

**50th ANNUAL REPORT 2019**



**QUETTA**

**QUETTA TEXTILE MILLS LIMITED**



**ANNUAL REPORT  
JUNE 30, 2019**

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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	Mr. Major Rtd. Muhammad Saeed
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 Al Falah 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.



# QUETTA TEXTILE MILLS LIMITED

## NOTICE OF MEETING

Notice is hereby given that the **57th Annual General Meeting** of the Shareholders of Quetta Textile Mills Limited will be held on **Saturday October 26, 2019** 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 56th General Meeting held on October 25, 2018.
- 2 To receive, consider and approve the report of the Directors, Auditors and Audited Accounts of the Company for the year ended June 30, 2019.
- 3 To appoint Auditors for the year 2019-2020 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.

**Special Business:**

- 1 To ratify the revision/enhancement the Directors Remuneration
- 2 To consider and adopt with or without modification, the following Special Resolution to amend Articles of Association of the Company in accordance with the Companies Act, 2017.

**Current Clause**

Any Director appointed to any executive office including for the purpose of this Article the office of Chairman or Chief executive or to serve on any committee or to devote special attention to this business of the Company or otherwise performs service which in the opinion of the Directors are outside the scope of the ordinary duties of the Directors, may be paid such extra remuneration by way of salary, fees, percentage of profits or otherwise as shall from time to time be determined by the Company in General Meeting.

**Suggested Amendment**

The Remuneration and benefit of the Director and Chief Executive, shall from time to time be determined by the Board of Directors of the Company and in addition to such remuneration, if any, the director and Chief Executive shall be entitled to be paid by the Company for any special services rendered by them to the Company such amount for traveling and other expenses incurred by the Directors and Chief Executive for the purpose of services tendered to the Company as the Director may, from time to time, fix. Additionally each Director shall be paid out of the funds of the Company by way of remuneration for his services such sum as the Board may determine, for such meeting of the Board and its committee attended by him. All such amounts paid to the Director shall be considered as part of the expenses of the Company.

By order of the Board of Directors  
**NUDRAT MUND KHAN**  
Company Secretary

Karachi:

Dated: October 03, 2019

**Statement under Section 134(3) of the Companies Act, 2017 pertaining to the above mentioned Special Business is annexed to this notice of Annual General Meeting**

**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, 2019 to October 26, 2019 (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, 2019.
- 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, Najeeb Consultant (Pvt) Ltd.
- 5 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 and shareholders are also requested again to provide Computerized National Identity Card also to Shares Registrar, CDC and sub account holder update with their brokers.

**Statement of Material Facts**

Statement under Section 134(3) of the Companies Act, 2017.

**Agenda Item No.1**

Increase in Remuneration of Directors

The overall role and responsibility of the Executive Director have been enhanced significantly. The Directors, have to play a special role to manage the Company business, in view of the prevailing inflation in the Country, to appreciate, compensate and to give reward the Board of Directors it is recommended to increase the level of remuneration of Executive Directors. The Monthly remuneration to the following Directors.

1. Mr. Tariq Iqbal Rs. 750,000    2. Mr. Asim Khalid Rs. 400,000    3. Mr. Omer Khalid Rs. 400,000

In this respect following resolution recommend to passed by the shareholders.

**"Resolved that the Monthly remuneration of the Executive Directors as recommended by the Board be and hereby approved as follows".**

1. Mr. Tariq Iqbal Rs. 750,000    2. Mr. Asim Khalid Rs. 400,000    3. Mr. Omer Khalid Rs. 400,000

**Agenda Item No.2**

**Alteration in the Articles of Association of the Company**

In order to update the Article of Association of the Company, the Board of Director has recommended to the members of the Company to approve amendments in clause 95 of Article of Association.

Interest of Directors;

The directors of the Company have no direct or indirect interest in the above mentioned Special Business to the extent that they are the member of the Company.

# QUETTA TEXTILE MILLS LIMITED

Nadir House, I. I. Chundrigar Road, Karachi – 74000, Pakistan  
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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, 2019. Turnover for the year is Rs. 4,248.480 million, an increase of Rs. 453.024 million from last year's Rs. 3,795.422 million. This shows an increase of around 12%. The company made a loss before tax of Rs. 520.922 million as compared to Rs. 881.673 million last year. Pre-tax loss has rather reduced by Rs. 360.751 million, a reduction of 40.91%. We draw attention to the financial statements which indicate that the company incurred a net loss of Rs. 368.903 million during the year ended June 30, 2019 and, as of that date, the company's current liabilities exceeded its current assets by Rs. 4,654.046 million.

Cotton, polyester and yarn prices have been very volatile in the past few months. However, yarn prices still remain subdued, but on the other hand cotton and polyester prices have remained firm.

### ***Local Events Threatening Textile Outlook:***

- *Withdrawal of SRO-1125 and imposition of Sales Tax on cotton, yarns and fabrics;*
- *GIDC issue;*
- *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;*
- *Amplifying costs of doing business;*
- *Pakistan's general political instability & dispute causing economic isolation and worsening law & order situation.*

The company has managed to re-start its Kotri unit (Unit-1). The company is striving to achieve production and efficiency above 90% to be able to break-even and further aim for profit. To continue as a 'going concern', the management is still open to the proposed "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. 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.



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## CHIEF EXECUTIVE'S REVIEW

I would like to add that the company is still 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> 2019

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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, 2019 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, 2019 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, 2019	June 30, 2018	Variation
	(Rupees in '000)		
Sales	4,248.480	3,795.456	11.94%
Cost of sales	(4,514.120)	(4,279.300)	5.49%
Gross profit / (loss)	(265.640)	(483.844)	-
Profit / (Loss) before taxation	(520.922)	(881.673)	-
Taxation	152.018	312.639	-
Profit / (Loss) after taxation	(368.904)	(569.034)	-
Other Comprehensive income / (Loss)	(2.770)	1,006.668	-
Accumulated Profit Brought Forward	(2,260.537)	(1,754.692)	-
Less: Dividend Paid	-	-	-
	(2,632.211)	(558.556)	-
Transfer from Surplus on Revaluation of Property Plant & Equipment	62.581	52.711	-
Accumulated (loss)/profit Carried Forward	(2,569.630)	(2,260.537)	-



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## DIRECTORS' REPORT TO THE MEMBERS

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We draw attention to the financial statements which indicates that the company incurred a net loss before tax of Rupees 520.922 million during the year ended June 30, 2019 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 4,654.046 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.

Directors and sponsors of the company, they committed that they would also continue such support in future.

### **Textile Outlook:**

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

### **Local Events Threatening Textile Outlook:**

- *Withdrawal of SRO-1125 and imposition of Sales Tax on cotton, yarns and fabrics;*
- *GIDC issue;*
- *Increase in minimum wages/salaries of labor. 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;*
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- *Higher cotton prices vis-à-vis yarn prices;*
- *Working Capital has been stuck-up in the refund regime creating severe cash flow crunch;*
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## **DIRECTORS' REPORT TO THE MEMBERS**

The company has managed to re-start its Kotri unit (Unit-1). The company is striving to achieve production and efficiency above 90% to be able to break-even and further aim for profit. To continue as a 'going concern', the management is still open to the proposed "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. 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.

### **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 produce 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 doubtful debts.

#### **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 affect the profit and loss accounts.

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## DIRECTORS' REPORT TO THE MEMBERS

### **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.

### **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.



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## DIRECTORS' REPORT TO THE MEMBERS

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, 2019 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, 2018 to June 30, 2019. Attendance at the Board Meetings by each Director is as follows:

<b>Name of Directors</b>	<b>Number of Meetings Attended</b>
Mr. Tariq Iqbal	15
Mr. Asim Khalid	14
Mr. Omer Khalid	15
Mr. Tauqir Tariq	04
Mrs. Saima Asim	09
Mrs. Tabbasum Tariq	08
Mrs. Sadaf Khalid	09
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.

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## DIRECTORS' REPORT TO THE MEMBERS

### **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, 2018 to June 30, 2019. Attendance at the Board Audit Committee Meetings by each Director / members is as follow:

<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 pruderies. Within the frame work 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, 2019:

- a) 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.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) 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.
- e) There is no significant doubt upon the Company's ability to continue as a going concern.
- f) The system of internal control is sound in design and has been effectively implemented and monitored.
- g) Key operating and financial data for the last six years in summarized form is annexed.
- h) Outstanding duties, statutory charges and taxes if any, have been adequately disclosed in the annexed audited financial statements.

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## DIRECTORS' REPORT TO THE MEMBERS

### **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 3.6 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 to the extent cost of fund and mark-up amounts have been re-scheduled to be paid at 'tail-end', after all re-payments of entire principal amounts. This has been done to enable the company start positive cash flow generation and to maintain the liquidity. All banks renewed the bank guarantees on maturities. Further some banks are offering for restructuring and debt servicing of the principal amounts for 15 years and freezing markups as well.

In addition, the Company filed leave to defend well in time and challenge their claims against all banks those filed the suits against the Company in Sindh High Court, Karachi and Banking Courts. The negotiations with all banks are also under progress for settlement of claims and our legal team is confident that they will safely be able to succeed in settling with the banks and also be able in availing the reductions in the claim amounts as well.

### **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> 2019



## کوئٹہ ٹیکسٹائل ملز لمیٹیڈ

نادر ہاؤس، آئی آئی چندریگر روڈ، کراچی۔ پاکستان  
 فون: +92 (21)3241-4334-6 +92 (21)3241-9593 فیکس  
 میل: sales@quettagroup.com ویب: www.quettagroup.com

### ڈائریکٹرز رپورٹ برائے اراکین

معزز حصص یافتگان:

کوئٹہ ٹیکسٹائل ملز لمیٹیڈ کے ڈائریکٹرز کمپنی کے محاسب کردہ کھاتوں اور سالانہ رپورٹ برائے اختتام سال 30 جون 2019 پیش کرتے ہوئے خوشی محسوس کرتے ہیں بشمول آڈیٹر رپورٹ۔

بورڈ کی تشکیل:

بورڈ کی تشکیل ادارتی انتظامی قواعد 2017ء میں درکار ضروریات کی تعمیل کے مطابق ہے جو فہرست شدہ افراد پر قابل اطلاق ہے جو درج ذیل ہے:

#### ڈائریکٹرز کی کل تعداد

5 (الف) مرد

3 (ب) خاتون

ڈائریکٹرز کے نام بمطابق 30 جون 2019ء درج ذیل ہیں:

- |   |                             |              |
|---|-----------------------------|--------------|
| 1 | جناب توقیر طارق             | چیئرمین      |
| 2 | جناب طارق اقبال             | چیف ایگزیکٹو |
| 3 | جناب عاصم خالد              | ڈائریکٹر     |
| 4 | جناب عمر خالد               | ڈائریکٹر     |
| 5 | محترمہ صائمہ عاصم           | ڈائریکٹر     |
| 6 | محترمہ تبسم طارق            | ڈائریکٹر     |
| 7 | محترمہ صدف خالد             | ڈائریکٹر     |
| 8 | جناب میجر ریٹائرڈ محمد سعید | ڈائریکٹر     |

#### مالیاتی نتائج

فریق	30 جون 2018ء	30 جون 2019ء	
	(روپے '000 میں)		
11.94%	3,795.456	4,248,480	فروخت
5.49%	(4,279.300)	(4,514.120)	فروختی لاگت
-	(483.844)	(265.640)	مجموعی نفع / خسارہ
-	(881.673)	(520.922)	منافع / (خسارہ) قبل از ٹیکس
-	312.639	152.018	ٹیکس ادائیگی
-	(569.034)	(368.904)	منافع / (خسارہ) بعد از ٹیکس
-	1,006.668	(2.770)	دیگر مجملہ آمدنی / (خسارہ)
-	(1,754.692)	(2,260.537)	جمع کردہ منافع گزشتہ سے ماخوذ
-	-	-	کی: ڈیوڈنڈ ادا کیے
-	(558.556)	(2,632.211)	
	52.711	62.581	متعلق برائے اضافہ نئی قیمت جائیداد، تنصیبات اور آلات
	(2,260.537)	(2,569.630)	مجملہ (خسارہ) / نفع گزشتہ سے ماخوذ

کمپنی کے درج بالا نتائج برائے اختتام سال 30 جون 2019ء - ٹرن اور 4,248.480 ملین روپے ہے، مذکورہ ٹرن اور کے ساتھ آپ کی کمپنی نے گزشتہ سال کے مقابلے میں 520.921 ملین کا قبل از ٹیکس نقصان اٹھایا گزشتہ سال کے 881,673 ملین روپے کے مقابلے میں۔ قبل از ٹیکس نقصان 360.752 ملین سے کم ہوا، جو 41% کم ہے۔ ہم مالیاتی تفصیلات کی جانب توجہ دلاتے ہیں جو یہ ظاہر کرتی ہے کہ کمپنی نے دوران اختتام سال 30 جون 2019 مجموعی طور پر 520.922 ملین کا خسارہ برداشت کیا ہے اور، اس تاریخ تک، کمپنی کے موجودہ واجبات اس کے حالیہ اثاثہ جات سے 4,654.046 ملین بڑھ گئے ہیں۔ میں مزید یہ اضافہ کرنا چاہوں گا کہ کمپنی اپنے افعال کیلئے بذریعہ تجدید کاری اور بہتر سہولیات کا استعمال کرتے ہوئے اپنی طویل المدت حکمت عملی پر بدستور کار بند ہے۔ میں مستقبل قریب میں کمپنی کی مالی حالت میں بہتری کیلئے پر امید ہوں۔

