

CHAKWAL SPINNING MILLS LIMITED

Condensed Interim Financial Statement

For the Period Ended March 31, 2025



CHAKWAL SPINNING MILLS LTD.



ISO 9001:2000
CERTIFIED

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

DIRECTOR'S REPORT TO THE SHARE HOLDERS

The Board of Directors of Chakwal Spinning Mills Limited is pleased to present the unaudited financial statements for the nine months ended March 31, 2025. During the period under review, the Company recorded a net loss of Rs. 84.9 million, compared to a loss of Rs. 91.8 million in the corresponding period last year. This loss is primarily due to fixed costs, particularly depreciation, as no operational activity was carried out during the reporting period. Despite the continuing financial pressure, the management remains committed to reviving the Company's operations through a strategic shift in direction.

Recognizing the persistent challenges faced by the textile sector and the broader shifts in the global economic environment, the Board has approved a comprehensive business plan developed by M/s. Crowe Hussain Ch. & Co. Chartered Accountants. This plan sets out a roadmap for transitioning the Company's core business from textile manufacturing to the information technology sector, with a focus on cloud infrastructure and data center services. This strategic redirection represents a fundamental change in the Company's future path and involves significant planning, regulatory compliance, and capital investment. Given the complexity and scale of this transformation, it will require time and careful execution.

The management is fully aligned with this vision and is actively working to lay the groundwork for a successful transition. The Board and management understand the concerns of the shareholders during this transitional phase and want to reassure all stakeholders that this change is driven by a long-term commitment to sustainability and growth. We are confident that this forward-looking approach will position the Company to operate more competitively and deliver enhanced value in the future.

We remain sincerely grateful to our shareholders for their continued patience, trust, and support during this important phase of the Company's evolution.

For and on behalf of the Board

Khawaja Muhammad Jahangir
Chairman

Lahore
April 30, 2025


Khawaja Muhammad Kaleem
Director

CHAKWAL SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT MARCH 31, 2025

	Note	March 31, 2025 (Un-audited) Rupees	June 30, 2024 (Audited) Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
140,000,000 (2023: 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	5	118,776,547	118,776,547
Accumulated loss		(1,014,363,166)	(979,422,361)
Surplus on revaluation of property, plant and equipment		1,547,231,035	1,597,274,524
		1,259,525,416	1,344,509,710
Non Current Liabilities			
Deferred liabilities		-	-
Current Liabilities			
Trade and other payables		284,412,901	278,035,442
Unclaimed dividend		384,347	384,347
Accrued mark- up		67,778,697	67,778,697
Short term borrowings		385,341,419	385,937,419
Current portion of non current liabilities		37,865,589	37,865,589
Provision for taxation		10,232,194	10,232,194
		786,015,147	780,233,688
Contingencies and Commitments	6	-	-
		2,045,540,563	2,124,743,399
ASSETS			
Non Current Assets			
Property, plant and equipment	7	1,980,967,821	2,065,055,398
Long term loans		747,766	747,766
Long term deposits		30,339,744	30,339,744
		2,012,055,331	2,096,142,908
Current Assets			
Stores and spares		-	-
Stock in trade		-	-
Trade debts		324,607	324,607
Loans and advances		9,232,190	4,346,292
Tax refunds due from the government		23,880,927	23,880,927
Trade deposits, prepayments and other receivables		-	-
Cash and bank balances		47,508	48,665
		33,485,232	28,600,491
		2,045,540,563	2,124,743,399

