

**3rd QUARTER ACCOUNT
FOR PERIOD ENDED**

**March 31, 2019
(UN-AUDITED)**



QUETTA TEXTILE MILLS LIMITED



QUETTA TEXTILE MILLS LIMITED

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Tauqir Tariq
Mr. Tariq Iqbal
Mr. Asim Khalid
Mr. Omer Khalid
Mrs. Saima Asim
Mrs. Tabbasum Tariq

Mr. Major Rtd. Muhammad Saeed

Chairman
Chief Executive
Director
Director
Director
Director
Director
Mr. Major Rtd. Muhammad Saeed

AUDIT COMMITTEE

Chairman
Member
Member

Mr. Major Rtd. Muhammad Saeed
Mrs. Tabbasum Tariq
Mrs. Sadaf Khalid

HUMAN RESOURCE & REMUNERATION COMMITTEE

Chairman
Member
Member

Mrs. Tabbasum Tariq
Mrs. Saima Asim
Mrs. Sadaf Khalid

CHIEF FINANCIAL OFFICER

COMPANY SECRETARY

Mr. Nudrat Mund Khan

AUDITORS

Mushtaq and Company
Chartered Accountants

BANKERS

Allied Bank Limited
Al-Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
Bank Islami (Pakistan) Limited
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
HBL
Habib Metro Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited
Nadir House (Ground Floor)
I. I. Chundrigar Road, Karachi

REGISTERED OFFICE

MILLS

P/3 & B/4, S.I.T.E., Kotri.
49 K.M., Lahore, Multan Road, Bhai Pheru

WEB SITE ADDRESS

www.quettagroup.com



DIRECTORS' REPORT

Assalam-e-Alaikum

Dear Shareholders:

We present to you the results of the company for the Nine months & quarter ended March 31, 2019.

Your company made a pre-tax loss of Rs. 354.481 (M), as compared to the corresponding last last nine months pre-tax loss of Rs. 733.647 (M). Turnover for the nine month period ended was Rs. 2,850.748 (M), as compared to corresponding last nine months of Rs. 2,594.802 (M). Pre-tax loss as a percentage comes to 12.43% for the nine month ended as on March 31, 2019, as compared to 28.27% which was corresponding nine months pre-tax loss as a percentage. This reflects a decrease in pre-tax loss by 56.03% as a percentage. This decrease in percentage of loss caused due to increase in turnover by Rs. 255.947 million from the corresponding last nine months turnover.

I would like to thank all the staff and workers of the company and the supporting financial institutions for their confidence and efforts shown towards the company in its difficult time.

On behalf of the Board of Directors,

Tariq Iqbal
Chief Executive Officer

Asim Khalid
Director

Karachi:

Dated: April 29, 2019



QUETTA TEXTILE MILLS LIMITED

ڈائریکٹران کی رپورٹ

اسلام علیکم!

معزز شیئر ہولڈرز:

ہم آپ کو کمپنی کے نو ماہی اور سہ ماہی مختتمہ 31 مارچ 2019 کے نتائج پیش کرتے ہیں۔

آپ کی کمپنی کو 354.481 ملین روپے کا قبل از ٹیکس خسارہ ہوا جبکہ گزشتہ نو ماہی مدت میں قبل از ٹیکس خسارہ 733.647 ملین روپے تھا۔ اس نو ماہی مدت میں فروخت 2,850.748 بلین روپے رہی جبکہ گزشتہ سال کے نو ماہ میں فروخت 2,594.802 بلین روپے تھی۔ نو ماہی مدت مختتمہ 31 مارچ 2019 میں بلحاظ فروخت قبل از ٹیکس خسارہ کی شرح 12.43 فیصد رہی جبکہ گزشتہ سال کی نو ماہی مدت میں قبل از ٹیکس خسارہ کی شرح 28.27 فیصد تھی۔ چونکہ شرح میں 56.03 فیصد کمی کی عکاسی کرتا ہے۔ خسارہ کی شرح میں اضافہ کی وجہ گزشتہ نو ماہی مدت کی نسبت فروخت میں 255.947 ملین روپے کا اضافہ ہے۔