کپاس، پولیسٹر اور سوت کی قیمتیں گزشتہ کئی ماہ میں غیر مستحکم رہی ہیں۔ تاہم، سوت کی قیمتیں تاحال دباؤ میں رہی ہیں، لیکن دوسری جانب کپاس اور پولیسٹر کی قیمتیں مستحکم رہی ہیں۔ گیس/ بجلی کی شرح میں اضافہ نے ہماری لاگت میں اضافہ کیا ہے۔ بجلی کی قیمت شرح نیچے آنے کی توقع ہے جیسا کہ حکومت کی جانب سے ان کے اعلامیہ میں بتایا گیا ہے جو ہمیں قابل عمل بنانے اور نتیجتاً ہماری آمدنی میں معاون ہوگا۔

سیلز ٹیکس ریفرنڈم میں رکاوٹ طویل عرصہ سے جاری ہے، سخت لیکویڈٹی شامل کرتے ہوئے۔ جو نقدی بہاؤ میں تاخیر اور مزید خسارے کا باعث ہے۔ اگر سیلز ٹیکس ریفرنڈم ادا کیئے جائیں تو یہ کمپنی اور صنعت کی استعداد میں اضافہ کرے گا۔ کمپنی کے ڈائریکٹرز اور معاونین نے مستقبل میں اس طرح کے تعاون کا عزم کیا ہے۔

### ٹیکسٹائل کا خاکہ:

پاکستان کی ٹیکسٹائل صنعت تاحال مشکل دور سے گزر رہی ہے۔

### مقامی واقعات ٹیکسٹائل خاکہ کیلئے خطرہ:

- ایس آر او 1125 کو واپس لینا اور کپاس، یارن اور فیبرکس پر سیلز ٹیکس کا نفاذ۔
- جی آئی ڈی سی کا معاملہ۔
- مزدوروں کی اجرت / تنخواہوں میں کم سے کم اضافہ، کاروبار کرنے کی لاگت میں اضافہ۔
- ڈاؤن اسٹریٹ انڈسٹری (اسپننگ اور ویولنگ) کیلئے بہتر برآمدی مراعات کا نہ ہونا بہ نسبت انڈین اور ویت نامی صنعت کو دی گئی مراعات کے مقابلے میں۔
- گیس/ بجلی کی قیمت شرح میں اضافہ کے باعث توانائی کی لاگت میں اضافہ۔ بجلی کی قیمت شرح پاکستان میں انڈیا، بنگلہ دیش، چائنا اور ویت نام کے مقابلے میں بہت زیادہ ہے۔
- یارن کی قیمتوں کے سلسلہ میں کپاس کی زیادہ قیمت۔
- فعال سرمایہ شدید نقدی بہاؤ میں بحران کے باعث قابل واپسی ادائیگیوں کی مد میں رکا رہا۔
- کاروبار کرنے کی لاگت میں اضافہ۔
- پاکستان کا عمومی سیاسی عدم استحکام اور تنازعہ جو معاشی تہائی اور امن و امان کی اہتر صورت حال کا باعث ہیں۔

کمپنی نے اپنا کوٹری یونٹ (یونٹ-1) دوبارہ شروع کرنے کا انتظام کیا ہے۔ کمپنی آمدن و خرچ کو مساوی کرنے اور مزید منافع کے حصول کے لیے 90% سے زائد پیداوار اور استعداد حاصل کرنے میں کوشاں ہے۔ ”رواں کاروبار“ کو برقرار رکھنے کیلئے انتظامیہ کا مجوزہ ”واپسی ادائیگی منصوبہ“ تاحال کھلا ہے جو کوٹری میں موجودہ یونٹس کو فروخت کرنا ہے۔ از سر نو ترتیب دیئے گئے قرضہ جات اور دیگر قلیل المدت اور طویل المدت ادائیگی کیلئے 3 مراحل میں کچھ طریقوں کو استعمال کیا جانا ہے۔ بقایا رقم کو بھائی پھیرو یونٹس کیلئے کاروباری سرمایہ کے طور پر لگانا ہے۔ یہ ”واپسی ادائیگی منصوبہ“ 2-3 سالوں میں منفی علامات کو مثبت میں تبدیل کر دے گا۔

## مالیاتی انتظام

### نقدی بہاؤ کا انتظام

کمپنی کے پاس نقدی بہاؤ کا موثر انتظامی نظام موجود ہے جس کے تحت کیش ان فلو اور آؤٹ فلو کو باقاعدگی کی بنیاد پر لگایا جاتا ہے۔ فعال سرمایہ کی ضروریات میں رقم لگانے کیلئے بذریعہ اندرونی نقدی پیداوار اور جہاں ضروری ہو بیرونی ذرائع سے قلیل المدت ادھار لیا جاتا ہے۔

### خطرات میں کمی

کاروبار چلانے میں منسلک خطرات اور غیر یقینی صورتحال کاروباری کامیابی پر براہ راست اثر انداز ہوتے ہیں۔ کوئٹہ ٹیکسٹائل ملز لمیٹڈ کی انتظامیہ اپنے سامنے اہم خطرات سے واقف ہو چکی ہے۔ پیدا شدہ توقعات و امکانات ہمارے لائحہ عمل کا حصہ ہونے کی حیثیت سے ہم ان خطرات کو احاطہ کر رہے ہیں جو ہمارے کاروبار پر اثر انداز ہو سکتے ہیں۔

### کریڈٹ رسک

کمپنی کے تمام مالیاتی اثاثہ جات سوائے زرفنڈ کے کریڈٹ رسک سے مشروط ہیں۔ کمپنی کو یقین ہے کہ اسے بڑے کریڈٹ رسک کا سامنا نہیں ہے۔ ان خطرات کو صارفین کیلئے کریڈٹ لمیٹ کے اطلاق سے ترتیب دیا جاتا ہے اور بذریعہ سابقہ تجربہ، فروختگی، حجم، مالیاتی حالت پر غور، گزشتہ ریکارڈ اور وصولیابی، خصوصاً ٹیکسٹائل اور عموماً صنعت کے شعبہ میں معاشی حالات پر غور کرنے سے۔ کمپنی یقین کرتی ہے کہ مشتبہ قرضہ جات کی تفصیلات فراہم کرنا دانشمندی ہے۔

### لیکویڈٹی کا خطرہ

لیکویڈٹی خطرات کا دانشندانہ انتظام ٹھیکیداری معاہدوں کیلئے مناسب فنڈ کی دستیابی کو یقینی بناتا ہے۔ کمپنی کی فنڈ کیلئے انتظامی حکمت عملی کا مقصد اندرونی نقدی پیداوار اور مالیاتی اداروں کے ساتھ طے شدہ کریڈٹ کے ذریعے لیکویڈٹی خطرات کو منضبط کرنا ہے۔

### شرح سود کا خطرہ

سودی شرح کی کثرت کا سامنا بینک سے طویل المدت ادھار لینے کی وجہ سے ہے۔ لہذا، تفصیلات فراہم کرنے کی تاریخ پر شرح سود میں تبدیلی سے پروفٹ اینڈ لوس اکاؤنٹس پر اثر نہیں پڑے گا۔

### غیر ملکی زرمبادلہ کا خطرہ

غیر ملکی زرمبادلہ کے خطرات خاص طور سے اس وجہ سے ہیں جہاں وصولیابی اور واجبات ادا کیوں کالین دین غیر ملکی زرمبادلہ میں ہو۔ کمپنی کو اپنے خام مال اور پلانٹ اور مشینری کی درآمدات پر قلیل المدت پاکستانی/ امریکی ڈالر میں خاص طور سے یکسانیت کا سامنا ہے۔

### پیداواری سہولیات

بہتر نتائج کے لحاظ سے ہماری پیداواری سہولیات کی کارکردگی بہتر تھی۔ ہماری ٹیم نے استعداد میں بہتری کو ہم آہنگ جدوجہد کے ذریعے، اور کئی مواقع پر نقصان سے بچتے ہوئے اور بلا تامل جاری رکھا۔ کمپنی اپنی زیادہ سے زیادہ گنجائش کو پائیدار منفعت اور ملک کی معروف ٹیکسٹائل تیار کنندگان کی حیثیت سے توجہ مرکوز رکھنے پر قائم ہے۔

### ڈیوڈنڈ

بورڈ کے ڈائریکٹرز نے کوئی ڈیوڈنڈ تجویز نہیں کیا برائے اختتام سال 30 جون 2018، بوجہ نقصان۔

### آڈیٹرز

موجودہ آڈیٹرز میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائرڈ اور اہل ہونے کی حیثیت سے خود کو دوبارہ تقرری کی پیشکش کرتے ہیں۔

### حفاظت، صحت اور ماحولیات

ہم اپنے اعلیٰ معیار کے حفاظت، صحت و ماحولیات کے عزم پر کاربند ہیں۔ ہمارے تمام ملازمین تمام حفاظتی پہلوؤں پر مسلسل زیر تربیت رہتے ہیں خصوصاً محفوظ پیداوار، ترسیل، مال ذخیرہ اور اسے چھونے کے سلسلے میں۔ مزید یہ کہ، ہم نے مل پر ایک محوری مشق کا آغاز کیا ہے جس کے تحت ہمارا مقصد یہ یقینی بنانا ہے کہ تمام سپروائزر اور حفاظتی مینجرز حفاظتی تربیت کے تمام پہلوؤں سے پوری طرح واقف ہیں۔ اس نظام کے باعث اور اللہ تعالیٰ کے فضل سے مل میں کوئی حادثات یا واقعات پیش نہیں آئے۔

### اقدامات برائے ماحولیاتی حفاظت

آپ کی کمپنی ہمیشہ ماحولیاتی حفاظت کو یقینی بناتی ہے کہ اور ماحول کی حفاظت کیلئے تمام ممکنہ ذرائع اپناتی ہے۔ ہم اپنے پلانٹ اور پیداوار سے کم سے کم گردوغبار اور اخراج کو یقینی بنانے کیلئے کئی اقدامات کرتے رہے ہیں اور ہمارے پیداواری شعبہ گرد کے ذرات اور دیگر اخراج کو قابو کرنے کیلئے آلودگی بند روک تمام نظام کے ساتھ نصب ہیں۔

### ادارتی سماجی ذمہ داری

آپ کی کمپنی اپنے ادارتی سماجی ذمہ داری سے پوری طرح آگاہ ہے اور ملک کے تعلیمی، صحت اور ماحولیاتی معیار کو بڑھانے میں مثبت کام کرتی رہی ہے خصوصاً عام اور مقامی سطح پر۔

تاحال ہم درج ذیل منصوبوں سے تعاون کر رہے ہیں:

- پولیس ہسپتال - حیدرآباد۔
- کونری میں دو مدرسے۔
- دوست محمد ہائی اسکول، کونری۔
- چار (4) پانی صاف کرنے کے پلانٹس - تین (3) کونری، جامشورو میں، ایک (01) حیدرآباد میں۔

ہم یقین کرتے ہیں کہ صنعت معاشرے کو بدلنے کی طاقت رکھتی ہے اور اس لئے صنعت کاری کے مثبت عوامل کو توسیع دینے میں کوشاں ہے۔ اپنے تمام کاروباری طریقہ کار سے ہم بخوشی ان راستوں کو دیکھتے ہیں جس کے ذریعے ہم معاشرے کیلئے مددگار ہاتھ بڑھا سکیں۔

### انسانی وسائل اور تنخواہ جاتی کمیٹی

انسانی وسائل کے منصوبے اور انتظام اہم مسائل میں سے ایک ہے اور معمر انتظامی سطح پر اہم ہے۔ کمپنی کے پاس ایک انسانی وسائل اور تنخواہ جاتی کمیٹی موجود ہے جو کلیدی انتظامی افراد کی ترقی، ازالہ اور کامیابی کے منصوبہ پر رہنمائی کرتی ہے۔ اس کی ذمہ داری میں انسانی وسائل کے لائحہ عمل اور طریقہ کار ترتیب وار جائزہ شامل ہے۔ یہ کمیٹی صنعتوں کے ”بہتر مشق“ سے آگاہ ہے اور جہاں کہیں ضرورت پڑنے پر اس پر بحث اور عملدرآمد کو یقینی بناتی ہے۔

### حصص کے حصول کا طریقہ

حصص کا حصول برطانیہ 30 جون 2019 رپورٹ ہذا کے ہمراہ منسلک ہے۔

### ڈیوڈنڈ

بورڈ کے ڈائریکٹرز نے کوئی ڈیوڈنڈ تجویز نہیں کیا برائے اختتام سال 30 جون 2018، بوجہ نقصان۔

### آڈیٹرز

موجودہ آڈیٹرز میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائرڈ اور اہل ہونے کی حیثیت سے خود کو دوبارہ تقرری کی پیشکش کرتے ہیں۔

### حفاظت، صحت اور ماحولیات

ہم اپنے اعلیٰ معیار کے حفاظت، صحت و ماحولیات کے عزم پر کاربند ہیں۔ ہمارے تمام ملازمین تمام حفاظتی پہلوؤں پر مسلسل زیر تربیت رہتے ہیں خصوصاً محفوظ پیداوار، ترسیل، مال ذخیرہ اور اسے چھونے کے سلسلے میں۔ مزید یہ کہ، ہم نے مل پر ایک محوری مشق کا آغاز کیا ہے جس کے تحت ہمارا مقصد یہ یقینی بنانا ہے کہ تمام سپروائزر اور حفاظتی ٹیچرز حفاظتی تربیت کے تمام پہلوؤں سے پوری طرح واقف ہیں۔ اس نظام کے باعث اور اللہ تعالیٰ کے فضل سے مل میں کوئی حادثات یا واقعات پیش نہیں آئے۔

### بورڈ کی آڈٹ کمیٹی

ادارتی انتظامی قواعد کی تعمیل میں بورڈ کے ڈائریکٹرز نے ایک آڈٹ کمیٹی قائم کی۔ اس کے اراکین کے نام کمپنی پروفائل میں دیئے گئے ہیں۔