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



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2025

	Nine Months Ended		Quarter Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	Rupees	Rupees	Rupees	Rupees
Sales	-	-	-	-
Cost of sales	(83,915,599)	(92,002,193)	(27,971,868)	(73,657,276)
Gross Loss	(83,915,599)	(92,002,193)	(27,971,868)	(73,657,276)
Distribution cost	-	-	-	-
Administrative expenses	(2,326,537)	(2,453,127)	(228,323)	(223,767)
	(2,326,537)	(2,453,127)	(228,323)	(223,767)
Operating Loss	(86,242,136)	(94,455,320)	(28,200,191)	(73,881,043)
Other operating expenses	-	-	-	-
Finance cost	(2,028)	(1,049,629)	-	(1,248)
Other operating income	1,259,870	3,686,940	-	766,394
Loss before Taxation	(84,984,294)	(91,818,009)	(28,200,191)	(73,115,897)
Taxation	-	-	-	-
Loss for the period	(84,984,294)	(91,818,009)	(28,200,191)	(73,115,897)
Loss per Share - Basic & Diluted	(0.70)	(0.76)	(0.23)	(0.60)



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2025

	Nine Months Ended		Quarter Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	Rupees	Rupees	Rupees	Rupees
Loss for the period	(84,984,294)	(91,818,009)	(28,200,191)	(73,115,897)
Other comprehensive income for the period	-	-	-	-
<i>Items that will not be reclassified to profit or loss:</i>				
Impairment loss on property, plant & equipment	-	-	-	-
Total comprehensive loss for the period	<u>(84,984,294)</u>	<u>(91,818,009)</u>	<u>(28,200,191)</u>	<u>(73,115,897)</u>



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2025

	Nine Months Ended	
	March 31, 2025	March 31, 2024
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(84,984,294)	(91,818,009)
Adjustments for:		
- Depreciation	84,087,577	92,208,499
- Finance cost	2,028	1,049,629
Operating loss before working capital changes	84,089,605	(306,741,872)
	(894,689)	(398,559,881)
(Increase) / decrease in current assets		
- Loans and advances	(4,885,898)	(768,291)
- Trade deposits, prepayments and other receivables	-	429,716
Increase in current liabilities		
- Trade and other payables	6,377,459	400,278,518
Cash generated from operations	1,491,561	399,939,943
	596,872	1,380,062
Finance cost paid	(2,029)	(1,049,630)
Net cash generated from operating activities	594,843	330,432
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term loans	-	(35,000)
Net cash used in investing activities	-	(35,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	(596,000)	(289,715)
Net Cash used in financing activities	(596,000)	(289,715)
Net increase / (decrease) in cash and cash equivalents	(1,157)	5,717
Cash and cash equivalents at the beginning of the period	48,665	52,195
	47,508	57,912



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2025

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, 2023	607,881,000	(1,293,697,878)	42,375,000	118,116,081	(525,325,797)
Conversion of Directors' Loan from Short term	-	-	76,401,547		76,401,547
Impact of revaluation				1,515,179,832	1,515,179,832
Loss for the period		(91,818,009)		-	(91,818,009)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period - net of deferred tax	-	24,148,034	-	(24,148,034)	-
Balance as at March 31, 2024	607,881,000	(1,361,367,853)	118,776,547	1,609,147,879	974,437,573
Balance as at July 01, 2024	607,881,000	(979,422,361)	118,776,547	1,597,274,524	1,344,509,710
Conversion of Directors' Loan from Short term	-	-	-		-
Impact of revaluation				-	-
Loss for the period	-	(84,984,294)	-	-	(84,984,294)
Other comprehensive loss for the Year	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period - net of deferred tax	-	50,043,489	-	(50,043,489)	-
Balance as at March 31, 2025	607,881,000	(1,014,363,166)	118,776,547	1,547,231,035	1,259,525,416



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

CHAKWAL SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENT - (Un-Audited)

FOR THE PERIOD ENDED MARCH 31, 2025

Note 1

The Company and its Operations

- 1.1 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.
- 1.2 During the period the Company has incurred loss after tax of Rs. 56.782 million (2023: Rs. 18.702 million) and at period end, its accumulated losses stood at Rs. 1002.842 million (2024: Rs. 979.422 million). Its current liabilities exceed its current assets by Rs. 752.357 million (2024: Rs. 751.633 million). The Company in order to carry on its business and to meet its current obligation requires generating sufficient cash flows. Further, the banking companies also filed suit against the Company for recovery of outstanding balances and related interest accrued thereon. Accordingly there is a material uncertainty 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. For this purpose the management of the Company has drawn up plans which include:-

The directors of the Company are fully committed to injecting fresh capital into the business to stabilize our financial position. This capital infusion underscores directors' confidence in the Company's long-term prospects and their unwavering commitment to creating value for our stakeholders. The additional capital will provide us with the necessary resources to navigate through current challenges and capitalize on future opportunities.

