

# **ANNUAL REPORT**

## **JUNE 30, 2018**

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Tauqir Tariq	Chairman
Mr. Tariq Iqbal	Chief Executive
Mr. Asim Khalid	Director
Mr. Omer Khalid	Director
Mrs. Saima Asim	Director
Mrs. Tabbasum Tariq	Director
Mrs. Sadaf Khalid	Director
Mr. Major Rtd. Muhammad Saeed	Independent Director

### AUDIT COMMITTEE

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

### HUMAN RESOURCE & REMUNERATION COMMITTEE

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

### CHIEF FINANCIAL OFFICER

Mr. Omer Khalid

### COMPANY SECRETARY

Mr. Nudrat Mund Khan

### AUDITORS

Mushtaq and Company  
Chartered Accountants

### BANKERS

Allied Bank Limited  
Al-Baraka Bank (Pakistan) Limited  
Bank Alfalah Limited  
Burj Bank Limited  
Bank Islami (Pakistan) Limited  
Dubai Islamic Bank (Pakistan) Limited  
Faysal Bank Limited  
HBL Bank Limited  
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

### REGISTERED OFFICE

Nadir House (Ground Floor)  
I. I. Chundrigar Road, Karachi

### MILLS

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

### WEB SITE ADDRESS

[www.quettagroup.com](http://www.quettagroup.com)



## **CORPORATE VISION & MISSION STATEMENTS**

### **VISION**

Quetta Textile Mills Limited is one of the leading manufactures & exporters of yarns & fabrics in Pakistan. The Company aims to become a market leader by producing high quality products with the help of latest technologies. The Company strives to explore new markets worldwide and at the same time tries to integrate its supply chain and diversify its customers portfolio. The Company aims to be fittest in a changing market scenario through effective balancing, Modernization & Replacement of existing machinery.

### **MISSION**

Our aim is to make Quetta Textile Mills Limited a secure & rewarding investment for its shareholders & investors, a reliable source of high quality yarns & fabrics at affordable prices to its customers all over the world, a secure place of work to its employees & an ethical partner to its business association.



## NOTICE OF MEETING

Notice is hereby given that the **56th Annual General Meeting** of the Shareholders of **Quetta Textile Mills Limited** will be held on Thursday **October 25, 2018 at 09.00 A.M.** at the registered office of the Company at **Nadir House (Ground Floor), I.I. Chundrigar Road, Karachi** to transact the following business: -

### Ordinary Business:

1. To confirm the minutes of the 55th General Meeting held on October 31, 2017.
2. To receive, consider and approve the report of the Directors, Auditors and Audited Accounts of the Company for the year ended June 30, 2018.
3. To appoint Auditors for the year 2018-2019 and fix their remuneration. The Board has recommended, as suggested by Audit committee, the appointment of M/s Mushtaq & Co, Chartered Accountant, the retiring auditors and being eligible to offer themselves for re-appointment.
4. To transact any other ordinary business or business with the permission of the Chairman.

By order of the Board of Directors

**NUDRAT MUND KHAN**  
Company Secretary

Karachi:

Dated: October 03, 2018

### **Notes:**

1. A member entitled to attend the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. Proxies in order to be valid must be received at the registered office of the Company 48 Hours before meeting commences.
2. For the purpose of entitlement of dividend, the Register of the members of the Company will remain closed at registered office from October 18, 2018 to October 25, 2018 (both days inclusive) and if dividend approved will be paid to such members whose name appear in the Company's register of member at the close of business on October 17, 2018.
3. Guidelines for CDC Account Holders for personal attendance:
  - i) In case of individuals, the account holders or sub-account holders and / or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall authenticate his / her identity by showing his/her original CNIC at the time of attending the meeting.
  - ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
4. Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and notify immediately changes, if any, in their registered address to our Shares Registrar, M/s. Najeeb Consultant (Pvt) Ltd.
5. According to SECP letter # SMD/CIW/Misc/14/2009 dated October 11, 2011, All shareholders are requested to please contact / coordinate with Company's Share Registrar for collection of unclaimed Dividend.
6. According Section 242 of Company Act 2017 and SECP's circular no 18 dated August 1, 2017. All shareholders are requested to provide IBAN, Bank name and Branch name with address to Shares Registrar, CDC and sub account holder update with their brokers.

# QUETTA TEXTILE MILLS LIMITED

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Mail: [sales@QuettaGroup.com](mailto:sales@QuettaGroup.com) Web: [www.QuettaGroup.com](http://www.QuettaGroup.com)

## CHIEF EXECUTIVE'S REVIEW

Dear Shareholders:

We present the results of the company for the year ended June 30, 2018. Turnover for the year is Rs. 3,795.456 million. With the said turnover, your company made a loss before tax of Rs. 881.673 million as compared to Rs. 1,433.350 million last year. Pre-tax loss has rather reduced by Rs. 569.034 million, a reduction of 39.79%. We draw attention to the financial statements which indicate that the company incurred a pretax net loss of Rs. 881.673 million during the year ended June 30, 2018 and, as of that date, the company's current liabilities exceeded its current assets by Rs. 3,856.925 million.

Cotton and yarn prices have been very volatile in the past few months. However, yarn prices still remain subdued, but on the other hand cotton prices have remained firm. Increase in energy costs due to increase in gas/electric tariff have increased our costs. Gas prices are expected to remain the same, as advised by the government in their announcement.

Sales Tax refunds continue to get stuck-up for long durations, adding to liquidity tightness. This in turn is hampering the cash flows and causing further losses.

### ***Textile Outlook:***

Pakistan's textile industry is still going through one of the toughest periods:

#### ***External Threats:***

- *Slowdown in demand for cotton yarns and fabrics in the international markets, particularly China;*
- *Sales of fabrics in export and local markets have been very slow. This has also hampered the inflows in weaving;*
- *It has become difficult for Pakistani textile industry to compete with our neighboring countries.*

#### ***Local Threats:***

- *Imposition of GIDC by the federal government;*
- *Increase in minimum wages/salaries of labour. Increase in cost of doing business;*
- *No export incentives to down-stream industry (spinning & weaving), as compared to incentives given to the Indian and Vietnam textile industry;*
- *Increase in energy costs due to increase in gas/electric tariff rates. Electricity tariff is the highest in Pakistan as compared to India, Bangladesh, China and Vietnam;*
- *Higher cotton prices vis-à-vis yarn prices;*
- *Working Capital has been stuck-up in the refund regime creating severe cash flow crunch;*
- *Closure of valued-added chain;*
- *Cost of doing business is amplifying;*

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## CHIEF EXECUTIVE'S REVIEW

- *Pakistan's general political instability & dispute causing economic isolation and worsening law & order situation.*

However, to continue as a 'going concern', the management had proposed a "Repayment Scheme" which is to sell existing units at Kotri. Some proceeds are to be used to settle re-structured loans and other short-term and long-term in 3 phases. Balance proceeds to be injected as working capital for Bhai Pheru units to achieve 90% or above production & efficiency. This "Repayment Scheme" will turn the negative indicators to positive ones in 2-3 years.

### **Way Forward:**

The textile industry is the backbone of the country providing valuable foreign exchange and employment opportunities. It is the largest manufacturing sector which contributes 60% on foreign exchange earnings. The severe conditions in Pakistan's spinning and weaving sectors are expected to continue well into the next financial year, unless the new government immediately steps forward with corrective measures with regards to its policies for the industry. The new government must realize the situation and provide relief through reduced power tariff, export refinance on yarns and fabrics, removal of GIDC and timely Income Tax/Sales Tax refunds.

I would like to add that the company is actively pursuing its long-term strategy of its operations by revamping and utilizing its facilities optimally. I am confident in improving the financial position of the company in the near future.

In the end, I would like to thank all the financial institutions for their continued support and confidence they have shown towards the company. To the workers, staff and officers, I extend my gratitude for their dedication and honesty.



**TARIQ IQBAL**  
Chief Executive  
Karachi: October 03<sup>rd</sup> 2018

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## DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

The Directors of Quetta Textile Mills Limited feel pleasure in presenting audited accounts and annual report of the Company for the year ended June 30, 2018 along with Auditor's Report thereon |:

### Composition of Board:

The composition of board is in compliance with the requirements of Code of Corporate Governance regulations 2017 applicable on listed entities which is given below:

Total number of directors:

(a) Male	5
(b) Female	3

The names of directors as at June 30, 2018 are as follows:

1) Mr. Tauqir Tariq	Chairman
2) Mr. Tariq Iqbal	Chief Executive
3) Mr. Asim Khalid	Director
4) Mr. Omer Khalid	Director
5) Mrs. Saima Asim	Director
6) Mrs. Tabbasum Tariq	Director
7) Mrs. Sadaf Khalid	Director
8) Mr. Major Rtd. Muhammad Saeed	Director

### Financial Results

	June 30, 2018	June 30, 2017	Variation
	(Rupees in '000)		
Sales	3,795.456	5,280.635	28.12%
Cost of sales	(4,279.300)	(6,292.162)	31.99%
Gross profit / (loss)	(483.844)	(1,011.527)	52.16%
Profit / (Loss) before taxation	(881.673)	(1,433.350)	38.48%
Taxation	312.639	3.200	-
Profit / (Loss) after taxation	(569.034)	(1,430.150)	60.21%
Other Comprehensive income / (Loss)	1,006.668	(4.043)	-
Accumulated Profit Brought Forward	(1,754.692)	(375.202)	-
Less: Dividend Paid	-	-	-
	(558.556)	(1,809.395)	-
Transfer from Surplus on Revaluation of Property Plant & Equipment	52.711	54.704	-
Accumulated (loss)/profit Carried Forward	(2,260.537)	(1,754.692)	-

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The above results of the company for the year ended June 30, 2018. Turnover for the year is Rs. 3,795.456 million. With the said turnover, your company made a loss before tax of Rs. 881.673 million as compared to Rs. 1,433.350 million last year. Pre-tax loss has rather reduced by Rs. 569.034 million, a reduction of 39.79%.

We draw attention to the financial statements which indicates that the company incurred a net loss before tax of Rupees 881.673 million during the year ended June 30, 2018 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 3,856.925 million. We would like to add that the company is actively pursuing its long-term strategy of its operations by revamping and utilizing its facilities optimally. We are confident in improving the financial position of the Company in the near future.

Cotton and yarn prices have been very volatile in the past few months. However, yarn prices still remain subdued, but on the other hand cotton prices have remained firm. Increase in energy costs due to increase in gas/electric tariff have increased our costs.

Electricity tariffs are expected to come down, as advised by the government in their announcement. This will help us become viable, and will eventually help our bottom line.

Sales Tax refunds continue to get stuck-up for long durations, adding to liquidity tightness. This in turn is hampering the cash flows and causing further losses. If Sales Tax refunds are paid, it will surely improve the working of the company and the industry.

In order to enhance the liquidity position of the Company, the directors' have already injected an amount of around Rs. 55.002 million in the shape of "directors' loan to the company". The same will reflect in June 30, 2018 financials.

### **Textile Outlook:**

Pakistan's textile industry is still going through one of the toughest periods:

#### **External Threats:**

- Slowdown in demand for cotton yarns and fabrics in the international markets, particularly China;
- Sales of fabrics have been high value articles for Europe. Due to low demands from Europe, QTML fabric export sales have been very slow. This has also hampered the inflows in weaving;
- There is an influx of foreign textile goods being imported and sold in the domestic market. India has emerged as a major player in the textile sector. There is availability of cheap yarns from India. Indian yarns are around 10%--12% cheaper to import in Pakistan from India. It will not be place to mention that Indian yarns are being 'dumped' in Pakistan. Rival countries are supporting their textile industry with subsidies and incentives. This has rendered the Pakistani textile industry as un-competitive in the international market;
- Our neighboring countries have devalued their currencies between 3%--10%, thereby making it difficult for Pakistani textile industry to compete with them.

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## DIRECTORS' REPORT TO THE MEMBERS

### **Local Threats:**

- Imposition of GIDC by the federal government;
- Increase in minimum wages / salaries of labour. Increase in cost of doing business;
- No export incentives to down-stream industry (spinning & weaving), as compared to incentives given to the Indian and Vietnam textile industry;
- Increase in energy costs due to increase in gas/electric tariff rates. Electricity tariff is the highest in Pakistan as compared to India, Bangladesh, China and Vietnam;
- Higher cotton prices vis-à-vis yarn prices;
- Working Capital has been stuck-up in the refund regime creating severe cash flow crunch;
- Closure of valued-added chain;
- Cost of doing business is amplifying;
- Pakistan's general political instability & dispute causing economic isolation and worsening law & order situation.

### **Way Forward:**

The textile industry is the backbone of the country providing valuable foreign exchange and employment opportunities. It is the largest manufacturing sector which contributes 60% on foreign exchange earnings. The severe conditions in Pakistan's spinning and weaving sectors are expected to continue well into the next financial year, unless the government steps forward with corrective measures with regards to its policies for the industry. The government must realize the situation and provide relief through reduced power tariff, export refinance on yarns and fabrics, removal of GIDC and timely Income Tax/Sales Tax refunds.

The bail-out package has not benefitted the textile industry which was supposed to 'jump-start' this industry. Old refunds have been rolled-back which are aggravating the situation even further.

### **Financial Management**

#### **Cash flow Management**

The Company has an effective Cash Flow Management system in Place whereby cash inflows and out flows is projected on regular basis. Working Capital requirements are planned to be financed through internal cash generation and short term borrowings from external resources where necessary.

#### **Risk Mitigation**

The Inherent risks and uncertainties in running a business directly affect the success of business. The management of Quetta Textile Mills Limited has identified its exposure to the potential risks. As a part of our policy to produced forward looking statement we are outlining the risks which may effect our business. This exercise also helps the management focus on a strategy to mitigate risk factors.

#### **Credit Risk**

All financial assets of the company except cash in hand are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk. Exposure is managed through application of credit limits to its customers secured by and on the base of past experience, sales volume, consideration of financial position, past track records and recoveries, economic conditions of particularly the textile sector and generally the industry. The company believes that it is prudent to provide Provision of doubt full debts.

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## **DIRECTORS' REPORT TO THE MEMBERS**

### **Liquidity Risk**

Prudent liquidity risk management ensures availability of the sufficient funds for meeting contractual commitments. The Company's fund management strategy aims at managing liquidity risk through internal cash generation and committed credit lines with financial institutions.

### **Interest Rate Risk**

Majority of the interest rate exposure arises from short and long term borrowing from banks. Therefore, a change in interest rates at the reporting date would not effect the profit and loss accounts.

### **Foreign Exchange Risk**

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currencies. The company is mainly exposed to short term USD/ PKR parity on its imports of raw material and Plant and Machinery.

### **Production Facilities**

Performance of our production facilities was excellent with unprecedented levels of output. Our team continued to improve efficiencies through harmonized efforts, eliminating wastage and avoidance of shutdowns on numerous occasions. The Company is determined to continue its focus on maximum capacity utilization for sustained profitability and to maintain its position as the leading Textile Manufacturer of the Country.

### **Dividend**

The Board of Directors have recommended Nil Dividend for year ended June 30, 2018, due to losses.

### **Auditors**

The Present Auditors M/s. Mushtaq and Company, Chartered Accountants retired and being eligible offer themselves for re-appointment.

### **Safety, Health and Environment**

We maintain our commitment to higher standard of Safety, Health and Environment. All our employees undergo continuous training on all aspects of safety especially with regards to the safe production, delivery, storage and handling of the materials. In addition, we have initiated a rotation exercise at the mill whereby our aim is to ensure that all supervisors are also safety managers and are fully cognizant of all aspects of safety training. Due these controls and with the blessing of Al-Mighty Allah no major accidents or incidents took place at the mill.

### **Environmental Protection Measures**

Your company always ensures environment preservation and adopts all the possible means for environment protection. We have been taking various steps to ensure minimal dust and emission from our plant and our production lines are installed with pollutant trapping and suppression systems to control dust particles and other emissions.

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## **DIRECTORS' REPORT TO THE MEMBERS**

### **Corporate Social Responsibility**

Your Company is fully aware of its corporate social responsibility and has been working positively to raise the educational, health and environmental standards of the Country in general and local communities in particular.

Currently we are supporting following projects:

- The Police hospital - Hyderabad
- Two Madrasa's in Kotri
- Dost Mohammad High School - Kotri
- Four (04) water filtration plants - Three (03) in Kotri, Jamshoro and one (01) in Hyderabad.

We believe that the industry has the power to transform society and therefore strives to maximize the positive impact of industrialization. The aim is to become a Company that is accepted by the society.

Throughout our business process we gladly look for ways through which we may extend a helping hand towards the society.

### **Human Resource and Remuneration Committee**

Human Resource planning and management is one of the essential matters and is at the spotlight at the senior management level. The Company has a Human Resource and Remuneration Committee that guides in the section evaluation, compensation and succession planning of key management personnel. Its responsibility entails recommending improvement in the company's human resource policies and procedures and their periodic review. The Committee keeps abreast with industries "Best Practices" and ensures to discuss and implement this as and when the situation arises.

### **Pattern of Share Holding**

The pattern of shareholding as on June 30, 2018 is annexed to this report.

### **Summary of Financial Data**

Financial data for last six years in summarized form is annexed.

### **Board of Directors Meetings**

A total of ten meetings of the Board of Directors were held during 12 months' period from July 01, 2017 to June 30, 2018. Attendance at the Board Meetings by each Director is as follows:

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## DIRECTORS' REPORT TO THE MEMBERS

<b>Name of Directors</b>	<b>Number of Meetings Attended</b>
Mr. Tariq Iqbal	12
Mr. Asim Khalid	12
Mr. Omer Khalid	11
Mr. Tauqir Tariq	09
Mrs. Saima Asim	06
Mrs. Tabbasum Tariq	05
Mrs. Sadaf Khalid	06
Mr. Major Rtd. Muhammad Saeed	04

Leave of absence was granted to the directors who could not attend some of the meetings. During the period under review there was no trading of the Company's share by the Chief Executive, Chief Financial Officer, and Company Secretary, their spouses and minor children.

### **Board Audit Committee**

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee. The name of its members is given in the company profile.

The Committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities. A total of four Board Audit Committee meetings were held during 12 months' period from July 01, 2017 to June 30, 2018. Attendance at the Board Audit Committee Meetings by each Director / members is as follows:

<b>Name of Directors</b>	<b>Number of Meetings Attended</b>
Mrs. Tabbasum Tariq	04
Mrs. Sadaf Khalid	04
Mr. Major Rtd. Muhammad Saeed	04

The term of reference of the Audit Committee based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the board of directors from time to time to improve the system and procedures. Within the framework of term of reference determined by board of directors, the Audit Committee, among other things, will recommend appointment of external auditors and review of periodical statements.

### **Corporate Governance**

The Board of Directors hereby declares that for the year ended June 30, 2018:

- The Financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and change in equity.
- Proper books of accounts of the Company have been maintained.

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## DIRECTORS' REPORT TO THE MEMBERS

- a) The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- b) There is no significant doubt upon the Company's ability to continue as a going concern.
- c) The system of internal control is sound in design and has been effectively implemented and monitored.
- d) Key operating and financial data for the last six years in summarized form is annexed.
- e) Outstanding duties, statutory charges and taxes if any, have been adequately disclosed in the annexed audited financial statements.