کمپنی کم سے کم ہر سہ ماہی میں ایک بار ملاقات کرتی ہے اور بورڈ کو کسی غلطی کو پورا کرنے میں مدد کرتی ہے۔ بورڈ آڈٹ کمیٹی کے کل کل چار اجلاس 12 ماہ کے دوران 01 جولائی 2018 سے 30 جون 2019 تک منعقد ہوئے۔ ہر ایک ڈائریکٹر/ارکان کی اجلاس میں شرکت درج ذیل ہے:

شرکت کردہ اجلاس کی تعداد	ڈائریکٹر کا نام
04	محترمہ تبسم طارق
04	محترمہ صدف خالد
04	جناب میجر ریٹائرڈ محمد سعید

آڈٹ کمیٹی کے حوالہ شرائط سیکورٹی اینڈ ایکچینج کمیشن آف پاکستان (ایس ای سی پی) کی وضع کردہ تشریح اور بورڈ کے ڈائریکٹرز کی جانب سے نظام اور دباؤ میں بہتری کیلئے وقتاً فوقتاً دی گئی ہدایات کی بنیاد پر ہے۔ بورڈ کے ڈائریکٹرز کی جانب سے متعین کردہ حوالہ شرائط کے تحت، آڈٹ کمیٹی، دیگر چیزوں کے درمیان، بیرونی آڈیٹرز کا تقرر اور ترتیب و اارتفصیلات کا جائزہ لے گی۔

### ادارتی انتظام

بورڈ کے ڈائریکٹرز اختتام سال 30 جون 2019 کیلئے اقرار کرتے ہیں کہ:

- یہ مالیاتی تفصیلات، جسے ان فنڈز کی بینجمنٹ کمیٹی کی جانب سے تیار کیا گیا ہے، جو اپنے معاملات، کارگزاری نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلی کو شفاف طریقے سے پیش کرتی ہے۔
- کمیٹی کے حسابی کھاتے باقاعدہ ترتیب دیئے گئے۔
- مالیاتی تفصیلات کی تیاری میں موزوں کھاتے داری نظام کا بدستور اطلاق کیا گیا اور حسابی تخمینے معقول اور زیرک فیصلے کی بنیاد پر ہیں۔
- بین الاقوامی مالیاتی گوشوارہ معیار، جیسا کہ پاکستان میں رائج ہے، جسے مالیاتی تفصیلات کی تیاری میں اپنایا گیا اور اسکے ذریعہ کسی بھی ڈپارچر کو مناسب طور پر ظاہر کیا گیا ہے۔
- کاروباری تسلسل کیلئے کمیٹی کی اہلیت پر کوئی شبہ نہیں ہے۔
- اندرونی جانچ پڑتالی نظام وضع کے لحاظ سے مستحکم ہے اور اسے مؤثر طریقے سے اپنایا گیا اور اسکا مشاہدہ کیا گیا ہے۔
- کلیدی افعال اور مالیاتی اعداد و شمار گزشتہ چھ سالوں کے اختصار کے ساتھ منسلک ہیں۔
- نمایاں فرانس، قانونی واجبات اور ٹیکس اگر کوئی ہیں، موزوں طور پر محاسب کردہ مالیاتی تفصیلات میں منسلک ہیں۔

### ارکان کیلئے آزاد آڈیٹرز رپورٹ میں تحفظات

آڈیٹرز نے مالیاتی قیام پر رواں مفروضہ کے استعمال کی جانب کچھ ریمارکس دیئے ہیں۔ انتظامیہ انتہائی اختصار سے نوٹ 3.6 میں کئی تحفظی عناصر کی وضاحت کرتی ہے جو سازگار مستقبل کیلئے کمیٹی کے حق میں ہیں۔

کمیٹی کے حق میں اہم عوامل یہ ہے کہ کمیٹی اپنے اہم بینکرز سے مکمل تعاون حاصل کر رہی ہے جنہوں نے نہ صرف ہمارے کیش فنانس لون کو از سر نو بنایا بلکہ کمیٹی کو بنیادی واپسی و اینگیوں کیلئے تقریباً 18 ماہ کا کافی رعایت وقت دیا۔ اس کے علاوہ، مارک ایپ کی شرح فنڈ کی لاگت کی حد تک کم کی گئی اور مارک اپ رقم کی ادائیگی کیلئے "آخری حد تک" دوبارہ لائحہ عمل تیار کیا گیا تمام بنیادی رقوم کی دوبارہ ادائیگی کے بعد۔ ایسا کمیٹی کو مثبت نقدی بہاؤ کی پیداوار شروع کر کے لیکوڈینی کو برقرار رکھنے کے قابل بنانے کیلئے کیا گیا۔ تمام بینکوں نے بینک گارنٹیوں کو مپجوریٹی پر تجدید کیا۔

مزید کچھ بینک دوبارہ لائحہ عمل بنانے اور 15 سالوں کے لئے بنیادی رقوم کی قرضہ خدمات اور فریزنگ مارک اپ کی پیشکش بھی کر رہے ہیں

مزید یہ کہ، کمیٹی نے بروقت لیونو ڈیفنڈ دائر کیا اور بینکوں کے خلاف اپنے کلیم کو کا دعویٰ کیا جنہوں نے سندھ ہائی کورٹ، کراچی اور بینکنگ کورٹ میں کمیٹی کے خلاف مقدمات دائر کیئے۔ تمام بینکوں کے ساتھ کلیم کے تصفیہ کیلئے مذاکرات جاری ہیں اور ہماری قانونی ٹیم پر امید ہے کہ وہ باآسانی بینک سے معاملات طے کرنے میں کامیاب ہوں گے اور کلیم کی رقوم میں کمی کے حصول میں کمی کرنے کے بھی قابل ہوں گے۔

### اختتام

آخر میں، میں تمام مالیاتی اداروں کا کمیٹی کیلئے ان کی مسلسل حمایت اور اعتماد کا شکریہ ادا کرتا ہوں۔ کارکنان، عملہ اور افسران کیلئے، ان کی لگن اور ایمانداری کیلئے میں ان کا مشکور ہوں۔



طارق اقبال

چیف ایگزیکٹو

کراچی: 03 اکتوبر 2019ء



**KEY OPERATING AND FINANCIAL DATA**

		2019	2018	2017	2016	2015	2014
<b>OPERATING DATA</b>							
Sales	Rs. '000'	4,248,480	3,795,456	5,280,635	5,280,152	10,175,476	12,301,405
Cost of Goods Sold	Rs. '000'	4,514,120	4,279,300	6,292,163	6,439,717	9,562,202	11,064,701
Gross Profit	Rs. '000'	(265,640)	(483,844)	(1,011,527)	(1,159,565)	613,574	1,236,704
Profit / (Loss) Before Taxation	Rs. '000'	(520,922)	(881,673)	(1,433,350)	(1,724,815)	(323,527)	214,911
Profit / (Loss) After Taxation	Rs. '000'	(368,904)	(569,034)	(1,430,150)	(1,715,435)	(392,014)	70,699
<b>FINANCIAL DATA</b>							
Equity Balance	Rs. '000'	(1,460,151)	(1,151,056)	(697,215)	521,548	2,182,001	2,488,036
Property, Plant & Equipment	Rs. '000'	5,948,633	6,192,780	5,503,697	5,763,224	6,038,998	5,008,146
Current Assets	Rs. '000'	1,549,575	1,532,217	1,986,598	3,425,592	5,068,859	5,128,633
Current Liabilities	Rs. '000'	6,203,621	5,389,141	4,652,774	5,058,190	5,853,355	5,532,754
<b>PROFITABILITY RATIOS</b>							
Gross Profit Margin	%	(6.25)	(12.75)	(19.16)	(21.96)	6.03	10.05
Operating Profit Margin	%	(12.26)	(23.23)	(27.15)	(32.73)	(3.42)	1.70
Net Profit Margin	%	(8.68)	(14.99)	(27.08)	(32.67)	(3.18)	1.75
<b>LIQUIDITY RATIOS</b>							
Current Ratio	Times	0.25	0.28	0.40	0.68	0.87	0.93
Quick Ratio	Times	0.11	0.11	0.08	0.09	0.11	0.15
<b>ACTIVITY / TURNOVER RATIOS</b>							
Days in Receivables	Days	28.11	22.81	9.96	8.31	11.98	12.19
Accounts Receivables Turnover	Times	12.99	16.00	36.64	23.25	27.31	29.79
Inventory Turnover	Times	8.64	5.13	3.43	(1.64)	(2.65)	3.20
Total Assets Turnover	Times	0.56	0.49	0.70	0.52	0.96	1.25
Return on Total Assets	%	(0.05)	0.07	0.19	(0.19)	(0.03)	0.02
Return on Equity	%	(0.45)	(0.47)	(2.00)	(0.87)	(0.15)	0.09
<b>LEVERAGE RATIOS</b>							
Long Term Debts to Equity	Times	(0.34)	(1.02)	(2.71)	4.25	0.78	0.71
Total Debts to Equity	Times	(4.59)	(5.70)	(9.83)	13.94	3.04	2.60
Long Term Debts to Total Assets	Times	0.07	0.15	0.25	0.24	0.15	0.17
Total Debts to Total Assets	Times	0.89	0.85	0.91	0.65	0.59	0.64
Equity to Total Assets	Times	(0.19)	(0.15)	(0.09)	0.06	0.20	0.24
Interest Coverage Ratio	Times	(2.82)	(2.65)	(4.45)	(4.19)	(0.52)	0.36
<b>OTHERS</b>							
Earning / (Loss) Per Share	Rs	(28.38)	(43.77)	(110.01)	(131.96)	(30.15)	5.44
Breakup Value of Share w/o Revaluation Surplus	Rs	(112.32)	(88.54)	(53.63)	44.73	167.85	191.39
Breakup Value of Share with Revaluation Surplus	Rs	63.68	92.27	54.61	157.18	283.22	244.41
Cash Dividend	%	NIL	NIL	NIL	NIL	NIL	NIL



**QUETTA TEXTILE MILLS LIMITED**

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

Pattern of holding of the shares held by the shareholders as at 30-06-2019 is given below

No of Shareholders	Shareholding					Total Share Held
103	From	1	To	100	Shares	2,057
73	From	101	To	500	Shares	21,825
27	From	501	To	1,000	Shares	23,058
31	From	1,001	To	5,000	Shares	85,510
11	From	5,001	To	10,000	Shares	88,970
3	From	10,001	To	15,000	Shares	40,279
2	From	15,001	To	20,000	Shares	39,000
4	From	20,001	To	25,000	Shares	93,272
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	49,000
1	From	51,001	To	55,000	Shares	52,000
1	From	55,001	To	60,000	Shares	58,250
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
1	From	130,001	To	135,000	Shares	133,000
1	From	170,001	To	175,000	Shares	171,641
1	From	190,001	To	195,000	Shares	190,358
1	From	210,001	To	215,000	Shares	214,663
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	340,001	To	345,000	Shares	342,460
1	From	395,001	To	400,000	Shares	397,158
1	From	415,001	To	420,000	Shares	419,000
1	From	435,001	To	440,000	Shares	437,393
1	From	455,001	To	460,000	Shares	456,000
1	From	530,001	To	535,000	Shares	532,723
1	From	635,001	To	640,000	Shares	639,554
1	From	645,001	To	650,000	Shares	649,759
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
2	From	925,001	To	930,000	Shares	1,856,456
1	From	1,275,001	To	1,280,000	Shares	1,279,303
1	From	1,280,001	To	1,285,000	Shares	1,284,295
<b>286</b>			<b>Total</b>			<b>13,000,000</b>

Categories of Shareholders	No of Shareholders	Share Held	Percentage
Individuals	275	12,972,047	99.78
Investment Corporation of Pakistan	1	250	0.00
Insurance Companies	1	364	0.00
Joint Stock Companies	5	15,843	0.12
Financial Institutions	2	9,697	0.07
Others	2	1,799	0.01
<b>Total</b>	<b>286</b>	<b>13,000,000</b>	<b>100.00</b>



**DETAIL OF PATTERN OF SHAREHOLDING AS PER  
REQUIREMENT OF CODE OF CORPORATE GOVERNANCE  
AS AT 30TH JUNE 2019**

Name of shareholders		No of Shareholders	Share held	Percentage
<b>1</b>	<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
<b>2</b>	<b>Associates Companies, undertakings and Related Parties</b>		-	-
<b>3</b>	<b>ICP</b>	<b>1</b>	250	0.00
<b>4</b>	<b>Executive</b>		Nil	
<b>5</b>	<b>Public Sector Companies &amp; Corporations</b>		Nil	
<b>6</b>	<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>7</b>	<b>Others</b>	<b>7</b>	17,642	0.14
<b>8</b>	<b>Individual</b>	<b>266</b>	6,895,267	53.04
<b>Total</b>		<b>286</b>	<b>13,000,000</b>	<b>100.00</b>

**ShareholdersHoding 05% or More**

Rukhsana Khalid	926,937	7.13
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.	Independent

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.



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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.
12. 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

Mr. Major Rtd. Muhammad Saeed	Chairman
Mrs. Saima Asim	Member
Mrs. Sadaf Khalid	Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly / yearly) of the committee were as per following:
  - a) Audit Committee Every Quarter
  - b) HR and Remuneration Committee Once a year
15. 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.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP 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.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regards.
18. We confirm that all other requirements of Regulations have been complied with

**TARIQ IQBAL**  
Chief Executive



## REVIEW REPORT TO THE MEMBERS

### *On the Statement of Compliance with Best Practices of 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** (the Company) for the year ended **June 30, 2019** 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, 2019.

Karachi:  
Date: 03 October 2019

**MUSHTAQ & COMPANY**  
Chartered Accountants  
**Engagement Partner:**  
Mushtaq Ahmed Vohra  
FCA



## Independent Auditors' Report to the Members of Quetta Textile Mills Limited

### Report on the Audit of the Financial Statements

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#### *Qualified Opinion*

We have audited the annexed financial statements of **Quetta Textile Mills Limited**, which comprise the statement of financial position as at June 30, 2019, 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 described in the paragraphs (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 (XIX of 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, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### *Basis for Qualified 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 company has accounted for markup on outstanding balances in respect of short term borrowings, long term financing from banks at the rate of one percent per quarter instead of applicable rates. Had the company accounted for finance cost, the loss for the year would have been higher by Rs. 264.334 million approximately. Consequently the aggregate amount of accrued markup would have been increased by Rs. 264.334 million approximately and aggregate accumulated loss would have been higher by the same amount.



- (b) Balance payable to various banks in respect of short term financing amounting to Rs.1,124.01 million, and in respect of long term financing amounting to Rs.510.89 million remains unconfirmed. Also balance payable to Orix Leasing amounting Rs.18.29 million remains unconfirmed. We were also unable to satisfy ourselves as to the correctness of the reported balances by performing other alternate auditing procedures.

### *Material uncertainty relating to Going Concern*

We draw attention to note 3.6 in the financial statements which indicate that the company has incurred a net loss of Rupees 368.904 million during the year ended June 30, 2019 and as of that date, reported accumulated losses of Rupees 2,569.630 million. The company's current liabilities exceed its current assets by Rs. 4,654.046 million. In addition to this, the company's financing arrangements with financial institutions amounting Rs.2.657 billion have been expired as on 30.06.2019 as disclosed in note 26.1. The company is under litigation with these financial institutions with respect to its financing arrangements as fully explained in note 28.11.

The Company has disclosed significant legal cases and other contingencies in Note 27.1 to 27.5.

These conditions along with other matters as explained in note 3.6 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. These financial statements, however, have been prepared on the going concern basis on the assumptions as detailed in aforesaid note. Our opinion is not modified in respect of this matter.

### *Key Audit Matter*

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.

In addition to matter described in *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report:



Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p><b>Defined Benefit Obligations (Gratuity)</b></p> <p>Refer to note no. 23.3 to the audited financial statements.</p> <p>The Company operates an unfunded gratuity plan, giving rise to net liability of Rs.97.90 million, which is significant in the context of the overall balance sheet of the Company.</p> <p>The valuation of liability requires judgment and technical expertise in choosing appropriate assumptions. Changes in a number of the key assumptions, including:</p> <ul style="list-style-type: none"> <li>- salary increase and inflation;</li> <li>- discount rate; and</li> <li>- mortality.</li> </ul> <p>All can have a material impact on the calculation of the liability. The Company uses external actuaries to assist in assessing these assumptions and calculations of these liabilities.</p> <p>The use of these actuaries increases the risk of error as data is passed to third parties for analysis and calculation purposes.</p>	<p>We evaluated the qualification of actuary and assessed, whether the assumptions used in valuation report for calculating the gratuity plan liabilities, including salary increases, inflation, mortality rate and discount rate assumptions, were reasonable and consistent with based on national and industry data. We were satisfied that the rates used fell within acceptable ranges.</p> <p>We understood and tested key controls over the completeness and accuracy of data extracted and supplied to the Company's actuary</p> <p>We also performed sample testing to agree underlying employee data, supporting human resources documentation and assessed the appropriateness of the closing liability based on known movements and assumptions. No issues were identified to raise concerns over the valuation of the gratuity liability.</p> <p>We also read and assessed the disclosures made in the financial statements, including disclosures of the assumptions, and found them to be appropriate.</p>



***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, and information expected to be made available to us after the date of auditor's report; 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.

***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(XIX of 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 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:

- 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).

The engagement partner on the audit resulting in this independent auditor's report is **Mushtaq Ahmed Vohra, FCA**.

Karachi.

Dated: 03 October 2019

**MUSHTAQ & COMPANY**  
Chartered Accountants



**STATEMENT OF FINANCIAL POSITION**  
AS AT JUNE 30, 2019

	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	5,948,633,149	6,192,779,941
Intangible assets	6	2,130,467	2,698,591
Long term deposits	7	34,334,528	32,874,103
		5,985,098,144	6,228,352,635
<b>CURRENT ASSETS</b>			
Stores and Spares & Loose Tools	8	376,075,530	376,607,264
Stock in trade	9	494,495,833	550,912,704
Trade debts	10	348,069,761	306,292,418
Other financial assets	11	92,679	107,185
Advances, deposits, prepayments and other receivable	12	85,301,120	89,309,974
Tax refund due from governments	13	184,207,760	148,181,700
Cash and bank balances	14	61,332,016	60,805,444
		1,549,574,699	1,532,216,689
		<b>7,534,672,843</b>	<b>7,760,569,324</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
20,000,000 (June 30, 2018: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2018: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		350,000,000	350,000,000
Issued, subscribed and paid-up capital	15	130,000,000	130,000,000
Reserves	16	766,751,200	766,751,200
Equity portion of Loan from directors and others	17	212,728,470	212,728,470
Revaluation surplus on property, plant and equipment	18	2,287,989,493	2,350,570,116
Accumulated profit / (loss)		(2,569,630,354)	(2,260,536,882)
		827,838,809	1,199,512,904
<b>NON CURRENT LIABILITIES</b>			
Long term finances	19	323,801,185	755,785,184
Redeemable capital - Sukuk	20	-	37,851,234
Loan from directors and others - subordinated	21	-	-
Liabilities against assets subject to finance lease	22	3,745,427	9,570,322
Deferred liabilities	23	175,666,687	368,708,107
		503,213,299	1,171,914,847
<b>CURRENT LIABILITIES</b>			
Trade and other payables	24	856,749,343	752,841,165
Accrued mark-up	25	1,008,139,867	830,307,118
Short term borrowings	26	2,660,067,734	2,651,083,275
Loan from directors and others	27	25,716,357	25,747,232
Current portion of			
Long term finances	19	973,460,636	541,476,637
Redeemable capital - Sukuk	20	611,335,643	573,484,409
Liabilities against assets subject to finance lease	22	17,332,945	14,165,271
Unclaimed dividend		36,467	36,467
Provision for taxation		50,781,743	-
		6,203,620,735	5,389,141,573
<b>CONTINGENCIES AND COMMITMENTS</b>			
	28		
		<b>7,534,672,843</b>	<b>7,760,569,324</b>

The annexed notes from 1 to 51 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, 2019

	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
Sales	29	4,248,480,336	3,795,455,727
Cost of sales	30	(4,514,119,935)	(4,279,300,044)
<b>Gross (loss)</b>		<u>(265,639,599)</u>	<u>(483,844,317)</u>
Other income	31	9,098,913	28,389,639
		<u>(256,540,686)</u>	<u>(455,454,678)</u>
Distribution cost	32	(14,480,158)	(27,386,624)
Administrative expenses	33	(63,196,816)	(65,513,464)
Other operating expenses	34	(1,794,227)	(220,920)
Finance cost	35	(184,909,932)	(333,097,473)
		<u>(264,381,134)</u>	<u>(426,218,481)</u>
<b>(Loss) before taxation</b>		<u>(520,921,820)</u>	<u>(881,673,159)</u>
Provision for taxation			
Current tax - current year		(50,781,743)	(37,954,557)
Current tax - prior year		(8,858,045)	-
Deferred		211,657,764	350,593,796
		<u>152,017,976</u>	<u>312,639,239</u>
<b>Net (loss) for the year</b>		<u><b>(368,903,845)</b></u>	<u><b>(569,033,920)</b></u>
<b>(Loss) per share - basic and diluted</b>	36	<u><b>(28.38)</b></u>	<u><b>(43.77)</b></u>

The annexed notes from 1 to 51 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, 2019

Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>Net (loss) for the year</b>	(368,903,845)	(569,033,920)
Other comprehensive income		
<b>Items that may not be reclassified subsequently to profit and loss account:</b>		
(Income)/loss on remeasurement of staff retirement benefits	(3,385,190)	12,804,680
Impact of deferred tax	614,940	(2,326,047)
Revaluation surplus on property, plant and equipment	-	996,189,300
<b>Other comprehensive income/(loss) for the year</b>	(2,770,250)	1,006,667,933
<b>Total comprehensive income/(loss) for the year</b>	<u>(371,674,095)</u>	<u>437,634,013</u>

*The annexed notes from 1 to 51 form an integral part of these financial statements.*

**Chief Executive**

**Director**

**Chief Financial Officer**



**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED JUNE 30, 2019

	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	37	73,254,514	64,920,014
Long term loans and deposits		(1,460,425)	37,593,612
Interest paid		(10,089,354)	(172,839)
Gratuity paid		(18,732,975)	(24,332,376)
Taxes paid		(29,139,994)	(27,202,503)
		(59,422,748)	(14,114,106)
<b>Cash flows from operating activities</b>		<b>13,831,766</b>	<b>50,805,908</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(21,351,557)	(14,612,871)
Other financial assets		-	35,260
Proceeds from disposal of property, plant and equipment		1,750,000	83,500,000
<b>Cash (used in) investing activities</b>		<b>(19,601,557)</b>	<b>68,922,389</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances		-	29,861,823
Redeemable capital - Sukuk		-	-
Loan from directors and others - subordinated		-	(52,002,000)
Liabilities against assets subject to finance lease		(2,657,221)	(2,009,148)
Short term borrowings		8,984,459	(94,100,412)
Loans from directors & others		(30,875)	(69,356)
		6,296,363	(118,319,093)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>526,572</b>	<b>1,409,204</b>
Cash and cash equivalent at the beginning of the year		60,805,444	59,396,240
<b>Cash and cash equivalent at the end of the year</b>	14	<b>61,332,016</b>	<b>60,805,444</b>

The annexed notes from 1 to 51 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, 2019**

	Reserves				Loan from directors and others	Revaluation surplus on property, plant and equipment	Accumulated profit / (loss)	Total equity
	Share Capital	Share premium	Capital reserve	General reserve				
<b>Balance as at June 30, 2017</b>	130,000,000	651,750,000	1,200	115,000,000	160,726,470	1,407,091,643	(1,754,692,422)	709,876,891
Net (loss) for the year	-	-	-	-	-	-	(569,033,920)	(569,033,920)
Other comprehensive income/(loss)	-	-	-	-	-	996,189,300	10,478,633	1,006,667,933
<b>Total comprehensive income for the year</b>	-	-	-	-	-	996,189,300	(558,555,287)	437,634,013
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of loan received from director and others	-	-	-	-	-	(52,710,827)	52,710,827	-
	-	-	-	-	52,002,000	-	-	52,002,000
<b>Balance as at June 30, 21 8</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>2,350,570,116</b>	<b>(2,260,536,882)</b>	<b>1,199,512,904</b>
Net (loss) for the year	-	-	-	-	-	-	(368,903,845)	(368,903,845)
Other comprehensive income/(loss)	-	-	-	-	-	-	(2,770,250)	(2,770,250)
<b>Total comprehensive (loss) for the year</b>	-	-	-	-	-	-	(371,674,095)	(371,674,095)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of	-	-	-	-	-	(62,580,623)	62,580,623	-
<b>Balance as at June 30, 2019</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>2,287,989,493</b>	<b>(2,569,630,354)</b>	<b>827,838,809</b>

The annexed notes from 1 to 51 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, 2019

**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 Act, 1913 (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 Chundrigarh road Karachi. The company is principally engaged in manufacturing and sale of Yam 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. 21.352 million. This include Rs. 19.585 million plant and machinery. These acquisitions are expected to increase the Company's production capacity.
- \* 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 Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**3.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policy notes.

**3.3 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

**3.4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

**3.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

**3.5.1 Standards, amendments or interpretations which became effective during the year**

Following standards, amendments and interpretations are effective for the year beginning on or after July 01, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' – This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company. However, related changes to the accounting policies have been made in these financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on January 1, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

**3.5.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company.**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:



IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.

IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after January 01, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

### **3.6 Going concern assumptions**

During the year, the Company incurred loss amounting to Rs. 368.904 million (June 30, 2018: Rs. 569.034 million) and has reported accumulated losses amounting to Rs. 2,569.630 million (June 30, 2018 : Rs. 2,260.537 million) at the year end. Accordingly, it resulted into equity of Rs. 817.839 million in current year (June 30, 2018: equity Rs. 1,199.513 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 4,654.046 million (June 30, 2018: Rs. 3,856.925 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 60% 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:**

- 3.6.1** 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. Subsequent to the year end, Bank Alfalah has approved a settlement of entire principal of CF Hypo facility of RS. 28.49 million alongwith overdue markup and future markup @ 7.00% or cost of funds (whichever is higher). The bank has approved stepped-up
- 3.6.2** The management has prepared five years future plan showing positive growth in operation and business of the company which is supported by increase in production of yarn during the year. 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;
- 3.6.3** During the financial year ended on June 2019, the company's weaving mills sales suffered due to adverse market conditions. However the management decided to convert operations to conversion by doing job work. Now we have orders and are continuing operations on mostly conversion basis.
- 3.6.4** Directors and sponsors of the company, they committed that they would also continue such support in future; and
- 3.6.5** 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.

### **3.7 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:

#### **3.7.1 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

#### **3.7.2 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.



**3.7.3 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

**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 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 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 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

**4.11 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.

**4.12 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
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.

**4.13 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.

**4.14 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.

**4.15 Revenue recognition**

Revenue from sale of goods is recognized when control of goods is transferred to customers.

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.

**4.16 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.

**4.17 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.

**4.18 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.

**4.19 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.

**4.20 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



**4.21 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.

**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.

	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	5,948,633,149	6,192,779,941
		5,948,633,149	6,192,779,941



# QUETTA TEXTILE MILLS LIMITED

## 5.1 Operating fixed assets

	2019							Annual depreciation rate %	
	Cost as at July 01, 2018	Additions / (deletions)	Transfer in/(out)	Cost as at June 30, 2019	Accumulated depreciation as at July 01, 2018	Depreciation charge / (deletion) for the year	Adjustments		Accumulated depreciation as at June 30, 2019
<b>Owned Assets</b>									
<b>Spinning Units :</b>									
Freehold land	645,150,455	-	-	645,150,455	-	-	-	-	645,150,455
Leasehold land	423,480,109	-	-	423,480,109	11,267,176	906,147	-	12,173,323	411,316,786
Building on freehold land	682,790,317	-	-	682,790,317	274,268,457	20,426,093	-	294,694,550	388,095,767
Building on leasehold land	588,871,772	-	-	588,871,772	191,414,451	20,372,866	-	211,787,317	387,084,455
Labour colony on freehold land	192,677,888	-	-	192,677,888	35,527,083	7,857,540	-	43,384,623	149,293,265
Labour colony on leasehold land	125,865,280	-	-	125,865,280	35,033,730	4,541,577	-	39,575,307	86,289,973
Plant and machinery	4,397,348,730	15,072,936	-	4,412,421,666	2,276,714,419	106,963,846	-	2,383,678,265	2,028,743,401
Electrical fitting	61,822,173	-	-	61,822,173	52,401,549	1,413,093	-	53,814,642	8,007,531
Factory equipment	22,874,560	-	-	22,874,560	20,514,140	354,063	-	20,868,203	2,006,357
Office premises	17,285,321	-	-	17,285,321	14,740,419	833,211	-	16,573,630	1,711,891
Office equipment	24,457,625	-	-	24,457,625	18,866,793	381,538	-	19,248,331	5,209,294
Furniture and fixture	13,348,937	-	-	13,348,937	12,064,632	189,694	-	12,274,526	1,074,411
Vehicles	49,649,023	-	5,778,500	53,627,523	40,562,636	1,219,880	1,912,758	43,498,399	10,129,124
			(1,800,000)			(196,875)			
	7,255,632,190	13,272,936	5,778,500	7,274,683,626	2,983,395,685	185,262,673	1,912,758	3,150,571,116	4,124,112,510
<b>Weaving Unit :</b>									
Building on freehold land	401,853,032	-	-	401,853,032	162,633,797	11,960,962	-	174,594,759	227,258,273
Building on leasehold land [Grid]	5,596,887	-	-	5,596,887	3,695,402	95,074	-	3,790,476	1,806,411
Labour colony on freehold land	117,638,449	-	-	117,638,449	23,896,831	4,687,081	-	28,583,912	89,054,537
Plant and machinery	1,540,839,145	1,002,094	-	1,541,841,239	747,319,487	39,507,008	-	786,826,495	755,014,744
Plant and machinery [Grid]	197,232,703	-	-	197,232,703	30,145,322	8,354,369	-	38,499,691	158,733,012
Electrical fitting	33,203,868	-	-	33,203,868	28,242,853	744,151	-	28,987,004	4,216,854
Factory equipment	12,474,088	-	-	12,474,088	10,551,082	289,451	-	10,839,533	1,634,555
Office equipment	4,322,393	-	-	4,322,393	2,989,182	199,982	-	3,189,164	1,133,229
Furniture and fixture	2,694,943	-	-	2,694,943	1,923,502	115,716	-	2,039,218	655,725
Vehicles	6,522,637	1,766,700	-	8,289,337	4,479,173	567,168	-	5,046,341	3,242,996
	2,322,378,135	2,768,794	-	2,325,146,929	1,015,876,631	66,519,962	-	1,082,396,593	1,242,750,336
<b>Power Plant :</b>									
Building on freehold land	69,288,587	-	-	69,288,587	43,429,800	1,292,938	-	44,722,739	24,565,848
Building on leasehold land	45,753,677	-	-	45,753,677	29,300,734	822,647	-	30,123,381	15,630,296
Plant and machinery	1,039,019,887	3,509,827	-	1,042,529,714	549,364,226	24,145,421	-	573,509,647	469,019,867
Electrical fitting	44,949,933	-	-	44,949,933	38,104,969	1,026,740	-	39,131,739	5,818,194
Factory equipment	7,168,574	-	-	7,168,574	6,095,283	160,993	-	6,256,276	912,298
Office equipment	66,800	-	-	66,800	52,844	2,094	-	54,938	11,862
Furniture and fixture	476,750	-	-	476,750	406,199	10,583	-	416,782	59,968
Vehicles	940,725	-	-	940,725	910,910	4,472	-	915,382	25,343
	1,207,664,733	3,509,827	-	1,211,174,560	667,664,995	27,465,889	-	695,130,884	516,043,676
<b>Leased Assets</b>									
Plant and Machinery	98,500,396	-	-	98,500,396	31,935,358	3,326,252	-	35,263,610	63,236,786
Vehicles	11,531,420	-	(5,778,500)	5,752,920	4,054,264	1,121,573	(1,912,758)	3,263,079	2,489,841
	110,031,816	-	(5,778,500)	104,253,316	35,989,622	4,449,825	(1,912,758)	38,526,689	65,726,627
<b>Total - 30.06.2019</b>	<b>10,895,706,874</b>	<b>21,351,557</b>	<b>-</b>	<b>10,915,258,431</b>	<b>4,702,926,933</b>	<b>263,895,224</b>	<b>-</b>	<b>4,966,625,282</b>	<b>5,948,633,149</b>

2018

	Cost as at July 01, 2017	Additions / (deletions)	Transfer in/(out)	Cost as at June 30, 2018	Accumulated depreciation as at July 01, 2017	Depreciation charge / (deletion) for the year	Transfers in/(out)	Accumulated depreciation as at June 30, 2018	Book value as at June 30, 2018	Annual depreciation rate %
<b>Spinning Units :</b>										
Freehold land	366,063,604	(45,390,816)	324,487,667	645,150,455	-	-	-	-	645,150,455	-
Leasehold land	120,972,422	-	302,517,667	423,490,109	10,425,576	841,600	-	11,267,176	412,222,933	99 years
Building on freehold land	574,450,864	-	108,339,623	682,790,317	253,968,625	20,299,632	-	274,268,457	408,521,860	5%
Building on leasehold land	386,009,865	-	212,861,917	598,871,772	170,776,261	20,638,190	-	191,414,451	407,457,321	5%
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	5%
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	5%
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	5%
		(26,177,017)	-		(13,317,875)					
Electrical fitting	61,822,173	-	-	61,822,173	50,739,089	1,662,460	-	52,401,549	9,420,624	15%
Factory equipment	22,874,560	-	-	22,874,560	20,097,595	416,545	-	20,514,140	2,360,420	15%
Office premises	17,285,321	-	-	17,285,321	13,774,880	965,539	-	14,740,419	2,544,902	15%
Office equipment	21,447,768	-	3,009,837	24,457,605	18,455,330	411,463	-	18,866,793	5,590,832	15%
Furniture and fixture	13,308,947	39,990	-	13,348,937	11,862,064	222,768	-	12,084,832	1,264,105	15%
Vehicles	51,767,833	1,800,000	-	49,649,023	41,823,057	1,210,874	-	40,562,636	9,086,387	15%
	(3,918,810)	-	-		(2,471,295)					
<b>6,437,988,849</b>	<b>6,440,062</b>	<b>886,689,932</b>	<b>886,689,932</b>	<b>7,255,632,190</b>	<b>2,837,357,749</b>	<b>161,827,106</b>	<b>-</b>	<b>2,993,395,685</b>	<b>4,272,236,505</b>	
	(75,486,643)					(15,789,170)				
<b>Weaving Unit :</b>										
Building on freehold land	319,171,857	-	82,661,195	401,833,032	150,602,373	12,031,424	-	162,633,797	239,219,235	5%
Building on leasehold land [Grid]	21,541,963	-	(15,945,096)	5,596,867	3,662,356	33,046	-	3,695,402	1,901,465	5%
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	5%
Plant and machinery	1,555,920,140	4,060,273	(19,171,268)	1,540,809,145	708,731,488	38,587,999	-	747,319,487	793,519,658	5%
Plant and machinery [Grid]	142,372,869	-	54,859,814	197,232,703	21,803,277	8,342,045	-	30,145,322	167,087,381	5%
Electrical fitting	33,203,868	-	-	33,203,868	27,367,381	875,472	-	28,242,853	4,961,005	15%
Factory equipment	12,474,068	-	-	12,474,068	10,211,728	339,354	-	10,551,082	1,923,006	15%
Office equipment	4,322,383	-	-	4,322,383	2,793,909	235,273	-	2,989,182	1,333,211	15%
Furniture and fixture	2,694,943	-	-	2,694,943	1,787,365	136,137	-	1,923,502	771,441	15%
Vehicles	6,522,637	-	-	6,522,637	4,118,563	360,610	-	4,479,173	2,043,464	15%
<b>2,175,098,254</b>	<b>4,090,273</b>	<b>143,189,608</b>	<b>143,189,608</b>	<b>2,322,378,135</b>	<b>950,217,803</b>	<b>65,658,828</b>	<b>-</b>	<b>1,015,876,631</b>	<b>1,306,501,504</b>	
<b>Power Plant :</b>										
Building on freehold land	59,867,975	-	(24,579,388)	35,288,587	42,252,286	1,167,514	-	43,420,800	25,858,787	5%
Building on leasehold land	38,400,733	-	7,352,944	45,753,677	28,472,014	828,720	-	29,300,734	16,452,943	5%
Plant and machinery	1,051,400,938	4,082,545	(16,463,796)	1,039,019,687	525,564,300	23,799,926	-	549,364,226	489,655,461	5%
Electrical fitting	44,949,933	-	-	44,949,933	36,897,069	1,207,930	-	38,104,999	6,844,934	15%
Factory equipment	7,168,574	-	-	7,168,574	5,905,679	189,404	-	6,085,283	1,073,291	15%
Office equipment	66,900	-	-	66,900	50,381	2,463	-	52,844	13,956	15%
Furniture and fixture	476,750	-	-	476,750	383,749	12,460	-	406,189	70,551	15%
Vehicles	940,725	-	-	940,725	905,648	5,262	-	910,910	29,815	15%
<b>1,237,272,428</b>	<b>4,082,545</b>	<b>(33,690,240)</b>	<b>1,207,664,733</b>	<b>640,451,326</b>	<b>27,213,669</b>	<b>-</b>	<b>-</b>	<b>667,664,995</b>	<b>539,999,738</b>	
<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	5%
Vehicles	11,531,420	-	-	11,531,420	2,734,766	1,319,498	-	4,054,264	7,477,156	15%
<b>110,031,816</b>	<b>-</b>	<b>-</b>	<b>110,031,816</b>	<b>31,166,701</b>	<b>4,822,921</b>	<b>-</b>	<b>-</b>	<b>35,989,622</b>	<b>74,042,194</b>	
<b>9,960,391,347</b>	<b>19,584,857</b>	<b>996,189,300</b>	<b>10,895,706,874</b>	<b>4,469,193,579</b>	<b>259,522,524</b>	<b>(15,789,170)</b>	<b>-</b>	<b>4,702,926,933</b>	<b>6,192,779,941</b>	
<b>Total - 30.06.2018</b>		<b>(75,486,643)</b>								

**5.1.1 Depreciation for the year has been allocated as under:**

Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
Cost of sales - spinning	166,295,821	163,839,384
Cost of sales - weaving	57,793,046	64,926,808
	<u>224,088,867</u>	<u>228,766,192</u>
Cost of sales - power plant	35,915,332	25,894,170
Administrative expenses	3,891,025	4,862,162
	<b>263,895,224</b>	<b>259,522,524</b>

**5.1.2 Disposal of property, plant and equipment:**

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit / (loss)	Mode of disposal	Particulars of buyer
<b>Vehicles</b>							
Toyota Aqua	1,800,000	196,875	1,603,125	1,750,000	146,875	Negotiation	Mr. Hasan Javed S/o. M. Iqbal Javed, Karachi
<b>30-Jun-19</b>	<u>1,800,000</u>	<u>196,875</u>	<u>1,603,125</u>	<u>1,750,000</u>	<u>146,875</u>		
<b>30-Jun-18</b>	<u>75,486,643</u>	<u>15,789,170</u>	<u>59,697,473</u>	<u>63,500,000</u>	<u>23,802,527</u>		

**5.1.3 Particular of Immovable Asset in the name of the Company are as follows:**

Location	Addresses	Total Area (In Acres)
Kotli	P/3, S.I.T.E., Kotli.	20
Kotli	B/4, S.I.T.E., Kotli.	10
Bhal Pheru	49 K.M., Lahore, Mullan Road, Bhal Pheru.	41.18
Karachi	F-63 (Industrial Area) Eastern Industrial Zone POA, Karachi.	2
Lahore	7-8/A, Justice Sardar Iqbal Road, Gulberg V, Lahore.	0.375

**5.1.4 Had there been no revaluation the related figures of land, building and plant and machinery as at June 30, 2019 would have been as follows:**

Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
Freehold Land	75,752,071	75,752,071
Leasehold land	4,152,099	4,152,099
Building on freehold land	280,783,107	295,561,165
Building on leasehold land	82,362,815	86,697,700
Building on freehold land (Grid)	31,969,475	33,652,079
Labour colony on freehold land	23,709,581	24,967,454
Labour colony on leasehold land	21,121,054	22,232,688
Plant and machinery	2,612,670,215	2,730,594,317
Plant and machinery (Grid)	93,560,271	98,484,496
	<u>3,226,080,688</u>	<u>3,372,084,069</u>



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

For the year ended June 30, 2019

	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>6 INTANGIBLE ASSETS</b>			
Computer software			
<b>Net carrying value basis as at June 30</b>			
Opening net book value		2,698,591	-
Additions (as cost)		-	-
Transfer from capital work in process		-	2,840,622
Amortisation charge		(568,124)	(142,031)
Closing net book value		<u>2,130,467</u>	<u>2,698,591</u>
<b>Gross carrying value basis as at June 30</b>			
Cost		2,840,622	2,840,622
Accumulated amortisation		(710,155)	(142,031)
Net book value		<u>2,130,467</u>	<u>2,698,591</u>
The cost is being amortised over a period of five years and the amortisation charge has been allocated as follows:			
Administrative expenses	33	<u>568,124</u>	<u>142,031</u>
<b>7 LONG TERM DEPOSITS</b>			
Security deposits:			
WAPDA		7,893,190	7,893,190
SSGCL		18,658,656	16,821,756
Leasing companies	22	6,331,250	6,797,725
Others		1,451,432	1,361,432
		<u>34,334,528</u>	<u>32,874,103</u>
<b>8 STORES, SPARES AND LOOSE TOOLS</b>			
<b>Spinning :</b>			
Stores		53,683,302	48,384,257
Spares and accessories		159,259,461	163,250,471
Loose tools		6,382,641	6,343,435
		219,325,404	217,978,163
<b>Weaving :</b>			
Stores		44,258,473	41,586,919
<b>Power plant :</b>			
Oil and stores		112,491,653	117,042,182
		<u>376,075,530</u>	<u>376,607,264</u>
<b>8.1</b>	No item of stores, spares and loose tools is pledged as security as at reporting date.		
<b>9 STOCK IN TRADE</b>			
<b>Spinning :</b>			
Raw material - in hand		89,489,468	140,387,622
Work-in-process		66,179,789	29,590,039
Finished goods		43,677,495	84,720,381
Waste		6,021,093	7,630,468
		205,367,845	262,328,510
<b>Weaving :</b>			
Raw material		10,182,157	5,660,726
Work-in-process		6,290,993	3,893,579
Finished goods		272,654,838	279,029,889
		289,127,988	288,584,194
		<u>494,495,833</u>	<u>550,912,704</u>
<b>9.1</b>	The carrying value of Pledged stock is Rs. 17,797,538/- (June 30, 2018: Rs. 43,584,687/-).		





14.1 Effective rates of profit on TDA, during the year, ranging from 9.50% to 10.50% (June 30, 2018: 3.80% to 4.10%) 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.

14.2 Effective rates of profit on deposit accounts, during the year, ranging from 9.5% to 10.50% (June 30, 2018: 3.11% to 3.59% per

**15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

30 <sup>th</sup> June, 2019	30 <sup>th</sup> June, 2018		30 <sup>th</sup> June, 2019	30 <sup>th</sup> June, 2018
Number of shares			Rupees	Rupees
1,200,000	1,200,000	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	12,000,000	12,000,000
9,875,000	9,875,000	Ordinary shares of Rs. 10 each allotted as right shares	98,750,000	98,750,000
1,925,000	1,925,000	Ordinary shares of Rs. 10 each issued as bonus shares	19,250,000	19,250,000
<u>13,000,000</u>	<u>13,000,000</u>		<u>130,000,000</u>	<u>130,000,000</u>

15.1 The Company has only one class of shares which carry no right to fixed income.

15.2 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, 2019	30 <sup>th</sup> June, 2018
		Rupees	Rupees
<b>16 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
		<u>766,751,200</u>	<u>766,751,200</u>

**17 LOAN FROM DIRECTORS AND OTHERS - SUBORDINATED**

Loan from directors and others		<u>212,728,470</u>	<u>212,728,470</u>
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17.1 These are unsecured and interest free loans repayable on the discretion of the company. In compliance with TR-32 issued by Institute Of Chartered Accountants Of Pakistan, these loans have been treated as part of equity.

**18 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**

Balance as at July 01,		2,853,477,629	1,931,528,931
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		(62,580,623)	(52,710,827)
Less: Deferred Tax		(25,561,100)	(21,529,775)
		2,765,335,906	2,853,477,629
Less: Related to deferred tax effect:			
Balance as at July 01,		502,907,513	524,437,288
Recognition of deferred tax liability due to the transfer of incremental depreciation to equity from surplus on revaluation		(25,561,100)	(21,529,775)
		477,346,413	502,907,513
<b>Closing balance</b>		<u>2,287,989,493</u>	<u>2,350,570,116</u>

18.1 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/-.

18.2 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/-.

18.3 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/-.

- 18.4 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/-.
- 18.5 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/-.
- 18.6 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/-.

	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>19 LONG TERM FINANCES</b>			
<b>Loans from banking companies - secured</b>			
Al-Barka Bank (Pakistan) Limited	19.1	889,840	889,840
Faysal Bank Limited	19.2	178,715,000	178,715,000
Habib Bank Limited	19.3	235,665,204	235,665,204
Accrued Interest [HBL]	19.3	28,886,174	28,886,174
Habib Bank Limited	19.4	8,129,727	8,129,727
Meezan Bank Limited - [Bai Muajjal]	19.5	58,605,663	58,605,663
National Bank of Pakistan-[ LTF-II Frozen Markup]	19.6	61,850,000	61,850,000
National Bank of Pakistan - [LTF]	19.7	50,746,000	50,746,000
National Bank of Pakistan - [LTF-I]	19.8	164,907,100	164,907,100
Accrued Interest [NBP-LTF-I]	19.8	26,900,113	26,900,113
Soneri Bank Limited	19.9	481,967,000	481,967,000
		<u>1,297,261,821</u>	<u>1,297,261,821</u>
Less: Current maturity shown under current liabilities	19.11	<u>(973,460,636)</u>	<u>(541,476,637)</u>
		<u>323,801,185</u>	<u>755,785,184</u>
19.1	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 18.7.		
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 18.8. 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 kibor 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.		



19.11 Current maturity includes Rs. 714.074 million in respect of overdue.

	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>20 REDEEMABLE CAPITAL - SUKUK</b>			
Diminishing musharaka Sukuk certificate		611,335,643	611,335,643
Less: Current portion shown under current liabilities	<b>20.3</b>	(611,335,643)	(573,484,409)
<b>1</b>		<u>-</u>	<u>37,851,234</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, 2018 Rs. 1.846 billion) on all fixed assets of the company.

20.3 Current maturity includes Rs. 458.508 million in respect of overdue.

	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>1</b>			
<b>21 LOAN FROM DIRECTORS AND OTHERS - SUBORDINATED</b>			
<b>Unsecured-Opening</b>			
Due to directors		-	-
Due to others		-	-
		<u>-</u>	<u>-</u>
loan received		-	52,002,000
Less: Transfer to Equity		-	(52,002,000)
Closing		<u>-</u>	<u>-</u>

	Note	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2017 Rupees
<b>1</b>			
<b>22 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
Payable within one year		12,704,226	16,351,161
Payable after one year but not more than five years		5,121,133	4,267,059
		17,825,359	20,618,220
Less: deferred finance cost		(3,078,237)	(3,680,352)
		14,747,122	16,937,868
Add: security deposit	<b>7</b>	6,331,250	6,797,725
Less: Current portion shown under current liabilities		(17,332,945)	(14,165,271)
<b>1</b>		<u>3,745,427</u>	<u>9,570,322</u>

22.1 The Company has entered into lease agreement 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.

22.2 The lease is secured by personal guarantees of two directors and security deposit equivalent to 0.1% to 10% of the facility amount.

22.3 Implicit rate of return on lease varies ranging from 8.75% to 10.30% (June 30, 2018: 8.40% to 10.26%) p.a.

22.4 Taxes, repairs and maintenance, insurance and other cost relating to the lease assets are borne by the Company.

22.5 Current maturity includes Rs. 12.212 million in respect of overdue.



	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees			
<b>23 DEFERRED LIABILITIES</b>						
Deferred taxation	23.1	58,971,582	271,244,286			
Staff retirement benefits - gratuity	23.3	116,695,105	97,463,821			
		<u>175,666,687</u>	<u>368,708,107</u>			
<b>23.1 Deferred taxation</b>						
Deferred tax credits / (debits) arising in respect of:						
Taxable/(Deductible) temporary differences (deferred tax liabilities)						
Deferred Tax		355,204,560	228,818,168			
Revaluation surplus		477,346,413	502,907,513			
Deferred debit arising in respect of provisions, tax losses and refunds		(773,579,391)	(460,481,395)			
	23.2	<u>58,971,582</u>	<u>271,244,286</u>			
<b>23.2 Deferred debit arising in respect of provisions, tax losses and refunds</b>						
Opening balance		271,244,286	621,838,083			
Closing balance of deferred tax liability reversal of differed tax liability		(58,971,582)	(271,244,286)			
		<u>212,272,704</u>	<u>350,593,797</u>			
<b>23.3 Staff retirement benefits - gratuity</b>						
<b>Movement in the net liability recognized in the Balance sheet</b>						
Opening net liability		97,463,821	107,462,067			
Expense for the year in profit and loss account		34,579,069	27,138,810			
Remeasurement recognized in other comprehensive income		3,385,190	(12,804,680)			
		<u>135,428,080</u>	<u>121,796,197</u>			
Benefits paid during the year		(18,732,975)	(24,332,376)			
Closing net liability		<u>116,695,105</u>	<u>97,463,821</u>			
<b>23.4 Expense for the year in profit and loss account</b>						
Current service cost		22,877,534	20,809,559			
Interest cost		11,701,535	6,329,251			
		<u>34,579,069</u>	<u>27,138,810</u>			
<b>23.5 Historical information</b>						
		<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Present value of defined benefit obligation		<u>116,695,105</u>	<u>97,463,821</u>	<u>107,462,067</u>	<u>105,040,220</u>	<u>80,021,946</u>
<b>23.6 General description</b>						
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, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees			
<b>23.7 Principal actuarial assumption</b>						
Following are a few important actuarial assumption used in the valuation.						
		%	%			
Discount rate		14.25	9.00			
Expected rate of increase in salary		12.00	7.00			
<b>23.8</b>						
Expected gratuity expenses for the year ending June 30, 2020 works out Rs. 37,906,788/-.						
<b>23.9</b>						
Expected year of services (years)						
		8	12			
<b>23.10 Sensitivity analysis for actuarial assumption</b>						
The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of change in respective assumption by 100.						
		<b>Increase in assumptions</b>	<b>Decrease in assumptions</b>			
Discount rate		<u>3,434,453</u>	<u>(3,591,897)</u>			
Increase in future salaries		<u>(3,632,547)</u>	<u>3,532,733</u>			



	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>24 TRADE AND OTHER PAYABLES</b>			
Trade Creditors		533,934,046	423,658,409
Accrued liabilities		319,841,716	323,545,764
Advance from customers		-	1,385,440
Withholding income tax payable		726,789	674,567
Others		2,246,792	3,576,985
		<u>856,749,343</u>	<u>752,841,165</u>
<b>25 ACCRUED INTEREST / MARK-UP</b>			
Accrued interest / mark-up on secured:			
- long term finances		142,993,127	93,710,922
- redeemable capital - Sukuk		189,247,497	164,794,065
- short term borrowings		675,899,243	571,802,129
		<u>1,008,139,867</u>	<u>830,307,118</u>
<b>26 SHORT TERM BORROWINGS</b>			
<b>Secured - Banking companies</b>			
Finances under mark-up arrangement	<b>26.1</b>	2,625,103,805	2,650,105,093
<b>Unsecured</b>			
Book overdraft	<b>26.2</b>	34,963,929	978,182
		<u>2,660,067,734</u>	<u>2,651,083,275</u>
<b>26.1</b>	Aggregate facilities amounting to Rs. 2.657 billion (June 30, 2018: Rs. 2.657 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 10.30% to 13.50% (June 30, 2018: 7.39% to 9.95%) per annum payable quarterly and on the maturity dates. The above facilities have been expired.		
<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		20,015,615	20,046,490
Due to others		5,700,742	5,700,742
		<u>25,716,357</u>	<u>25,747,232</u>
<b>27.1</b>	These are non mark up bearing and unsecured ,and repayable on demand.		
	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>28 CONTINGENCIES AND COMMITMENTS</b>			
<b>28.1 Contingencies</b>			
Guarantees issued by banks on behalf of the Company		<u>219,558,594</u>	<u>259,990,796</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		
<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 C.P No. 1814 of 2011 against Gas Infrastructure Development Cess (GIDC) on Gas Bills has been challenged and obtained stay order from Honourable Islamabad 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. 16893 of 2011 against imposition of EQ Surcharge on the consumption of electricity 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.		



- 28.6 The Company has filed Suit No. 287 of 2015 against Sui Gas Bill traiff rate is charged under the heading of Captive Power while the Company does not fall under the said heading/traiff. and opinion of the legal advisor of the company is favourable and there is no likelihood of unfavourable outcome or any potential loss.
- 28.7 The Company has filed petition under W.P.No. 4670 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.
- 28.8 The Company has filed W.P.No. 46978 of 2019 against the recovery of Higher Rate instead of 6.5\$ per MMBTU of RLNG has been challenged presently the recovery of Arreaers of RLNG 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.
- 28.9 The Company has filed W.P.No. 47323 of 2019 against the recovery of Quarter Traiff Adjustment and 7.5 Cent in electricity Bill has been challenged and obatined 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.
- 28.10 The Company has filed W.P.No. 47334 of 2019 against the recovery of Income Tax in electricity Bill has been challenged and obatined 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.
- 28.11 Summit Bank Limited, National Bank of Pakistan, Allied Bank Limited, HBL Bank Limited, Meezan Bank Limited, United Bank Limited, Faysal Bank Limited, Soneri Bank Limited and Orix Leasing Company have filed recovery suits in the High Court of Sindh and in banking court for Rs. 3,333,551,230/- for the loans.The company is defending the cases in the High Court and Banking Court. The Company has not recognized the disputed estimated markup in the account. Till the finalization of accounts, the management is actively pursuing settlement of dispute through rescheduling of its liabilities.