میں اس مشکل گھڑی میں کمپنی کے تمام عملے اور ملازمین اور معاون مالیاتی اداروں کے اعتماد اور کوششوں پر ان کا مشکور ہوں۔

بحکم بورڈ آف ڈائریکٹرز

مورخہ 29 اپریل 2019

کراچی

**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019**

		[Un-Audited]	[Audited]
	Note	31-Mar-19 Rupees	30-Jun-18 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	2	5,995,426,142	6,192,779,941
Intangible assets		2,272,498	2,698,591
Long term deposits		34,801,003	32,874,103
		6,032,499,643	6,228,352,635
CURRENT ASSETS			
Stores and spares		364,934,289	376,607,264
Stock in trade	3	577,295,855	550,912,704
Trade debts		359,254,738	306,292,418
Other financial assets		117,233	107,185
Advances, deposits, prepayments and other receivable		72,491,900	89,309,974
Taxation - net		141,823,133	148,181,700
Cash and bank balances		27,826,167	60,805,444
		1,543,743,315	1,532,216,688
		7,576,242,958	7,760,569,323
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2018: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2018: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		350,000,000	350,000,000
Issued, subscribed and paid-up capital		130,000,000	130,000,000
Reserves		766,751,200	766,751,200
Equity portion of Loan from directors and others		212,728,470	212,728,470
Revaluation surplus on property, plant and equipment		2,284,463,824	2,350,570,116
Accumulated (loss)		(2,512,627,822)	(2,260,536,882)
		881,315,672	1,199,512,904
NON CURRENT LIABILITIES			
Long term finances		547,744,893	755,785,184
Redeemable capital - Sukuk		-	37,851,234
Liabilities against assets subject to finance lease		7,874,324	9,570,322
Deferred liabilities		313,759,615	368,708,107
		869,378,832	1,171,914,847
CURRENT LIABILITIES			
Trade and other payables		848,514,736	752,841,165
Accrued mark-up		947,437,172	830,307,117
Short term borrowings		2,468,970,876	2,651,083,275
Loan from directors and others		25,716,357	25,747,232
Current portion of			
Long term finances		909,516,929	541,476,637
Redeemable capital - Sukuk		611,335,643	573,484,409
Liabilities against assets subject to finance lease		14,020,275	14,165,271
Unclaimed dividend		36,467	36,467
		5,825,548,455	5,389,141,572
CONTINGENCIES AND COMMITMENTS			
	4	-	-
		7,576,242,958	7,760,569,323

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



Chief Executive



Director



Chief Financial Officer

Karachi:

Dated: April 29, 2019

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH 2019**

Note	Nine Months Period Ended		Quarter Ended	
	31-Mar-19 Rupees	31-Mar-18 Rupees	31-Mar-19 Rupees	31-Mar-18 Rupees
Sales	2,850,748,511	2,594,801,713	978,199,513	1,082,204,019
Cost of sales	(3,032,433,459)	(3,021,789,570)	(1,038,236,414)	(1,331,883,680)
Gross (loss)	(181,684,949)	(426,987,857)	(60,036,902)	(249,679,661)
Distribution cost	(8,210,156)	(21,545,396)	(2,292,131)	(4,500,129)
Administrative expenses	(48,085,067)	(43,473,196)	(16,738,172)	(13,990,895)
Finance cost	(121,182,084)	(242,887,711)	(63,421,761)	(80,859,330)
	(177,477,308)	(307,906,303)	(82,452,065)	(99,350,354)
(Loss) from operations	(359,162,256)	(734,894,160)	(142,488,966)	(349,030,015)
Other income	4,680,980	1,247,108	3,607,841	90,050
(Loss) before taxation	(354,481,276)	(733,647,052)	(138,881,125)	(348,939,965)
Taxation	28,451,805	259,064,351	(4,066,561)	(6,032,191)
(Loss)/Profit for the period	(326,029,471)	(474,582,701)	(142,947,686)	(354,972,156)
(Loss)/earnings per share - basic and diluted	(25.08)	(36.51)	(11.00)	(27.31)


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



Chief Executive



Director



Chief Financial Officer

Karachi:

Dated: April 29, 2019



QUETTA TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH 2019

	Nine Months Period Ended		Quarter Ended	
	31-Mar-19 Rupees	31-Mar-18 Rupees	31-Mar-19 Rupees	31-Mar-18 Rupees
(Loss)/Profit for the period	(326,029,471)	(474,582,701)	(142,947,686)	(354,972,156)
Other comprehensive income				
Items that may not be re-classified subsequently to Profit or loss :				
Actuarial loss on remeasurement of employees retirement benefits - gratuity	9,603,510	3,695,844	3,201,170	1,231,948
Related deferred tax on remeasurement of employees retirement benefits - gratuity	(1,771,271)	(766,520)	(590,423)	(259,135)
Other comprehensive income for the period	7,832,239	2,929,324	2,610,747	972,813
Total comprehensive (Loss) / income for the period	(318,197,232)	(471,653,377)	(140,336,939)	(353,999,343)

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



Chief Executive



Director



Chief Financial Officer

Karachi:

Dated: April 29, 2019



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH 2019**

	Nine Months Period Ended	
	31-Mar-19 Rupees	31-Mar-18 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(354,481,276)	(733,647,052)
Adjustments for:		
Depreciation	197,322,794	193,835,633
Amortization	426,093	-
Finance cost	121,182,084	242,887,711
Provision for appreciation in the value of investment	(10,047)	12,882
Provision for gratuity	20,354,100	16,771,698
	339,275,024	453,507,924
(Loss) before working capital changes	(15,206,252)	(280,139,128)
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	11,672,975	9,024,073
Stock in trade	(26,383,151)	241,115,769
Trade debts	(52,962,320)	(183,980,187)
Advances, deposits, prepayments and other receivable	16,818,074	27,937,453
	(50,854,422)	94,097,108
(Decrease) / increase in current liabilities		
Trade and other payables	114,697,724	309,687,168
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	48,637,050	123,645,148
Long term deposits	(1,926,900)	135,000
Interest paid	(6,707,834)	(36,134,065)
Gratuity paid	(13,241,186)	(15,792,909)
Taxes paid	(35,739,439)	(12,449,114)
	(57,615,360)	(64,241,088)
Cash flows from operating activities	(8,978,310)	59,404,060
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,766,700)	(89,790)
Proceeds from sale of property, plant and equipment	1,750,000	-
Cash (used in) investing activities	(16,700)	(89,790)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances	160,000,001	3,607,548
Redeemable capital - Sukuk	-	-
Liabilities against assets subject to finance lease	(1,840,994)	(2,059,773)
Short term borrowings	(182,112,399)	(78,489,669)
Loans from directors & others	(30,875)	736,942
	(23,984,267)	(76,204,952)
Net increase/(decrease) in cash and cash equivalents	(32,979,277)	(16,890,682)
Cash and cash equivalent at the beginning of the period	60,805,444	59,396,240
Cash and cash equivalent at the end of the period	27,826,167	42,505,558

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


Chief Executive


Director


Chief Financial Officer

Karachi:

Dated: April 29, 2019

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH 2019**

	Share Capital	Reserves			Sub total	Loan from directors and others	Revaluation surplus on property, plant and equipment	Accumulated (loss)	Total equity
		Share premium	Capital reserve	General reserve					
Rupees									
Balance as at July 01, 2017 - Audited	130,000,000	651,750,000	1,200	115,000,000	766,751,200	160,726,470	1,407,091,643	(1,754,692,422)	709,876,891
Net (loss) for the period	-	-	-	-	-	-	-	(474,582,701)	(474,582,701)
Total comprehensive income for the period	-	-	-	-	-	-	-	2,929,324	2,929,324
	-	-	-	-	-	-	-	(471,653,377)	(471,653,377)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(38,976,316)	38,976,316	-
Balance as at March 31, 2018	130,000,000	651,750,000	1,200	115,000,000	766,751,200	160,726,470	1,368,115,327	(2,187,369,484)	238,223,513
(Loss) for the remaining period	-	-	-	-	-	-	-	(94,451,219)	(94,451,219)
Comprehensive (loss) for the remaining period	-	-	-	-	-	-	996,189,300	7,549,309	1,003,738,609
	-	-	-	-	-	-	996,189,300	(86,901,910)	909,287,390
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(13,734,511)	13,734,511	-
Loan received from directors and others	-	-	-	-	-	52,002,000	-	-	52,002,000
Balance as at July 01, 2018 - Audited	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,350,570,116	(2,260,536,882)	1,199,512,904
Net (loss) for the period	-	-	-	-	-	-	-	(326,029,471)	(326,029,471)
Total comprehensive income for the period	-	-	-	-	-	-	-	7,832,239	7,832,239
	-	-	-	-	-	-	-	(318,197,232)	(318,197,232)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(66,106,292)	66,106,292	-
Balance as at March 31, 2019	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,284,463,824	(2,512,627,822)	881,315,672

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



Chief Executive



Director



Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH 2019****1 SELECTED EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

1.1 The Company was incorporated in Pakistan as a public limited Company in January 29, 1970 under the Companies Ordinance, 1984 (repealed) (now The Companies' Act 2017) as a public limited company. The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the company is situated at ground floor Nadir House, I.I Chundrigar Road, Karachi. The company is principally engaged in manufacturing and sale of Yarn and Fabric.

1.2 Geographical location and address of business units

Registered Office	Nadir House, Ground Floor, I.I. Chundrigar Road, Karachi.
Sub Office	7-8/A, Justice Sardar Iqbal Road, Gulberg V, Lahore.
Mills	P/3, S.I.T.E., Kotri. B/4, S.I.T.E., Kotri. 49 K.M., Lahore, Multan Road, Bhai Pheru.

1.3 Going concern assumptions

During the period, the Company incurred loss amounting to Rs. 325.192 million (June 30, 2018: Rs. 569.034 million) and has reported accumulated losses amounting to Rs. 2,511.790 million (June 30, 2018 : Rs. 2,260.537 million) at the period end. Accordingly, it resulted into equity of Rs. 0.882 million in current period (June 30, 2018: equity Rs. 1,199.513 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 4,280.969 million (June 30, 2018: Rs. 3,856.925 million) at the period end. The main reason of loss was due to operational break down because of short of working capital which dropped the production operational efficiency and restricted to the extend 65% of available capacity. The QTML also suffered losses due to slowdown in demand for cotton yarns and fabrics in the international markets.

These financial statements have been prepared by the management on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of growth in the future based on the plans drawn up by the management

To substantiate its going concern assumption:

1.3.1 The management of the company is negotiating an amicable settlement of further financing for working capital with the banking companies and financial institutions. Series of meetings in this regards have also been held and the matter is being persuaded aggressively with the banks and financial institutions. Management is confident to get positive response and will be able to negotiate on favourable terms with the banking companies and financial institutions in order release finance for

1.3.2 The management has prepared five years future plan showing positive growth in operation and business of the company. Management believes that, company will be able to achieve satisfactory levels of profitability in the future based on the plans drawn up by the management for this purpose;

1.3.3 Directors and sponsors of the company, have invested to Rs. 52.002 million during the previous year and they committed that they would also continue such support in future;

1.3.4 The management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at various stages of implementation. Such steps include, but not limited to, rightsizing of the men power, resource conservation, close monitoring of other fixed cost etc. The management is certain to generate sufficient savings as consequences of adapting all

The management anticipates that above steps will not only bring the Company out of the existing financial crisis but also contribute significantly towards the improvement of the company financial position in the foreseeable future.

1.4 These condensed interim financial information have been prepared in accordance with the International Financial Reporting Standards, International Accounting Standards (IAS) 34: Interim Financial Reporting as notified under the Companies Act, 2017 and the directives issued under the Act and in compliance with the requirement of section 237 of the Companies Act, 2017 and Rule Book of the Pakistan Stock Exchange Limited.

1.5 This condensed interim financial information has been prepared under 'historical cost convention' modified by:

- * certain items of property, plant and equipment which have been included at revalued amount;
- * financial instruments at fair value; and
- * recognition of certain staff retirement benefits at present value

1.6 The accounting policies and methods of computation followed in the preparation of the half yearly financial statements are the same as those of the published annual financial statements for the period ended June 30, 2018.



2 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited)	(Audited)
		31-Mar-19	30-Jun-18
		----- Rupees -----	----- Rupees -----
Operating assets	2.1	5,995,426,142	6,192,779,941
Capital work in progress-at cost		-	-
		<u>5,995,426,142</u>	<u>6,192,779,941</u>

2.1 The cost of acquisition and disposal to operating assets during the period ended March 31, 2019 were as follows.

	(Un-audited)		(Audited)	
	31-Mar-19		30-Jun-18	
	Acquisition	Disposal	Acquisition	Disposal
		Cost	Cost	
		----- Rupees -----	----- Rupees -----	----- Rupees -----
Owned assets				
Freehold land		-	-	45,390,816
Plant & machinery		-	12,772,881	-
Furniture and fixture		-	39,900	-
Vehicles		1,766,700	1,800,000	3,918,810
Total		<u>1,766,700</u>	<u>1,800,000</u>	<u>49,309,626</u>

2.2 Capital work in progress-at cost

	(Un-audited)	(Audited)
	31-Mar-19	30-Jun-18
		----- Rupees -----

3 STOCK IN TRADE

The carrying value of pledged stock is Rs. 17,797,538 /- (June 30, 2018: Rs. 43,584,687/-).

4 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies and commitments since the last audited financial statements except as disclosed in note 4.1 and 4.2 respectively.

	(Un-audited)	(Audited)
	31-Mar-19	30-Jun-18
		-----Rupees -----

4.1 Contingencies

Bank Guarantee issued by bank on behalf of the company

<u>259,990,796</u>	<u>259,990,796</u>
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There is no changes in the legal cases other than those enclosed in the annual financial statement as on June June'30, 2018

4.2 Commitments

Civil works

-	-
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Confirmed letter of credit in respect of:

Stores and spares

-	722,850
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<u>-</u>	<u>722,850</u>
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5 COST OF SALES

	(Un-audited)	(Un-audited)
	31-Mar-19	31-Mar-18
	-----Rupees-----	
Raw material consumed	1,886,943,555	1,765,411,342
Salaries, wages and benefits	430,691,922	377,063,165
Stores and spares consumed	121,039,668	130,506,800
Fuel, power and water	474,016,544	521,398,399
Rent, rates and taxes	1,195,597	2,313,935
Insurance expenses	11,284,014	14,416,025
Repairs and maintenance	2,043,936	2,309,121
Vehicle running and maintenance	7,769,602	5,920,408
Entertainment expenses	1,339,217	1,132,061
Communication expenses	562,143	569,800
Legal & professional charges	50,000	403,888
Printing and stationery	199,414	205,699
Subscription	302,638	655,645
Travelling	491,150	661,243
Other expenses	310,890	257,608
Depreciation expenses	167,529,910	190,273,754
	3,105,770,199	3,013,498,892
Work in process		
Opening stock	33,483,618	67,251,972
Closing stock	(68,370,747)	(57,344,500)
	(34,887,129)	9,907,472
Cost of goods manufactured	3,070,883,070	3,023,406,364
Finished goods		
Opening balance	363,750,270	504,360,849
Goods purchase:		
Yarn Purchase	3,000,000	32,761,990
Closing stock	(405,199,881)	(538,739,633)
	(38,449,611)	(1,616,794)
	3,032,433,459	3,021,789,570

6 TRANSACTIONS WITH RELATED PARTIES

	(Un-audited)	(Un-audited)
	31-Mar-19	31-Mar-18
	-----Rupees-----	

Transactions with related parties	Relationship		
Loan received/(repaid) - net	Key management personr	(30,875)	736,942
Salaries and other employees benefits	Key management personr	7,200,000	7,200,000

7 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information have been authorized for issue on **April 29th, 2019** by the board of directors of the company.

8 GENERAL

Figures have been rounded off to the nearest rupee.


Chief Executive

Director

Chief Financial Officer

BOOK POST UNDER POSTAL CERTIFICATE

If undeliver please return to:

Quetta Textile Mills Limited

Head Office : Nadir House, Ground Floor

I.I Chundrigar Road, Karachi-74000

Phone ; (021)32414334-36

Email: sale@quettagroup.com

Web : www.quettagroup.com