### **Reservations in Independent Auditors' Report to the Members**

The auditors have given some remarks over financial stability of the company by pointing towards use of going concern assumption. The management very briefly explains in note 3.5 various mitigating factors that are in company's favor to be in going concern for feasible future.

The main factor in the company's favour is that the company is getting complete co-operation from our main bankers who have not only re-structured our Cash Finance loans, but have also given the company substantial grace period of around 18 months for principal re-payments. Along-with this, rate of mark-ups has been reduced between K + 0%--1%. Mark-up amounts have been re-scheduled to be paid at 'tail-end', after all re-payments of principal amounts. This has been done to enable the company start positive cash flow generation and to retain liquidity.

Due to this major restructuring and bilateral understanding with our other creditors, winding-up or liquidation of the company has been invoked for the near future. We are also working on different options diversifying our business. The company presently is operating with key staff members.

### **Conclusion**

In the end, I would like to thank all the financial institutions for their continued support and confidence they have shown towards the company. To the workers, staff and officers, I extend my gratitude for their dedication and honesty.

For and on behalf of the Board



**TARIQ IQBAL**  
Chief Executive

Karachi: October 03<sup>rd</sup> 2018

### معزز حصص یافتگان

ہم کمپنی کے مالیاتی نتائج برائے مختتمہ سال 30 جون 2018 پیش کر رہے ہیں۔ اس سال کی فروخت 3,795.456 ملین روپے رہی۔ اس فروخت کے ساتھ خسارہ بعد از ٹیکس 881.673 ملین روپے رہا جو کہ گزشتہ سال 1,433.350 ملین روپے تھا۔ قبل از ٹیکس خسارہ میں 569.034 million ملین روپے کی کمی ہوئی جو کہ 39.79 فیصد کمی کی نشاندہی کرتا ہے۔ ہم آپ کی توجہ مالیاتی گوشواروں کی طرف دلانا چاہتے ہیں جس میں 30 جون 2018ء کو کمپنی کو 881.673 ملین روپے خسارہ کی نشاندہی کی گئی ہے اور اس تاریخ کو کمپنی کے رواں واجبات کمپنی کے رواں اثاثوں سے 3,856.924 ملین روپے بڑھ گئے ہیں۔

کائٹن اور یارن کی قیمتیں گزشتہ چند ماہ سے نازک ترین سطح پر ہیں۔ تاہم یارن کی قیمتیں ابھی تک تغیر پذیر ہیں جبکہ کائٹن کی قیمتوں میں استحکام آ گیا ہے۔ گیس/بجلی کے نرخوں میں اضافہ کی وجہ سے ہماری توانائی لاگتوں میں اضافہ ہوا۔ توقع ہے کہ گیس کی قیمتوں میں اضافہ نہیں ہوگا جیسا کہ حکومت نے اعلان کیا ہے۔

سیلز ٹیکس ریفرنڈم طویل مدت سے جمع ہو کر رہا ہے، جس سے روانیت متاثر ہو رہی ہے۔ جس کے نتیجے میں نقدی کا بہاؤ متاثر ہو رہا ہے اور خسارے میں مزید اضافہ ہو رہا ہے۔

### ٹیکسٹائل کا منظر نامہ

پاکستان کی ٹیکسٹائل کی صنعت اب بھی اپنے دشوار ترین دور سے گزر رہی ہے:

### بیرونی خطرات

- ☆ کائٹن یارن اور فیبرک کی عالمی قیمتوں کی طلب میں سست روی خاص طور پر چائنہ میں
- ☆ برآمدی اور مقامی مارکیٹ میں فیبرک کی فروخت میں کمی جس کی وجہ سے ویونگ میں نقدی کے بہاؤ میں رکاوٹیں پیدا ہو رہی ہیں۔
- ☆ پاکستان کی ٹیکسٹائل صنعت کو بڑی دہائیوں کے ساتھ مسابقت کرنا دشوار ہو گیا ہے۔

### مقامی خطرات

- ☆ وفاقی حکومت کی جانب سے GIDC کا نفاذ
- ☆ مزدوروں کی کم از کم اجرتوں/تنخواہوں میں اضافہ۔ کاروباری لاگت میں اضافہ
- ☆ ذیلی صنعتوں (اسپننگ اور ویونگ) کو ایسی کوئی برآمدی ترغیبات نہیں دی گئیں جو ترغیبات انڈیا اور ویتنام میں دی گئی ہیں
- ☆ گیس/بجلی کے نرخوں میں اضافہ کی وجہ سے توانائی کی لاگتوں میں اضافہ
- ☆ پاکستان میں بجلی کے نرخ انڈیا، بنگلہ دیش، چائنہ اور ویتنام کی بہ نسبت سب سے زیادہ ہیں
- ☆ کائٹن کے ساتھ یارن کی بلند قیمتیں
- ☆ ریفرنڈم میں جاری سرمایہ چھیننے کی وجہ سے نقدی کا بہاؤ میں شدید رکاوٹ

☆ ویلیو ایڈڈ ایشیا کی بندش

☆ کاروباری لاگتوں میں بے پناہ اضافہ

☆ پاکستان میں سیاسی عدم استحکام اور تنازعات سے معاشی تنہائی اور امن و عامہ کی بگڑتی ہوئی صورتحال

تاہم ”چلتے ہوئے ادارے کی حیثیت“ کو برقرار رکھنے کے لئے انتظامیہ نے ”قرض واپسی اسکیم“ کی تجویز دی جس میں کوٹری کے یونٹ کو فروخت کر دیا جائے گا۔ فروخت کی کچھ رقم کو از سر نو قرضوں کی ساخت کے تصفیہ اور دیگر قلیل مدت اور طویل مدتی قرضوں کے لئے تین مرحلوں میں استعمال کیا جائے گا۔ بقایا فروخت کی رقم کو بھائی پھیرو کے یونٹوں کی 90 فیصد یا اس سے پیداواری گنجائش اور استعداد کے حصول کے لئے جاری سرمائے کی ضروریات کو پورا کیا جائے گا۔ ”قرض واپسی اسکیم“ سے منفی اشاریے 3-2 سال میں مثبت میں تبدیل ہو جائیں گے۔

آگے کی جانب

ٹیکسٹائل کی صنعت ملک کی ریڑھ کی ہڈی ہے جو کہ قیمتی زرمبادلہ اور روزگار کے مواقع کرتی ہے۔ یہ سب سے بڑا صنعتی پیداواری شعبہ ہے جو کہ زرمبادلہ کی آمدنی میں 60 فیصد معاونت کرتا ہے۔ پاکستان کے اسپننگ اور ویونگ شعبہ کے ابتر حالات توقع ہے کہ اگلے مالیاتی سال میں بھی اسی طرح رہیں گے جب تک کہ حکومت فوری طور پر اس صنعت سے متعلق پالیسیوں میں اصلاحی اقدامات نہیں کرتی۔ نئی حکومت کو حالات کو سمجھنا چاہئے اور توانائی کے نرخوں میں کمی، یارن اور فیبرک کی برآمدات پر باز سرمایہ کاری، GIDC کے خاتمے اور انکم ٹیکس/سیلز ٹیکس ریفرنڈ کی بروقت ادائیگی کر کے کچھ ریلیف فراہم کرنا چاہئے۔

میں اس موقع پر کہنا چاہتا ہوں کہ کمپنی ایک ایسی متحرک طویل مدتی حکمت عملی پر کام کر رہی ہے جس کے تحت افعال میں بہتری اور ممکنہ حد تک سہولیات سے استفادہ کیا جاسکے گا۔ میں پر امید ہوں کہ کمپنی کی مالیاتی پوزیشن مستقبل قریب میں بہتر ہو جائے گی۔

آخر میں، میں کمپنی کے ساتھ تمام مالیاتی اداروں کے مسلسل تعاون، مدد اور اعتماد پر ان کا شکریہ ادا کرتا ہوں۔ ملازمین، اسٹاف اور آفیسران کی ایمانداری اور خلوص پر انہیں تہنیت پیش کرتا ہوں۔

طارق اقبال  
چیف ایگزیکٹو

کراچی: اکتوبر 3، 2018

## کوئٹہ ٹیکسٹائل ملز لمیٹڈ

ممبران کے لئے ڈائریکٹران کی رپورٹ  
 کوئٹہ ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹران تختہ سال 30 جون 2018 کے آڈٹ شدہ مالیاتی گوشواروں اور سالانہ رپورٹ کے آڈیٹر کی رپورٹ پیش کرتے ہوئے اظہار  
 مسرت کرتے ہیں۔

بورڈ کی تشکیل بندی  
 لفظ انٹرنیشنل پر لاگو کوڈ آف کارپوریشن گورننس ریگولیشنز 2017 کی مطلوبات کی پاسداری کرتے ہوئے بورڈ کی تشکیل بندی درج ذیل ہے:

ڈائریکٹران کی کل تعداد

5	مرد	(۱)
3	خواتین	(۲)

30 جون 2018 کو ڈائریکٹران کے نام درج ذیل ہیں:

چیرمین	جناب توقیر طارق	(۱)
چیف ایگزیکٹو	جناب طارق اقبال	(۲)
ڈائریکٹر	جناب عاصم خالد	(۳)
ڈائریکٹر	جناب عمر خالد	(۴)
ڈائریکٹر	محترمہ صائمہ عاصم	(۵)
ڈائریکٹر	محترمہ صدف خالد	(۶)
ڈائریکٹر	جناب میجر (ریٹائرڈ) محمد سعید	(۷)

مالیاتی نتائج

فرق	30 جون 2017	30 جون 2018	
	(روپے ہزاروں میں)		
28.12%	5,280.635	3,795.456	فروخت
31.99%	(6,292.162)	(4,279.300)	لاگت فروخت
52.16%	(1,011.527)	(483.844)	خام منافع / (خسارہ)
38.48%	(1,433.350)	(881.673)	منافع / (خسارہ) قبل از ٹیکس
-	3.200	312.639	ٹیکس
60.21%	(1,430.150)	(569.034)	منافع / (خسارہ) بعد از ٹیکس
-	(4.043)	1,006.668	دیگر جامع خسارے
-	(375.202)	(1,754.692)	جمع شدہ منافع پیچھے سے لایا گیا
-	-	-	تفریق: ادا شدہ منافع منقسمہ
-	(1,809.395)	(558.556)	
			پراپرٹی، پلانٹ اینڈ ایکویپمنٹ
-	54.704	52.711	کی از سر نو تشخیص مالیت پر منافع
-	(1,754.692)	(2,260.537)	کل جمع شدہ (خسارہ) / منافع آگے لے جایا گیا

کمپنی کے مذکورہ بالا مالیاتی نتائج 30 جون 2018 کے ہیں۔ سال کی فروخت 3,795.456 ملین روپے رہی۔ اس فروخت پر بعد از ٹیکس خسارہ 881.673 ملین روپے رہا جبکہ گزشتہ سال 1,433.350 ملین روپے تھا۔ قبل از ٹیکس خسارہ میں 569.034 ملین روپے کمی ہوئی جو کہ 39.79 فیصد کمی کی نشاندہی کرتا ہے۔

ہم آپ کی توجہ مالیاتی گوشواروں کی طرف دلانا چاہتے ہیں جس میں 30 جون 2018 کو کمپنی کو 881.673 ملین روپے خسارہ کی نشاندہی کی گئی ہے اور اس تاریخ کو کمپنی کے رواں واجبات کمپنی کے رواں اثاثوں سے 3,856.924 ملین روپے بڑھ گئے ہیں۔ میں اس موقع پر کہنا چاہتا ہوں کہ کمپنی ایک ایسی متحرک طویل مدتی حکمت عملی پر کام کر رہی ہے جس کے تحت افعال میں بہتری اور ممکنہ حد تک سہولیات سے استفادہ کیا جاسکے گا۔ میں پر امید ہوں کہ کمپنی کی مالیاتی پوزیشن مستقبل قریب میں بہتر ہو جائے گی۔

کاٹن اور یارن کی قیمتیں گزشتہ چند ماہ سے نازک ترین سطح پر ہیں۔ تاہم یارن کی قیمتیں ابھی تک تغیر پذیر ہیں جبکہ کاٹن کی قیمتوں میں استحکام آ گیا ہے۔ گیس/بجلی کے نرخوں میں اضافہ کی وجہ سے ہماری توانائی لاگتوں میں اضافہ ہوا ہے۔

توقع ہے بجلی کے نرخ کم ہو جائیں گے جیسا کہ حکومت نے اعلان کیا ہے۔ یہ ہمیں رواں رکھنے میں مددگار ثابت ہوگی اور بالآخر چلنی سطح تک معاون ہوگا۔ طویل مدت سے سیلز ٹیکس ریفرنڈم کے ہوئے ہیں جس سے ہماری روانیت میں متاثر ہو رہی ہے۔ اس کے نتیجے میں نہ صرف نقدی کے بہاؤ میں رکاوٹ پیدا ہو رہی ہے بلکہ مزید خسارے کا باعث بن رہی ہے۔ اگر سیلز ٹیکس ریفرنڈم زود وقت پر ادا ہو جائیں تو اس سے یقینی طور پر کمپنی اور صنعت کی کارکردگی میں بہتری آئے گی۔

## کوئٹہ ٹیکسٹائل ملز لمیٹڈ

کمپنی کی روانیت میں بہتری کے لئے ڈائریکٹران نے پہلے ہی 55 ملین روپے ”کمپنی کے لئے ڈائریکٹران کا قرضہ“ کی مد میں ادا کر دیئے ہیں۔ اس کی عکاسی 2018 کے مالیاتی گوشواروں میں ہوگی۔

### ٹیکسٹائل کا پس منظر

پاکستان کی ٹیکسٹائل کی صنعت اب بھی اپنے دشوار ترین دور سے گزر رہی ہے:

### بیرونی خطرات

- ☆ کاٹن یارن اور فیبرک کی عالمی قیمتوں کی طلب میں سست روی خاص طور پر چائنہ میں
- ☆ فیبرک کی فروخت میں یورپ کو زیادہ قیمتی مصنوعات برآمد کی جاتی ہیں۔ یورپ کی طرف سے طلب میں کمی کے باعث QTML کی فیبرک کی برآمدی فروخت بہت سست ہو گئی ہے۔ جس کی وجہ سے ویونگ میں بھی نقدی کا بہاؤ متاثر ہوا ہے۔
- ☆ بڑے پیمانے پر بیرون ممالک سے ٹیکسٹائل کی مصنوعات درآمد کی جا رہی ہیں اور مقامی مارکیٹ میں فروخت ہو رہی ہیں۔ سب سے زیادہ انڈیا سے درآمد کی جاتی ہیں۔ انڈیا کے سستا یارن مارکیٹ میں دستیاب ہے۔
- ☆ انڈیا کے درآمدی یارن کی قیمتیں 10-12 فیصد کم ہیں۔ یہ کہنا غلط نہ ہوگا کہ پاکستان میں انڈین یارن کی بھرمار ہے۔ حریف ممالک اپنی ٹیکسٹائل کی صنعت کو سبسڈی اور ترغیبات دے رہے ہیں۔ جس کی وجہ سے پاکستان کی ٹیکسٹائل کی صنعت عالمی مارکیٹ میں مسابقت نہیں کر پارہی۔
- ☆ ہمارے پڑوسی ممالک نے اپنی کرنسیوں کی قدر میں 10-3 فیصد کمی کر دی ہے جس کی وجہ سے پاکستانی کی ٹیکسٹائل صنعت کو ان سے مسابقت میں دشواری پیش آرہی ہے۔

### مقامی خطرات

- ☆ وفاقی حکومت کی جانب سے GIDC کا نفاذ
- ☆ مزدوروں کی کم از کم اجرتوں/تنخواہوں میں اضافہ۔ کاروباری لاگت میں اضافہ
- ☆ معاون صنعتوں (اسپننگ اور ویونگ) کو ایسی کوئی برآمدی ترغیبات نہیں دی گئیں جو ترغیبات انڈیا اور ویتنام میں دی گئی ہیں
- ☆ گیس/بجلی کے نرخوں میں اضافہ کی وجہ سے توانائی کی لاگتوں میں اضافہ
- ☆ پاکستان میں بجلی کے نرخ انڈیا، بنگلہ دیش، چائنہ اور ویتنام کی بہ نسبت سب سے زیادہ ہیں
- ☆ کاٹن کے ساتھ یارن کی بلند قیمتیں
- ☆ ریفرنڈم میں جاری سرمایہ پھنسے کی وجہ سے نقدی کا بہاؤ میں شدید رکاوٹ
- ☆ ویلیو ایڈڈ اشیاء کی بندش
- ☆ کاروباری لاگتوں میں بے پناہ اضافہ
- ☆ پاکستان میں سیاسی عدم استحکام اور تنازعات سے معاشی تنہائی اور امن و عامہ کی کمی بگڑتی ہوئی صورتحال

### مستقبل کی جانب

## کوئٹہ ٹیکسٹائل ملز لمیٹڈ

ٹیکسٹائل کی صنعت ملک میں ریڑھ کی ہڈی کی حیثیت رکھتی ہے جو کہ قیمتی زرمبادلہ اور روزگار کے مواقع فراہم کرتی ہے۔ یہ سب سے بڑا صنعتی پیداواری شعبہ ہے جو کہ زرمبادلہ کی آمدنی میں 60 فیصد معاونت کرتا ہے۔ پاکستان کے اسپننگ اور ویونگ شعبہ کے ابتر حالات توقع ہیں کہ اگلے مالیاتی سال میں بھی اسی طرح رہیں گے جب تک کہ حکومت فوری طور پر اس صنعت سے متعلق پالیسیوں میں اصلاحی اقدامات نہیں کرتی۔ نئی حکومت کو حالات کو سمجھنا چاہئے اور توانائی کے نرخوں میں کمی، یارن اور فیبرک کی برآمدات پر باز سرمایہ کاری، GIDC کے خاتمے اور انکم ٹیکس / سیلز ٹیکس ریفرنڈ کی بروقت ادائیگی کر کے کچھ ریلیف فراہم کرنا چاہئے۔

بیل آؤٹ پیکیج سے ٹیکسٹائل کی صنعت کو خاص فائدہ نہیں پہنچا جس سے توقع کی جارہی تھی کہ وہ صنعت کو تیزی سے بحال کر دے گا۔ پرانے ریفرنڈز کی عدم ادائیگی صورتحال کو مزید ابتر کر رہی ہے۔

### مالیاتی انتظام

#### نقدی کے بہاؤ کا انتظام

کمپنی کے پاس نقدی کے بہاؤ کے انتظام کے لئے ایک نظام وضع ہے جس میں نقدی کے اندرونی اور بیرونی بہاؤ کا باقاعدگی سے جائزہ لیا جاتا ہے۔ جاری سرمائے کی ضروریات کو پورا کرنے کے لئے اندرونی طور پر نقد کو پیدا کرنے اور جہاں ضروری ہو بیرونی ذرائع سے قلیل مدتی قرضے لینے کی منصوبہ بندی کی گئی ہے۔

#### خطرات میں کمی

کاروبار چلانے میں موروثی خطرات اور غیر یقینی صورتحال کاروبار کی کامیابی کو متاثر کرتی ہیں۔ کوئٹہ ٹیکسٹائل ملز لمیٹڈ کی انتظامیہ نے لاحق امکانی خطرات کی نشاندہی کی ہے۔ پالیسی کے مطابق ہم ان خطرات کی شناخت کر رہے ہیں جو کہ مستقبل میں ہمارے کاروبار کو متاثر کر سکتے ہیں۔ اس عمل سے انتظامیہ کو خطرات کو کم کرنے کی حکمت عملی پر توجہ مرکوز کرنے میں مدد ملتی ہے۔

#### قرضہ جاتی خطرات

ماسوائے رواں نقد کمپنی کے تمام مالیاتی اثاثے قرضہ جاتی خطرات کے ماتحت ہیں۔ کمپنی اس بات کی یقینی بناتی ہے کہ وہ قرضہ جاتی خطرات کے ارتکاز کا شکار نہ ہو۔ گاہکوں کے ساتھ قرضے کی حدود کا تعین ان کے ساتھ سابقہ تجربے، فروخت کے حجم، ان کی مالیاتی پوزیشن، ان کے سابقہ ریکارڈ اور ریکوریوں، خاص طور پر ٹیکسٹائل صنعت اور عام طور پر صنعت کی معاشی صورتحال کو مد نظر رکھتے ہوئے کیا جاتا ہے۔ کمپنی اس بات پر یقین رکھتی ہے کہ شک و شبہ والے قرضوں کے لئے احتیاطی طور پر اختصاص فراہم کیا جائے۔

#### روانیت کا خطرہ

خطرات کے پر احتیاط انتظام سے معاہدہ جاتی وعدوں کو پورا کرنے کے لئے کافی فنڈ دستیاب ہوتے ہیں۔ کمپنی کے فنڈ کی حکمت عملی روانیت کے خطرے سے اندرونی نقد کی پیداوار اور مالیاتی اداروں سے مستحکم قرضہ جاتی سہولیات کے ذریعے نمٹتی ہے۔

#### شرح سود کا خطرہ

زیادہ تر شرح سود کے خطرات بینکوں سے قلیل اور طویل مدتی قرضوں پر ہوتے ہیں۔ لہذا رپورٹنگ کی تاریخ پر شرح سود میں تبدیلی سے منافع اور خسارہ کے کھاتے پر

## کوئٹہ ٹیکسٹائل ملز لمیٹڈ

اثرات مرتب نہیں ہونگے۔

زرمبادلہ کا خطرہ

زرمبادلہ کے خطرات وہاں ہوتے ہیں جہاں پر واجب الوصولیاں اور واجب الادائیگیاں بیرونی کرنسیوں میں ہوں۔ کمپنی کو اپنے خام مال اور پلانٹ اور مشینری کی درآمدات پر یو ایس ڈالر/ پاکستانی روپے کی مساوات کا خطرہ رہتا ہے۔

پیداواری سہولیات

ہماری پیداواری سہولیات کی کارکردگی شاندار ہی جہاں سے ممکنہ سطح تک پیداوار فراہم کی گئی۔ ہماری ٹیم تسلسل کے ساتھ ہم آہنگ کوششوں، فضلہ کو ٹھکانے لگانے اور مختلف مواقع پر بندش سے گریز کرتے ہوئے ساتھ اپنی استعداد میں بہتری لارہی ہے۔ کمپنی پر عزم ہے کہ زیادہ سے زیادہ پیداواری گنجائش سے استفادہ کرتے ہوئے پائیدار منافع حاصل کرے اور پاکستان کی ٹیکسٹائل کی صنعت میں اپنے قائدانہ تیار کنندہ کی حیثیت کو برقرار رکھے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے تختہ سال 30 جون 2018 کے نقصان کی وجہ سے کسی منافع منقسمہ کا اعلان نہیں کیا۔

آڈیٹرز

موجودہ آڈیٹرز میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہلیت کے باعث انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔

تحفظ، صحت اور ماحول

ہم تحفظ، صحت اور ماحول کے اعلیٰ معیارات کو برقرار رکھنے کے لئے کوشاں ہیں۔ ہمارے تمام ملازمین کو ہر پہلو سے مسلسل تربیت فراہم کی جاتی ہے جس میں خاص طور پر پیداوار، ترسیل، ذخیرہ اور مواد کو استعمال کرنے کے دوران تحفظ کے طریقے شامل ہیں۔ اس کے علاوہ، ہم نے ملز میں تبادلے کی مشق کا آغاز کیا ہے جس میں اس بات کو یقینی بنایا جاتا ہے کہ تمام سپروائزر سیفٹی مینجرز بھی ہوں اور تحفظ کی تربیت کے تمام پہلوؤں سے مکمل طور پر آگاہ ہوں۔ انہی کنٹریولرز اور اللہ کی رحمت سے ملز میں آج تک کوئی بڑا حادثہ یا حادثے رونما نہیں ہوئے۔

ماحولیاتی تحفظ کے اقدامات

آپ کی کمپنی ہمیشہ ماحولیات کے تحفظ کو یقینی بناتی ہے اور ماحولیات کے تحفظ کے لئے تمام ممکنہ وسائل بروئے کار لاتی ہے۔ ہم سنجیدگی سے ایسے اقدامات کر رہے ہیں جن سے ہمارے پلانٹ سے مٹی اور دھواں کم سے کم خارج ہو اور ہماری تمام پیداواری سہولیات میں آلودہ اجزاء کو قابو کرنے اور کم کرنے کے آلات نصب ہیں جس سے دھوئیں اور مٹی کے ذرات کا کم سے کم اخراج ہوتا ہے۔

ادارتی سماجی ذمہ داری

آپ کی کمپنی ادارتی سماجی ذمہ داری سے مکمل طور پر آگاہ ہے اور تعلیم، صحت اور ماحولیات کے معیارات پر ملک میں عمومی طور پر اور مقامی برادریوں میں خصوصی طور پر مثبت انداز میں کام کر رہی ہے۔

## کوئٹہ ٹیکسٹائل ملز لمیٹڈ

اس وقت جن پروپوزیشنز میں معاونت کی جارہی ہے وہ درج ذیل ہیں:

- ☆ وی پولیس ہاسپٹل - حیدرآباد
- ☆ کوٹری میں دو مدرسے
- ☆ دوست محمد ہائی اسکول - کوٹری
- ☆ چار (04) فلٹریشن پلانٹ - تین (03) کوٹری، جامشورو میں اور ایک (01) حیدرآباد میں

ہمیں یقین ہے کہ صنعت میں اتنی طاقت ہے کہ وہ معاشرے میں تبدیلی لاسکے اور اسی لئے ہم صنعتکاری کے مثبت اثرات میں اضافہ کے لئے پرعزم ہیں۔ ہمارا عزم ایسی کمپنی بنانا ہے جو کہ معاشرے کے لئے قابل قبول ہے۔

ہم اپنے تمام کاروباری افعال میں بخوشی ان راستوں کی طرف دیکھ رہے ہیں جو کہ ہمارے معاشرے کے لئے مددگار ہوں۔

## انسانی وسائل اور معاوضہ کمیٹی

انسانی وسائل کی منصوبہ بندی اور انتظام ہماری بنیادی ترجیحات ہیں اور اعلیٰ انتظامیہ کی سطح تک موجود ہیں۔ کمپنی کی ایک انسانی وسائل اور معاوضہ کمیٹی ہے جو کہ شعبہ جاتی تشخص، تلافی اور اہم انتظامی عملے کی متواتر منصوبہ بندی کرتی ہے۔ اس کی ذمہ داریوں میں کمپنی کی انسانی وسائل کی پالیسیوں اور طریقہ کار کی سفارشات اور ان کا معیادی جائزہ لیا جاتا ہے۔ کمپنی ”بہترین طور طریقوں“ سے ہم آہنگ ہے اور جب بھی کوئی صورتحال پیدا ہوتی ہے تو وہ ان پر بحث اور انہیں نافذ کرتی ہے۔

## حصص داری کی ساخت

30 جون 2017 کو حصص داری کی ساخت اس رپورٹ کے ساتھ منسلک ہے۔

## مختصر مالیاتی اعداد و شمار

گزشتہ چھ سالوں کے مالیاتی اعداد و شمار اختصاری شکل میں منسلک کئے گئے ہیں۔

## بورڈ آف ڈائریکٹرز کے اجلاس

یکم جولائی 2017 سے 30 جون 2018 کی بارہ ماہی مدت کے دوران بورڈ آف ڈائریکٹرز کے کل 10 اجلاس ہوئے۔ بورڈ کے اجلاسوں میں ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب طارق اقبال	12
جناب عاصم خالد	12
جناب عمر خالد	11

## کوئٹہ ٹیکسٹائل ملز لمیٹڈ

محترمہ صدف خالد 06  
جناب میجر (ریٹائرڈ) محمد سعید 04

جوڈائریکٹران حاضر نہ ہو سکے ان کی رخصت منظور کر لی گئی۔ جائزہ مدت کے دوران چیف ایگزیکٹو، چیف فنانشل آفیسر اور کمپنی سیکریٹری چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔

بورڈ کی آڈٹ کمیٹی

ادارتی نظم و ضبط کے ضابطہ کی پاسداری کرتے ہوئے بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی تشکیل دی ہے۔ اس کے ممبران کے نام کمپنی ہیں۔

ہر سہ ماہی میں کمیٹی کا ایک اجلاس ہوتا ہے جو بورڈ کی نگرانی کی ذمہ داریوں میں مدد کرتا ہے۔ بورڈ کی آڈٹ کمیٹی کے کل چار اجلاس یکم 2018 کی بارہ ماہی مدت کے دوران منعقد ہوئے۔ بورڈ کی آڈٹ کمیٹی کے اجلاسوں میں ہر ڈائریکٹر/ممبر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	حاضر اجلاس کی تعداد
محترمہ تبسم طارق	04
محترمہ صدف خالد	04
جناب میجر (ریٹائرڈ) محمد سعید	04

آڈٹ کمیٹی کی ذمہ داریوں کا تعین سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے وضع کردہ دائرہ کار اور نظام اور دباؤ میں بہتری کی جانب سے وقتاً فوقتاً فراہم رہنما اصولوں کے مطابق کیا جاتا ہے۔ اس فریم ورک کے تحت بورڈ آف ڈائریکٹرز کی تعین کردہ ذمہ بیرونی آڈیٹرز کی تقرری کی سفارش اور معیادی گوشواروں کا جائزہ لیتی ہے۔

ادارتی نظم و ضبط

بورڈ آف ڈائریکٹرز اقرار کرتا ہے کہ تختہ سال 30 جون 2018 کے لئے:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں پیش کرتے ہیں۔
- کمپنی میں حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
- درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کو ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں فیصلوں پر ہے۔

- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار مختصر آس رپورٹ میں شامل کئے گئے ہیں۔
- غیر ادا شدہ ٹیکسوں اور محصولات (اگر کوئی ہوں) تو ان کے متعلق معلومات کو مالیاتی گوشواروں کے نوٹس میں مناسب انداز میں

اختتامیہ

آخریں، میں کمپنی کے ساتھ تمام مالیاتی اداروں کے مسلسل تعاون، مدد اور اعتماد پر ان کا شکریہ ادا کرتا ہوں۔ ملازمین، اسٹاف اور آفیسر انہیں تہنیت پیش کرتا ہوں۔

طارق اقبال

چیف ایگزیکٹو

کراچی: اکتوبر 3، 2018

### KEY OPERATING AND FINANCIAL DATA

		2018	2017	2016	2015	2014	2013
<b>OPERATING DATA</b>							
Sales	Rs. '000'	3,795,456	5,280,635	5,280,152	10,175,476	12,301,405	12,967,979
Cost of Goods Sold	Rs. '000'	4,279,300	6,292,163	6,439,717	9,562,202	11,064,701	11,528,549
Gross Profit / (Loss)	Rs. '000'	(483,844)	(1,011,527)	(1,159,565)	613,574	1,236,704	1,439,430
Profit / (Loss) Before Taxation	Rs. '000'	(881,673)	(1,433,350)	(1,724,815)	(323,527)	214,911	267,252
Profit / (Loss) After Taxation	Rs. '000'	(569,034)	(1,430,150)	(1,715,435)	(392,014)	70,699	159,273
<b>FINANCIAL DATA</b>							
Equity Balance	Rs. '000'	(1,151,056)	(697,215)	521,548	2,182,001	2,488,036	2,424,932
Property, Plant & Equipment	Rs. '000'	6,192,780	5,503,697	5,763,224	6,038,998	5,008,146	5,056,794
Current Assets	Rs. '000'	1,532,217	1,986,598	3,425,592	5,068,859	5,128,633	4,402,188
Current Liabilities	Rs. '000'	5,389,141	4,652,774	5,058,190	5,853,355	5,532,754	4,702,127
<b>PROFITABILITY RATIOS</b>							
Gross Profit Margin	%	(12.75)	19.16	(21.96)	6.03	10.05	11.10
Operating Profit Margin	%	(23.23)	(27.15)	(32.73)	(3.42)	1.70	2.00
Net Profit Margin	%	(14.99)	(27.08)	(32.67)	3.18	1.75	2.06
<b>LIQUIDITY RATIOS</b>							
Current Ratio	Times	0.28	0.40	0.68	0.87	0.93	0.94
Quick Ratio	Times	0.11	0.08	0.09	0.11	0.15	0.18
<b>ACTIVITY / TURNOVER RATIOS</b>							
Days in Receivables	Days	22.81	9.96	8.31	11.98	12.19	11.68
Accounts Receivables Turnover	Times	22.81	36.64	23.25	27.31	29.79	34.54
Inventory Turnover	Times	5.13	3.43	(1.64)	(2.65)	3.20	3.20
Total Assets Turnover	Times	0.49	0.70	0.52	0.96	1.25	1.36
Return on Total Assets	%	0.07	0.19	(0.19)	(0.03)	0.02	0.03
Return on Equity	%	0.47	(2.00)	(0.87)	(0.15)	0.09	0.11
<b>LEVERAGE RATIOS</b>							
Long Term Debts to Equity	Times	1.02	(2.71)	4.25	0.78	0.71	0.64
Total Debts to Equity	Times	(5.70)	(9.83)	13.94	3.04	2.60	2.42
Long Term Debts to Total Assets	Times	0.15	0.25	0.24	0.15	0.17	0.22
Total Debts to Total Assets	Times	0.85	0.91	0.65	0.59	0.64	0.62
Equity to Total Assets	Times	0.15	(0.09)	0.06	0.20	0.24	0.26
Interest Coverage Ratio	Times	(2.65)	(4.45)	(4.19)	(0.52)	0.36	0.37
<b>OTHERS</b>							
Earning / (Loss) Per Share	Rs	(43.77)	(110.01)	(131.96)	(30.15)	5.44	12.25
Breakup Value of Share w/o Revaluation Surplus	Rs	(88.54)	(53.63)	44.73	167.85	191.39	186.53
Breakup Value of Share with Revaluation Surplus	Rs	92.27	54.61	157.18	283.22	244.41	240.87
Cash Dividend	%	NIL	NIL	NIL	NIL	NIL	15



**PATTERN OF SHAREHOLDING ( FORM - A)**

Pattern of holding of the shares held by the shareholders as at 30-06-2018 is given below

No of Shareholders	Shareholding					Total Share Held
100	From	1	To	100	Shares	2,060
69	From	101	To	500	Shares	19,843
29	From	501	To	1,000	Shares	24,537
34	From	1,001	To	5,000	Shares	93,510
13	From	5,001	To	10,000	Shares	102,470
2	From	10,001	To	15,000	Shares	25,279
4	From	15,001	To	20,000	Shares	69,000
3	From	20,001	To	25,000	Shares	67,272
2	From	25,001	To	30,000	Shares	54,884
1	From	30,001	To	35,000	Shares	33,826
1	From	40,001	To	45,000	Shares	40,900
1	From	45,001	To	50,000	Shares	50,000
2	From	51,001	To	55,000	Shares	105,250
1	From	70,001	To	75,000	Shares	73,000
1	From	75,001	To	80,000	Shares	79,000
1	From	90,001	To	95,000	Shares	95,000
2	From	125,001	To	130,000	Shares	260,000
1	From	170,001	To	175,000	Shares	171,641
1	From	190,001	To	195,000	Shares	190,358
2	From	210,001	To	215,000	Shares	427,808
1	From	250,001	To	255,000	Shares	254,500
1	From	300,001	To	305,000	Shares	300,350
1	From	330,001	To	335,000	Shares	334,272
1	From	341,001	To	346,000	Shares	342,460
1	From	390,001	To	395,000	Shares	394,158
1	From	415,001	To	420,000	Shares	419,000
1	From	435,001	To	440,000	Shares	437,393
1	From	530,001	To	535,000	Shares	532,723
1	From	630,001	To	635,000	Shares	630,567
1	From	635,001	To	640,000	Shares	639,554
1	From	645,001	To	650,000	Shares	649,759
1	From	650,001	To	655,000	Shares	653,728
1	From	685,001	To	690,000	Shares	685,205
1	From	690,001	To	695,000	Shares	694,353
1	From	795,001	To	800,000	Shares	797,726
1	From	925,001	To	930,000	Shares	929,519
1	From	1,065,001	To	1,070,000	Shares	1,066,158
1	From	1,250,001	To	1,255,000	Shares	1,252,937
<b>288</b>			<b>Total</b>			<b>13,000,000</b>

Categories of Shareholders	No of Shareholders	Share Held	Percentage
Individuals	276	12,897,548	1,029.39
Investment Corporation of Pakistan	1	250	0.02
Insurance Companies	1	364	0.03
Joint Stock Companies	6	90,342	7.21
Financial Institutions	2	9,697	0.77
Others	2	1,799	0.14
<b>Total</b>	<b>288</b>	<b>13,000,000</b>	<b>1,037.56</b>



**DETAIL OF PATTERN OF SHAREHOLDING AS PER  
REQUIREMENT OF CODE OF CORPORATE GOVERNANCE  
AS AT 30TH JUNE 2018**

Name of shareholders	No of Sharehol	Share held	Percentage
<b>Directors, CEO their Spouse and Minor Childern</b>	<b>9</b>		
Mr. Tariq Iqbal ( Director & CEO )		929,519	7.15
Mr. Asim Khalid ( Director )		1,284,295	9.88
Mr. Omer Khalid ( Director )		1,279,303	9.84
Mrs. Saima Asim ( Director )		8,700	0.07
Mrs. Sadaf Khalid ( Director )		397,158	3.06
Mrs. TabbasumTariq ( Director )		694,353	5.34
Mr. Tauqeer Tariq ( Director )		797,726	6.14
Mr. Muhammad Saeed ( Director )		521	0.00
Mrs. Tahmina Tauqeer ( w/o Mr. Tauqeer Tariq )		685,205	5.27
Associates Companies, undertakings and Related Parties		-	-
ICP	1	250	0.00
<b>Executive</b>		Nil	
<b>Public Sector Companies &amp; Corporations</b>		Nil	
<b>Bank Development Finance Institution, Non-Banking Finance Institution, Insurance Companies, Modarabas &amp; Mutual Fund</b>	<b>3</b>		
National Industries Co-operate Finance Corpration Ltd		364	0.00
National Bank Of Pakistan		9,697	0.07
<b>Others</b>	<b>8</b>	92,141	0.71
Individual	<b>267</b>	6,820,768	52.47
<b>Total</b>	<b>288</b>	<b>13,000,000</b>	<b>100.00</b>

**ShareholdersHoding 05% or More**

Rukhsana Khalid		1,293,837	9.95
Mr. Tariq Iqbal		929,519	7.15
Mr. Asim Khalid		1,284,295	9.88
Mr. Omer Khalid		1,279,303	9.84
Mrs. TabbasumTariq		694,353	5.34
Mr. Tauqeer Tariq		797,726	6.14
Mrs. Tahmina Tauqeer		685,205	5.27

# QUETTA TEXTILE MILLS LIMITED

Nadir House, I. I. Chundrigar Road, Karachi – 74000, Pakistan  
Tel: +92 (21) 3241-4334-6 Fax: +92 (21) 3241-9593  
Mail: [sales@QuettaGroup.com](mailto:sales@QuettaGroup.com) Web: [www.QuettaGroup.com](http://www.QuettaGroup.com)

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

1. The company has complied with the requirements of Regulations in the following manner:
  - a) Male 5
  - b) Female 3
2. The Composition of board is as follows:
  - a) Independent Director 1
  - b) Non-executive 5
  - c) Executive 3
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable)
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by 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 his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The company stands complied with requirements of Director training program under the Code of Corporate Governance.

Name of Director who obtained certificate of DTP

Mr. Tauqir Tariq	Non Executive
Mr. Omer Khalid	Executive
Mrs. Sadaf Khalid	Non Executive
Mrs. Saima Asim	Non Executive
Mr. Major Rtd. Muhammad Seed.	Non-Executive
10. The Board has approved appointment of Chief Financial Officer. Company Secretary and Head of Internal Audit. Including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

# QUETTA TEXTILE MILLS LIMITED

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## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

1. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
2. The board has formed committees comprising of members given below:
  - a) Audit Committee

Mr. Major Rtd. Muhammad Saeed	Chairman
Mrs. Tabbasum Tariq	Member
Mrs. Sadaf Khalid	Member
  - b) HR and Remuneration Committee

Mrs. Tabbasum Tariq	Chairman
Mrs. Saima Asim	Member
Mrs. Sadaf Khalid	Member
3. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
4. The frequency of meetings (quarterly/half yearly / yearly) of the committee were as per following:
  - a) Audit Committee Every Quarter
  - b) HR and Remuneration Committee Once a year
5. The Board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
6. 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 and registered with Audit Oversight Board of Pakistan, 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.
7. 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 regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regards.
8. We confirm that all other requirements of Regulations have been complied with



**TARIQ IQBAL**  
Chief Executive

Karachi:

**Dated: October 03, 2018**

# MUSHTAQ & COMPANY

CHARTERED ACCOUNTANTS

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## *Independent Auditor's Review Report*

*To the members of Quetta Textile Mills Limited on the Statement of Compliance with the Code of Corporate Governance*

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Quetta Textile Mills Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 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 and have ensured 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, 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, 2018.

Place: Karachi

Dated: \_\_\_\_\_

**MUSHTAQ & COMPANY**  
Chartered Accountants  
**Engagement Partner:**  
Anwarul Haque, FCA

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## Independent Auditors' Report

### To The Members of Quetta Textile Mills Limited

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the annexed financial statements of Quetta Textile Mills Limited, which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other 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, except for the effects of the matters referred to in paragraph (a) to (b), the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

##### **Basis for Opinion**

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 opinion, and after due verification we report that;

- (a) The financial statements indicate that the company incurred a net loss of Rupees 569.034 million (June 30, 2017: Rupees 1,430.150 million) and has reported accumulated losses amounting to Rupees 2,260.537 million (June 30, 2017: Rupees 1,754.692 million) at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs. 3,856.925 (June 30, 2017: Rs 2,977.766 million) at the year end.
- (b) As disclosed in note 47, the production capacity of the spinning unit has been reduced by fifty five percent. The capacity utilization of weaving unit is just forty percent.

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( ) The above disclosures indicate that the company is not in a position to pay its liabilities due to reduction in capacity utilization, production and sales.

### 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. Following are the key audit matters:

No.	Key audit matters	How the matter was addressed in our audit
1	<p><b>First time application of third and fourth schedules to the Companies Act, 2017.</b></p> <p>As referred to in note 2 to the annexed financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018.</p> <p>The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the said 2) relating to disclosures required in the Company's financial statements.</p> <p>We consider it as a key audit matter in view of the extensive impacts in the financial statements due to the Companies Act, 2017.</p>	<p>Our audit procedures included the following:</p> <p>Considering the management's process to identify the necessary amendments required in the Company's financial statements.</p> <p>Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business.</p> <p>Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.</p>

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2	<p><b>Revenue Recognition</b></p> <p>Refer note 29 to the financial statements and the accounting policy in note 4.16 to the financial statements regarding the sale of goods. The Company generates revenue from sale of goods to export and local customers.</p> <p>We identified recognition of revenue (against the sale of goods) as a key audit matter because revenue is one of the key performance indicators of the Company which gives rise to an inherent risk of the existence and the accuracy of the revenue.</p>	<p>Our audit procedures to assess the timing of revenue recognized from sale of products included the following:</p> <p>Obtained an understanding of the processes relating to the recognition of revenue and accessing the design, implementation and operating effectiveness of key internal controls over the recording of revenue.</p> <p>Comparing a sample of revenue transactions recognized during the year with the sales invoices, delivery orders and other relevant underlying documentations.</p> <p>Comparing a sample of revenue transactions recorded around the year end with the sales invoices, delivery orders and other relevant underlying documentations to access if the related revenue was recorded in the appropriate accounting period.</p>
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### *Information Other than the Financial Statements and Auditor's Report Thereon*

Management is responsible for the other information. The other information comprises:

Information obtained prior to the date of auditor's report,

- a) last six years' financial analysis;
- b) director's report;

Information expected to be made available to us after the date of auditor's report,

- a) chairman's review;

but does not include the financial statements and our auditor's report thereon.

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, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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## *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 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 is 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 users 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

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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 matter 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, we further report that in our opinion except for the effects of the matters referred to in paragraph (a) to (b):

- 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 and other 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).

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The engagement partner on the audit resulting in this independent auditor's report is **Anwarul Haque, FCA**.

Karachi. **Engagement Partner:**

Dated: \_\_\_\_\_

**MUSHTAQ & COMPANY**

Chartered Accountants

Anwarul Haque, FCA



# QUETTA TEXTILE MILLS LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

Note	30 <sup>th</sup> June, 2018	30 <sup>th</sup> June, 2017	30 <sup>th</sup> June, 2016		
	Rupees	Rupees Restated	Rupees Restated		
<b>ASSETS</b>					
<b>NON CURRENT ASSETS</b>					
	Property, plant and equipment	6	6,192,779,941	5,503,696,678	5,763,224,120
	Intangible assets	7	2,698,591	-	-
	Long term deposits	8	32,874,103	70,467,715	67,437,881
			6,228,352,635	5,574,164,393	5,830,662,001
<b>CURRENT ASSETS</b>					
	Stores and spares	9	376,607,264	387,077,985	426,412,101
	Stock in trade	10	550,912,704	1,117,749,453	2,545,850,401
	Trade debts	11	306,292,418	168,042,069	120,166,185
	Other financial assets	12	107,185	139,553	113,051
	Advances, deposits, prepayments and other receivable	13	89,309,974	84,512,897	90,936,372
	Taxation - net	14	148,181,700	169,679,572	181,017,146
	Cash and bank balances	15	60,805,444	59,396,240	61,097,161
			1,532,216,688	1,986,597,770	3,425,592,416
			<b>7,760,569,323</b>	<b>7,560,762,163</b>	<b>9,256,254,417</b>
<b>EQUITY AND LIABILITIES</b>					
<b>SHARE CAPITAL AND RESERVES</b>					
	<b>Authorized capital</b>				
	20,000,000 (June 30, 2017: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000	200,000,000
	15,000,000 (June 30, 2017: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000	150,000,000
			<b>350,000,000</b>	<b>350,000,000</b>	<b>350,000,000</b>
	Issued, subscribed and paid-up capital	16	130,000,000	130,000,000	130,000,000
	Capital reserve	17	979,479,670	927,477,670	766,751,200
	Revaluation surplus on property, plant and equipment	18	2,350,570,116	1,407,091,643	1,461,795,244
	Accumulated profit / (loss)		(2,260,536,882)	(1,754,692,422)	(375,202,616)
			1,199,512,904	709,876,891	1,983,343,828
<b>NON CURRENT LIABILITIES</b>					
	Long term finances	19	755,785,184	955,810,417	911,404,425
	Redeemable capital - Sukuk	20	37,851,234	190,678,823	343,367,585
	Loan from directors and others - subordinated	21	-	-	160,726,470
	Liabilities against assets subject to finance lease	22	9,570,322	10,731,902	15,834,185
	Deferred liabilities	23	368,708,107	729,300,150	783,387,531
			1,171,914,847	1,886,521,292	2,214,720,196
<b>CURRENT LIABILITIES</b>					
	Trade and other payables	24	752,841,165	834,833,517	1,223,013,200
	Accrued mark-up	25	830,307,117	559,232,482	356,329,661
	Short term borrowings	26	2,651,083,275	2,745,183,687	3,018,807,324
	Loan from directors and others	27	25,747,232	25,816,588	11,416,168
	Current portion of				
	Long term finances	19	541,476,637	311,589,581	120,146,483
	Redeemable capital - Sukuk	20	573,484,409	472,658,820	319,970,058
	Liabilities against assets subject to finance lease	22	14,165,271	15,012,839	8,507,497
	Unclaimed dividend		36,467	36,467	-
			5,389,141,573	4,964,363,980	5,058,190,392
<b>CONTINGENCIES AND COMMITMENTS</b>					
		28			
			<b>7,760,569,323</b>	<b>7,560,762,163</b>	<b>9,256,254,417</b>

The annexed notes from 1 to 53 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer



**STATEMENT OF PROFIT OR LOSS**  
FOR THE YEAR ENDED JUNE 30, 2018

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
Sales	29	3,795,455,727	5,280,635,128
Cost of sales	30	(4,279,300,044)	(6,292,162,522)
<b>Gross (loss)</b>		<u>(483,844,317)</u>	<u>(1,011,527,394)</u>
Distribution cost	31	(27,386,624)	(40,028,543)
Administrative expenses	32	(65,513,464)	(59,893,766)
Other operating expenses	33	(220,920)	-
Finance cost	34	(333,097,473)	(322,250,990)
		(426,218,481)	(422,173,299)
<b>(Loss) from operations</b>		<u>(910,062,798)</u>	<u>(1,433,700,692)</u>
Other income	35	28,389,639	350,206
<b>(Loss) before taxation</b>		<u>(881,673,159)</u>	<u>(1,433,350,486)</u>
Taxation	36	312,639,239	3,200,086
<b>Net (loss) for the year</b>		<u><u>(569,033,920)</u></u>	<u><u>(1,430,150,400)</u></u>
<b>(Loss) per share - basic and diluted</b>	37	<u><u>(43.77)</u></u>	<u><u>(110.01)</u></u>

*The annexed notes from 1 to 53 form an integral part of these financial statements.*

**Chief Executive**

**Director**

**Chief Financial Officer**



**STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees Restart
<b>Net (loss) for the year</b>		(569,033,920)	(1,430,150,400)
Other comprehensive income			
<b>Items that may not be reclassified subsequently to profit and loss account:</b>			
Loss on remeasurement of staff retirement benefits		12,804,680	(4,927,792)
Impact of deferred tax		(2,326,047)	884,785
Revaluation surplus on property, plant and equipment		996,189,300	-
<b>Other comprehensive income/(loss) for the year</b>		1,006,667,933	(4,043,007)
<b>Total comprehensive income/(loss) for the year</b>		<u><u>437,634,013</u></u>	<u><u>(1,434,193,407)</u></u>

*The annexed notes from 1 to 53 form an integral part of these financial statements.*

**Chief Executive**

**Director**

**Chief Financial Officer**

**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED JUNE 30, 2018

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	38	64,920,014	213,895,765
Long term loans and deposits		37,593,612	(3,029,834)
Interest paid		(172,839)	(31,573,712)
Gratuity paid		(24,332,376)	(31,121,549)
Workers' profit participation fund paid		-	(2,550)
Taxes paid		(27,202,503)	(27,112,204)
		(14,114,106)	(92,839,849)
<b>Cash flows from operating activities</b>		<b>50,805,908</b>	<b>121,055,916</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(14,612,871)	(13,018,657)
Other financial assets		35,260	-
Proceeds from disposal of property, plant and equipment		83,500,000	-
Dividend received		-	7,352
<b>Cash (used in) investing activities</b>		<b>68,922,389</b>	<b>(13,011,305)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances		29,861,823	148,074,626
Redeemable capital - Sukuk		(52,002,000)	-
Liabilities against assets subject to finance lease		(2,009,148)	1,403,059
Short term borrowings		(94,100,412)	(273,623,637)
Loans from directors & others		(69,356)	14,400,420
		(118,319,093)	(109,745,532)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,409,204</b>	<b>(1,700,921)</b>
Cash and cash equivalent at the beginning of the year		59,396,240	61,097,161
<b>Cash and cash equivalent at the end of the year</b>	15	<b>60,805,444</b>	<b>59,396,240</b>


The annexed notes from 1 to 53 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2018**

	Reserves					Sub total	Revaluation surplus on property, plant and equipment	Accumulated profit / (loss)	Total equity
	Share Capital	Share premium	Capital reserve	General reserve	Loan from directors and others				
Balance as at June 30, 2016 - as previously reported	130,000,000	651,750,000	1,200	115,000,000	-	766,751,200	-	(375,202,616)	521,548,584
Effect of change in Accounting policy (note-5)	-	-	-	-	-	-	1,461,795,244	-	1,461,795,244
<b>Balance as at June 30, 2016 - restated</b>	<b>130,000,000</b>	<b>651,750,000</b>	<b>1,200</b>	<b>115,000,000</b>	<b>-</b>	<b>766,751,200</b>	<b>1,461,795,244</b>	<b>(375,202,616)</b>	<b>1,983,343,828</b>
Net (loss) for the year	-	-	-	-	-	-	-	(4,043,007)	(4,043,007)
Total comprehensive (loss) for the year	-	-	-	-	-	-	-	(1,430,150,400)	(1,430,150,400)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	-	(1,434,193,407)	(1,434,193,407)
Transfer (17.1)	-	-	-	-	160,726,470	160,726,470	(54,703,601)	54,703,601	-
<b>Balance as at June 30, 2017 - restated</b>	<b>130,000,000</b>	<b>651,750,000</b>	<b>1,200</b>	<b>115,000,000</b>	<b>160,726,470</b>	<b>927,477,670</b>	<b>1,407,091,643</b>	<b>(1,754,692,422)</b>	<b>709,876,891</b>
Net (loss) for the year	-	-	-	-	-	-	-	(569,033,920)	(569,033,920)
Total comprehensive income for the year	-	-	-	-	-	-	996,189,300	10,478,633	1,006,667,933
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	996,189,300	(558,555,287)	437,634,013
loan received from director and others	-	-	-	-	52,002,000	52,002,000	(52,710,827)	52,710,827	-
<b>Balance as at June 30, 2018</b>	<b>130,000,000</b>	<b>651,750,000</b>	<b>1,200</b>	<b>115,000,000</b>	<b>212,728,470</b>	<b>979,479,670</b>	<b>2,350,570,116</b>	<b>(2,260,536,882)</b>	<b>1,199,512,904</b>

The annexed notes from 1 to 53 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer



**NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS**

For the year ended June 30, 2018

**1 THE COMPANY AND ITS OPERATIONS**

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.

**2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR**

- \* During the year, the Company has acquired property, plant and equipment amounting to Rs. 14.613 million. This include Rs. 8.690 million plant and machinery. These acquisitions are expected to increase the Company's production capacity.
- \* During the year, the Company has revalued of property, plant and equipment amounting to Rs. 996.300 million.
- \* Due to applicability of the Companies Act, 2017 (the Act), amounts reported for the previous period have been restated. (Refer note 3.1 and 5)
- \* For a detailed discussion about the Company's performance, refer to the Directors' Report.

**3 BASIS OF PREPARATION**

**3.1 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 of:

- \* International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Act; and
- \* Provisions of and directives issued under the Act

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

The Act has also brought certain changes with regard to the preparation and presentation of these unconsolidated financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Further, the disclosure requirements under the Act have been revised, resulting in elimination of duplicative disclosures with the IFRS disclosure requirements and incorporation of additional / amended disclosures as mentioned in note 1.2, 2, 5, 6.1.4, 11.1, 13.1, 31.2, 31.3 and 36.

**3.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value and recognition of employee benefits at present value.

**3.3 New standards and amendments**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following amendments of IFRS which became effective for the current year:

- IAS 7 – Statement of Cash Flows - Disclosure Initiative - (Amendment)
- IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the unconsolidated financial statements.

**3.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on
IFRS 2 Share based payments-Classification and Measurement of Share based payments transaction (Amendments)	01 January 2018
IFRS 4 Insurance Contracts- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 January 2018
IFRS 9 Financial instruments	01 January 2018
IFRS 9 Prepayments Features with negative compensation (Amendments)	01 January 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures- Sale or contribution of Assets between an investors and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15 Revenue from Contracts with Customers	01 January 2018



IFRS 16	Leases	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28	Long term interests in Associates and Joint Ventures (Amendments)	01 January 2019
IAS 40	Investment Property: Transfer of Investment Property (Amendments)	01 January 2018
IFRIC 22	Foreign Currency transaction and advance consideration	01 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

The above standards and interpretations are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application except for IFRS 15 – Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or
IFRS 14 Regulatory Deferral Accounts	01 January 2016
IFRS 17 Insurance Contracts	01 January 2021

**3.5 Going concern assumptions**

During the year, the Company incurred loss amounting to Rs. 569.034 million (June 30, 2017: Rs. 1,430.150 million) and has reported accumulated losses amounting to Rs. 2,260.537 million (June 30, 2017 : Rs. 1,754.692 million) at the year end. Accordingly, it resulted into equity of Rs. 1,199.513 million in current year (June 30, 2017: equity Rs. 709.877 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 3,856.925 million (June 30, 2017: Rs. 2,977.766 million) at the year 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 62% 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 for this purpose.

To substantiate its going concern assumption:

- 3.5.1 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 working capital requirements to run operations smoothly.
- 3.5.2 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;
- 3.5.3 Directors and sponsors of the company, have invested to Rs. 52.002 million during the period and they committed that they would also continue such support in future; and
- 3.5.4 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 such measures.

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.

**3.6 Significant accounting judgments and estimates**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgment, estimates and assumptions that affect the application of policies and the reported amounts of revenues, expenses, assets and liabilities

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.



Estimates, assumptions and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

**3.6.1 Property, plant and equipment**

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available to the Company. Any change in the estimates in the future might affect the carrying amount of respective item of operating property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

**3.6.2 Stock in trade and stores, spares and loose tools**

The Company reviews the net realizable value (NRV) of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

**3.6.3 Taxation**

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**4.1 Borrowings**

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

**4.2 Employee benefits**

**4.2.1 Compensated absences**

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

**Post retirement benefits**

**4.2.2 Defined benefit plans**

The company operates an unfunded gratuity scheme for its permanent employees as per terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The Company's obligation is determined through actuarial valuations carried out under the 'Projected Unit Credit Method'. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. Any change in past service cost is immediately recognized in profit or loss account.

The Company determines the net interest expense (income) on the net defined benefit liability(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service costs are recognized in profit and loss account. The latest actuarial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

**4.3 Taxation**

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

**4.3.1 Current**

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

**4.3.2 Deferred**

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.



Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

**4.4 Provisions**

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**4.5 Trade and other payables**

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

**4.6 Dividend**

Dividend is recognized as a liability in the period in which it is approved by shareholders.

**4.7 Property, plant and equipment and depreciation**

**Owned assets**

Property, Plant and Equipment are stated at cost/ revalued amount less accumulated depreciation. Cost comprises of acquisition cost and other directly attributable cost.

Land, building and plant and machinery are stated at cost/revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluation are performed with sufficient regularity so that the fair value and carrying value don't differ materially at the end of reporting period.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Depreciation is charged on the same basis as used for owned assets.

Financial charges are allocated to accounting period in a manner so as to provide a constant rate of charge on outstanding liability.

**4.8 Capital work in process**

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for intended use.

**4.9 Investments**

**4.9.1 Investments in associate - Equity Method**

Investment in associates is accounted for using the equity method. These are entities in which the company has significant influence which is neither a subsidiary nor a joint venture of the company.

**4.9.2 Derivative financial instruments**

The Company uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with foreign currency borrowings and effects on cash flow of any fluctuations in interest rates. Such derivative financial instruments are stated at fair value.

**4.9.3 Financial assets at fair value through profit or loss**

Financial assets classified as held for trading and those designed as such are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near item. Gains or losses on such investments are recognized in profit and loss account.

**4.9.4 Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.



Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuations techniques.

**4.9.5 Available for sale**

Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified as being available for sale are stated at fair value, with any resultant gain or loss being recognized directly in equity. Gains or losses on available for sale investments are recognised directly in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

**4.10 Derivative financial instruments**

The Company uses derivative financial instruments such as interest rate swaps and cross currency swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

**4.11 Financial instruments**

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently. Financial assets are stated at their nominal value as reduced by the appropriate allowances for estimating irrecoverable amount. Mark up bearing financial liabilities are recorded at the gross proceeds received. Other financial liabilities are stated at their nominal value.

**4.12 Stores and spares**

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

**4.13 Stock-in-trade**

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows;

Raw material	At weighted average cost or replacement cost which ever is lower
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost or net realisable value which ever is lower
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

**4.14 Trade debts**

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

**4.15 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

**4.16 Revenue recognition**

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the buyer.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognised when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

**4.17 Borrowing costs**

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

**4.18 Impairment**

All company's assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated. Impairment losses are recognized in the profit and loss account currently.

**4.19 Foreign currency translation**

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences, if any, are taken to profit and loss account.



**4.20 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

**4.21 Segment reporting**

Segment reporting is based on the operating (business) segments of the company. An operating segment is a component of the company that engages in a business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

**4.22 Financial instruments**

**4.22.1 Financial assets**

**Classification**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

**b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

**c) Held to maturity financial assets**

These are securities with fixed or determinable payments and fixed maturity in respect of which the Company has the positive intent and ability to hold to maturity. There were no held to maturity investments as at balance sheet date.

**d) Available-for-sale financial assets**

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose off within 12 months of the end of the reporting date.

**4.22.2 Recognition**

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. All financial assets are initially recognized at fair value plus transaction costs except for those financial assets which are designated as 'financial assets 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 charged to the profit and loss account. Financial assets are derecognized when the right to receive cash flows from such assets has expired or have been transferred and the Company has transferred substantially all risks and rewards, incidental to the ownership of such financial assets.

Dividend income from 'financial assets at fair value through profit or loss' and 'available-for-sale financial assets' is recognized in the profit and loss account when the Company's right to receive payments is established.

Equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured or determined are stated at cost.

**4.22.3 Measurement**

'Available-for-sale financial assets' and 'financial assets at fair value through profit or loss' are subsequently measured at fair value whereas 'held to maturity financial assets' and 'loans and receivables' are subsequently measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognized in the profit and loss account in the period in which they arise.

Changes in the fair value of 'available-for-sale financial assets' are recognized in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulative fair value adjustments recognized in other comprehensive income till the time of disposal or impairment are charged to the profit and loss account.

**4.22.4 Impairment**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If such evidence is identified to exist, the said financial asset or group of financial assets are impaired and an impairment loss is recognized in the profit and loss account for the amount by which the assets' carrying amount exceed their recoverable amount. Impairment losses of equity instruments, once recognized, are not reversed through the profit and loss account.



**4.22.5 Off-setting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

**4.22.6 Derivative financial instruments**

The Company designates derivative financial instruments as either fair value hedge or cash flow hedge.

**a) Cash flow Hedges**

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account. Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect the profit and loss account.

**b) Fair value hedge and other non-trading derivatives**

Fair value hedge represents hedges of the fair value of recognized assets or liabilities or a firm commitment. Changes in the fair value of derivative that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly. When a derivative financial instrument is not designated in a qualifying hedge relationship, it is accounted for as held for trading and accordingly is categorized as 'financial asset at fair value through profit or loss'.

**4.22.7 Financial liabilities**

These are initially recognized at cost, which is the fair value of the consideration expected to be paid. All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the obliging instrument/ contract.

A financial liability is derecognized when the obligation under the liability is discharged, 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 derecognizing 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.

**4.22.8 Earnings per share - basic and diluted**

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic 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 of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**4.22.9 Related party transactions**

All transactions with related parties are carried out by the Company at arms' length price using the method.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

**5 CHANGE IN ACCOUNTING POLICY**

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS Standards requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of freehold and leasehold land stands amended as follows:

- \* Increases in the carrying amounts arising on revaluation of freehold, leasehold land and plant & machinery are recognized in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase is first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarized below:

Effect on statement of financial position	As at 30th June 2017			As at 30th June 2016		
	As previously reported	As re-stated	Re-statement	As previously reported	As re-stated	Re-statement
	Rupees					
Revaluation Surplus on property, plant and equipment	1,407,091,643	-	(1,407,091,643)	1,461,795,244	-	(1,461,795,244)
Share capital and reserves	-	(1,407,091,643)	1,407,091,643	-	(1,461,795,244)	1,461,795,244
<b>Effect on statement of change in equity</b>						
Change in equity	-	(1,407,091,643)	1,407,091,643	-	(1,461,795,244)	1,461,795,244



	As at 30th June 2017		
	As previously reported	As re-stated	Re-statement
	Rupees		
Effect on statement of other comprehensive income			
Revaluation Surplus on property, plant and equipment	-	-	-

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	6,192,779,941	5,501,197,768
Capital work in progress - at cost	6.2	-	2,498,910

**6.1 Operating fixed assets**

	2018							Annual depreciation rate %	
	Cost as at July 01, 2017	Additions / (deletions)	Revaluation	Cost as at June 30, 2018	Accumulated depreciation as at July 01, 2017	Depreciation charge / (deletion) for the year	Adjustments		Accumulated depreciation as at June 30, 2018
	Rupees								
<b>Owned Assets</b>									
<b>Spinning Units :</b>									
Freehold land	366,053,604	(45,390,816)	324,487,667	645,150,455	-	-	-	645,150,455	-
Leasehold land	120,972,422	-	302,517,687	423,490,109	10,425,576	841,600	-	11,267,176	412,222,933
Building on freehold land	574,450,694	-	108,339,623	682,790,317	253,968,825	20,299,632	-	274,268,457	408,521,860
Building on leasehold land	386,009,855	-	212,861,917	598,871,772	170,776,261	20,638,190	-	191,414,451	407,457,321
Labour colony on freehold land	57,660,531	-	135,017,357	192,677,888	27,369,552	8,157,531	-	35,527,083	157,150,805
Labour colony on leasehold land	83,028,724	-	42,836,556	125,865,280	30,450,244	4,583,486	-	35,033,730	90,831,550
Plant and machinery	4,661,306,397	4,600,062	(242,380,712)	4,397,348,730	2,187,615,276	102,417,018	-	2,276,714,419	2,120,634,311
		(26,177,017)			(13,317,875)				
Electrical fitting	61,822,173	-	-	61,822,173	50,739,089	1,662,463	-	52,401,552	9,420,621
Factory equipment	22,874,560	-	-	22,874,560	20,097,595	416,545	-	20,514,140	2,360,420
Office premises	17,285,321	-	3,009,837	20,295,158	13,774,880	965,539	-	14,740,419	5,554,739
Office equipment	21,447,788	-	-	21,447,788	18,465,330	411,463	-	18,866,793	2,580,995
Furniture and fixture	13,308,947	39,990	-	13,348,937	11,862,064	222,768	-	12,084,832	1,264,105
Vehicles	51,767,833	1,800,000	-	49,649,023	41,823,057	1,210,874	-	40,562,636	9,086,387
		(3,918,810)				(2,471,295)			
	6,437,988,849	(69,046,591)	886,689,932	7,255,632,190	2,837,357,749	146,037,936	-	2,983,395,685	4,272,236,505
<b>Weaving Unit :</b>									
Building on freehold land	319,171,837	-	82,681,195	401,853,032	150,602,373	12,031,424	-	162,633,797	239,219,235
Building on leasehold land (Grid)	21,541,983	-	(15,945,096)	5,596,887	3,662,356	33,046	-	3,695,402	1,901,485
Labour colony on freehold land	76,873,486	-	40,764,963	117,638,449	19,179,363	4,717,468	-	23,896,831	93,741,618
Plant and machinery	1,555,920,140	4,090,273	(19,171,268)	1,540,839,145	708,731,488	38,587,999	-	747,319,487	793,519,658
Plant and machinery (Grid)	142,372,889	-	54,859,814	197,232,703	21,803,277	8,342,045	-	30,145,322	167,087,381
Electrical fitting	33,203,858	-	-	33,203,858	27,367,381	875,472	-	28,242,853	4,961,005
Factory equipment	12,474,088	-	-	12,474,088	10,211,728	339,354	-	10,551,082	1,923,006
Office equipment	4,322,393	-	-	4,322,393	2,753,909	235,273	-	2,989,182	1,333,211
Furniture and fixture	2,694,943	-	-	2,694,943	1,787,365	136,137	-	1,923,502	771,441
Vehicles	6,522,637	-	-	6,522,637	4,118,563	360,611	-	4,479,174	2,043,463
	2,175,098,254	4,090,273	143,189,608	2,322,378,135	950,217,803	65,658,828	-	1,015,876,631	1,306,501,504
<b>Power Plant :</b>									
Building on freehold land	93,867,975	-	(24,579,388)	69,288,587	42,262,286	1,167,514	-	43,429,800	25,858,787
Building on leasehold land	38,400,733	-	7,352,944	45,753,677	28,472,014	828,720	-	29,300,734	16,452,943
Plant and machinery	1,051,400,938	4,082,546	(16,463,796)	1,039,019,688	525,564,300	23,799,926	-	549,364,226	489,655,462
Electrical fitting	44,949,933	-	-	44,949,933	36,897,069	1,207,930	-	38,104,999	6,844,934
Factory equipment	7,168,574	-	-	7,168,574	5,905,879	189,404	-	6,095,283	1,073,291
Factory equipment	66,800	-	-	66,800	50,381	2,463	-	52,844	13,956
Furniture and fixture	476,750	-	-	476,750	393,749	12,450	-	406,199	70,551
Vehicles	940,725	-	-	940,725	905,648	5,262	-	910,910	29,815
	1,237,272,428	4,082,546	(33,690,240)	1,207,664,734	640,451,326	27,213,669	-	667,664,995	539,999,739
<b>Leased Assets</b>									
Plant and Machinery	98,500,396	-	-	98,500,396	28,431,935	3,503,423	-	31,935,358	66,565,038
Vehicles	11,531,420	-	-	11,531,420	2,734,766	1,319,498	-	4,054,264	7,477,156
	110,031,816	-	-	110,031,816	31,166,701	4,822,921	-	35,989,622	74,042,194
<b>Total - 30.06.2018</b>	<b>9,960,391,347</b>	<b>14,612,871</b>	<b>996,189,300</b>	<b>10,895,706,875</b>	<b>4,459,193,579</b>	<b>259,522,524</b>	<b>-</b>	<b>4,702,926,934</b>	<b>6,192,779,941</b>

2017

	Cost as at July 01, 2016	Additions / (deletions)	Transfers in/(out)	Cost as at June 30, 2017	Accumulated depreciation as at July 01, 2016	Depreciation charge / (deletion) for the year	Transfers in/(out)	Accumulated depreciation as at June 30, 2017	Book value as at June 30, 2017	Annual depreciation rate %
<b>Owned Assets</b>										
<b>Spinning Units :</b>										
Freehold land	366,053,604	-	-	366,053,604	-	-	-	-	366,053,604	-
Leasehold land	120,972,422	-	-	120,972,422	9,519,429	906,147	-	10,425,576	110,546,846	99 years
Building on freehold land	574,450,694	-	-	574,450,694	237,101,358	16,867,467	-	253,968,825	320,481,869	5%
Building on leasehold land	386,009,855	-	-	386,009,855	159,448,177	11,328,084	-	170,776,261	215,233,594	5%
Labour colony on freehold land	57,660,531	-	-	57,660,531	25,775,290	1,594,262	-	27,369,552	30,290,979	5%
Labour colony on leasehold land	83,028,724	-	-	83,028,724	27,682,956	2,767,288	-	30,450,244	52,578,480	5%
Plant and machinery	4,661,306,397	-	-	4,661,306,397	2,057,421,006	130,194,270	-	2,187,615,276	2,473,691,121	5%
Electrical fitting	61,822,173	-	-	61,822,173	48,783,251	1,955,838	-	50,739,089	11,083,084	15%
Factory equipment	22,874,560	-	-	22,874,560	19,607,542	490,053	-	20,097,595	2,776,965	15%
Office premises	17,285,321	-	-	17,285,321	13,155,390	619,490	-	13,774,880	3,510,441	15%
Office equipment	21,447,788	-	-	21,447,788	17,927,249	528,081	-	18,455,330	2,992,458	15%
Furniture and fixture	13,308,947	-	-	13,308,947	11,606,732	255,332	-	11,862,064	1,446,883	15%
Vehicles	51,767,833	-	-	51,767,833	40,068,097	1,754,960	-	41,823,057	9,944,776	15%
	<b>6,437,988,849</b>	-	-	<b>6,437,988,849</b>	<b>2,668,096,477</b>	<b>169,261,272</b>	-	<b>2,837,357,749</b>	<b>3,600,631,100</b>	
<b>Weaving Unit :</b>										
Building on freehold land	319,171,837	-	-	319,171,837	141,730,296	8,872,077	-	150,602,373	168,569,464	5%
Building on freehold land [Grid]	21,541,983	-	-	21,541,983	2,721,323	941,033	-	3,662,356	17,879,627	5%
Labour colony on freehold land	76,873,486	-	-	76,873,486	16,142,830	3,036,533	-	19,179,363	57,694,123	5%
Plant and machinery	1,552,798,120	3,122,020	-	1,555,920,140	664,185,414	44,546,074	-	708,731,488	847,188,652	5%
Plant and machinery [Grid]	142,372,889	-	-	142,372,889	15,457,508	6,345,769	-	21,803,277	120,569,612	5%
Electrical fitting	33,203,858	-	-	33,203,858	26,337,414	1,029,967	-	27,367,381	5,836,477	15%
Factory equipment	12,474,088	-	-	12,474,088	9,812,488	399,240	-	10,211,728	2,262,360	15%
Office equipment	4,262,893	59,500	-	4,322,393	2,484,856	269,053	-	2,753,909	1,568,484	15%
Furniture and fixture	2,487,905	207,038	-	2,694,943	1,656,267	131,098	-	1,787,365	907,578	15%
Vehicles	6,483,637	39,000	-	6,522,637	3,697,294	421,269	-	4,118,563	2,404,074	15%
	<b>2,171,670,696</b>	<b>3,427,558</b>	-	<b>2,175,098,254</b>	<b>884,225,690</b>	<b>65,992,113</b>	-	<b>950,217,803</b>	<b>1,224,880,451</b>	
<b>Power Plant :</b>										
Building on freehold land	93,867,975	-	-	93,867,975	39,546,197	2,716,089	-	42,262,286	51,605,689	5%
Building on leasehold land	38,400,733	-	-	38,400,733	27,949,450	522,564	-	28,472,014	9,928,719	5%
Plant and machinery	1,045,551,839	5,849,099	-	1,051,400,938	498,040,775	27,523,525	-	525,564,300	525,836,638	5%
Electrical fitting	44,949,933	-	-	44,949,933	35,475,975	1,421,094	-	36,897,069	8,052,864	15%
Factory equipment	7,168,574	-	-	7,168,574	5,683,051	222,828	-	5,905,879	1,262,695	15%
Office equipment	66,800	-	-	66,800	47,483	2,898	-	50,381	16,419	15%
Furniture and fixture	454,750	22,000	-	476,750	382,596	11,153	-	393,749	83,001	15%
Vehicles	940,725	-	-	940,725	899,458	6,190	-	905,648	35,077	15%
	<b>1,231,401,329</b>	<b>5,871,099</b>	-	<b>1,237,272,428</b>	<b>608,024,985</b>	<b>32,426,341</b>	-	<b>640,451,326</b>	<b>596,821,102</b>	
<b>Leased Assets</b>										
Plant and machinery	98,500,396	-	-	98,500,396	24,744,121	3,687,814	-	28,431,935	70,068,461	5%
Vehicles	7,811,420	3,720,000	-	11,531,420	1,556,207	1,178,559	-	2,734,766	8,796,654	15%
	<b>106,311,816</b>	<b>3,720,000</b>	-	<b>110,031,816</b>	<b>26,300,328</b>	<b>4,866,373</b>	-	<b>31,166,701</b>	<b>78,865,115</b>	
<b>Total - 30.06.2017</b>	<b>9,947,372,690</b>	<b>13,018,657</b>	-	<b>9,960,391,347</b>	<b>4,186,647,480</b>	<b>272,546,099</b>	-	<b>4,459,193,579</b>	<b>5,501,197,768</b>	

Rupees



# QUETTA TEXTILE MILLS LIMITED

## 6.1.1 Depreciation for the year has been allocated as under:

Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
30	163,839,384	169,748,866
30	64,926,808	57,926,247
	228,766,191	227,675,113
30.3.1	25,894,171	39,713,143
32	4,862,162	5,157,843
	<b>259,522,524</b>	<b>272,546,099</b>

## 6.1.2 Disposal of property, plant and equipment:

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit / (loss)	Mode of disposal	Particulars of buyer
<b>Freehold land</b>							
Freehold land	45,390,816	-	45,390,816	81,000,000	35,609,184	Negotiation	Mr. M Saeed S/o. M. Sadiq, Lahore.
<b>Plant and machinery</b>							
Generator - damage	16,058,832	7,525,454	8,533,378	500,000	(8,033,378)	Negotiation	M/s. Unique Spinning Mills (Pvt.) Ltd., Kotri.
Compressor	10,118,185	5,792,421	4,325,764	250,000	(4,075,764)	Negotiation	M/s. Alr Mec, 14-C, Commercial Zone-A, Thokar Niaz Baig, Lahore.
<b>Vehicles</b>							
Toyota Corolla	1,991,000	987,221	1,003,779	1,100,000	96,221	Negotiation	Mr. Faisal Sattar S/o. Abdul Sattar, Hyderabad.
Suzuki Alto	692,000	489,327	202,673	300,000	97,327	Negotiation	Mr. M. Aqeel S/o. Siraj Din, Lahore.
Toyota Corolla	1,235,810	994,747	241,063	350,000	108,937	Negotiation	Mr. M. Qasim S/o. M. Azam, Hyderabad.
<b>30-Jun-18</b>	<b>75,486,643</b>	<b>15,789,170</b>	<b>59,697,473</b>	<b>83,500,000</b>	<b>23,802,527</b>		
<b>30-Jun-17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

## 6.1.3 Particular of Immovable Asset in the name of the Company are as follows:

Location	Addresses	Total Area (In Acres)
Kotri	P/3, S.I.T.E., Kotri.	20
Kotri	B/4, S.I.T.E., Kotri.	10
Bhai Pheru	49 K.M., Lahore, Multan Road, Bhai Pheru.	41.18
Karachi	F-53 (Industrial Area) Eastern Industrial Zone PQA, Karachi.	2
Lahore	7-8/A, Justice Sardar Iqbal Road, Gulberg V, Lahore.	0.375

## 6.1.4 Forced Sale Value as of 30 June 2018 of freehold land, leasehold land and plant and machinery is Rs. 4,407 million.

## 6.1.5 Had there been no revaluation the related figures of land, building and plant and machinery as at June 30, 2018 would have been as follows:

Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
Freehold Land	75,752,071	75,752,244
Leasehold land	4,152,099	4,152,099
Building on freehold land	295,561,165.20	311,117,016
Building on leasehold land	86,697,700	91,260,737
Building on freehold land [Grid]	33,652,079	35,423,241
Labour colony on freehold land	24,957,454	26,271,004
Labour colony on leasehold land	22,232,688	23,402,829
Plant and machinery	2,730,594,317	2,874,396,068
Plant and machinery [Grid]	98,484,496	103,667,891
	<b>3,372,084,069</b>	<b>3,545,443,129</b>



# QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS  
For the year ended June 30, 2018

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>6.2 Capital work in progress - at cost</b>			
Computer software		-	2,498,910
		<u>-</u>	<u>2,498,910</u>
<b>The movement in Capital work in progress is as follows:</b>			
<b>Balance at the beginning of the year</b>		2,498,910	2,498,910
<b>Addition during the year:</b>			
Plant and machinery		12,772,881	8,971,119
Office equipment		-	59,500
Computer software		341,712	-
Furniture and fixture		-	229,038
		13,114,593	9,259,657
<b>Transfer to operating fixed assets:</b>			
Plant and machinery		12,772,881	8,971,119
Office equipment		-	59,500
Computer software		2,840,622	-
Furniture and fixture		-	229,038
		15,613,503	9,259,657
<b>Balance at the end of the year</b>		<u>-</u>	<u>2,498,910</u>
<b>7 INTANGIBLE ASSETS</b>			
Computer software			
<b>Net carrying value basis as at June 30</b>			
Opening net book value		-	-
Additions (as cost)		-	-
Transfer from capital work in process		2,840,622	-
Amortisation charge		(142,031)	-
Closing net book value		<u>2,698,591</u>	<u>-</u>
<b>Gross carrying value basis as at June 30</b>			
Cost		2,840,622	-
Accumulated amortisation		(142,031)	-
Net book value		<u>2,698,591</u>	<u>-</u>
The cost is being amortised over a period of five years and the amortisation charge has been allocated as follows:			
Administrative expenses	32	<u>142,031</u>	
<b>8 LONG TERM DEPOSITS</b>			
Security deposits:			
WAPDA		7,893,190	7,893,190
SSGCL		16,821,756	54,280,368
Leasing companies	22	6,797,725	6,797,725
Others		1,361,432	1,496,432
		<u>32,874,103</u>	<u>70,467,715</u>
<b>9 STORES, SPARES AND LOOSE TOOLS</b>			
<b>Spinning :</b>			
Stores		48,384,257	50,315,716
Spares and accessories		163,250,471	170,204,516
Loose tools		6,343,435	6,596,660
		217,978,163	227,116,892
<b>Weaving :</b>			
Stores		41,586,919	37,620,818
<b>Power plant :</b>			
Oil and stores		117,042,182	122,340,275
		<u>376,607,264</u>	<u>387,077,985</u>
<b>9.1</b> No item of stores, spares and loose tools is pledged as security as at reporting date.			



	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>10 STOCK IN TRADE</b>			
<b>Spinning :</b>			
Raw material - in hand		140,387,622	455,291,217
Work-in-process		29,590,039	33,741,852
Finished goods		84,720,381	157,073,456
Waste		7,630,468	15,249,391
		262,328,510	661,355,916
<b>Weaving :</b>			
Raw material		5,660,726	75,596,024
Work-in-process		3,893,579	33,510,120
Finished goods		279,029,889	347,287,393
		288,584,194	456,393,537
		<u>550,912,704</u>	<u>1,117,749,453</u>

10.1 The carrying value of Pledged stock is Rs. 43,584,687/- (June 30, 2017: Rs. 907,500,500/-).

**11 TRADE DEBTS**

*Considered good*

Local debts - unsecured		306,292,418	168,042,069
		<u>306,292,418</u>	<u>168,042,069</u>

11.1 During the year, no receivable from export customer.

**12 OTHER FINANCIAL ASSETS**

*Held for trading*

In listed companies	12.1	65,285	100,545
Revaluation reserve for investment		41,900	39,008
		<u>107,185</u>	<u>139,553</u>

12.1 Details are as under:

Name of securities	No. of shares	Cost	Fair value adjustments	Fair value
Askari Bank Limited	4,901	65,285	41,900	107,185
<b>Total - 30.06.2018</b>		<u>65,285</u>	<u>41,900</u>	<u>107,185</u>
<b>Total - 30.06.2017</b>		<u>100,545</u>	<u>39,008</u>	<u>139,553</u>

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>13 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE</b>			
<b>Advances - considered good</b>			
Employees executives		16,756,910	1,269,955
Suppliers	13.1	9,748,022	24,268,051
Collector of Customs for Import and Export		4,961,902	4,110,486
Margin with Banks against Guarantees		5,195,614	5,747,030
Advance for Reservation Contract	28.2	39,222,641	39,222,641
Prepaid expenses		4,196,631	9,894,734
Letter of credit		1,928,254	-
Receivable against sale of property, plant and equipment		7,300,000	-
		<u>89,309,974</u>	<u>84,512,897</u>

13.1 These represents interest free advances to suppliers having maturity latest by September 2018.

Jurisdiction	Name	Jurisdiction	Name
Asia	Ibrahim Fibres Limited	Asia	Rafhan Maize Products Company Limited
	Eastern Export		Chevron Pakistan Limited
	Chenab Limited		Honda Atlas Car Pakistan Limited
	M.K Sons Private Limited		
	New Delite Company Limited		
	Mantech Engineering		



	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>14 INCOME TAX AND SALES TAX REFUNDABLE</b>			
Income tax refundable	14.1	25,789,046	40,207,355
Sales tax refundable		122,392,654	129,472,217
		<u>148,181,700</u>	<u>169,679,572</u>
	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>14.1 Income tax refundable</b>			
Opening		40,207,355	65,519,508
Advance income tax		23,536,248	27,112,204
		63,743,603	92,631,712
Provision for taxation - current year		(37,954,557)	(52,424,357)
		<u>25,789,046</u>	<u>40,207,355</u>
<b>15 CASH AND BANK BALANCES</b>			
With banks on:			
- current accounts		9,664,802	6,166,454
- term deposit account (TDA)	15.1	50,445,958	50,421,687
- saving accounts	15.2	57,708	50,335
		60,168,468	56,638,476
Cash in hand		636,976	2,757,764
		<u>60,805,444</u>	<u>59,396,240</u>
<b>15.1</b>	Effective rates of profit on TDA, during the year, ranging from 3.80 % 4.10 (June 30, 2017: 3.75% to 4.15%) per annum. The maturity period of the TDA in one year from the date of original issue. This deposit is under bank's lien as security of bank guarantee issued on behalf of the Company.		
<b>15.2</b>	Effective rates of profit on deposit accounts, during the year, ranging from 3.11% to 3.59% (June 30, 2017: 3.53% to 3.65%) per annum.		
<b>16 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
		<b>30th June, 2018</b>	<b>30th June, 2017</b>
		<b>Number of shares</b>	<b>Rupees</b>
			<b>Rupees</b>
		1,200,000	1,200,000
		1,200,000	12,000,000
		9,875,000	98,750,000
		1,925,000	19,250,000
		<u>13,000,000</u>	<u>130,000,000</u>
		<u>13,000,000</u>	<u>130,000,000</u>
<b>16.1</b>	The company had issued 9,875,000 Ordinary Shares in the ratio of 316 shares for every 100 ordinary Shares at exercise price of Rs. 76/= per share having premium of Rs. 66/= per share.		
	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>17 RESERVES</b>			
<b>Reserves :</b>			
Share premium		651,750,000	651,750,000
Capital reserve		1,200	1,200
General reserves		115,000,000	115,000,000
Long term loan from directors and others	17.1	212,728,470	160,726,470
		<u>979,479,670</u>	<u>927,477,670</u>
<b>17.1</b>	The Company has revised terms and conditions of long term loan agreement with directors and others. Accordingly, loan is payable on discretion of company. In compliance with TR-32 Dated: Jan 25, 2016 issued by Institute of Chartered Accountant of Pakistan (ICAP), long term loan from directors and others is now become the part of equity.		



	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>18 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Balance as at July 01,</b>		1,931,528,931	2,009,676,933
Add: Surplus on revaluation of land, building and plant & machinery		996,189,300	-
Less: Transferred from surplus on revaluation of Property Plant Equipment on account of incremental depreciation		(52,710,827)	(54,703,601)
Less: Deferred Tax		(21,529,775)	(23,444,401)
		2,853,477,629	1,931,528,931
Less: Related to deferred tax effect:			
Balance as at July 01,		524,437,288	547,881,689
Recognition of deferred tax liability due to the transfer of incremental depreciation to equity from surplus on revaluation		(21,529,775)	(23,444,401)
		502,907,513	524,437,288
<b>Closing balance</b>		<b>2,350,570,116</b>	<b>1,407,091,643</b>
<b>18.1</b>	On 27 July 2017 and 28 to 29 June 2018, further revaluation was made of the Land, Building, Labour Colony, Grid station and Plant & machinery by M/s. K. G. Traders and Harvester Services (Pvt.) Limited registered Valuers and Surveyors, on the basis of market value which resulted in net revaluation surplus of Rs. 996,189,300/-.		
<b>18.2</b>	On July 10, 2014 and August 04, 2014, further revaluation was made of the Land, Building, Labour Colony, Grid station and Plant & machinery, by M/s. Joseph Lobo (Pvt.) Ltd., registered Valuers and Surveyors, on the basis of market value which resulted in net revaluation surplus of Rs. 1,273,133,577/-.		
<b>18.3</b>	On March 31, 2009, further revaluation was made of the Land, Building and Labour Colony, by Asif Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value which resulted in net revaluation surplus of Rs. 622,057,842/-.		
<b>18.4</b>	On November 13, 2006 and December 28, 2006, further revaluation was made of the Land, Building and Plant and Machinery, by Asif Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value and realizable values which resulted in net revaluation surplus of Rs. 154,291,391/-.		
<b>18.5</b>	On May 27, 2005 and Jun 24, 2005, Land was revalued by MYK Associate (Pvt) Ltd, registered surveyors and valuation consultants, on the basis of market value and realizable values which resulted in net revaluation surplus amounting to Rs. 119,794,763/-.		
<b>18.6</b>	On July 16, 2003, revaluation was made of the land, building and machinery, by MYK Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value which resulted in net revaluation surplus of Rs. 20,750,716/-.		
		<b>30th June, 2018 Rupees</b>	<b>30th June, 2017 Rupees</b>
<b>19 LONG TERM FINANCES</b>			
<b>Loans from banking companies - secured</b>			
Al-Barka Bank (Pakistan) Limited	<b>19.1</b>	889,840	889,840
Faysal Bank Limited	<b>19.2</b>	178,715,000	178,715,000
Habib Bank Limited	<b>19.3</b>	235,665,204	235,665,204
Accrued Interest [HBL]	<b>19.3</b>	28,886,174	14,228,379
Habib Bank Limited	<b>19.4</b>	8,129,727	8,129,727
Meezan Bank Limited - [Bai Muajjal]	<b>19.5</b>	58,605,663	58,605,663
National Bank of Pakistan-[ LTF-II Frozen Markup]	<b>19.6</b>	61,850,000	61,850,000
National Bank of Pakistan - [LTF]	<b>19.7</b>	50,746,000	50,746,000
National Bank of Pakistan - [LTF-I]	<b>19.8</b>	164,907,100	164,907,100
Accrued Interest [NBP-LTF-I]	<b>19.8</b>	26,900,113	11,696,085
Soneri Bank Limited	<b>19.9</b>	481,967,000	481,967,000
		1,297,261,821	1,267,399,998
Less: Current maturity shown under current liabilities	<b>19.10</b>	(541,476,637)	(311,589,581)
		<b>755,785,184</b>	<b>955,810,417</b>
<b>19.1</b>	Equitable Mortgage of Rs. 94.4 (M) over property at Plot No. 7-8/A, Justice Sardar Iqbal Road, Off Zafar Ali Road, Gulberg V, Lahore. Facility amount was Rs. 5 (M) at a profit rate of 6MK + 1.5%. Loan is repayable in 6 quarterly instalments commencing from 30/9/14.		



- 19.2** First pari passu hypothecation charge over stock and receivables for PKR 130 Million, first pari passu charge over plant and machinery of the company for PKR 311.330 Million mortgage charge over land and building for PKR 75 Million facility amount was 162.643 Million at a markup rate of 3 months Kibor plus 0.50% per annum loan is payable within 5 years including 1 year grace period. Quarterly installments commencing from June 01, 2017.
- 19.3** The company had a restructuring agreement with bank to restructure outstanding principal of Rs. 287.809 million of different facilities upto date of Apr 10, 2016. The facility is payable in 29 installments. starting from Apr 22, 2016. The facility is secured against First pari passu Equitable Mortgage and hypothecation (each) charge for PKR 420 Million, on present and future fixed assets, post dated cheques and personal guarantees of directors of the company. The markup rate of 3 months Kibor per annum. Accrued interest will be payable in 4 equal quarterly installments starting from Sep 1, 2021.
- 19.4** Frozen markup for CF and FIM Facility Accrued from Jan 16 to 22 April 2016 to be clubbed in frozen markup payable in 4 equal quarterly installments commencing from 01-sept-2021.
- 19.5** Ranking Charge of Rs. 96 (M) on plant & machinery of the company. Facility amount was Rs. 72 (M) at a profit rate of 1-year GoP Ijarah Sukuk rate. Loan is repayable in 60 monthly installments commencing from 31/1/14.
- 19.6** The company has entered into restructuring agreement with bank for conversion of frozen markup of RF, LTFF, cash finance and FIM facilities up to June 30, 2016 into Term Loan Facility-II. The facility is payable in 8 equal quarterly installments of Rs. 7.731 million each starting from Sep 30, 2022 to Jun 30, 2024. The facility is secured as mentioned in note 19.7.
- 19.7** Total facility amount under LTFF facility was Rs. 63.436 million payable in 20 quarterly installment from Sep 20, 2015 to Jun 20, 2020. During the period, company entered into restructuring agreement with bank along with mention in note 19.8, and restructured overdue amount Rs 12.688 million with security mentioned in 19.8. Markup rate is SBP+3%.
- 19.8** The Company has entered into restructuring agreement with bank for conversion of CF(Pledge), FIM and Overdue upto June 30, 2016 into Term Loan Facility-I. The facility is payable in 24 quarterly installments starting from Sep 30, 2016. The markup rate is 3 months kibar 1% and will be payable in 8 quarterly installments starting from Sep 30, 2022. The facility is secured against First Pari Passu charge on Land, Plant and Machinery of Rs. 310 million part of Rs. 428 million charge already held by bank.
- 19.9** First pari passu hypothecation charge over current assets for PKR 33.334 Million, ranking charge over Fixed Assets of the company for PKR 645 Million. Facility amount was 481.967 Million at a markup rate of 3 months Kibor per annum.loan is payable within 6 years including 1 year grace period. Quarterly installments commencing from April 01, 2017.
- 19.10** Current maturity includes Rs. 314.089 million in respect of overdue.

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>20 REDEEMABLE CAPITAL - SUKUK</b>			
Diminishing musharaka Sukuk certificate		611,335,643	663,337,643
Less: Current portion shown under current liabilities	<b>20.3</b>	(573,484,409)	(472,658,820)
		<u>37,851,234</u>	<u>190,678,823</u>

- 20.1** The company has restructured the entire facility maturing on March 20, 2020. The company had issued privately placed Sukuk Certificates of Rs. 1,385,000,000 divided into 277,000 certificates of Rs. 5,000 each. The significant terms and conditions and security of the Sukuk / certificates are as follows:

Tenure	7 years	7 years
Date of first installment	March 31, 2010	March 31, 2010
Date of last installment	March 20, 2020	March 20, 2020
Rate of return per annum	6 M KIBOR + 1.75%	6 M KIBOR + 1.75%
Convertible/non convertible	Non Convertible	Non Convertible
Redeemable/perpetual	Redeemable	Redeemable

**20.2 Security**

First Pari Passu charge of Rs. 1.846 billion (June 30, 2017 Rs. 1.846 billion) on all fixed assets of the company.

- 20.3** Current maturity includes Rs. 420.657 million in respect of overdue.

**21. LOAN FROM DIRECTORS AND OTHERS - SUBORDINATED**

**Unsecured-Opening**

Due to directors		-	109,378,610
Due to others	<b>21.1</b>	-	51,347,860
		<u>-</u>	<u>160,726,470</u>
loan received		52,002,000	-
Less: Transfer to Equity	<b>17.1</b>	(52,002,000)	(160,726,470)
Closing		<u>-</u>	<u>-</u>

- 21.1** The terms and conditions of loan agreement have been revised and mentioned in note 17.1. Further, the loan upto Rs. 148,457,000/- (June 30, 2017: Rs. 148,457,000/-) is subordinated to bank loans.



# QUETTA TEXTILE MILLS LIMITED

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees		
<b>22 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>					
Payable within one year		16,351,161	18,569,118		
Payable after one year but not more than five years		4,267,059	4,342,959		
		20,618,220	22,912,077		
Less: deferred finance cost		(3,680,352)	(3,965,061)		
		16,937,868	18,947,016		
Add: security deposit	8	6,797,725	6,797,725		
Less: Current portion shown under current liabilities		(14,165,271)	(15,012,839)		
Present value of minimum lease payments		9,570,322	10,731,902		
<b>22.1</b>	The Company has entered into lease agreement/ljarah for Plant & Machinery and Vehicles with various leasing companies and financial institutions on monthly, quarterly and half yearly payment basis. The lease contains bargain purchase option.				
<b>22.2</b>	The lease is secured by personal guarantees of two directors and security deposit equivalent to 0.1% to 10% of the facility amount.				
<b>22.3</b>	Implicit rate of return on lease varies ranging from 8.40 % to 10.26 % (June 30, 2016: 8.75% to 11.81%) p.a.				
<b>22.4</b>	Taxes, repairs and maintenance, insurance and other cost relating to the lease assets are borne by the Company.				
<b>22.5</b>	Current maturity includes Rs. 7.355 million in respect of overdue.				
	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees		
<b>23 DEFERRED LIABILITIES</b>					
Deferred taxation	23.1	271,244,286	621,838,083		
Staff retirement benefits - gratuity	23.3	97,463,821	107,462,067		
		368,708,107	729,300,150		
<b>23.1 Deferred taxation</b>					
Deferred tax credits / (debits) arising in respect of:					
Taxable/(Deductible) temporary differences (deferred tax liabilities)					
Deferred Tax		228,818,168	314,600,825		
Revaluation surplus		502,907,513	524,437,288		
Deferred debit arising in respect of provisions, tax losses and refunds		(460,481,395)	(217,200,030)		
	23.2	271,244,286	621,838,083		
<b>23.2 Deferred debit arising in respect of provisions, tax losses and refunds</b>					
Opening balance		621,838,083	678,347,311		
Closing balance of deferred tax liability reversal of differed tax liability		(271,244,286)	(621,838,083)		
		350,593,797	56,509,228		
<b>23.3 Staff retirement benefits - gratuity</b>					
<b>Movement in the net liability recognized in the Balance sheet</b>					
Opening net liability		107,462,067	105,040,220		
Expense for the year in profit and loss account		27,138,810	28,615,604		
Remeasurement recognized in other comprehensive income		(12,804,680)	4,927,792		
		121,796,197	138,583,616		
Benefits paid during the year		(24,332,376)	(31,121,549)		
Closing net liability		97,463,821	107,462,067		
<b>23.4 Expense for the year in profit and loss account</b>					
Current service cost		20,809,559	22,583,850		
Interest cost		6,329,251	6,031,754		
		27,138,810	28,615,604		
<b>23.5 Historical information</b>					
	2018	2017	2016	2015	2014
Present value of defined benefit obligation	97,463,821	107,462,067	105,040,220	80,021,946	103,497,015



**23.6 General description**

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>23.7 Principal actuarial assumption</b>			
Following are a few important actuarial assumption used in the valuation.			
Discount rate		% 9.00	% 7.65
Expected rate of increase in salary		7.00	7.00
<b>23.8</b>	Expected gratuity expenses for the year ending June 30, 2019 works out Rs. 29,306,157/-.		
<b>24 TRADE AND OTHER PAYABLES</b>			
Trade Creditors		423,658,409	563,527,806
Accrued liabilities		323,545,764	187,791,519
Advance from customers		1,385,440	5,051,695
Advance against sale of land		-	74,000,000
Withholding income tax payable		674,567	372,340
Others		3,576,985	4,090,157
		<u>752,841,165</u>	<u>834,833,517</u>
<b>25 ACCRUED INTEREST / MARK-UP</b>			
Accrued interest / mark-up on secured:			
- long term finances		93,710,922	43,765,789
- redeemable capital - Sukuk		164,794,065	112,628,432
- short term borrowings		571,802,129	402,838,260
		<u>830,307,117</u>	<u>559,232,482</u>
<b>26 SHORT TERM BORROWINGS</b>			
<b>Secured - Banking companies</b>			
Finances under mark-up arrangement	<b>26.1</b>	2,650,105,093	2,707,715,613
<b>Unsecured</b>			
Book overdraft	<b>26.2</b>	978,182	37,468,074
		<u>2,651,083,275</u>	<u>2,745,183,687</u>
<b>26.1</b>	Aggregate facilities amounting to Rs. 2.657 billion (June 30, 2017: Rs. 2.740 billion) were available to the Company from banking companies. These are secured against hypothecation charge and pledge of stock in trade, book debts, plant & machinery, export bills under collection. These loans carry mark up at the rate ranging from 7.39% to 9.95% (June 30, 2017: 6.36% to 9.61%) per annum payable quarterly and on the maturity dates. The above facilities are expiring on various dates and renewable annually.		
<b>26.2</b>	This represents cheques issued in excess of bank balance. Since there was no banking facility, this has been grouped under Book overdraft.		
<b>27 LOAN FROM DIRECTORS AND OTHERS</b>			
<b>Unsecured</b>			
Due to directors		20,046,490	20,103,546
Due to others		5,700,742	5,713,042
		<u>25,747,232</u>	<u>25,816,588</u>
<b>27.1</b>	These are non mark up bearing and unsecured. These are renewable and due on various dates within one year.		

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>28 CONTINGENCIES AND COMMITMENTS</b>			
<b>28.1 Contingencies</b>			
Guarantees issued by banks on behalf of the Company		<u>259,990,796</u>	<u>259,690,796</u>
<b>28.2</b> Company has filed a suit No. 202 of 2011 against Enshaa NLC Development (Pvt) Limited before the Honourable Sindh High Court, Sindh seeking declarations, possession, permanent injunction and/or recession and damage in respect of the reservation contract followed by an agreement executed between parties whereby the defendants are liable to construct the project. The matter is pending for hearing and opinion of the legal advisor of the company is favourable and there is no likelihood of unfavourable outcome or any potential loss.			
<b>28.3</b> The Company has filed petition under W.P.No. 2420 of 2011 against the recovery of Electricity Duty on self generation of electricity and obtained stay order from Honourable Lahore High Court and opinion of the legal advisor of the company is favourable and there is no likelihood of unfavourable outcome or any potential loss.			
<b>28.4</b> The Company has filed petition under Suit No. 1718 of 2015 against Gas Infrastructure Development Cess (GIDC) Act. 2015 on Gas Bill has been challenged and filed suit in Honourable Karachi High Court and opinion of the legal advisor of the company is favourable and there is no likelihood of unfavourable outcome or any potential loss.			
<b>28.5</b> The Company has filed petition under W.P.No. 4665 of 2016 against Gas Traiff Difference recovery on OGRA decision on Gas Bills has been challenged and obtained stay order from Honourable Lahore High Court and opinion of the legal advisor of the company is favourable and there is no likelihood of unfavourable outcome or any potential loss.			
<b>28.6 Commitments</b>			
Civil work		<u>-</u>	<u>-</u>
Confirmed letter of credit in respect of:			
- Raw material		-	-
- Stores and spares		722,850	-
		<u>722,850</u>	<u>-</u>



# QUETTA TEXTILE MILLS LIMITED

## NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

### 29 SALES

	Export Sales		Local Sales		Total	
	2018	2017	2018	2017	2018	2017
	Rupees					
Yarn	132,933,927	138,035,949	2,612,459,362	3,788,661,840	2,745,393,289	3,926,697,789
Fabric	97,640,102	262,097,394	318,721,124	751,686,680	416,361,226	1,013,784,074
Waste	-	-	88,398,904	54,277,198	88,398,904	54,277,198
Raw Cotton & material	-	-	1,131,750	7,563,607	1,131,750	7,563,607
Processing	-	-	544,170,559	278,312,459	544,170,559	278,312,459
	<u>230,574,029</u>	<u>400,133,343</u>	<u>3,564,881,698</u>	<u>4,880,501,784</u>	<u>3,795,455,727</u>	<u>5,280,635,128</u>

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>30 COST OF SALES</b>			
Raw material consumed	30.1	2,444,723,390	3,638,491,059
Salaries, wages and benefits	30.2	511,561,732	599,330,928
Stores and spares consumed		144,341,492	191,503,012
Fuel, power and water	30.3	708,519,063	840,886,871
Rent, rates and taxes		2,840,989	3,863,362
Insurance expenses		16,850,403	21,899,450
Repairs and maintenance		881,483	6,130,403
Vehicle running and maintenance		8,396,846	7,608,196
Entertainment expenses		1,688,301	2,337,131
Communication expenses		750,784	1,274,985
Printing and stationery		250,560	401,292
Subscription		225,547	339,617
Travelling		778,493	911,923
Other expenses		1,299,337	1,275,880
Processing charges		-	482,885
Depreciation expenses	6.1.1	228,766,191	227,675,113
		<u>4,071,874,611</u>	<u>5,544,412,108</u>
<b>Work in process</b>			
Opening stock		67,251,972	151,063,528
Closing stock		(33,483,618)	(67,251,972)
		<u>33,768,354</u>	<u>83,811,556</u>
<b>Cost of goods manufactured</b>		<u>4,105,642,965</u>	<u>5,628,223,664</u>
Cost of other material sold		1,131,750	8,803,728
		<u>4,106,774,715</u>	<u>5,637,027,392</u>
<b>Finished goods</b>			
Opening balance		504,360,849	1,095,618,184
Goods purchase:			
Other material purchase		-	-
Yarn Purchase		31,914,750	63,877,795
		<u>31,914,750</u>	<u>63,877,795</u>
Closing stock		(363,750,270)	(504,360,849)
		<u>4,279,300,044</u>	<u>6,292,162,522</u>
<b>30.1 Raw material consumed</b>			
Opening balance		546,136,632	1,299,168,689
Purchases		2,053,397,324	2,894,262,730
		<u>2,599,533,956</u>	<u>4,193,431,419</u>
Less: Cost of Raw cotton & material		(1,131,750)	(8,803,728)
Closing stock		(153,678,816)	(546,136,632)
		<u>2,444,723,390</u>	<u>3,638,491,059</u>

30.2 Salaries, wages and benefits include Rs. 24,685,280/- (June 30, 2017 Rs. 25,785,236/-) in respect of staff retirement benefits.

**QUETTA TEXTILE MILLS LIMITED**

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>30.3 Fuel, power and water</b>			
Electricity purchase from out-side		181,278,502	83,213,310
Electricity produced by self	<b>30.3.1</b>	503,732,056	736,865,107
Water charges		1,315,526	3,539,110
Gas charges		22,192,979	17,269,344
		<u>708,519,063</u>	<u>840,886,871</u>
<b>30.3.1 Electricity produced by self</b>			
Salaries and wages	<b>30.3.2</b>	14,723,367	15,894,571
Fuel and store consumed		459,548,404	674,311,781
Repair and maintenance		1,079,120	930,450
Other expenses		2,486,994	6,015,163
Depreciation	<b>6.1.1</b>	25,894,171	39,713,143
		<u>503,732,056</u>	<u>736,865,107</u>
<b>30.3.2</b> Salaries, wages and benefits include Rs. 1,034,008/- (June 30, 2017: Rs. 1,185,250/-) in respect of staff retirement benefits.			
<b>31 DISTRIBUTION COST</b>			
<b>On export sales</b>			
Export development surcharges:		561,108	1,024,269
Freight		4,608,591	5,185,756
Commission		7,742,653	10,290,959
Clearing and forwarding		2,048,463	10,591,612
		<u>14,960,815</u>	<u>27,092,597</u>
<b>On local sales</b>			
Freight		1,188,450	1,791,802
Commission		4,093,750	4,194,789
		<u>5,282,200</u>	<u>5,986,591</u>
Salaries and benefits		7,143,609	6,949,354
		<u>27,386,624</u>	<u>40,028,543</u>
<b>32 ADMINISTRATIVE EXPENSES</b>			
Director's remuneration		9,750,000	7,670,838
Salaries and benefits	<b>32.1</b>	29,118,955	27,373,612
Printing and stationery		823,345	1,002,059
Communication		2,352,512	2,174,062
Travelling		741,805	992,090
Vehicle running and maintenance		5,955,979	5,389,290
Legal and professional charges		810,788	772,000
Auditors' remuneration	<b>32.2</b>	1,777,430	1,777,430
Rent, rates and taxes		2,616,594	556,218
Entertainment		692,909	1,648,596
Electricity, gas and water charges		1,743,272	1,759,964
Fees and subscription		2,989,532	2,626,557
Repairs and maintenance		414,663	993,208
Amortization		142,031	-
Miscellaneous		721,487	-
Depreciation	<b>6.1.1</b>	4,862,162	5,157,843
		<u>65,513,464</u>	<u>59,893,766</u>
<b>32.1</b> Salaries, wages and benefits include Rs. 1,349,522/- (June 30, 2016: Rs. 1,645,118/-) in respect of staff retirement benefits.			
<b>32.2 Auditors' remuneration</b>			
Audit fee		1,537,300	1,537,300
Half yearly review fee		185,130	185,130
Code of corporate governance review fee		30,000	30,000
Out of pocket expenses		25,000	25,000
		<u>1,777,430</u>	<u>1,777,430</u>
<b>33 OTHER OPERATING EXPENSES</b>			
Loss on sale of shares		20,920	-
Donations		200,000	-
		<u>220,920</u>	<u>-</u>

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>34 FINANCE COST</b>			
Interest / mark-up on			
- short term finances		195,911,469	231,071,077
- long term loans		134,248,893	86,297,665
- lease		778,300	2,611,525
Bank charges, commission and others charges		4,382,798	4,480,535
		335,321,460	324,460,801
Less: Finance income			
- on saving accounts & TDA		(2,223,987)	(2,209,811)
		<u>333,097,473</u>	<u>322,250,990</u>
<b>35 OTHER INCOME</b>			
<b>From financial assets</b>			
Dividend income		-	7,352
<b>From other than financial assets</b>			
Profit on sale of property, plant and equipment		23,802,527	-
Export rebate income		3,472,315	-
Rental income		1,111,905	316,353
Appreciation in the fair value of investment		2,892	26,501
		<u>28,389,639</u>	<u>350,206</u>
<b>36 TAXATION</b>			
Current			
- for the year		37,954,557	52,424,357
Deferred		(350,593,796)	(55,624,443)
		<u>(312,639,239)</u>	<u>(3,200,086)</u>
<b>37 (LOSS) PER SHARES</b>			
(Loss) after taxation		<u>(569,033,920)</u>	<u>(1,430,150,398)</u>
		<b>Number of shares</b>	
Weighted average number of ordinary shares		<u>13,000,000</u>	<u>13,000,000</u>
		<b>(Rupees)</b>	
(Loss) per share - basic and diluted		<u>(43.77)</u>	<u>(110.01)</u>
<b>37.1</b> There is no dilutive effect on basic earnings per share.			



	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>38 CASH GENERATED FROM OPERATIONS</b>			
(Loss) before taxation		(881,673,159)	(1,433,350,486)
<b>Adjustment for items involving non movement of fund</b>			
Depreciation		259,522,524	272,546,099
Financial charges		333,097,473	322,250,990
Profit on sale of property, plant and equipment		(23,802,527)	-
Dividend income		-	(7,352)
Provision for gratuity		27,138,810	28,615,604
Provision for diminution/ (appreciation) in the value of investment		(2,892)	(26,501)
		596,153,388	623,378,840
Profit before working capital changes		(285,519,771)	(809,971,646)
<b>(Increase)/decrease in current assets</b>			
Stocks, stores and spares		577,307,470	1,467,435,064
Trade debts		(138,250,349)	(47,875,884)
Advances, deposits, prepayments and other receivable		(4,797,077)	(7,551,104)
		148,740,274	602,036,430
<b>Increase in current liabilities</b>			
Creditors, accrued and other liabilities		(83,820,260)	(388,140,665)
		64,920,014	213,895,765

**39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES**

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
<b>Remuneration</b>	3,600,000	2,363,984	6,000,000	5,306,854	21,562,047	36,559,898
	3,600,000	2,363,984	6,000,000	5,306,854	21,562,047	36,559,898
<b>Number of persons</b>	1	1	2	4	21	38

**39.1** Chief executive, four directors and certain executives of the Company are provided with free maintained vehicle.

**NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS**

For the year ended June 30, 2018

**40 FINANCIAL INSTRUMENTS**

The Company has exposures to the following risks from its use of financial instruments:

- 40.1** - Credit risk  
**40.2** - Liquidity risk  
**40.3** - Market risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

**40.1 Credit risk**
**40.1.1 Exposure to credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the long term investments, long term deposits, trade debts, loans and advances, trade deposits and prepayments, other receivables, other financial assets and cash and bank balances. Out of total financial assets of Rs. 489.389 million (June 30, 2017: Rs. 382.558 million), financial assets which are subject to credit risk aggregate to Rs. 488.752 million (June 30, 2017: Rs. 379.801 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
Long term deposits		32,874,103	70,467,715
Trade debts		306,292,418	168,042,069
Other financial assets		107,185	139,553
Advances, deposits, prepayments		89,309,974	84,512,897
Cash and bank balances		60,805,444	59,396,240
		<u>489,389,123</u>	<u>382,558,474</u>

**40.1.2 The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows:**

Domestic	306,292,418	168,042,069
	<u>306,292,418</u>	<u>168,042,069</u>

**40.1.3 The maximum exposure to credit risk for debts at the reporting date by type of product is as follows:**

Yarn	209,986,450	103,730,593
Fabric	96,305,968	64,311,476
	<u>306,292,418</u>	<u>168,042,069</u>

**40.1.4 The aging of trade debts at the reporting date as follows:**

Not past due	177,564,645	83,974,424
Past due 0 - 30 days	50,290,156	41,392,832
Past due 31 - 90 days	66,027,543	36,224,876
Past due 91 - 1 year	11,756,384	6,449,938
More than one year	653,690	-
	<u>306,292,418</u>	<u>168,042,069</u>

**40.2 Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credits lines.



**40.2.1 Financial liabilities in accordance with their contractual maturities are presented below:**

2018					
Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above	
Rupees					
Long term finances	1,297,261,821	1,959,199,199	655,246,499	1,303,952,700	-
Redeemable capital - Sukuk	611,335,643	897,522,710	597,632,167	141,026,018	158,864,525
Loan from directors and others - subordinated	-	-	-	-	-
Finance lease	23,735,593	27,415,945	16,351,161	11,064,784	-
Trade and other payables	752,841,165	752,841,165	752,841,165	-	-
Accrued mark-up	830,307,117	830,307,117	830,307,117	-	-
Short term borrowings	2,651,083,275	2,880,932,195	2,880,932,195	-	-
	<u>6,166,564,613</u>	<u>7,348,218,330</u>	<u>5,733,310,303</u>	<u>1,456,043,502</u>	<u>158,864,525</u>
2017					
Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above	
Rupees					
Long term finances	1,267,399,998	1,583,061,575	422,740,560	1,160,321,015	-
Redeemable capital - Sukuk	663,337,643	958,129,245	498,860,657	299,890,543	159,378,045
Loan from directors and others - subordinated	-	-	-	-	-
Finance lease	25,744,741	29,709,802	18,569,118	11,140,684	-
Trade and other payables	834,833,517	834,833,517	834,833,517	-	-
Accrued mark-up	559,232,482	559,232,482	559,232,482	-	-
Short term borrowings	2,745,183,687	2,973,582,970	2,973,582,970	-	-
	<u>6,095,732,068</u>	<u>6,938,549,590</u>	<u>5,307,819,303</u>	<u>1,471,352,242</u>	<u>159,378,045</u>

**40.2.2** The contractual cash flow relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-end. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

**40.3 Market risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments.

**40.3.1 Currency risk**

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro. The company's exposure to foreign currency risk is as follows:

	US Dollar	Euro	Others	Rupees
Trade debts 2018	-	-	-	-
Trade debts 2017	-	-	-	-

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2018	2017	2018	2017
US Dollar to Rupee	116.28	104.49	115.50	104.80

**40.3.2 Sensitivity analysis**

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at periods ends would have had the equal but opposites effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.



Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
US Dollar	-	-

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the company.

**40.3.3 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At reporting date the interest rate profile of the company's interest bearing financial instrument is as follows:

	Carrying Amount	
	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>Fixed rate instruments</b>		
Financial assets	50,445,958	50,421,687
Financial liabilities	1,908,597,464	1,930,737,641
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	2,674,818,868	2,770,928,428

**40.4 Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit & loss. Therefore, a change in mark-up / interest rates at the reporting date would not affect profit & loss account.

**40.5 Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2018.

	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2018	26,748,189	(26,748,189)	-	-
Cash flow sensitivity - variable rate instruments 2017	27,709,284	(27,709,284)	-	-

**40.6 Fair value of financial assets and liabilities**

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**Fair Value Hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observed.

Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurement are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2018 other financial assets was categorized in level 1.

There were no transfers between Level 1 and 2 in the year.



	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>40.7 Off balance sheet items</b>			
Bank guarantees issued in ordinary course of business		259,990,796	259,690,796
Civil work		-	-
Letters of credit for raw material		-	-
Letters of credit for stores and spares		722,850	-

The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

**40.8 Capital risk management**

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term financing from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
Borrowings	Rupees	4,583,416,332	4,701,666,069
Less: Cash and bank balances		(60,805,444)	(59,396,240)
Net Debts		4,522,610,888	4,642,269,829
Total equity	Rupees	1,199,512,904	709,876,891
Total capital employed	Rupees	5,722,123,792	5,352,146,719
Gearing ratio	Percentage	<b>0.79</b>	<b>0.87</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

For the year ended June 30, 2018

**41 SEGMENT ANALYSIS**

The segment information for the reportable segments for the year ended June 30, 2018 is as follows:

**41.1 Operating results**

Note	Spinning			Weaving			Power Generation			Company	
	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees	
<b>SALES</b>											
Export	132,933,927	138,035,949	97,640,102	262,097,394	-	-	230,574,029	-	400,133,343		
Local	2,612,459,362	3,788,661,840	318,721,124	751,686,680	-	-	2,931,180,485	-	4,540,348,520		
Waste	73,403,310	42,812,746	14,995,593	11,464,452	-	-	88,398,904	-	54,277,198		
Raw Cotton & material	1,131,750	7,563,607	-	-	-	-	1,131,750	-	7,563,607		
Processing	154,057,146	7,764,196	390,113,413	270,548,264	-	-	544,170,559	-	278,312,460		
	2,973,985,495	3,984,838,338	821,470,232	1,295,796,790	-	-	3,795,455,727	-	5,280,635,128		
Inter - segment sales	30,004,040	93,663,712	-	-	503,732,056	736,865,107	533,736,096	736,865,107	830,528,819		
<b>Total sales</b>	3,003,989,535	4,078,502,050	821,470,232	1,295,796,790	503,732,056	736,865,107	4,329,191,823	736,865,107	6,111,163,947		
Cost of sales	(3,265,510,852)	(4,610,228,337)	(1,043,793,232)	(1,775,597,897)	(503,732,056)	(736,865,107)	(4,813,036,140)	(736,865,107)	(7,122,691,341)		
<b>Gross loss</b>	(261,521,317)	(531,726,286)	(222,323,000)	(479,801,107)	-	-	(483,844,317)	-	(1,011,527,394)		
Distribution cost	(12,458,537)	(17,756,149)	(14,928,088)	(22,272,394)	-	-	(27,386,625)	-	(40,028,543)		
Administrative expenses	(51,334,044)	(48,395,270)	(14,179,420)	(11,498,495)	-	-	(65,513,464)	-	(59,893,766)		
<b>Operating Results</b>	(63,792,581)	(66,151,419)	(29,107,507)	(33,770,889)	-	-	(92,900,088)	-	(99,922,308)		
	(325,313,898)	(597,877,705)	(251,430,507)	(513,571,997)	-	-	(576,744,405)	-	(1,111,449,703)		
<b>41.2 Segment assets</b>	5,039,270,412	4,674,198,526	1,732,978,585	1,783,206,282	657,041,921	719,161,377	7,429,290,918	719,161,377	7,176,566,185		
<b>41.3 Unallocated assets</b>							331,278,405		384,195,977		
							7,760,569,323		7,560,762,162		
<b>41.4 Segment liabilities</b>	614,259,144	696,251,496	100,212,712	100,212,712	38,369,309	38,369,309	752,841,165	38,369,309	834,833,517		
<b>41.5 Unallocated liabilities</b>							5,808,215,254		6,016,051,756		
							6,561,056,419		6,850,885,272		
<b>41.6 Depreciation</b>	163,839,384	169,748,866	64,926,808	57,926,247	25,894,171	39,713,143	254,660,362	39,713,143	267,388,256		
<b>41.7 Inter-segment pricing</b>											

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

**41.8** There were no major customer of company which formed 10 percent or more of the company's revenue.



**NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS**

For the year ended June 30, 2018

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>42 RECONCILIATIONS OF REPORTABLE SEGMENTS SALES, COST OF SALES, ASSETS AND LIABILITIES</b>			
<b>42.1 Sales</b>			
Total sales for reportable segment	41.1	4,329,191,823	6,111,163,947
Elimination of inter-segment	41.1	(533,736,096)	(830,528,819)
<b>Total sales</b>		<u>3,795,455,727</u>	<u>5,280,635,128</u>
<b>42.2 Cost of sales</b>			
Total cost of sales for reportable segment	43	4,813,036,140	7,122,691,341
Elimination of inter-segment	43.1	(533,736,096)	(830,528,819)
<b>Total cost of sales</b>		<u>4,279,300,044</u>	<u>6,292,162,522</u>
<b>42.3 Assets</b>			
Total assets for reportable segments	41.2	7,429,290,918	7,176,566,185
Long term deposits	8	32,874,103	70,467,715
Other financial assets	12	107,185	139,553
Advances, deposits, prepayments	13	89,309,974	84,512,897
Taxation - net	14	148,181,700	169,679,572
Cash and bank balances	15	60,805,444	59,396,240
Unallocated assets	41.3	331,278,405	384,195,977
		<u>7,760,569,323</u>	<u>7,560,762,162</u>
<b>42.4 Liabilities</b>			
Total liabilities for reportable segments	41.4	752,841,165	834,833,517
Long term finances	19	1,297,261,821	1,267,399,998
Redeemable capital - Sukuk	20	611,335,643	663,337,643
Loan from directors and others	21	-	-
Liabilities against assets subject to finance lease	22	23,735,593	25,744,741
Deferred liabilities	23	368,708,107	729,300,150
Accrued interest / mark-up	25	830,307,117	559,232,482
Short term borrowings	26	2,651,083,275	2,745,183,687
Unclaimed dividend		36,467	36,467
Loan from directors and others	27	25,747,232	25,816,588
Unallocated liabilities	41.5	5,808,215,254	6,016,051,756
		<u>6,561,056,419</u>	<u>6,850,885,272</u>

	Spinning		Weaving		Power Generation		Company	
	30 <sup>th</sup> June, 2018	30 <sup>th</sup> June, 2017	30 <sup>th</sup> June, 2018	30 <sup>th</sup> June, 2017	30 <sup>th</sup> June, 2018	30 <sup>th</sup> June, 2017	30 <sup>th</sup> June, 2018	30 <sup>th</sup> June, 2017
Note	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>43 COST OF SALES</b>								
Raw material consumed	2,151,277,558	2,742,365,328	323,449,872	989,789,443	-	-	2,474,727,430	3,732,154,771
Stores and spares consumed	56,327,386	105,564,611	88,014,106	85,938,401	459,548,404	674,311,781	603,889,896	865,814,793
Processing Charges	-	-	-	482,885	-	-	-	482,885
Salaries, wages and benefits	359,863,440	453,760,662	151,698,292	145,570,266	14,723,367	15,894,571	526,285,099	615,225,499
Fuel, power and water:								
Inter-segment	311,160,889	440,249,371	185,648,705	288,135,212	-	-	496,809,594	728,384,583
Others	89,432,323	74,335,701	122,277,146	38,166,588	-	-	211,709,469	112,502,289
Repairs and maintenance	374,104	4,800,761	507,379	1,329,642	1,079,120	930,450	1,960,603	7,060,853
Insurance expenses	12,339,748	16,758,285	4,510,655	5,141,165	-	-	16,850,403	21,899,450
Rent, rates and taxes	2,436,809	3,273,862	404,180	589,500	-	-	2,840,989	3,863,362
Vehicle running and maintenance	5,739,825	5,100,441	2,657,021	2,507,755	-	-	8,396,846	7,608,196
Entertainment expenses	844,236	1,544,878	844,065	792,253	-	-	1,688,301	2,337,131
Communication expenses	658,379	1,061,876	92,405	213,109	-	-	750,784	1,274,985
Printing and stationery	236,385	-	14,175	-	-	-	250,560	-
Subscription	159,966	-	65,581	-	-	-	225,547	-
Travelling	738,623	-	39,870	-	-	-	778,493	-
Other expenses	530,409	2,461,252	768,928	467,460	2,486,994	6,015,163	3,786,331	8,943,875
Depreciation expenses	163,839,384	169,748,866	64,926,808	57,926,247	25,894,171	39,713,143	254,660,362	267,388,256
	3,155,959,464	4,021,025,894	945,919,187	1,617,049,926	503,732,056	736,865,107	4,605,610,707	6,374,940,927
<b>Work in process</b>								
Opening stock	33,741,852	99,169,355	33,510,120	51,894,173	-	-	67,251,972	151,063,528
Closing stock	(29,590,039)	(33,741,852)	(3,893,579)	(33,510,120)	-	-	(33,483,618)	(67,251,972)
	4,151,813	65,427,503	29,616,541	18,384,053	-	-	33,768,354	83,811,556
<b>Cost of goods manufactured</b>	3,160,111,277	4,086,453,397	975,535,728	1,635,433,979	503,732,056	736,865,107	4,639,379,061	6,458,752,483
Cost of other material	1,131,750	8,803,728	-	-	-	-	1,131,750	8,803,728
	3,161,243,027	4,095,257,125	975,535,728	1,635,433,979	503,732,056	736,865,107	4,640,510,811	6,467,556,211
<b>Finished goods</b>								
Opening balance	157,073,456	608,166,873	347,287,393	487,451,311	-	-	504,360,849	1,095,618,184
Finished goods purchase:								
Purchase	-	-	-	-	-	-	-	-
Yarn purchase	31,914,750	63,877,795	-	-	-	-	31,914,750	63,877,795
	31,914,750	63,877,795	-	-	-	-	31,914,750	63,877,795
Closing stock	(84,720,381)	(157,073,456)	(279,029,889)	(347,287,393)	-	-	(363,750,270)	(504,360,849)
	3,265,510,852	4,610,228,337	1,043,793,232	1,775,597,897	503,732,056	736,865,107	4,813,036,140	7,122,691,341



**QUETTA TEXTILE MILLS LIMITED**

Note	Spinning		Weaving		Power Generation		Company	
	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>43.1 Raw material consumed</b>								
Opening balance	470,540,608	976,066,107	75,596,024	323,102,582	-	-	546,136,632	1,299,168,689
<b>Purchases:</b>								
Inter-segment	-	-	30,004,040	93,663,712	-	-	30,004,040	93,663,712
Other	1,829,886,790	2,245,643,557	223,510,534	648,619,173	-	-	2,053,397,324	2,894,262,730
	1,829,886,790	2,245,643,557	253,514,574	742,282,885	-	-	2,083,401,364	2,987,926,442
Cost of other material	(1,131,750)	(8,803,728)	-	-	-	-	(1,131,750)	(8,803,728)
Closing stock	(148,018,090)	(470,540,608)	(5,660,726)	(75,596,024)	-	-	(153,678,816)	(546,136,632)
	2,151,277,558	2,742,365,328	323,449,872	989,789,443	-	-	2,474,727,430	3,732,154,772
<b>44 DISTRIBUTION COST</b>								
<b>On export sales</b>								
Export development surcharge	327,482	341,272	233,626	682,997	-	-	561,108	1,024,269
Freight	2,707,768	1,833,284	1,900,823	3,352,472	-	-	4,608,591	5,185,756
Commission	29,684	163,893	7,712,970	10,127,066	-	-	7,742,654	10,290,959
Clearing and forwarding	1,534,058	8,967,400	514,405	1,624,212	-	-	2,048,463	10,591,612
	4,598,992	11,305,849	10,361,824	15,786,747	-	-	14,960,816	27,092,596
<b>On local sales</b>								
Freight	1,069,150	848,641	119,300	943,161	-	-	1,188,450	1,791,802
Commission	2,504,230	1,640,526	1,589,520	2,554,264	-	-	4,093,750	4,194,790
	3,573,380	2,489,167	1,708,820	3,497,425	-	-	5,282,200	5,986,592
Salaries and benefits	4,286,165	3,961,132	2,857,444	2,988,222	-	-	7,143,609	6,949,354
	12,458,537	17,756,148	14,928,088	22,272,394	-	-	27,386,625	40,028,542

Note	Spinning		Weaving		Power Generation		Company	
	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>45 ADMINISTRATIVE EXPENSES</b>								
Director's remuneration	7,639,757	6,198,179	2,110,243	1,472,659	-	-	9,750,000	7,670,838
Salaries and benefits	22,816,588	22,118,385	6,302,367	5,255,226	-	-	29,118,955	27,373,611
Printing and stationery	645,144	809,682	178,201	192,377	-	-	823,345	1,002,059
Communication	1,843,345	1,756,682	509,166	417,380	-	-	2,352,512	2,174,062
Travelling	581,252	1,444,563	160,553	59,527	-	-	741,805	1,504,090
Vehicle running and maintenance	4,666,895	3,711,710	1,289,084	1,165,580	-	-	5,955,979	4,877,290
Legal and professional charges	635,305	623,790	175,483	148,210	-	-	810,788	772,000
Auditors' remuneration	1,392,732	1,436,196	384,698	341,234	-	-	1,777,430	1,777,430
Rent, rates and taxes	2,050,271	449,434	566,323	106,784	-	-	2,616,594	556,218
Entertainment	542,939	1,332,096	149,970	316,500	-	-	692,909	1,648,596
Electricity, gas and water charges	1,365,967	1,422,084	377,305	337,880	-	-	1,743,272	1,759,964
Fees and subscription	2,342,492	2,122,307	647,040	504,250	-	-	2,989,532	2,626,557
Repairs and maintenance	324,915	802,530	89,748	190,678	-	-	414,663	993,208
Amortization	111,290	-	30,741	-	-	-	142,031	-
Miscellaneous	565,332	-	156,155	-	-	-	721,487	-
Depreciation	3,809,819	4,167,632	1,052,343	990,210	-	-	4,862,162	5,157,842
	<b>51,334,044</b>	<b>48,395,270</b>	<b>14,179,420</b>	<b>11,498,495</b>	<b>-</b>	<b>-</b>	<b>65,513,464</b>	<b>59,893,766</b>



Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
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**46 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprises directors and key management personnel. Amounts due to related parties are shown in the relevant notes to the financial statements. Transactions with related parties are disclosed below:

Nature of transaction	Relationship		
Loan received/(paid) - net	Key management personnel	(69,356)	14,400,420
Salaries and other benefits	Key management personnel	9,600,000	7,670,838

The company continues to have a policy whereby all transactions with related parties are entered at arm's length price using admissible valuation method and expenses are charged on actual basis.

**46.1** No Associated Companies Incorporated outside Pakistan.

**46.2** No Foreign Shareholders.

**47 PLANT CAPACITY AND PRODUCTION**

**Spinning**

Total no of spindles installed	73,488	73,488
Total no of rotors installed	1,104	1,104
Average no of spindles worked	62,672	67,302
Average no of rotors worked	-	905
Numbers of shift worked per day	3	3
Capacity of industrial unit after conversion into 20/s count - KGS	29,438,125	29,438,125
Actual production after conversion into 20/s count - KGS	13,237,596	19,751,669

It is difficult to describe the production capacity in textile industry since it fluctuates widely depending upon various factors such as count of the yarn spun spindles speed twist per inch and raw material used etc.

**Weaving**

Rated capacity converted into 60 picks - Square meters	70,763,414	70,763,414
Actual production converted to 60 picks - Square meters	42,198,991	42,198,991
Total numbers of looms worked	234	234
Number of shifts worked per day	3	3

It is difficult to describe the production capacity in textile industry since it fluctuates widely depending upon various factors such as production of fabric speed of looms picks per inch and raw material used etc.

**Power Plant**

Installed capacity	MW	36.2	36.2
Installed capacity per hour per day	MWH	317.112	317.112
Prime capacity	MW	20	20
Stand by	MW	16.2	16.2
Installed prime capacity per hour per day	MWH	175.2	175.2
Actual generated per hour per day	MWH	11.45	71.38

**Reason for Short Fall if Any**

The installed capacity includes the stand by generation which is only used case of emergency shutdown of the prime engines, due to Unavailability of Gas.

**48 SUBSEQUENT EVENTS**

There is no subsequent event after balance sheet date.

**49 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison, the effects of which are not material.



50 NUMBER OF EMPLOYEES	30 <sup>th</sup> June, 2018	30 <sup>th</sup> June, 2018	30 <sup>th</sup> June, 2017	30 <sup>th</sup> June, 2017
	Total	Factory	Total	Factory
Total number of employees as at	1,309	1,269	2,910	2,876
Average number of employees worked during the year	945	905	2,825	2,791

**51 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of better presentation and comparison.

There have been no significant re-arrangements or reclassification to be disclosed in these financial statements except as follows:

Note	Reclassification	Note	Reclassification to component	Rupees
30	Other expenses	30	Printing and stationery	401,292
			Subscription	339,617
			Legal and professional	911,923
31	Freight	31	Salaries and benefits	6,949,354
32	Travelling	32	Vehicle running and maintenance	5,389,290

**52 GENERAL**

The figures have been rounded off to the nearest Rupee.

**53 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Company on \_\_\_\_\_.

  
Chief Executive

  
Director

  
Chief Financial Officer



**NIL**



# Form of Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_, being a Member of QuettaTextile Mills Limited, holder of \_\_\_\_\_, Ordinary Share(s) as per Register Folio No. \_\_\_\_\_ hereby Appoint Mr. \_\_\_\_\_, having CNIC No. \_\_\_\_\_ as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf at the Extraordinary General Meeting of the company to be held on October 25,2018 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018 .

Signature across Rs.5 Revenue Stamp

Witness 1 \_\_\_\_\_

Witness 2 \_\_\_\_\_

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

CNIC # \_\_\_\_\_

CNIC # \_\_\_\_\_

**NOTES:**

1. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as proxy who is not member of the company qualified to vote except that a corporation being a member may appoint a person who is not a member.
2. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notorially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.
3. CDC Shareholders or their Proxies should bring their original CNICs or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detail procedure is given in Notes to the Notice of EOGM.