	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>28.12 Commitments</b>			
Confirmed letter of credit in respect of:			
- Raw material		-	-
- Stores and spares		8,006,410	722,850
		8,006,410	722,850



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

For the year ended June 30, 2019

**29 SALES**

	Export Sales		Local Sales		Total	
	2019	2018	2019	2018	2019	2018
	<b>Rupees</b>					
Yarn	146,310,153	132,933,927	3,213,092,184	2,612,459,362	3,359,402,337	2,745,393,289
Fabric	-	97,640,102	83,991,783	318,721,124	83,991,783	416,361,226
Waste	-	-	108,775,729	88,398,904	108,775,729	88,398,904
Raw Cotton & material	-	-	-	1,131,750	-	1,131,750
Processing	-	-	696,310,487	544,170,559	696,310,487	544,170,559
	<u>146,310,153</u>	<u>230,574,029</u>	<u>4,102,170,183</u>	<u>3,564,881,698</u>	<u>4,248,480,336</u>	<u>3,795,455,727</u>

**30 COST OF SALES**

	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
Raw material consumed	30.1	2,776,500,374	2,444,723,390
Salaries, wages and benefits	30.2	586,512,602	511,561,732
Stores and spares consumed		151,691,065	144,341,492
Fuel, power and water	30.3	719,162,236	708,519,063
Rent, rates and taxes		1,392,066	2,840,989
Insurance expenses		13,853,408	16,850,403
Repairs and maintenance		2,890,572	881,483
Vehicle running and maintenance		10,186,740	8,396,846
Entertainment expenses		1,939,893	1,688,300
Communication expenses		784,004	750,784
Printing and stationery		359,709	250,560
Subscription		394,408	225,547
Legal and professional		50,000	-
Travelling		658,245	778,493
Other expenses		353,955	1,299,337
Processing charges		1,506,537	-
Depreciation expenses	5.1.1	224,088,867	228,766,192
		<u>4,492,324,681</u>	<u>4,071,874,611</u>
<b>Work in process</b>			
Opening stock		33,483,618	67,251,972
Closing stock		(72,470,782)	(33,483,618)
		<u>(38,987,164)</u>	<u>33,768,354</u>
<b>Cost of goods manufactured</b>		<u>4,453,337,517</u>	<u>4,105,642,965</u>
Cost of other material sold		-	1,131,750
		<u>4,453,337,517</u>	<u>4,106,774,715</u>
<b>Finished goods</b>			
Opening balance		363,750,270	504,360,849
Goods purchase:			
Other material purchase		-	-
Yarn Purchase		13,364,481	31,914,750
		<u>13,364,481</u>	<u>31,914,750</u>
Closing stock		(316,332,333)	(363,750,270)
		<u>4,514,119,935</u>	<u>4,279,300,044</u>



	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>30.1 Raw material consumed</b>			
Opening balance		153,678,816	546,136,632
Purchases		2,728,514,276	2,053,397,324
		<u>2,882,193,092</u>	<u>2,599,533,956</u>
Less: Cost of Raw cotton & material		-	(1,131,750)
Closing stock		(105,692,718)	(153,678,816)
		<u>2,776,500,374</u>	<u>2,444,723,390</u>
<b>30.2</b> Salaries, wages and benefits include Rs. 31,110,629/- (June 30, 2018 Rs. 24,685,280/-) in respect of staff retirement benefits.			
<b>30.3 Fuel, power and water</b>			
Electricity purchase from out-side		330,350,501	181,278,502
Electricity produced by self	<b>30.3.1</b>	362,132,587	503,732,056
Water charges		1,654,010	1,315,526
Gas charges		25,025,138	22,192,979
		<u>719,162,236</u>	<u>708,519,063</u>
<b>30.3.1 Electricity produced by self</b>			
Salaries and wages	<b>30.3.2</b>	14,344,401	14,723,367
Gas and store consumed		308,282,216	459,548,404
Repair and maintenance		1,410,620	1,079,120
Other expenses		2,180,018	2,486,994
Depreciation	<b>5.1.1</b>	35,915,332	25,894,171
		<u>362,132,587</u>	<u>503,732,056</u>
<b>30.3.2</b> Salaries, wages and benefits include Rs. 1,305,098/- (June 30, 2018: Rs. 1,034,008/-) in respect of staff retirement benefits.			
<b>31 OTHER INCOME</b>			
<b>From other than financial assets</b>			
Profit on sale of property, plant and equipment		146,875	23,802,527
Export rebate income		6,030,914	3,472,315
Rental income		2,912,403	1,111,905
Appreciation in the fair value of investment		-	2,892
Exchange gain		8,721	-
		<u>9,098,913</u>	<u>28,389,639</u>
<b>32 DISTRIBUTION COST</b>			
<b>On export sales</b>			
Export development surcharges		353,081	561,108
Freight		1,600,491	4,608,591
Commission		-	7,742,653
Clearing and forwarding		690,485	2,048,463
		<u>2,644,057</u>	<u>14,960,815</u>
<b>On local sales</b>			
Freight		5,268,581	1,188,450
Commission		1,693,254	4,093,750
		<u>6,961,835</u>	<u>5,282,200</u>
Salaries and benefits		4,874,266	7,143,608
		<u>14,480,158</u>	<u>27,386,624</u>



	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>33 ADMINISTRATIVE EXPENSES</b>			
Director's remuneration		9,600,000	9,600,000
Salaries and benefits	33.1	28,926,731	29,118,955
Meeting fee		300,000	150,000
Printing and stationery		714,988	823,345
Communication		2,062,275	2,352,512
Travelling		1,599,611	741,805
Vehicle running and maintenance		6,182,845	5,955,979
Legal and professional charges		1,563,333	810,788
Auditors' remuneration	33.2	1,777,430	1,777,430
Rent, rates and taxes		357,586	2,616,594
Entertainment		674,190	692,909
Electricity, gas and water charges		1,423,192	1,743,272
Fees and subscription		2,250,911	2,989,532
Repairs and maintenance		7,350	414,663
Amortization		568,124	142,031
Miscellaneous		1,297,225	721,487
Depreciation	5.1.1	3,891,025	4,862,162
		<u>63,196,816</u>	<u>65,513,464</u>
<b>33.1</b> Salaries, wages and benefits include Rs. 2,113,343/- (June 30, 2018: Rs. 1,349,522/-) in respect of staff retirement benefits.			
<b>33.2 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>34 OTHER OPERATING EXPENSES</b>			
Diminution in the fair value of investment		14,507	-
Loss on sale of shares		-	20,920
Donations	34.1	1,779,720	200,000
		<u>1,794,227</u>	<u>220,920</u>
<b>34.1</b> No director or has spouse had any interest in the donee.			
<b>35 FINANCE COST</b>			
Interest / mark-up on			
- short term finances		109,927,193	195,911,469
- long term loans		71,254,184	134,248,893
- lease		147,956	778,300
Bank charges, commission and others charges		6,592,770	4,382,798
		187,922,104	335,321,460
Less: Finance income			
- on saving accounts & TDA		(3,012,171)	(2,223,987)
		<u>184,909,932</u>	<u>333,097,473</u>
<b>36 (LOSS) PER SHARES</b>			
(Loss) after taxation		<u>(368,903,845)</u>	<u>(569,033,918)</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>(28.38)</u>	<u>(43.77)</u>
<b>36.1</b> There is no dilutive effect on basic earnings per share.			



	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>37 CASH GENERATED FROM OPERATIONS</b>			
(Loss) before taxation		(520,921,820)	(881,673,159)
<b>Adjustment for items involving non movement of fund</b>			
Depreciation		263,895,224	259,522,524
Amortization		568,124	142,031
Financial charges		184,909,932	333,097,473
Profit on sale of property, plant and equipment		(146,875)	(23,802,527)
Provision for gratuity		34,579,069	27,138,810
Provision for diminution/ (appreciation) in the value of investment		14,507	(2,892)
		485,599,701	596,295,419
Profit before working capital changes		(35,322,119)	(285,377,740)
<b>(Increase)/decrease in current assets</b>			
Stocks, stores and spares		56,948,605	577,307,470
Trade debts		(41,777,343)	(138,250,349)
Advances, deposits, prepayments and other receivable		4,008,854	(4,797,077)
		(16,142,003)	148,882,304
<b>Increase in current liabilities</b>			
Creditors, accrued and other liabilities		89,396,517	(83,962,290)
		<u>73,254,514</u>	<u>64,920,014</u>

**38 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	
	2019	2018	2019	2018	2019	2018
<b>Remuneration</b>	3,600,000	3,600,000	6,000,000	6,000,000	48,714,186	21,562,047
	<u>3,600,000</u>	<u>3,600,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>48,714,186</u>	<u>21,562,047</u>
<b>Number of persons</b>	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>54</u>	<u>21</u>

**38.1** 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, 2019

**39 FINANCIAL INSTRUMENTS**

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

- 39.1 - Credit risk
- 39.2 - Liquidity risk
- 39.3 - 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.

**39.1 Credit risk**

**39.1.1 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. 529.130 million (June 30, 2018: Rs. 489.389 million), financial assets which are subject to credit risk aggregate to Rs. 528.649 million (June 30, 2018: Rs. 488.752 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, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
Long term deposits		34,334,528	32,874,103
Trade debts		348,069,761	306,292,418
Other financial assets		92,679	107,185
Advances, deposits, prepayments		85,301,120	89,309,974
Cash and bank balances		61,332,016	60,805,444
		529,130,104	489,389,124

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

Domestic	348,069,761	306,292,418
	348,069,761	306,292,418

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

Yarn	241,352,017	209,986,450
Fabric	106,717,744	96,305,968
	348,069,761	306,292,418

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

Not past due	230,372,350	177,564,645
Past due 0 - 30 days	28,561,143	50,290,156
Past due 31 - 90 days	75,033,497	66,027,543
Past due 91 - 1 year	13,359,919	11,756,384
More than one year	742,853	653,691
	348,069,761	306,292,418

**39.2 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.



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

2 0 1 9					
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	1,562,107,802	784,324,050	777,783,752	-
Redeemable capital - Sukuk	611,335,643	776,509,419	635,483,401	141,026,018	-
Loan from directors and others - subordinated	-	-	-	-	-
Finance lease	21,078,372	24,156,609	12,704,226	11,452,383	-
Trade and other payables	856,749,343	856,749,343	856,749,343	-	-
Accrued mark-up	1,008,139,867	1,008,139,867	1,008,139,867	-	-
Short term borrowings	2,660,067,734	2,979,275,862	2,979,275,862	-	-
	<u>6,454,632,780</u>	<u>7,206,938,902</u>	<u>6,276,676,749</u>	<u>930,262,153</u>	<u>-</u>
2 0 1 8					
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
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	830,307,118	830,307,117	830,307,117	-	-
Short term borrowings	2,651,083,275	2,880,932,195	2,880,932,195	-	-
	<u>6,166,564,614</u>	<u>7,348,218,330</u>	<u>5,733,310,303</u>	<u>1,456,043,502</u>	<u>158,864,525</u>

**39.2.2** 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.

**39.3 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.

**39.3.1 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 2019	-	-	-	-
Trade debts 2018	-	-	-	-

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2 0 1 9	2018	2 0 1 9	2018
US Dollar to Rupee	142.70	116.28	164.00	115.50

**39.3.2 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, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
US Dollar		-	-

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

**39.3.3 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, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>Fixed rate instruments</b>		
Financial assets	50,517,282	50,445,958
Financial liabilities	1,908,597,464	1,908,597,464
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	2,681,146,106	2,674,818,868

**39.4 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.

**39.5 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 2019	26,811,461	(26,811,461)	-	-
Cash flow sensitivity - variable rate instruments 2018	26,748,189	(26,748,189)	-	-

**39.6 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, 2019 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, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>39.7 Off balance sheet items</b>			
Bank guarantees issued in ordinary course of business		219,558,594	259,990,796
Civil work		-	-
Letters of credit for raw material		-	-
Letters of credit for stores and spares		8,006,410	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.

**39.8 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, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
Borrowings	Rupees	4,589,743,570	4,583,416,332
Less: Cash and bank balances		(61,332,016)	(60,805,444)
Net Debts		4,528,411,554	4,522,610,888
Total equity	Rupees	827,838,809	1,199,512,904
Total capital employed	Rupees	5,356,250,363	5,722,123,792
Gearing ratio	Percentage	<b>0.85</b>	<b>0.79</b>



## QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2019

#### 40 SEGMENT ANALYSIS

The segment information for the reportable segments for the year ended June 30, 2019 is as follows:

##### 40.1 Operating results

SALES	Note	Spinning		Weaving		Power Generation		Company	
		30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
Export		146,310,153	132,933,927	-	97,640,102	-	-	146,310,153	230,574,029
Local		3,213,092,184	2,612,459,362	83,991,783	318,721,124	-	-	3,297,083,967	2,931,180,486
Waste		92,646,328	73,403,310	16,129,400	14,995,593	-	-	108,775,729	88,398,903
Raw Cotton & material		-	1,131,750	-	-	-	-	-	1,131,750
Processing		180,259,805	154,057,146	516,050,681	390,113,413	-	-	696,310,487	544,170,559
		3,632,308,471	2,973,985,495	616,171,865	821,470,232	-	-	4,248,480,336	3,795,455,727
Inter - segment sales		31,642,500	30,004,040	-	-	362,132,587	503,732,056	393,775,087	533,736,096
<b>Total sales</b>		3,663,950,971	3,003,989,535	616,171,865	821,470,232	362,132,587	503,732,056	4,642,255,423	4,329,191,823
Cost of sales	42	(3,882,315,835)	(3,265,510,852)	(663,446,600)	(1,043,793,232)	(362,132,587)	(503,732,056)	(4,907,895,022)	(4,813,036,140)
<b>Gross loss</b>		(218,364,864)	(261,521,316)	(47,274,735)	(222,323,000)	-	-	(265,639,599)	(483,844,317)
Distribution cost	43	(12,530,452)	(12,458,538)	(1,949,706)	(14,928,087)	-	-	(14,480,158)	(27,386,625)
Administrative expenses	44	(54,031,163)	(51,459,043)	(9,165,654)	(14,054,420)	-	-	(63,196,816)	(65,513,464)
<b>Operating Results</b>		(66,561,614)	(63,917,581)	(11,115,360)	(28,982,507)	-	-	(77,676,975)	(92,900,088)
		(284,926,478)	(325,438,897)	(58,390,095)	(251,305,508)	-	-	(343,316,574)	(576,744,406)
<b>40.2 Segment assets</b>		4,858,014,870	5,039,270,412	1,682,854,541	1,732,978,585	628,535,329	657,041,920	7,169,404,740	7,429,290,917
<b>40.3 Unallocated assets</b>								385,268,103	331,278,406
								<u>7,534,672,843</u>	<u>7,760,569,324</u>
<b>40.4 Segment liabilities</b>		628,107,135	614,259,144	183,887,375	100,212,712	44,754,833	38,369,310	856,749,343	752,841,166
<b>40.5 Unallocated liabilities</b>								5,850,084,691	5,808,215,255
								<u>6,706,834,034</u>	<u>6,561,056,420</u>
<b>40.6 Depreciation</b>		166,295,821	163,839,364	57,793,046	64,926,808	35,915,332	25,894,171	260,004,199	254,660,362
<b>40.7 Inter-segment pricing</b>									

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

40.8 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, 2019

	Note	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>41 RECONCILIATIONS OF REPORTABLE SEGMENTS SALES, COST OF SALES, ASSETS AND LIABILITIES</b>			
<b>41.1 Sales</b>			
Total sales for reportable segment	40.1	4,642,255,423	4,329,191,823
Elimination of inter-segment	40.1	(393,775,087)	(533,736,096)
<b>Total sales</b>		<u>4,248,480,336</u>	<u>3,795,455,727</u>
<b>41.2 Cost of sales</b>			
Total cost of sales for reportable segment	42	4,907,895,022	4,813,036,140
Elimination of inter-segment	42.1	(393,775,087)	(533,736,096)
<b>Total cost of sales</b>		<u>4,514,119,935</u>	<u>4,279,300,044</u>
<b>41.3 Assets</b>			
Total assets for reportable segments	40.2	7,169,404,740	7,429,290,917
Long term deposits	7	34,334,528	32,874,103
Other financial assets	11	92,679	107,185
Advances, deposits, prepayments	12	85,301,120	89,309,974
Tax refund due from governments	13	184,207,760	148,181,700
Cash and bank balances	14	61,332,016	60,805,444
Unallocated assets	40.3	365,268,103	331,278,406
		<u>7,534,672,843</u>	<u>7,760,569,324</u>
<b>41.4 Liabilities</b>			
Total liabilities for reportable segments	40.4	856,749,343	752,841,166
Long term finances	19	1,297,261,821	1,297,261,821
Redeemable capital - Sukuk	20	611,335,643	611,335,643
Loan from directors and others	21	-	-
Liabilities against assets subject to finance lease	22	21,078,372	23,735,593
Deferred liabilities	23	175,666,687	368,708,107
Accrued interest / mark-up	25	1,008,139,867	830,307,118
Short term borrowings	26	2,660,067,734	2,651,083,275
Unclaimed dividend		36,467	36,467
Provision for taxation		50,781,743	-
Loan from directors and others	27	25,716,357	25,747,232
Unallocated liabilities	40.5	5,850,084,691	5,808,215,255
		<u>6,706,834,034</u>	<u>6,561,056,420</u>

42 COST OF SALES	Note	Spinning			Weaving			Power Generation			Company	
		30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees			
Raw material consumed	42.1	2,725,874,999	2,151,277,558	82,267,875	323,449,871	-	-	2,808,142,874	2,474,727,429	2,808,142,874	2,474,727,429	
Stores and spares consumed		59,983,462	56,327,386	91,707,603	88,014,106	308,282,216	459,548,404	459,973,281	603,889,896	459,973,281	603,889,896	
Processing Charges		1,506,537	-	-	-	14,344,401	-	1,506,537	-	1,506,537	-	
Salaries, wages and benefits		424,831,848	359,863,440	161,680,754	151,698,292	-	-	600,857,003	526,285,099	600,857,003	526,285,099	
Fuel, power and water:												
Inter-segment		254,412,596	311,160,889	98,889,470	185,648,705	-	-	353,302,066	496,809,594	353,302,066	496,809,594	
Others		207,683,153	89,432,323	158,177,017	122,277,146	-	-	365,860,170	211,709,469	365,860,170	211,709,469	
Repairs and maintenance		2,053,875	374,104	836,697	507,379	1,410,620	1,079,120	4,301,192	1,960,603	4,301,192	1,960,603	
Insurance expenses		10,320,030	12,339,748	3,533,378	4,510,655	-	-	13,853,408	16,850,403	13,853,408	16,850,403	
Rent, rates and taxes		870,386	2,436,809	521,680	404,180	-	-	1,392,066	2,840,989	1,392,066	2,840,989	
Vehicle running and maintenance		7,514,034	5,739,825	2,672,706	2,657,021	-	-	10,186,740	8,396,846	10,186,740	8,396,846	
Entertainment expenses		1,055,892	844,236	884,001	844,065	-	-	1,939,893	1,688,301	1,939,893	1,688,301	
Communication expenses		598,800	658,379	185,205	92,405	-	-	784,004	750,784	784,004	750,784	
Printing and stationery		212,089	236,385	147,620	14,175	-	-	359,709	250,560	359,709	250,560	
Subscription		283,996	159,966	110,412	65,581	-	-	394,408	225,547	394,408	225,547	
Legal and professional		50,000	-	-	-	-	-	50,000	-	50,000	-	
Travelling		633,535	738,623	24,710	39,870	-	-	658,245	778,493	658,245	778,493	
Other expenses		317,166	530,409	36,789	768,928	2,180,018	2,486,984	2,533,973	3,786,331	2,533,973	3,786,331	
Depreciation expenses		166,295,821	163,839,384	57,793,046	64,926,808	35,915,332	25,894,171	260,004,199	254,660,363	260,004,199	254,660,363	
		3,864,498,218	3,155,959,464	659,468,963	945,919,187	362,132,587	503,732,056	4,886,099,768	4,605,610,707	4,886,099,768	4,605,610,707	
<b>Work in process</b>												
Opening stock		29,590,039	33,741,852	3,893,579	33,510,120	-	-	33,483,618	67,251,972	33,483,618	67,251,972	
Closing stock		(66,179,789)	(29,590,039)	(6,290,993)	(3,893,579)	-	-	(72,470,782)	(33,483,618)	(72,470,782)	(33,483,618)	
<b>Cost of goods manufactured</b>		(36,589,750)	4,151,813	(2,397,414)	29,616,541	-	-	(38,987,164)	33,768,354	(38,987,164)	33,768,354	
		3,827,908,468	3,160,111,277	657,071,549	975,535,728	362,132,587	503,732,056	4,847,112,604	4,639,379,061	4,847,112,604	4,639,379,061	
Cost of other material		-	1,131,750	-	-	-	-	-	1,131,750	-	1,131,750	
<b>Finished goods</b>												
Opening balance		3,827,908,468	3,161,243,027	657,071,549	975,535,728	362,132,587	503,732,056	4,847,112,604	4,640,510,811	4,847,112,604	4,640,510,811	
Finished goods purchase:												
Purchase		84,720,381	157,073,456	279,029,889	347,287,393	-	-	363,750,270	504,360,849	363,750,270	504,360,849	
Yarn purchase		-	-	-	-	-	-	-	-	-	-	
		13,364,481	31,914,750	-	-	-	-	13,364,481	31,914,750	13,364,481	31,914,750	
		13,364,481	31,914,750	-	-	-	-	13,364,481	31,914,750	13,364,481	31,914,750	
		(43,677,495)	(84,720,381)	(272,654,838)	(279,029,889)	-	-	(316,332,333)	(363,750,270)	(316,332,333)	(363,750,270)	
Closing stock		3,882,315,835	3,265,510,852	663,446,600	1,043,793,232	362,132,587	503,732,056	4,907,895,022	4,813,036,140	4,907,895,022	4,813,036,140	



Note	Spinning		Weaving		Power Generation		Company	
	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees	30 <sup>th</sup> June, 2019 Rupees	30 <sup>th</sup> June, 2018 Rupees
<b>42.1 Raw material consumed</b>								
Opening balance	148,018,090	470,540,608	5,660,726	75,596,024	-	-	153,678,816	546,136,632
<b>Purchases:</b>								
Inter-segment	-	-	31,642,500	30,004,040	-	-	31,642,500	30,004,040
Other	2,673,367,470	1,829,886,790	55,146,806	223,510,533	-	-	2,728,514,276	2,053,397,323
	2,673,367,470	1,829,886,790	86,789,306	253,514,573	-	-	2,760,156,776	2,083,401,363
Cost of other material	-	(1,131,750)	-	-	-	-	-	(1,131,750)
Closing stock	(95,510,561)	(148,018,090)	(10,182,157)	(5,660,726)	-	-	(105,692,718)	(153,678,816)
	2,725,874,999	2,151,277,558	82,267,875	323,449,871	-	-	2,808,142,874	2,474,727,430
<b>43 DISTRIBUTION COST</b>								
<b>On export sales</b>								
Export development surcharge	353,081	327,482	-	233,626	-	-	353,081	561,108
Freight	1,600,491	2,707,768	-	1,900,823	-	-	1,600,491	4,608,591
Commission	-	29,684	-	7,712,970	-	-	-	7,742,654
Cleaning and forwarding	690,485	1,534,058	-	514,405	-	-	690,485	2,048,463
	2,644,057	4,598,992	-	10,361,824	-	-	2,644,057	14,960,816
<b>On local sales</b>								
Freight	5,268,581	1,069,150	-	119,300	-	-	5,268,581	1,188,450
Commission	1,693,254	2,504,230	-	1,589,520	-	-	1,693,254	4,093,750
	6,961,835	3,573,380	-	1,708,820	-	-	6,961,835	5,282,200
Salaries and benefits	2,924,560	4,286,165	1,949,706	2,857,443	-	-	4,874,266	7,143,608
	12,530,452	12,458,537	1,949,706	14,928,087	-	-	14,480,158	27,386,624

44 ADMINISTRATIVE EXPENSES	Note	Spinning		Weaving		Power Generation		Company	
		30 <sup>th</sup> June, 2019	30 <sup>th</sup> June, 2018	30 <sup>th</sup> June, 2019	30 <sup>th</sup> June, 2018	30 <sup>th</sup> June, 2019	30 <sup>th</sup> June, 2018	30 <sup>th</sup> June, 2019	30 <sup>th</sup> June, 2018
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Director's remuneration		8,207,679	7,639,757	1,392,321	1,960,243	-	-	9,600,000	9,600,000
Salaries and benefits		24,731,387	22,816,588	4,195,344	6,302,367	-	-	28,926,731	29,118,955
Meeting fee		256,490	125,000	43,510	25,000	-	-	300,000	150,000
Printing and stationery		611,291	645,144	103,697	178,201	-	-	714,988	823,345
Communication		1,763,176	1,843,345	299,099	509,166	-	-	2,062,275	2,352,511
Travelling		1,367,614	581,252	231,997	160,553	-	-	1,599,611	741,805
Vehicle running and maintenance		5,286,126	4,666,895	896,719	1,289,084	-	-	6,182,845	5,955,979
Legal and professional charges		1,336,597	635,305	226,736	175,483	-	-	1,563,333	810,788
Auditors' remuneration		1,519,643	1,392,732	257,787	384,698	-	-	1,777,430	1,777,430
Rent, rates and taxes		305,724	2,050,271	51,862	566,323	-	-	357,586	2,616,594
Entertainment		576,410	542,939	97,780	149,970	-	-	674,190	692,909
Electricity, gas and water charges		1,216,782	1,365,967	206,410	377,305	-	-	1,423,192	1,743,272
Fees and subscription		1,924,454	2,342,492	326,457	647,040	-	-	2,250,911	2,989,532
Repairs and maintenance		6,284	324,915	1,066	89,748	-	-	7,350	414,663
Amortization		485,727	111,290	82,397	30,741	-	-	568,124	142,031
Miscellaneous		1,109,084	565,332	188,141	156,155	-	-	1,297,225	721,487
Depreciation		3,326,696	3,809,819	564,329	1,052,343	-	-	3,891,025	4,862,162
		54,031,163	51,459,043	9,165,654	14,054,420	-	-	63,196,816	65,513,464



30<sup>th</sup> June, 2019    30<sup>th</sup> June, 2018  
**Note                    Rupees                    Rupees**

**45 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	(30,875)	(69,356)
Salaries and other benefits	Key management personnel	9,600,000	9,600,000

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.

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

**45.2** No Foreign Shareholders.

**46 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	55,706	62,672
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	14,081,938	13,237,596

It is difficult to describe the production capacity in textile industry since it fluctuates widely depending upon various factors such as count of the yam 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	26,762,433	35,564,732
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	36.20	36.20
Installed capacity per hour per day	MWH	317.11	317.11
Prime capacity	MW	20.00	20.00
Stand by	MW	16.20	16.20
Installed prime capacity per hour per day	MWH	175.20	175.20
Actual generated per hour per day	MWH	4.67	11.45

**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.

**47 SUBSEQUENT EVENTS**

Subsequent to the year end, Bank Alfalah has approved a settlement of entire principal of CF Hypo facility of RS. 28.49 million alongwith overdue markup and future markup @ 7.00% or cost of funds (whichever is higher). The bank has approved stepped-up repayment plan for 6 year.

**48 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.

**49 NUMBER OF EMPLOYEES**

	30 <sup>th</sup> June, 2019	30 <sup>th</sup> June, 2019	30 <sup>th</sup> June, 2018	30 <sup>th</sup> June, 2018
	Total	Factory	Total	Factory
Total number of employees as at	1,882	1,834	1,309	1,269
Average number of employees worked during the year	1,424	1,376	945	905

**50 GENERAL**

The figures have been rounded off to the nearest Rupee.

**51 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



# Form of Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_, being a Member of Quetta Textile 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 January 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 notarially 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 AGM.



## **Quetta Textile Mills Limited**

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