The Company has signed a Memorandum of Understanding (MOU) with renowned IT Company having its presence over the globe. This strategic partnership involves a significant investment from the said Company, which will inject much-needed funds into our organization. The infusion of capital will not only bolster our financial health but also enhance liquidity and support our growth initiatives.

In line with our commitment to operational excellence and efficiency, the Company has entered into an agreement to purchase new plant and machinery. This strategic investment is aimed at revamping our production facilities, enhancing productivity, and ensuring that we remain competitive in the market. The modernization of our infrastructure underscores our dedication to innovation and quality excellence.

The management is actively engaged in negotiations with our banking partners to restructure our outstanding liabilities. Our objective is to normalize our banking relationships, alleviate financial pressure, and establish a sustainable repayment framework. The restructuring efforts demonstrate our proactive approach to addressing financial challenges and strengthening our financial footing.

The management has initiated a thorough review of our operational expenses and processes to identify opportunities for cost optimization and efficiency improvement. By streamlining our operations and eliminating unnecessary expenditures, we aim to enhance our profitability and preserve financial resources.

The management believes that with the improvement in current political scenario, our economy will also ameliorate, which will ultimately assist the local industry to cope with on-going financial crisis and to achieve economic stability in long run.

In view of the above, these financial statements have been prepared on going concern assumption.

Note 2
Basis of Preparation

2.1 Statement of compliance

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

- 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.
- The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 June, 2024.
- This condensed interim financial information is presented in Pak rupees, which is the Company's functional and presentational currency. The financial statements have been prepared under the historical cost convention. Figures have been rounded off to the nearest thousand rupee, unless stated otherwise.

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, 2024.

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, 2024.

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, 2024, except that the Company is in negotiation with the banks to reschedule its short term loans for a period of five years along with two years grace period. The Company has already accounted for the mark-up of Habib Metropolitan Bank Limited and Bank of Punjab up to 2017 & 2018 respectively, whereas mark-up for remaining periods can not be determined yet, it will be accounted for at the time of rescheduling/restructuring of loan accordingly.

Note 6
Property, Plant and Equipment

	Nine Month Ended Mar 31, 2025 (Un-audited) Rupees	Year Ended June 30, 2024 (Audited) Rupees
Operating fixed assets	1,980,967,821	2,065,055,398
Opening written down value	2,065,055,398	672,820,222
Addition during the period / year (at cost)	-	-
Revaluation adjustment	-	1,515,179,832
Disposal during the period / year (written down value)	-	-
	2,065,055,398	2,188,000,054
Depreciation charge for the period / year	(84,087,577)	(122,944,656)
Closing written down value	1,980,967,821	2,065,055,398

Note 7
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, 2025	Dec 31, 2024
(Un-audited)	(Un-audited)
Rs. In '000'	Rs. In '000'

Significant transaction with related parties are as follows:

- Loan repaid to directors - net	(596)	(867)
----------------------------------	-------	-------

Note 8
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, 2024.

Note 9
General

- 10.1 This interim financial information is authorized for issue on April 30, 2025 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.
- 10.3 Pursuant to the repuirments of SECP circular No. 10 of 2024 dated April 17, 2024, the Company is required to disclose the gender pay gap date. Howerve, the Company currently has no female employees during the reporting period. Therefore, the gender pay gap disclosure is not applicable, the same fact has also been disclosed on Company's website accordingly.



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER