the revival of the unit. The board high light certain suggestions and advise to incorporate in the revival plan.

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

During the current period, the Company has earned other operating income by providing its godowns to an industrial unit on a rental basis. Whereas expenses comprise depreciation and administration expenses only.

The board is thankful to the shareholders of the Company for their continued confidence in the Company and also wished to express its gratitude to all the employees of the Company for their hard work, loyalty and dedication.

For and on behalf of the board

Lahore

April 28, 2023

Khawaja Mohammad Kaleem

Chairman

Khawaja Mohammad Jahangir

Chief Executive Officer

CHAKWAL SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT MARCH 31, 2023

	March 31, 2023	June 30, 2022
Note	(Un-audited) Rupees	(Audited) Rupees
CAPITAL AND LIABILITIES		
Share Capital and Reserves		
Authorized share capital 140,000,000 (2022: 140,000,000) ordinary shares of Rs. 5 each	700,000,000	700,000,000
Issued, subscribed and paid up share capital	607,881,000	607,881,000
Loan from directors	42,375,000	42,375,000
Accumulated loss	(885,343,343)	(866,848,717)
Surplus on revaluation of property, plant and equipment	120,501,080	122,069,853
	(114,586,263)	(94,522,864)
Non Current Liabilities		
Deferred liabilities		
Current Liabilities		
Trade and other payables	276,817,772	281,995,945
Unclaimed dividend	384,347	384,347
Accrued mark- up	67,778,697	67,778,697
Short term borrowings	469,372,408	480,087,959
Current portion of non current liabilities	37,742,792	37,742,792
Provision for taxation	10,232,356	10,232,194
	862,328,372	878,221,934
Contingencies and Commitments		
	747,742,109	783,699,071
ASSETS		
Non Current Assets		
Property, plant and equipment	682,739,627	712,623,708
Long term loans	712,766	712,766
Long term deposits	27,839,744	27,839,744
	711,292,137	741,176,218
Current Assets		
Stores and spares	-	-
Stock in trade	-	-
Trade debts	324,607	324,607
Loans and advances	9,262,190	8,993,899
Tax refunds due from the government	23,880,927	23,880,927
Trade deposits, prepayments and other receivables	2,929,716	9,275,435
Cash and bank balances	52,532	47,985
	36,449,972	42,522,853
	747,742,109	783,699,071

The annexed notes form an integral part of these condensed interim financial information (Unaudited).

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023

	Nine Months Ended		Quarter Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees	Rupees	Rupees	Rupees
Sales	-	-	-	-
Cost of sales	(29,635,990)	(31,872,176)	(9,899,764)	(10,624,059)
Gross Loss	(29,635,990)	(31,872,176)	(9,899,764)	(10,624,059)
Distribution cost	-	-	-	-
Administrative expenses	(1,765,471)	(1,253,793)	(232,751)	(404,892)
Operating Loss	(31,401,461)	(33,125,969)	(10,132,515)	(11,028,951)
Other operating expenses	-	-	-	-
Finance cost	(1,137)	(185)	(697)	-
Other operating income	11,339,199	-	1,240,169	-
Loss before Taxation	(20,063,399)	(33,126,154)	(8,893,043)	(11,028,951)
Taxation	-	-	-	-
Loss for the period	(20,063,399)	(33,126,154)	(8,893,043)	(11,028,951)
Loss per Share - Basic & Diluted	(0.17)	(0.27)	(0.07)	(0.09)


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

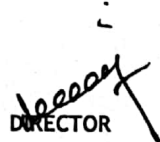
CHAKWAL SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

	Nine Months Ended		Quarter Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees	Rupees	Rupees	Rupees
Loss for the period	(20,063,399)	(33,126,154)	(8,893,043)	(11,028,951)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(20,063,399)</u>	<u>(33,126,154)</u>	<u>(8,893,043)</u>	<u>(11,028,951)</u>



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2023

	Nine Months Ended	
	March 31, 2023	March 31, 2022
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(20,063,399)	(33,126,154)
Adjustments for:		
- Depreciation	29,884,081	32,171,626
- Provision for gratuity	-	-
- Finance cost	1,137	185
	<u>29,885,218</u>	<u>32,171,811</u>
Operating loss before working capital changes	9,821,819	(954,343)
(Increase) / decrease in current assets		
- Trade debts	-	-
- Loans and advances	(268,291)	(1,099,602)
- Sales tax refundable	-	-
- Trade deposits, prepayments and other receivables	6,340,035	6,393,219
Increase in current liabilities		
- Trade and other payables	(5,178,173)	(2,773,162)
	<u>893,571</u>	<u>2,520,455</u>
Cash used in operations	10,715,390	1,566,112
Finance cost paid	161	159
Gratuity paid	-	-
Income tax paid	-	-
Net cash used in operating activities	<u>10,715,551</u>	<u>1,566,271</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term loans	-	(4,316,292)
Long term deposits	-	-
Net cash used in investing activities	-	(4,316,292)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	<u>(10,715,551)</u>	<u>2,750,021</u>
Net Cash generated from financing activities	<u>(10,715,551)</u>	<u>2,750,021</u>
Net increase / (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the period	52,532	48,111
	<u><u>52,532</u></u>	<u><u>48,111</u></u>


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2023

Particulars	Share Capital	Accumulated Profit / (Loss)	Loan from Directors	Surplus on revaluation of property, plant & equipment	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2021	607,881,000	(827,962,439)	42,375,000	126,437,687	(51,268,752)
Loss for the period		(33,126,154)		-	(33,126,154)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period - net of deferred tax	-	1,568,773	-	(1,568,773)	-
Balance as at March 31, 2022	607,881,000	(859,519,820)	42,375,000	124,868,914	(84,394,906)
Balance as at July 01, 2022	607,881,000	(866,848,717)	42,375,000	122,069,853	(94,522,864)
Loss for the period	-	(20,063,399)	-	-	(20,063,399)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period - net of deferred tax	-	1,568,773	-	(1,568,773)	-
Balance as at March 31, 2023	607,881,000	(885,343,343)	42,375,000	120,501,080	(114,586,263)



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2023

Note 1 The Company and its Operations

The Company was incorporated in Pakistan on January 31, 1988 as a Public Limited Company. Its shares are quoted on Pakistan Stock Exchanges Limited. The registered office of the Company is situated at 7/1, E-III, Main Boulevard Gulberg 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 condensed interim financial statements has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements are presented in Pak rupees, which is the Company's functional and presentation currency. These condensed financial statements do not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2022.

Note 3 Significant Accounting Policies

The accounting policies and methods of computation of the interim financial information are the same as those followed in the preparation of annual financial information for the preceding year ended June 30, 2022.

Note 4 Accounting Estimates and Judgments

The accounting estimates and associated assumptions used in preparation of this condensed interim financial information are consistent with those applied in the preparation of annual financial statement of the Company Limited for the year ended June 30, 2022.

Note 5 Contingencies and Commitments

There is no other significant change in the contingencies and commitments as reported in the last published audited financial statements for the year ended June 30, 2022.

Note 6 Property, Plant and Equipment	Nine Months Ended March 31, 2022	Year Ended June 30, 2022
	(Un-audited) Rupees	(Audited) Rupees
Opening written down value	712,623,708	755,519,415
Addition during the period / year (at cost)	-	-
Revaluation adjustment	-	-
Disposal during the period / year (written down value)	-	-
	<u>712,623,708</u>	<u>755,519,415</u>
Depreciation charge for the period / year	(29,884,081)	(42,895,707)
Closing written down value	<u>682,739,627</u>	<u>712,623,708</u>

Note 8
Transactions with Related Parties

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

	Nine Months Ended	
	Mar 31, 2023	Mar 31, 2022
	(Un-audited) Rs. In '000'	(Un-audited) Rs. In '000'
Significant transaction with related parties are as follows:		
- Loan received from directors - net	(10,716)	2,750

Note 9
Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual published financial statements of the Company for the year ended June 30, 2022.

Note 10
General

10.1 This interim financial information is authorized for issue on April 28, 2023 by the Board of Directors of the Company.

10.2 Corresponding figures have been re-arranged wherever necessary to facilitate comparison. No material rearrangement has been made during the period.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER