

# 52ND ANNUAL REPORT 2021



QUETTA TEXTILE MILLS LIMITED



## ANNUAL REPORT

JUNE 30, 2021

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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
Mr. Major Rtd. Muhammad Saeed	Independent Director
Mr. Shaukat Hussain	Independent Director

### **AUDIT COMMITTEE**

Chairman	Mr. Muhammad Saeed
Member	Mr. Tauqir Tariq
Member	Mr. Shaukat Hussain

### **HUMAN RESOURCE & REMUNERATION COMMITTEE**

Chairman	Mr. Shaukat Hussain
Member	Mr. Tariq Iqbal
Member	Mrs. Saima Asim

### **CHIEF FINANCIAL OFFICER**

Mr. Omer Khalid

### **COMPANY SECRETARY**

Mr. Nudrat Mund Khan

### **AUDITORS**

Mushtaq and Company Chartered Accountants

### **SHARE REGISTRAR**

C & K Management Associates (Pvt) Ltd  
404, Trade Tower, Abdullah Haroon Road, Near  
Metropole Hotel, Karachi-75530.

### **BANKERS**

Allied Bank Limited  
Al-Baraka Bank (Pakistan) Limited  
Bank Alfalah Limited  
Bank Islami (Pakistan) Limited  
Dubai Islamic Bank (Pakistan) Limited  
Faysal Bank Limited  
Habib 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 **60th Annual General Meeting** of the Shareholders of **Quetta Textile Mills Limited** will be held on **Tuesday October 26, 2021 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 59th Annual General Meeting held on October 24, 2020.
2. To receive, consider and approve the report of the Directors, Auditors and Audited Accounts of the Company for the year ended June 30, 2021.
3. To appoint Auditors for the year 2021-2022 and fix their remuneration. The Board has recommended, as suggested by Audit committee, the appointment of M/s. Mushtaq & Co, Chartered Accountant, the retiring auditors and being eligible to offer themselves for re-appointment.
4. To transact any other ordinary business or business with the permission of the Chairman.

By order of the Board of Directors

**NUDRAT MUND KHAN**

Company Secretary

Karachi:

**Dated: October 01, 2021**

**Notes:**

1. In pursuance of recent Circular No. 04 dated February 15, 2020, of "SECP" to avoid COVID 19 situation the proceedings of the meeting will be carried out also through video-link facility. In order to attend the Meeting through such facility, the Members are requested to get themselves registered for video-link facility not later than 72 hours before meeting by providing the following information on contact detail as given below:

Full Name	CNIC No.	Folio No.	Email Address	Cell No.
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The video-link for the meeting will be sent to the Members on their provided email address. The Login facility will remain open from 9.00 am till the end of meeting. In case of any suggestions or comments for the agenda items, the Members may send the same at the email address and WhatsApp no as mentioned below:

**Contact Detail:** Quetta Textile Mills Limited, Nadir House, Ground Floor, I. I. Chundrigar Road, Karachi. Telephone No. +92 21 32414872 (Direct), +92 21 32414334-6 (Ext: 217) WhatsApp No. +92 3212382322 - Email: sales@quettagroup.com

2. A member entitled to attend the Annual General Meeting can 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 Company 48 hours before meeting commences.
3. For the purpose of entitlement of dividend, the Register of the members of the Company will remain closed at registered office from October 19, 2021 to October 26, 2021 (both days inclusive) and if dividend approved will be paid to such members whose name will appear in the Company's register of member at the close of business on October 18, 2021.
4. **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.
- 5) 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, C&K Management Associate (Pvt) Ltd.
- 6) According Section 242 of Companies 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.
- 7) **Conversion Physical share into Book Entry form**  
With reference of Section 72 of the Companies Act, 2017 and Further letter No. CSD/ED/Misc./2016/-639-640 dated March 26, 2021 from Securities and Exchange Commission of Pakistan (SECP). The Shareholders of Quetta Textile Mills Limited having physical folio/share certificates are requested to convert their shares from physical form into Book Entry Form as soon as possible. In this respect kindly contact following Share Registrar of the Company. A separate notice also sent to shareholders who hold physical shares.

**C & K Management Associates (Pvt) Limited** 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530.



## Chairman's Review

The Board of Directors is performing its duties in accordance with law and in the best interest of company and its shareholders.

The Company has set its corporate governance standards that involves balancing the interest of company's various stake holders like shareholders, management, customers, suppliers, financiers, government and the community. These standards also provide the framework for attaining a company's objectives which encompasses every practical sphere of management from action plans and internal controls to performance measurement and corporate disclosure.

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Quetta Textile Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness are measured and benchmarked against expectations in the context of objectives set for the Company.

With strong oversight on the reporting front, the Board has a responsibility to provide clear visibility of financial reports to stakeholders in accordance with the Financial Reporting framework applicable in Pakistan. During the year, we incorporate with the new IFRS requirements and ensured compliance with the disclosure requirement of the Company Act.

### Acknowledgment:

Finally, I would like to thank all our Board members for their commitment and contribution. I would like to thank our employees, Customers and suppliers for their support and hard work in past and I look forward to continue working with them to attain success in future.

**Tauqir Tariq**  
**Chairman**

Karachi

Dated: October 01, 2021



## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company have pleasure in submitting their Report together with the audited financial statements of the Company for the year ended June 30, 2021.

### Financial Results

The Company's financial results have been encouraging. The Summary of key financial numbers are presented below:

	June 30, 2021	June 30, 2020	Variation
	(Rupees in '000)		
Sales	4,982.224	3,616.535	37.77%
Cost of sales	(5,151.705)	(4,198.855)	22.70%
Gross (loss)	(169.481)	(582.320)	-
(Loss) before taxation	(300.026)	(737.351)	-
Taxation	(68.278)	23.281	-
(Loss) after taxation	(368.304)	(714.070)	-
Other comprehensive (loss)	(2.378)	(13.070)	-
Accumulated loss brought forward	(3,550.930)	(3,237.318)	-

### Review of Operations:

The above are results of the company for the year ended June 30, 2021. Turnover for the year was Rupees 4,982.224 million with the said turnover, your company made a loss before tax of Rupees 300.026 million as compared to Rupees 737.351 million last year. Pre-tax loss has decreased by Rupees 437.325 million, a reduction of 59.31%.

We draw attention to the financial statements which indicates that the company incurred a net loss before tax of Rupees 300.026 million during the year ended June 30, 2021 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 4,990.187 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.

The management anticipates better operational efficiencies and plant utilization, during the period the company has incurred Rs. 95.557 million on BMR in spinning and weaving segment, which has resulted in efficiency and production subsequently to the year end the company has replaced some looms for better efficiency.

Director and sponsors of the Company, they committed they would also continue such support in future.

### Chairman's Review:

The directors hereby endorse the Chairman's review report on the performance of the Company.

### Earning per Shares:

The earning share (EPS) of current year is Rupees (28.33), as compared to Rupees (54.93) for the last year.

### Dividend:

The Board of Directors have recommended 'Nil' dividend for the year ended June 30, 2021, due to losses.

**Retire Benefit Funds:**

The Company operates un-funded gratuity scheme for its employees as reflected in the financial statements.

**Future Textile Outlook:**

The Major challenge for the textile industry remains the size of the local cotton crop. This year due to better weather condition the cotton crop is expected to be higher than previous year but still short of the domestic requirement. We hope that with the joint efforts of the Government and the industries cotton crop will increase further in the coming years.

**Related Party Transactions:**

The related parties comprise of directors and key management personnel amounts due to related parties are shown in the relevant notes to the financial statements.

**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 un-certainties in running a business directly affect the success of business. The management of Quetta Textile Mills Limited has identified its exposure to the potential risks. As a part of our policy to produced forward looking statement we are outlining the risks which may affect 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.



**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.

**Auditors:**

The present auditor's 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 in Kotri
- Four (04) water filtration plants - Three (03) in Kotri, Jamshoro and one (01) in Hyderabad.

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

**Pattern of Share Holding**

The pattern of shareholding as on June 30, 2021 is annexed to this report. During the year, the Directors, CEO, CFO, Company Secretary, Executives and / or their spouse and minor children did not carry out any trade in shares of Company

## Summary of Financial Data

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

## 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	6
b) Female	1

## Composition

a) Independent Directors	02
b) Executive Directors	02
c) Non-Executive Directors	03

## Remuneration of Directors:

The Company fixed the remuneration of the directors in the General Meeting and in future remuneration of the Directors will be determined by the Company in Board of Directors' Meeting as provided by Section 170 of the Companies Act, 2017. The remuneration of the Board of Directors is determined on the basis of standards in the market and reflects demands to competencies and efforts in light of the scope of their work and increase in responsibilities of the directors.

## Board of Directors Meetings

A total of 16 meetings of the Board of Directors were held during 12 months' period from July 01, 2020 to June 30, 2021. Attendance at the Board Meetings by each Director is as follows:

Name of Directors	Number of Meetings Attended
Mr. Tariq Iqbal	16
Mr. Asim Khalid	16
Mr. Omer Khalid	16
Mr. Tauqir Tariq	04
Mrs. Saima Asim	04
Mr. Major Rtd. Muhammad Saeed	04
Mr. Shaukat Hussain	04

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

## Board Audit Committee

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

The Committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities. A total of four Board of Audit Committee meetings were held during 12 months' period from July 01, 2020 to June 30, 2021. Attendance at the Board Audit Committee Meeting by each Director / members is as follow:

<b>Name of Members</b>	<b>Number of Meetings Attended</b>
Mr. Major Rtd. Muhammad Saeed	04
Mr. Shaukat Hussain	04
Mr. Tauqir Tariq	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 pressures. 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

#### **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.

#### **Corporate Governance**

The Board of Directors hereby declares that for the year ended June 30, 2021:

- The Financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and change in equity.
- Proper books of accounts of the Company have been maintained.
- 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.
- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- Key operating and financial data for the last six years in summarized form is annexed.
- Outstanding duties, statutory charges and taxes if any, have been adequately disclosed in the annexed audited financial statements.

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

The auditors have given some remarks over financial stability of the company by pointing towards use of going concern assumption. The management very briefly explains various mitigating factors that are in company's favor to be in going concern for feasible future in note 3.6 in these financial statements.



The main factor in the company's favor 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. Management is in negotiation with bank for reduction of markup, some banks have consented to freeze, reduce, revise markup rates hence charge of reduce markup rate @ 1% for the period ended June 30, 2021, will automatically adjust the interest impact already recorded in previous years.

Further some banks are offering for restructuring and debt servicing of the principal amounts for 15 years and freezing markups as well.

Management negotiations are in progress but banks those are in litigation not responded to balance confirmation letter of auditors.

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. In a recent development, Honorable Supreme Court of Pakistan has issued an order with regard to long outstanding issue of GIDC by virtue of the order industrial gas users are required to pay arrears of GIDC amount in installments. This will give negative impact of the cash flows of the company. Higher prevailing inflation in the country is causing surge in costs. This will result in reduction in margins.

## **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 01, 2021



### کونسلٹنٹس ملز لمیٹڈ

### حصص یافتگان کے لئے ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹران اپنی رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ مدت 30 جون 2021 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

### مالیاتی نتائج

کمپنی کے مالیاتی نتائج حوصلہ افزا رہے۔ اہم مالیاتی اعداد و شمار کا خلاصہ درج ذیل ہے:

فرق	30 جون 2020	30 جون 2021	
	روپے	روپے	
(فیصد)			
37.77%	3,616.535	4,982.224	فروخت
22.70%	(4,198.855)	(5,151.705)	لاگت فروخت
-	(582.320)	(169.481)	خام (خسارہ)
-	(737.351)	(300.026)	(خسارہ) قبل از ٹیکس
-	23.281	(68.278)	ٹیکس
-	(714.070)	(368.304)	(خسارہ) بعد از ٹیکس
-	(13.070)	(2.378)	دیگر جامع (خسارہ)
-	(3,237.318)	(3,550.930)	مجموعی خسارہ آگے لے جایا گیا

### کاروباری جائزہ

مندرجہ بالا اعداد و شمار کمپنی کے سال مختتمہ 30 جون 2021 کے نتائج ہیں۔ فروخت 4,984.224 ملین روپے کے ساتھ آپ کی کمپنی کا خسارہ بعد از ٹیکس 300.026 ملین روپے رہا جبکہ گزشتہ سال 737.351 ملین روپے تھا۔ قبل از ٹیکس خسارہ میں 437.325 ملین روپے کمی ہوئی، جو کہ 59.31 فیصد کمی تھی۔

ہم مالیاتی گوشواروں کی طرف توجہ دلاتا چاہتے ہیں جن سے نشاندہی ہوتی ہے کہ مختتمہ 30 جون 2021 کے دوران کمپنی کا خالص خسارہ قبل از ٹیکس 300.026 ملین روپے رہا اور آج کی تاریخ تک کمپنی کے رواں واجبات اس کے رواں اثاثوں سے 4,990.187 ملین روپے بڑھ گئے۔ ہم اس موقع پر مزید بتانا چاہتے ہیں کہ کمپنی متحرک طور پر اپنے کاروباری افعال کے لئے طویل مدتی حکمت عملی اختیار کر رہی ہے تاکہ پیداواری سہولیات سے زیادہ سے زیادہ استفادہ کیا جاسکے۔ ہم پُر اعتماد ہیں کہ مستقبل قریب میں کمپنی کی مالیاتی پوزیشن بہتر ہوگی۔

بہتر پیداواری استعداد اور پائنت کی گنجائش میں بہتری کے لئے کمپنی نے سال کے دوران 95.557 ملین روپے اسپننگ اور یونگ یونٹ کے BMR پر خرچ کئے جس کے نتیجے میں سال ختم کے بعد پیداواری استعداد میں بہتری آئی کیونکہ کمپنی نے بہتر استعداد کے لئے کچھ لومز تبدیل کئے تھے۔ کمپنی کے ڈائریکٹران اور سرپرستوں نے بھی مستقبل میں تعاون کرنے کی یقین دہانی کرائی ہے۔

### چیئرمین کا جائزہ

ڈائریکٹران کمپنی کی کارکردگی پر چیئرمین کی جائزہ رپورٹ کی توثیق کرتے ہیں۔

### فی حصص آمدن

موجودہ سال کی فی حصص آمدن (EPS) (28.33) روپے رہی جو کہ گزشتہ سال (54.93) روپے تھی۔



### منافع منقسمہ

بورڈ آف ڈائریکٹرز نے خساروں کی وجہ سے سال 30 جون 2021 کے لئے کسی منافع منقسمہ کی سفارش نہیں کی۔

### سکدوشی کی مراعات

کمپنی اپنے ملازمین کے لئے ایک غیر فائدہ گر پچوینی اسکیم چلاتی ہے جس کی عکاسی مالیاتی گوشواروں میں کی گئی ہے۔

### ٹیکسٹائل کے مستقبل کا منظر نامہ

ٹیکسٹائل صنعت کے لئے بڑا چیلنج مقامی کپاس کی فصل کا حجم ہے۔ اس سال بہتر موسمی حالات کی وجہ سے توقع ہے کہ کپاس کی فصل سابقہ سال کی پربست زیادہ بہتر ہو لیکن مقامی ضروریات کے لئے ابھی بھی کم ہے۔ ہم امید کرتے ہیں کہ حکومت اور صنعت کی مشترکہ کوششوں سے آنے والے سالوں میں کپاس کی فصل میں مزید اضافہ ہوگا۔

### ملحقہ فریقین کے ساتھ سودے

ملحقہ فریقین میں ڈائریکٹران اور اہم انتظامی عملہ کی رقومات کو ملحقہ فریقین کے واجبات کے طور پر مالیاتی گوشواروں کے نوٹ میں ظاہر کیا گیا۔

### مالیاتی انتظام

#### نقدی کے بہاؤ کا انتظام

کمپنی کے پاس نقدی کے بہاؤ کے انتظام کا ایک موثر نظام موجود ہے جس میں نقدی کے اندرونی اور بیرونی بہاؤ کا باقاعدگی سے متوقع امکانات کا جائزہ لیا جاتا ہے۔ رواں سرمائے کی ضروریات کی منصوبہ بندی اندرونی نقدی پیداوار اور جہاں ضروری ہو بیرونی ذرائع سے قلیل مدتی قرضوں سے پوری کی جاتی ہیں۔

### خطرات میں کمی

موروثی خطرات اور غیر یقینی صورتحال کا روبرو کاروبار کو کامیابی سے چلانے میں بلا واسطہ اثر انداز ہوتی ہے۔ کوئٹہ ٹیکسٹائل ملز لمیٹڈ کی انتظامیہ نے متاثر کرنے والے امکانی خطرات کی شناخت کی ہے۔ ہماری پالیسی کے مطابق مستقبل پر مبنی بیان کے تحت ہم ایسے خطرات کی نشاندہی کرتے ہیں جو ہمارے کاروبار کو متاثر کر سکتے ہوں۔ اس مشق سے انتظامیہ کو خطرات کو کم کرنے کی حکمت عملی پر مرکوز رہنے میں مدد ملتی ہے۔

### قرضہ جاتی خطرہ

کمپنی کے مالیاتی اثاثے سوائے وقتی نقد کے قرضہ جاتی خطرے کے ماتحت ہیں۔ کمپنی کو یقین ہے کہ وہ قرضہ جاتی خطرات کے بڑے پیمانے پر جمع ہونے کا شکار نہیں ہوگی۔ خطرات کا انتظام اپنے گاہکوں کے لئے لاگو قرضہ جاتی حد اور سابقہ تجربات، فروخت کے حجم، مالیاتی پوزیشن کی صورتحال، سابقہ ریکارڈ اور بازاریابیوں، خاص طور پر ٹیکسٹائل کے شعبے اور عمومی طور پر صنعت کو درپیش معاشی حالات کو مد نظر رکھتے ہوئے کیا جاتا ہے۔ کمپنی یقین رکھتی ہے کہ مشکوک قرضوں کے لئے محتاط انداز میں اختصاص فراہم کیا جائے۔

### روانی کا خطرہ

روانی کے محتاط انتظام سے معاہدہ جاتی وعدوں کو پورا کرنے کے لئے کافی فنڈز کی دستیابی کو یقینی بنایا جاتا ہے۔ کمپنی کے فنڈز کی انتظامی حکمت عملی کا مقصد روانیت کے خطرے کو نقدی کی اندرونی پیداوار اور مالیاتی اداروں سے جامع قرضوں کے حصول سے پورا کرنا ہے۔





### شرح سود کا خطرہ

شرح سود کا بڑا خطرہ بینکوں سے لئے گئے قلیل اور طویل مدتی قرضوں کی وجہ سے پیدا ہوتا ہے۔ لہذا رپورٹنگ کی تاریخ پر شرح سود میں کسی تبدیلی سے منافع اور خسارہ کے کھاتے پر اثر نہیں پڑے گا۔

### زرمبادلہ کے خطرات

زرمبادلہ کا خطرہ وہاں ہوتا ہے جہاں واجب الادا اور واجب الوصول کے لین دین بیرونی کرنسیوں میں ہو۔ کمپنی کو اپنے پلانٹ و مشینری اور خام مال کی درآمدات پر طویل المیعاد USD/PKR کی مساواتی قدر کا خطرہ لاحق رہتا ہے۔

### پیداواری سہولیات

ہماری پیداواری سہولیات بہترین پیداواری صلاحیت کی حامل ہیں۔ ہماری ٹیم باہمی ہم آہنگی، کم سے کم ضیاع اور روزمرہ کی بندش سے بچ کر اپنی صلاحیتوں میں اضافہ کر رہی ہے۔ کمپنی اس بات کے لئے کوشاں ہے کہ زیادہ سے زیادہ پیداواری گنجائش کو قابل عمل بنایا جائے تاکہ بہترین منافع حاصل ہو سکے اور آپ کی کمپنی ملک کی ٹیکسٹائل کی صنعت میں اپنا اہم مقام برقرار رکھے۔

### آڈیٹرز

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

### تحفظ، صحت اور ماحول

ہم تحفظ، صحت اور ماحول کے اعلیٰ معیارات کو برقرار رکھنے کے لئے کوشاں ہیں۔ تمام ملازمین کو ہر پہلو سے تربیت فراہم کی جاتی ہے کہ کس طرح پیداوار، ترسیل، ذخیرہ اور اشیاء کے استعمال کو باحفاظت بنایا جائے۔ اس کے علاوہ گردش میں مشینیں نافذ العمل ہیں جن کا مقصد یہ ہے کہ تمام سپروائزرز اور سیٹیفائیڈ مینیجرز حفاظتی تربیت سے مکمل طور پر واقف ہو جائیں۔ ہمارے اس طریقہ کار سے اور اللہ رب العزت کی رحمت سے آج تک کوئی بڑا حادثہ رونما نہیں ہوا۔

### ماحولیاتی تحفظ کے اقدامات

آپ کی کمپنی نے ماحولیاتی تحفظ کو یقینی بنایا ہے اور تمام ممکنہ اقدامات کئے ہیں تاکہ ماحول محفوظ رہے۔ ہم نے ایسے اقدامات کئے ہیں جن سے ہمارے پلانٹ اور ہماری پیداواری مشینری سے کم سے کم گرد و غبار اور دھواں خارج ہوا اور پیداواری سہولیات میں گرد و غبار اور دھواں سے بچاؤ کے لئے نظام نصب کئے گئے ہیں۔

### کاروباری سماجی ذمہ داری

آپ کی کمپنی کاروباری سماجی ذمہ داریوں سے مکمل طور پر آگاہ ہے اور ملک میں رائج تعلیم، صحت اور ماحولیاتی معیارات کو مثبت انداز میں عمومی سطح پر نافذ کے لئے کام کر رہی ہے اور خاص طور مقامی آبادی کے لئے۔

اس وقت ہم مندرجہ ذیل پروجیکٹس پر کام کر رہے ہیں:

- ☆ پولیس ہاسٹل - حیدر آباد
- ☆ کوٹری میں دو مدرسے
- ☆ دوست محمد ہائی اسکول کوٹری
- ☆ چار (04) واٹر فلٹریشن پلانٹ - تین (03) کوٹری، چامشور میں اور ایک (01) حیدر آباد میں



ہمیں یقین ہے کہ صنعت میں معاشرے کو تبدیل کرنے کی قوت ہے اور لہذا ہم صنعتکاری کے مثبت اثرات کو بڑھانے کی جدوجہد کر رہے ہیں۔ اس کا مقصد ایسی کمپنی بننا ہے جو کہ معاشرے کے لئے قابل قبول ہو۔

#### حصص داری کی ساخت

حصص داری کی ساخت برائے مختصر 30 سال 2021 جون رپورٹ کے ساتھ منسلک کر دی گئی ہیں۔ سال کے دوران ڈائریکٹران، CEO، CFO، کمپنی سیکریٹری، اعلیٰ انتظامی عملے اور/یا ان کے شریک حیات اور چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔\*

#### مالیاتی اعداد و شمار کا خلاصہ

گزشتہ چھ سالوں کے مالیاتی اعداد و شمار منسلک ہے۔

#### بورڈ کی تشکیل بندی

لحد ادا روں پر لاگو گوڈ آف کارپوریت گورننس ریگولیشنز 2017 کے تقاضوں کے تحت بورڈ کی تشکیل بندی کی گئی ہے جو کہ درج ذیل ہے:

#### ڈائریکٹران کی کل تعداد

- |     |        |   |
|-----|--------|---|
| (a) | مرد    | 6 |
| (b) | خواتین | 1 |

#### تشکیل بندی

- |     |                         |    |
|-----|-------------------------|----|
| (a) | آزاد ڈائریکٹران         | 02 |
| (b) | ایگزیکٹو ڈائریکٹران     | 02 |
| (c) | ٹان ایگزیکٹو ڈائریکٹران | 03 |

#### ڈائریکٹران کا معاوضہ

کمپنی کے ڈائریکٹران کے معاوضہ کا تعین سالانہ اجلاس میں کیا گیا تھا اور مستقبل میں بھی کمپنی 2017 کی دفعہ 170 کے تحت ڈائریکٹران کے معاوضہ کا تعین بورڈ آف ڈائریکٹرز کے اجلاس میں کیا جائے گا۔ بورڈ آف ڈائریکٹرز کے معاوضہ کا تعین مارکیٹ کے معیارات کی بنیاد پر کیا جاتا ہے اور اس میں قابلیتوں کی طلب اور اپنے کام کے دائرہ کار میں کاوشوں اور ڈائریکٹران پر بڑھتی ہوئی ذمہ داریوں کی عکاسی ہوتی ہے۔

#### بورڈ آف ڈائریکٹرز کے اجلاس

یکم جولائی 2020 سے 30 جون 2021 تک "بارہ ماہ" میں بورڈ آف ڈائریکٹرز کے 16 اجلاس ہوئے۔ جن میں ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	اجلاس (حاضری کی تعداد)
جناب طارق اقبال	16
جناب عاصم خالد	16
جناب عمر خالد	16
جناب توقیر طارق	04



04 محترمہ صائمہ طارق

04 جناب میجر (ریٹائرڈ) محمد سعید

04 جناب شوکت حسین

جوڈائریکٹر اجلاس میں حاضر نہ ہوئے ان کی رخصت کو منظور کر لیا گیا۔ جائزہ مدت کے دوران چیف ایگزیکٹو، چیف فنانس آفیسر اور کمپنی سیکریٹری، ان کی شریک حیات اور بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔

### بورڈ کی آڈٹ کمیٹی

ادارتی اظہم وضبط کے ضابطہ کی پاسداری کرتے ہوئے بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی کی تشکیل دی ہے۔ کمپنی پروفائل میں اس کمیٹی کے ممبران کے نام دیے گئے ہیں۔

ہر سہ ماہی میں کمپنی کا کم از کم ایک اجلاس منعقد ہوتا ہے جو کہ بورڈ کی فروگزاشت ذمہ داریوں کو پورا کرنے میں مددگار ہے۔ یکم جولائی 2020 سے 30 جون 2021 تک ”بارہ ماہ“ میں بورڈ آڈٹ کمیٹی کے کل چار اجلاس ہوئے۔ جن میں ہر ڈائریکٹر کی حاضری درج ذیل رہی:

### ممبر کا نام اجلاس (حاضری کی تعداد)

04 جناب میجر (ریٹائرڈ) محمد سعید

04 جناب شوکت حسین

04 جناب توقیر طارق

آڈٹ کمیٹی کی ذمہ داریاں کا دائرہ کارہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور بورڈ آف ڈائریکٹرز کی جانب سے وقتاً فوقتاً دی گئی ہدایات کے مطابق ہوتا ہے تاکہ نظام میں بہتری اور دباؤ میں کمی لائی جاسکے۔ بورڈ کی جانب سے ملے کردہ دائرہ کار میں رہتے ہوئے، آڈٹ کمیٹی، دیگر معاملات کے علاوہ، بیرونی آڈیٹرز کی تقرری کے لئے سفارش کرتی ہے اور میعاد کی گوشواروں کا جائزہ لیتی ہے۔

### انسانی وسائل اور معاوضہ کمیٹی

انسانی وسائل کی منصوبہ بندی اور انتظام ایک بے حد اہم معاملہ ہے اور اعلیٰ انتظامیہ کی خصوصی توجہ کا مرکز ہے۔ کمپنی میں انسانی وسائل اور معاوضہ کمیٹی ہے جو کہ اہم انتظامی عملہ کو ہر کمیشن کی آزمائش، تلافی اور جانشینی کی منصوبہ بندی میں رہنمائی فراہم کرتی ہے۔ اس کی ذمہ داری کمپنی کے انسانی وسائل کی پالیسیوں اور طریقہ کار کے لئے سفارشات فراہم کرنا اور وقتاً فوقتاً جائزہ لینا ہے۔ یہ کمیٹی صنعت کے ”بہترین طور طریقوں“ سے ہم آہنگ رہتی ہے اور جب اور جیسے صورتحال پیدا ہوتی ہے ان کے نفاذ کو یقینی بناتی ہے۔

### کاروباری نظم و نسق

بورڈ آف ڈائریکٹر ہر ساہ ماہ کا اقرار کرتے ہوں گے کہ مقررہ سال 30 جون 2021 میں:

(a) کمپنی کی انتظامیہ کے تیار کئے گئے مالیاتی گوشوارے متعلقہ معاملات، کاروباری نتائج، کمیشن کی آمدورفت اور ایکویٹی میں تبدیلی کو واضح طور پر ظاہر کرتے ہیں۔

(b) حسابات کی کتابیں درست انداز میں رکھی گئی ہیں۔

(c) درست حساباتی پالیسیاں جن کا تذکرہ مالیاتی گوشواروں کے نوٹس میں دیا گیا ہے کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کو ملحوظ خاطر رکھا گیا ہے اور مالیاتی گوشواروں اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔

- (d) مالیاتی گوشواری کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں آگاہیوں کو ملحوظ خاطر رکھا گیا ہے اور کسی بھی قسم کے انحراف کو مناسب انداز میں منکشف کیا گیا ہے اور وضاحت کی گئی ہے۔
- (e) کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- (f) اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- (g) گزشتہ چھ سالوں کا اہم مالیاتی اور کاروباری ڈیٹا اختصاری شکل میں منسلک کر دیا گیا ہے۔
- (h) واجب الادا دیونیوں، آئینی محصولات اور ٹیکسز کو مالیاتی گوشواروں میں مناسب انداز میں منکشف کیا گیا ہے۔

### آزاد آڈیٹرز کی رپورٹ میں ممبران کے لئے کے تحت نکات

آڈیٹرز نے کمپنی کے مالیاتی استحکام پر کچھ آراء دی ہیں جس میں اس کے چلتے ہوئے ادارہ کے مفروضہ پر نشان دہی کی گئی۔ انتظامیہ نے انتہائی مختصر انداز میں مختلف جنٹیفائی عوامل کی وضاحت کی ہے جو کہ کمپنی کے چلتے ہوئے ادارے کے پیکڈ اسٹیشن کی حق میں ہیں جسے مالیاتی گوشواروں کے نوٹ نمبر 3.6 میں منکشف کیا گیا ہے۔

پہلا عنصر جو کمپنی کے حق میں ہے وہ یہ ہے کہ کمپنی کو اپنے تمام اہم بینکاروں سے مکمل تعاون حاصل ہے جنہوں نے نہ صرف نقد قرضوں کی از سر نو ساخت بندی کی ہے بلکہ انہوں نے بنیادی رقم کی ادائیگی کے لئے مزید تقریباً 18 ماہ کی قابل ذکر عاقبت مدت فراہم کی ہے۔ اس کے ساتھ مارک اپ کی شرح میں فنڈ کی اگست کی حد تک کمی کی گئی ہے اور مارک اپ کی بنیادی رقومات کی مکمل ادائیگی کے بعد "بالکل آخر" میں ادائیگی کے لئے از سر نو ساخت بندی کر دی ہے۔ اس کی وجہ یہ ہے کہ کمپنی کے پاس نقدی کا بہاؤ مثبت ہے اور روانیت کو برقرار رکھتی ہے۔ تمام بینکوں نے میچورٹی پر بینک گارنٹیوں کی تجدید کی ہے۔ انتظامیہ مارک اپ میں کمی کے لئے بینک کے ساتھ گفت شنید کر رہی ہے، کچھ بینک مارک اپ کے نرخوں کو منجمد کرنے، کم کرنے، تبدیل کرنے پر رضامند ہو گئے ہیں، لہذا سال ختمہ 30 جون 2021 کے لئے مارک اپ میں 1 فیصد کمی سے شرح سود کے اثرات خود بخود کم ہو جائیں گے جنہیں سابقہ سالوں میں ریکارڈ کیا گیا تھا۔


مزید برآں بینک بنیادی رقومات پر از سر نو ساخت بندی اور قرضوں کی بنیادی رقومات کی ادائیگی کے لئے 15 سال کی مہلت کے ساتھ ساتھ مارک اپ کو منجمد کرنے کی پیشکش کی ہے۔

انتظامیہ گفت شنید کر رہی ہے لیکن جن بینکوں نے مقدمہ بازی کی ہے انہوں نے آڈیٹرز کے خطوط پر بتایا واجب الادا رقم کی تصدیق نہیں کی۔

اس کے علاوہ کمپنی نے دفاع کے لئے رخصت کی درخواست بروقت دائر کر دی ہے اور ان تمام بینکوں کے دعووں کو چیلنج کر دیا ہے جنہوں نے کمپنی کے خلاف سندھ ہائی کورٹ کراچی اور بینکنگ کورٹ میں مقدمات دائر کئے ہیں۔ تمام بینکوں کے ساتھ دعووں کے تصدیق کے لئے گفت شنید جاری ہے اور ہماری قانونی ٹیم پر اعتماد ہے کہ وہ بینکوں سے تصدیق کرنے اور دعوی شدہ رقومات میں کمی کروانے میں کامیاب ہو جائے گی۔ حالیہ پیشقدمی میں معزز سپریم کورٹ آف پاکستان نے GIDC کے طویل مسئلہ کے لئے حکم جاری کیا ہے، اس حکم کے تحت گیس کے صنعتی صارفین کے لئے ضروری ہے کہ GIDC کی رقم کے بتایا جات کی ادائیگی قسطوں میں کریں۔ اس سے کمپنی کے نقدی کے بہاؤ پر منفی اثرات مرتب ہو گئے۔ ملک میں جاری پابند افراط زر سے آگاہوں میں اضافہ ہوگا۔ اس کے نتیجے میں منافع میں کمی ہوگی۔

### اختتامیہ

آخر میں، میں تمام مالیاتی اداروں کا شکریہ ادا کرتا ہوں جنہوں نے ہم سے مسلسل تعاون کیا اور کمپنی پر اپنے بھروسہ اور اعتماد کا اظہار کیا۔ میں تمام عملہ، ملازمین اور افسران کی انتھک محنت اور ایمانداری کی قدر دانی کرتا ہوں۔



طارق اقبال

چیف ایگزیکٹو

نجم پورڈ

طارق اقبال

چیف ایگزیکٹو

کراچی: یکم اکتوبر 2021

### KEY OPERATING AND FINANCIAL DATA

		2021	2020	2019	2018	2017	2016
<b>OPERATING DATA</b>							
Sales	Rs. '000'	4,982,224	3,616,535	4,248,480	3,795,456	5,280,635	5,280,152
Cost of Goods Sold	Rs. '000'	5,151,705	4,198,855	4,514,120	4,279,300	6,292,163	6,439,717
Gross Profit	Rs. '000'	(5,151,705)	(582,320)	(265,640)	(483,844)	(1,011,527)	(1,159,565)
Profit / (Loss) Before Taxation	Rs. '000'	(300,026)	(737,351)	(520,922)	(881,673)	(1,433,350)	(1,724,815)
Profit / (Loss) After Taxation	Rs. '000'	(368,304)	(714,070)	(368,904)	(569,034)	(1,430,150)	(1,715,435)
<b>FINANCIAL DATA</b>							
Equity Balance	Rs. '000'	(2,441,451)	(2,127,839)	(1,460,151)	(1,151,056)	(697,215)	521,548
Property, Plant & Equipment	Rs. '000'	5,599,759	5,756,072	5,948,633	6,192,780	5,503,697	5,763,224
Current Assets	Rs. '000'	3,365,025	2,406,240	1,549,575	1,532,217	1,986,598	3,425,592
Current Liabilities	Rs. '000'	8,355,212	7,568,695	6,203,621	5,389,141	4,652,774	5,058,190
<b>PROFITABILITY RATIOS</b>							
Gross Profit Margin	%	(103.40)	(16.10)	(6.25)	(12.75)	(19.16)	(21.96)
Operating Profit Margin	%	(6.43)	(20.16)	(12.26)	(23.23)	(27.15)	(32.73)
Net Profit Margin	%	(7.39)	(19.74)	(8.68)	(14.99)	(27.08)	(32.67)
<b>LIQUIDITY RATIOS</b>							
Current Ratio	Times	0.40	0.32 : 1	0.25 : 1	0.28 : 1	0.4 : 1	0.68 : 1
Quick Ratio	Times	0.09	0.09	0.11	0.11	0.08	0.09
<b>ACTIVITY / TURNOVER RATIOS</b>							
Days in Receivables	Days	13.49	25.22	28.11	22.81	9.96	8.31
Accounts Receivables Turnover	Times	27.05	14.47	12.99	16.00	36.64	23.25
Inventory Turnover	Times	2.91	4.55	8.64	5.13	3.43	(1.64)
Total Assets Turnover	Times	0.56	0.44	0.56	0.49	0.70	0.52
Return on Total Assets	%	(0.04)	(0.09)	(0.05)	0.07	0.19	(0.19)
Return on Equity	%	1.36	(7.09)	(0.45)	(0.47)	(2.00)	(0.87)
<b>LEVERAGE RATIOS</b>							
Long Term Debts to Equity	Times	(0.36)	(0.23)	(0.34)	(1.02)	(2.71)	4.25
Total Debts to Equity	Times	(3.78)	(3.79)	(4.59)	(5.70)	(9.83)	13.94
Long Term Debts to Total Assets	Times	0.10	0.06	0.07	0.15	0.25	0.24
Total Debts to Total Assets	Times	1.03	0.99	0.89	0.85	0.91	0.65
Equity to Total Assets	Times	(0.03)	0.01	(0.19)	(0.15)	(0.09)	0.06
Interest Coverage Ratio	Times	(8.82)	(14.51)	(2.82)	(2.65)	(4.45)	(4.19)
<b>OTHERS</b>							
Earning / (Loss) Per Share	Rs	(28.33)	(55)	(28)	(44)	(110)	(132)
Breakup Value of Share w/o Revaluation Surplus	Rs	(187.80)	(164)	(112)	(89)	(54)	45
Breakup Value of Share with Revaluation Surplus	Rs	(20.77)	7.75	64	92	55	157
Cash Dividend	%	NIL	NIL	NIL	NIL	NIL	NIL



**DETAIL OF PATTERN OF SHAREHOLDING AS PER  
REQUIREMENT OF CODE OF CORPORATE GOVERNANCE  
AS AT 30TH JUNE 2021**

Name of shareholders		No of Sharehold	Share held	%
<b>1 Directors, CEO their Spouse and Minor Childern</b>	<b>ers 10</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	
Mr. Tauqeer Tariq	( Director )	797,726	6.14	
Mr. Muhammad Saeed	( Director )	521	0.00	
Mr. Shukat Hussain	( Director )	500	0.00	
Mrs. Tabbasum Tariq	( W/o Director )	694,353	5.34	
Mrs. Sadaf Khalid	( W/o Director )	397,158	3.06	
Mrs. Tahmina Tauqeer	( W/o Director )	685,205	5.27	
<b>2 Associates Companies, undertakings and Related Parties</b>		-	-	
<b>3 NIT and ICP</b>	<b>1</b>	250	0.00	
<b>4 Executive</b>		Nil		
<b>5 Public Sector Companies &amp; Corporations</b>		Nil		
<b>6 Bank Development Finance Institution, Non-Banking Finance Institution, Insurance Companies, Modarabas &amp; Mutual Fund</b>	<b>3</b>			
National Industries Co-operate Finance Corporation Ltd		364	0.00	
National Bank Of Pakistan		9,697	0.07	
<b>7 Others</b>	<b>9</b>	282,485	2.17	
<b>8 General Public</b>	<b>292</b>	6,629,924	51.00	
<b>Total</b>	<b>315</b>	<b>13,000,000</b>	<b>####</b>	

**Shareholders Hoding 05% or More**

Mrs. 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. Tabbasum Tariq	694,353	5.34
Mr. Tauqeer Tariq	797,726	6.14
Mrs. Tahmina Tauqeer	685,205	5.27



**QUETTA TEXTILE MILLS LIMITED**
**PATTERN OF SHAREHOLDING ( FORM - A )**

Pattern of holding of the shares held by the shareholders as at 30-06-2021 is given below

No of Shareholders	Shareholding				Total Share Held
108	From	1	To	100	Shares 2,117
80	From	101	To	500	Shares 25,913
31	From	501	To	1,000	Shares 27,015
39	From	1,001	To	5,000	Shares 95,562
14	From	5,001	To	10,000	Shares 106,470
3	From	10,001	To	15,000	Shares 38,779
3	From	15,001	To	20,000	Shares 59,500
3	From	20,001	To	25,000	Shares 65,772
2	From	25,001	To	30,000	Shares 54,384
1	From	30,001	To	35,000	Shares 33,826
2	From	35,001	To	40,000	Shares 75,000
2	From	40,001	To	45,000	Shares 84,400
1	From	55,001	To	60,000	Shares 58,250
1	From	75,001	To	80,000	Shares 79,000
1	From	90,001	To	95,000	Shares 95,000
1	From	110,001	To	115,000	Shares 112,500
1	From	145,001	To	150,000	Shares 147,000
1	From	150,001	To	155,000	Shares 152,343
1	From	170,001	To	175,000	Shares 171,641
1	From	190,001	To	195,001	Shares 190,358
2	From	210,001	To	215,000	Shares 214,663
1	From	300,001	To	305,000	Shares 304,850
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>315</b>	<b>Total</b>				<b>13,000,000</b>

Categories of Shareholders	No of Shareholders	Share Held	Percentage
Directors, Chief Executive Office, their Spous and Minor	10	6,077,280	46.75
Individuals	292	6,629,924	51.00
Investment Corporation of Pakistan	1	250	0.00
Insurance Companies	1	364	0.00
Joint Stock Companies	7	280,686	2.16
Financial Institutions	2	9,697	0.07
Others	2	1,799	0.01
<b>Total</b>	<b>315</b>	<b>13,000,000</b>	<b>100.00</b>



**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (THE CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

**Name of Company: Quetta Textile Mills Limited**  
**Year ended June 30, 2021.**

The company has complied with the requirements of Regulations in the following manner:

1. The total numbers of directors are (07) as per the following
 

a) Male	6
b) Female	1
2. The Composition of board is as follows:
 

a) Independent Director	Mr. Major Rtd. Muhammad Seed. Mr. Shaukat Hussain
b) Non-executive	Mr. Tauqir Tariq Mr. Asim Khalid
c) Executive	Mr. Tariq Iqbal Mr. Omer Khalid
d) Female Director/ Non-Executive	Mrs. Saima Asim
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies including this company;
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. The Board has ensured that complete record of particulars of significant policies along with the dates of approval 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 have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Out of the 7 directors of the Company all directors meet the requirements. Five have already attained certification under director training program and Two directors meet the requirement of the exemption under regulation.
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;
11. 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
Mr. Tauqir Tariq	Member
Mr. Shaukat Hussain	Member

b) HR and Remuneration Committee

Mr. Shaukat Hussain	Chairman
Mr. Tariq Iqbal	Member
Mrs. Saima Asim	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	Four quarterly meeting
b) HR and Remuneration Committee	Once a year

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are 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 Institute of Chartered Accountant of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of Internal Auditor, Company Secretary or Director of the Company.

17. The statutory auditors or Other 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 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Regulation 6(1) the Listed Companies (Code of Corporate Governance) Regulations, 19, require that "each listed company shall have at least two or one third members of the Board, which is higher, as independent directors". At the time recent election of Directors, the Company assessed its compliance with the Regulation, One third of the Company's total number of Directors result in a fractional number (2.33). The fraction has not been rounded up to one and therefore, the Board of Directors currently has 2 Independent Directors. The Company considers that the existing composition of the Board of Directors bring in the relevant experience and valuable contributions to the Board.

Karachi:  
Dated: October 01, 2021

  
**TARIQ IQBAL**  
Chief Executive

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS**

**To the member of Quetta Textile Mills Limited**

**Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulation, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Quetta Textile Mills Limited** (the Company) for the year ended June 30, 2021, in accordance with the requirements of regulation 36 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. 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 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, 2021.

Karachi:

Date: 1<sup>st</sup> October, 2021

**MUSHTAQ & CO.**

Chartered Accountants

**Engagement Partner:**

Zahid Hussain Zahid

FCA





## Independent Auditors' Report

### To the Members of Quetta Textile Mills Limited

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

##### *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, 2021, 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 (c), 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, 2021 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 year instead of applicable rates. Had the company accounted for finance cost, the loss for the year would have been higher by Rs. 361.259 million approximately. Consequently the aggregate amount of accrued markup would have been increased by Rs. **1,190.589** 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.1,186.32 million, and in respect of long term financing amounting to Rs.1,083.55 million remains unconfirmed. Also balance payable to Orix leasing amounting to 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.
- c) As fully explained in note 27.3, the company has not accounted for the amount approximately Rs.333.52 million payable in respect of Gas infra-structure development cess (GIDC) in the financial statements. Had the above amount been recorded in the accounts, the profit would have been decreased by Rs.333.52 and consequently the liability would have been increased by the same amount.

#### ***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 368.304 million during the year ended June 30, 2021 and as of that date, reported accumulated losses of Rupees 3,550.640 million. The company's current liabilities exceed its current assets by Rs. 4990.187 million. In addition to this, the company's financing arrangements with financial institutions amounting Rs.1,907 billion have been expired as on 30.06.2021 as disclosed in note 25.1. The company is under litigation with these financial institutions with respect to its financing arrangements as fully explained in note 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. 22.3 to the audited financial statements.</p> <p>The Company operates an unfunded gratuity plan, giving rise to net liability of Rs.186.787 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 **Zahid Hussain Zahid, FCA**.

Karachi.

Dated: **1<sup>st</sup> October, 2021**

**MUSHTAQ & CO.**

**Chartered Accountants**



# QUETTA TEXTILE MILLS LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	5,565,104,172	5,720,860,458
Intangible assets	6	994,219	1,562,343
Long term deposits	7	33,661,014	33,649,014
		5,599,759,405	5,756,071,815
<b>CURRENT ASSETS</b>			
Stores and Spares & Loose Tools	8	443,466,272	409,450,434
Stock in trade	9	2,191,423,370	1,352,090,247
Trade debts	10	216,619,952	151,733,766
Other financial assets	11	111,401	67,194
Advances, deposits, prepayments and other receivable	12	92,513,560	97,339,367
Tax refund due from governments	13	342,051,152	313,748,159
Cash and bank balances	14	78,838,951	81,810,653
		3,365,024,658	2,406,239,822
		8,964,784,063	8,162,311,637
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
20,000,000 (June 30, 2020: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2020: 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
Loan from directors and others	17	212,728,470	212,728,470
Revaluation surplus on property, plant and equipment	18	2,171,467,821	2,228,537,931
Accumulated loss		(3,550,930,285)	(3,237,318,480)
		(269,982,794)	100,699,121
<b>NON CURRENT LIABILITIES</b>			
Long term finances	19	692,785,655	332,600,041
Redeemable capital - Sukuk	20	-	-
Liabilities against assets subject to finance lease	21	-	-
Deferred liabilities	22	186,768,611	160,317,910
		879,554,266	492,917,951
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	3,300,264,099	2,220,717,094
Accrued mark-up	24	1,108,505,884	1,051,197,044
Short term borrowings	25	1,911,428,391	2,413,564,208
Loan from directors and others	26	67,916,357	28,016,357
Current portion of			
Long term finances	19	1,261,405,967	1,173,247,387
Redeemable capital - Sukuk	20	611,335,643	611,335,643
Liabilities against assets subject to finance lease	21	18,288,552	18,288,552
Unclaimed dividend		36,467	36,467
Provision for taxation		76,011,030	52,291,813
		8,365,212,390	7,568,694,565
<b>CONTINGENCIES AND COMMITMENTS</b>			
	27		
		8,964,784,063	8,162,311,637

The annexed notes 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, 2021

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
Sales	28	4,982,223,810	3,616,534,871
Cost of sales	29	(5,151,704,691)	(4,198,854,696)
<b>Gross (loss)</b>		(169,480,881)	(582,319,825)
Other income	30	20,558,981	13,706,445
		(148,921,900)	(568,613,380)
Distribution cost	31	(15,548,714)	(23,794,336)
Administrative expenses	32	(80,461,511)	(83,366,871)
Other operating expenses	33	(18,958,140)	(3,349,879)
Finance cost	34	(36,135,603)	(58,226,362)
		(151,103,968)	(168,737,448)
<b>(Loss) before taxation</b>		(300,025,868)	(737,350,828)
Provision for taxation			
Current tax - current year		(76,011,030)	(52,291,814)
Current tax - prior year		7,732,658	21,641,747
Deferred		-	53,931,229
		(68,278,372)	23,281,162
<b>Net (loss) for the year</b>		<b>(368,304,240)</b>	<b>(714,069,666)</b>
<b>(Loss) per share - basic and diluted</b>	35	<b>(28.33)</b>	<b>(54.93)</b>

*The annexed notes 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, 2021

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>Net (loss) for the year</b>		(368,304,240)	(714,069,666)
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		(2,377,675)	(18,110,375)
Impact of deferred tax		-	5,040,353
<b>Other comprehensive income/(loss) for the year</b>		(2,377,675)	(13,070,022)
<b>Total comprehensive (loss) for the year</b>		<b>(370,681,915)</b>	<b>(727,139,688)</b>

*The annexed notes form an integral part of these financial statements.*

**Chief Executive**

**Director**

**Chief Financial Officer**

**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED JUNE 30, 2021

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	36	176,783,062	267,196,144
Long term loans and deposits		(12,000)	685,514
Interest paid		21,173,237	(9,679,014)
Gratuity paid		(22,752,890)	(18,778,145)
Taxes paid		(68,295,318)	(158,680,395)
		(69,886,971)	(186,452,040)
<b>Cash flows from operating activities</b>		<b>106,896,090</b>	<b>80,744,104</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(99,476,169)	(23,742,728)
Proceeds from disposal of property, plant and equipment		3,500,000	1,885,000
<b>Cash (used in) investing activities</b>		<b>(95,976,169)</b>	<b>(21,857,728)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances		448,344,194	208,585,607
Liabilities against assets subject to finance lease		-	(2,789,820)
Short term borrowings		(502,135,818)	(246,503,526)
Loans from directors & others		39,900,000	2,300,000
		(13,891,624)	(38,407,739)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,971,703)</b>	<b>20,478,637</b>
Cash and cash equivalent at the beginning of the year		81,810,653	61,332,016
<b>Cash and cash equivalent at the end of the year</b>	14	<b>78,838,951</b>	<b>81,810,653</b>

*The annexed notes 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, 2021**

	Share Capital	Reserves				Loan from directors and others	Revaluation surplus on property, plant and equipment	Accumulated profit / (loss)	Total equity
		Share premium	Capital reserve	General reserve	Sub total				
Rupees									
Balance as at June 30, 2019	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,287,989,493	(2,569,630,354)	827,838,803
Net (loss) for the year	-	-	-	-	-	-	-	(714,069,666)	(714,069,666)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	(13,070,022)	(13,070,022)
Total comprehensive income for the year	-	-	-	-	-	-	-	(727,139,688)	(727,139,688)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(59,451,562)	59,451,562	-
Balance as at June 30, 2020	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,228,537,931	(3,237,318,480)	100,699,121
Net (loss) for the year	-	-	-	-	-	-	-	(368,304,240)	(368,304,240)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	(2,377,675)	(2,377,675)
Total comprehensive (loss) for the year	-	-	-	-	-	-	-	(370,681,915)	(370,681,915)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(56,360,825)	56,360,825	-
Reversal of Surplus Due to Disposal of Plant and Machinery	-	-	-	-	-	-	(709,285)	709,285	-
Balance as at June 30, 2021	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,171,467,821	(3,550,930,285)	(269,962,794)

The annexed notes form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer



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

For the year ended June 30, 2021

**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 Chundrigar road Karachi. The company is principally engaged in manufacturing and sale of Yarn and Fabric.

**1.2 Geographical location and address of business units**

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

**1.3 Impact of COVID-19**

The management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosure in the financial statements.

**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.99.476 million. This include Rs. 95.577 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision 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.





## QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

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

##### 3.5.1 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company:

	Effective date (annual reporting periods beginning on or after)
IAS 1 Presentation of financial statements (Amendments)	January 1, 2023
IAS 8 Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12 Income Taxes (Amendments)	January 1, 2023
IAS 16 Property, Plant and Equipment (Amendments)	January 1, 2023
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3 Business	January 1, 2022
IFRS 7 Financial	January 1, 2021
IFRS 9 Financial	January 1, 2021
IFRS 16 Leases	January 1, 2021

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting
IFRS 17	Insurance contracts

The following Interpretation Issued by the IASB

IFRIC 12	Service concession arrangements
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As per Securities and Exchange Commission of Pakistan (SECP) SRO 985 (1)/2019, dated September 2, 2019, for companies holding financial assets due from Government of Pakistan, the requirements contained in IFRS 9 with respect to expected credit losses method shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 – Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. The Company has assessed that the above SRO does not have any significant impact on its financial statements.

#### 3.6 Going concern assumptions

During the year, the Company incurred loss amounting to Rs. 368.304 million (June 30, 2020: Rs. 714.070 million) and has reported accumulated losses amounting to Rs. 3,550.640 million (June 30, 2020 : Rs. 3,237.318 million) at the year end. Accordingly, it resulted negative equity of Rs.269.983 million in current year (June 30, 2020: equity Rs. 100.700 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 4,990.187 million (June 30, 2020: Rs. 5,162.455 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 78% of available capacity.

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 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;
- 3.6.2 The company's weaving mills sales suffered due to adverse market conditions. However, the management continue operations to conversion by doing job work. Now we have orders and are continuing operations on mostly conversion basis. Based on the availability of conversion market and orders. The management anticipates better operational efficiencies and plant utilization, during the period the company has incurred Rs.95.557 million on BMR in weaving section, which has resulted in efficiency and production subsequent to the year end the company has replaced some looms for better efficiency.



## QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

3.6.3 During the year, the Directors and sponsors of the company have injected amounting Rs.39.900 million for financial support. They have committed that they would also continue such support in future and.

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

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

### 3.7 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

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 (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

There is risk that the final salary at the time of cessation of service is greater than what the entity has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Actuarial gains and losses are recognized in comprehensive income for the period in which these arise.





## QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

#### 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 less accumulated depreciation and impairment loss (if any). Cost comprises of acquisition cost and other directly attributable cost. Except land, building and plant and machinery which are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses (if any).

Revaluation is 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 and disposal of property, plant and equipment is charged on pro rata basis.

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.

#### 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.



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

For the year ended June 30, 2021

**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.



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

For the year ended June 30, 2021

**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 information is available.

**4.21 Financial instruments**

**4.21.1 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 of within 12 months of the end of the reporting date.

**4.21.2 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.



# QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

### 4.21.3 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. 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.

### 4.21.4 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.

### 4.21.5 Off-setting of financial assets and liabilities

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

### 4.21.6 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'.

### 4.21.7 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.

### 4.21.8 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.

### 4.21.9 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.

### 4.21.10 Capital management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the

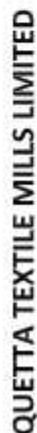
	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	5,565,104,172	5,720,860,458
		<u>5,565,104,172</u>	<u>5,720,860,458</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**5.1 Operating fixed assets**

	Cost as at July 01, 2020	Additions / (deletions)	Transfer in/(out)	Cost as at June 30, 2021	2021		Accumulated depreciation as at June 30, 2021	Book value as at June 30, 2021	Annual depreciation rate %
					Depreciation charge / (deletion) for the year	Adjustments			
Rupees									
<b>Owned Assets</b>									
<b>Spinning Units :</b>									
Freehold land	645,150,455	-	-	645,150,455	-	-	-	645,150,455	-
Leasehold land	423,490,109	-	-	423,490,109	13,079,470	906,147	13,985,617	419,514,492	99 years
Building on freehold land	682,790,317	-	-	682,790,317	314,099,338	18,434,549	332,533,887	350,256,430	5%
Building on leasehold land	598,871,772	-	-	598,871,772	231,141,540	18,386,812	249,528,062	349,343,720	5%
Labour colony on freehold land	192,677,888	-	-	192,677,888	50,849,286	7,091,430	57,940,716	134,737,172	5%
Labour colony on leasehold land	125,865,280	-	-	125,865,280	43,899,806	4,098,774	47,988,580	77,876,700	5%
Plant and machinery	4,500,630,991	28,275,996	-	4,528,915,987	2,519,191,285	100,550,909	2,619,742,174	1,909,173,813	5%
Electrical fitting	61,822,173	-	-	61,822,173	59,015,772	1,020,960	58,036,732	5,785,441	15%
Factory equipment	22,874,560	195,000	-	23,069,560	21,169,156	264,762	21,433,918	1,635,642	15%
Office premises	17,285,321	-	-	17,285,321	16,281,859	601,995	16,883,854	431,467	15%
Office equipment	24,975,630	442,290	-	25,417,920	19,617,448	380,418	19,997,898	5,420,064	15%
Furniture and fixture	13,348,937	1,029,249	-	14,368,186	12,435,766	187,379	12,623,145	1,735,041	15%
Vehicles	54,417,303	108,120	-	54,525,423	45,559,525	1,486,133	47,045,658	7,479,765	15%
	7,364,209,736	30,030,666	-	7,394,240,391	3,342,330,231	153,409,969	3,495,740,199	3,898,500,192	
<b>Weaving Unit :</b>									
Building on freehold land	401,853,032	-	-	401,853,032	195,957,673	10,794,769	196,752,441	205,100,581	5%
Building on leasehold land [Grid]	5,998,687	-	-	5,998,687	3,680,797	86,805	3,966,902	1,630,285	5%
Labour colony on freehold land	117,638,449	-	-	117,638,449	33,036,639	4,230,091	37,266,730	80,371,719	5%
Plant and machinery	1,553,915,288	64,975,885	-	1,563,711,588	824,742,868	36,636,110	821,880,653	742,030,935	5%
		(55,179,585)	-			(39,698,326)			
Plant and machinery [Grid]	197,233,703	-	-	197,233,703	46,436,342	7,539,818	53,976,160	143,256,543	5%
Electrical fitting	33,203,858	-	-	33,203,858	29,619,532	537,649	30,157,181	3,046,677	15%
Factory equipment	12,474,088	-	-	12,474,088	11,084,716	208,406	11,293,122	1,180,966	15%
Office equipment	4,322,393	-	-	4,322,393	3,359,149	144,487	3,503,638	818,757	15%
Furniture and fixture	2,694,943	-	-	2,694,943	2,137,577	83,615	2,221,162	473,761	15%
Vehicles	10,322,257	2,144,018	-	11,877,275	6,755,322	523,788	6,719,611	5,157,664	15%
		(389,000)	-			(565,499)			
	2,339,251,898	67,119,903	-	2,360,605,216	1,147,010,615	60,790,527	1,167,537,318	1,183,067,898	
		(55,766,585)	-			(40,263,824)			
<b>Power Plant :</b>									
Building on freehold land	69,288,587	-	-	69,288,587	45,951,031	1,166,678	47,117,809	22,170,678	5%
Building on leasehold land	46,763,677	-	-	46,763,677	30,904,896	742,439	31,647,356	14,108,342	5%
Plant and machinery	1,043,316,619	2,326,611	-	1,045,642,230	596,544,022	21,346,594	618,492,596	427,149,634	5%
Electrical fitting	44,949,933	-	-	44,949,933	40,004,468	741,820	40,746,288	4,203,645	15%
Factory equipment	7,168,574	-	-	7,168,574	6,393,120	116,317	6,509,437	659,137	15%
Office equipment	66,800	-	-	66,800	66,718	1,513	58,231	8,569	15%
Furniture and fixture	476,750	-	-	476,750	425,778	7,646	433,424	43,326	15%
Vehicles	940,725	-	-	940,725	918,183	3,231	922,414	18,311	15%
	1,211,961,655	2,325,611	-	1,214,287,266	721,190,196	24,726,438	745,927,634	468,359,632	
<b>Leased Assets</b>									
<b>Plant and Machinery</b>									
	20,645,650	-	-	20,645,650	4,670,439	798,781	5,469,200	15,176,450	5%
	20,645,650	-	-	20,645,650	4,670,439	798,781	5,469,200	15,176,450	
<b>Total - 30.06.2021</b>	10,936,070,939	99,476,169	-	10,979,778,523	5,215,210,481	239,727,694	5,414,674,351	5,565,104,172	
		(55,766,585)	-			(40,263,824)			



## For the year ended June 30, 2021

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
Cost of sales - spinning	151,328,031	158,244,805
Cost of sales - weaving	53,164,904	54,991,059
	<u>204,492,935</u>	<u>213,335,864</u>
Cost of sales - power plant	32,354,061	34,095,284
Administrative expenses	2,882,698	2,885,010
	<u>239,727,694</u>	<u>250,315,158</u>

### 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
Plant and machinery							
Air Jet Looms	20,329,321	14,625,696	5,703,623	700,000	(5,003,623)	Negotiation	M/s. JA Textile Ind. Gujrat.
Air Jet Looms	34,850,264	25,072,627	9,777,637	2,400,000	(7,377,637)	Negotiation	M/s. Hiba Fabrics, Faisalabad.
Vehicles							
Hyundai Shetrone	589,000	565,499	23,501	400,000	378,499	Negotiation	Mr. Taj Muhammad, Gujrat.
30-Jun-21	55,768,585	40,263,824	15,504,761	3,500,000	(12,004,761)		
30-Jun-20	2,930,220	1,730,959	1,199,261	1,885,000	685,739		

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

Location	Addresses	Total Area (In Acres)
Koti	P/O, S.I.T.E., Koti.	20
Koti	B/4, S.I.T.E., Koti.	10
Bhal Phatu	49 K.M., Lahore, Mullan Road, Bhal Phatu.	41.18
Karachi	F-63 (Industrial Area) Eastern Industrial Zone PQA, Karachi.	2
Lahore	7-B/A, Justice Sarda 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, 2021 would have been as follows:

Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
Freehold Land	75,752,071	75,752,071
Leasehold land	4,152,099	4,152,099
Building on freehold land	253,406,754	266,743,952
Building on leasehold land	74,332,440	78,244,674
Building on freehold land (Grid)	28,852,451	30,371,001
Labour colony on freehold land	21,397,897	22,524,102
Labour colony on leasehold land	19,051,751	20,065,001
Plant and machinery	2,454,986,602	2,504,100,191
Plant and machinery (Grid)	84,438,145	88,882,258
	<u>3,016,380,210</u>	<u>3,090,835,349</u>



# QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>6 INTANGIBLE ASSETS</b>			
Computer software			
Net carrying value basis as at June 30			
Opening net book value		1,562,343	2,130,467
Additions (as cost)		-	-
Transfer from capital work in process		-	-
Amortisation charge		(568,124)	(568,124)
Closing net book value		994,219	1,562,343
Gross carrying value basis as at June 30			
Cost		2,840,622	2,840,622
Accumulated amortisation		(1,846,403)	(1,278,279)
Net book value		994,219	1,562,343
The cost is being amortised over a period of five years and the amortisation charge has been allocated as follows:			
Administrative expenses	32	568,124	568,124
<b>7 LONG TERM DEPOSITS</b>			
Security deposits:			
WAPDA		7,893,190	7,893,190
Gas companies		18,658,656	18,658,656
Leasing companies	21	5,772,000	5,772,000
Others		1,337,168	1,325,168
		33,661,014	33,649,014
<b>8 STORES, SPARES AND LOOSE TOOLS</b>			
Spinning :			
Stores		80,597,110	70,165,358
Spares and accessories		167,207,020	155,248,503
Loose tools		8,059,711	9,882,445
		255,863,841	235,296,306
Weaving :			
Stores		77,948,179	62,841,710
Power plant :			
Oil and stores		109,654,252	111,312,418
		443,466,272	409,450,434
8.1 No item of stores, spares and loose tools is pledged as security as at reporting date.			
<b>9 STOCK IN TRADE</b>			
Spinning :			
Raw material - in hand		830,838,314	310,971,885
Work-in-process		130,945,036	60,240,277
Finished goods		1,018,961,856	769,926,443
Waste		11,592,864	12,391,342
		1,992,338,070	1,153,529,947
Weaving :			
Finished goods		199,085,300	198,560,300
		199,085,300	198,560,300
		2,191,423,370	1,352,090,247
9.1 No item of stock in trade is pledged as security as at reporting date.			

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS  
For the year ended June 30, 2021

AND FORMING PART OF THE THE INANCIAL STATEMENTS

ar ended June 30, 2021

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees	
10	TRADE DEBTS			
	Considered good			
	Local debts - unsecured	10.1	219,786,785	151,733,768
	Allowance for ECL on trade debts	10.2	(3,166,833)	-
			<u>216,619,952</u>	<u>151,733,768</u>
10.1	During the year, no receivable from export customer.			
10.2	Particulars of allowance for ECL on trade debts			
	Balance at beginning of the year		-	-
	Charge during the year		3,166,833	-
	Allowance no longer required / (recovered)		-	=
	Balance at the end of the year		<u>3,166,833</u>	<u>-</u>
11	OTHER FINANCIAL ASSETS			
	Fair Value through profit or loss			
	In listed companies	11.1	65,285	65,285
	Fair value Adjustment		46,116	1,909
			<u>111,401</u>	<u>67,194</u>
11.1	Details are as under:			



# QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

For the year ended June 30, 2021

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>14 CASH AND BANK BALANCES</b>			
With banks on:			
- current accounts		12,179,971	15,348,522
- term deposit account (TDA)	14.1	55,210,352	54,159,282
- saving accounts	14.2	10,052,504	2,045,635
		77,442,827	71,553,439
Cash in hand		1,396,124	10,257,214
		<u>78,838,951</u>	<u>81,810,653</u>
<b>14.1</b>	Effective rates of profit on TDA, during the year, ranging from 3.25% to 6.50% (June 30, 2020: 6.25% to 8.50%) per annum. The maturity period of the TDA in one year from the date of original issue. This deposit is under bank's lien as security of bank guarantee issued on behalf of the Company.		
<b>14.2</b>	Effective rates of profit on deposit accounts, during the year, ranging from 6.5 % to 11.25 % (June 30, 2020: 6.50% to 11.25% p.a.		
<b>15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020	30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020
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
9,875,000	9,875,000	Ordinary shares of Rs. 10 each allotted as right shares	98,750,000
1,925,000	1,925,000	Ordinary shares of Rs. 10 each issued as bonus	19,250,000
<u>13,000,000</u>	<u>13,000,000</u>	shares	<u>130,000,000</u>
<b>15.1</b>	The Company has only one class of shares which carry no right to fixed income.		
<b>15.2</b>	The company had issued 9,875,000 Ordinary Shares in the ratio of 316 shares for every 100 ordinary Shares at exercise price of Rs. 76/= per share having premium of Rs. 66/= per share.		
	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>16 RESERVES</b>			
Reserves :			
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>
<b>17 LOAN FROM DIRECTORS AND OTHERS - SUBORDINATED</b>			
Loan from directors and others		<u>212,728,470</u>	<u>212,728,470</u>
<b>17.1</b>	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.		



# QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>18 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
Balance as at July 01,		2,681,601,299	2,765,335,906
Add: Surplus on revaluation of land, building and plant & machinery		-	-
Reversal of Surplus Due to Disposal of Plant and Machinery		(709,285)	-
Less: Transferred from surplus on revaluation of Property Plant Equipment on account of incremental depreciation		(56,360,825)	(59,451,562)
Less: Deferred Tax		(23,310,327)	(24,283,045)
		2,601,220,862	2,681,601,299
Less: Related to deferred tax effect:			
Balance as at July 01,		453,063,368	477,346,413
Recognition of deferred tax liability due to the transfer of incremental depreciation to equity from surplus on revaluation		(23,310,327)	(24,283,045)
		429,753,041	453,063,368
<b>Closing balance</b>		<b>2,171,467,821</b>	<b>2,228,537,931</b>

- 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/-.

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>19 LONG TERM FINANCES</b>			
<b>Loans from banking companies - secured</b>			
Al-Barka Bank (Pakistan) Limited	19.1	493,527,177	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	14,443,087	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	149,907,100	162,907,100
Accrued Interest [NBP-LTF-I]	19.8	13,450,057	26,900,113
Soneri Bank Limited	19.9	481,567,000	481,767,000
Bank Al Falah Limited	19.10	23,890,663	26,290,663
Allied Bank Limited [LTF]	19.11	183,694,944	184,494,944
		1,954,191,622	1,505,847,428
Less: Current maturity shown under current liabilities	19.12	(1,261,405,967)	(1,173,247,387)
		<b>692,785,655</b>	<b>332,600,041</b>





# QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

- 19.1 The bank alBaraka restructured its existing outstanding balances in Istisna Rs. 300 million, local modarba Rs.197 million and diminishing musharaka Rs.0.890 million and waived all its arrear markups. Total amount merged into Istisna Facility with Rs. 497.890 million.  
Securities/ Margins  
1st pari passu Equitable mortgage and hypothecation (each) charge dated March 17, 2006 registered vide supplemental letter of hypothecation of Plant, Machinery and equipment dated march 08, 2006 for PKR 420 million on present and future fixed assets of the company inclusive of 25% margin.
- 19.2 First pari passu hypothecation charge over stock and receivables for PKR 130 Million, first pari passu charge over plant and machinery of the company for PKR 311.330 Million mortgage charge over land and building for PKR 75 Million facility amount was 162.643 Million at a markup rate of 3 months Kibor plus 0.50% per annum loan is payable within 5 years including 1 year grace period. Quarterly installments commencing from June 01, 2017.
- 19.3 The company had a restructuring agreement with bank to restructure outstanding principal of Rs. 287.809 million of different facilities upto date of Apr 10, 2016. The facility is payable in 29 installments, starting from Apr 22, 2016. The facility is secured against First pari passu Equitable Mortgage and hypothecation (each) charge for PKR 420 Million, on present and future fixed assets, post dated Cheques and personal guarantees of directors of the company. The markup rate of 3 months Kibor per annum. Accrued interest will be payable in 4 equal quarterly installments starting from Sep 1, 2021.
- 19.4 Frozen markup for CF and FIM Facility Accrued from Jan 16 to 22 April 2016 to be clubbed in frozen markup payable in 4 equal quarterly installments commencing from 01-sept-2021.
- 19.5 Ranking Charge of Rs. 96 (M) on plant & machinery of the company. Facility amount was Rs. 72 (M) at a profit rate of 1-year GoP Ijarah Sukuk rate. Loan is repayable in 60 monthly installments commencing from 31/1/14.
- 19.6 The company has entered into restructuring agreement with bank for conversion of frozen markup of RF, LTFF, cash finance and FIM facilities up to June 30, 2016 into Term Loan Facility-II. The facility is payable in 8 equal quarterly installments of Rs. 7.731 million each starting from Sep 30, 2022 to Jun 30, 2024. The facility is secured as mentioned in note 19.7.
- 19.7 Total facility amount under LTFF facility was Rs. 63.436 million payable in 20 quarterly installment from Sep 20, 2015 to Jun 20, 2020. During the period, company entered into restructuring agreement with bank along with mention in note 19.8, and restructured overdue amount Rs 12.688 million with security mentioned in 19.8. Markup rate is SBP+3%.
- 19.8 The Company has entered into restructuring agreement with bank for conversion of CF(Pledge), FIM and Overdue upto June 30, 2016 into Term Loan Facility-I. The facility is payable in 24 quarterly installments starting from Sep 30, 2016. The markup rate is 3 months 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.
- 19.10 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 years. 1st Pari Passu charge on stocks & book debts for Rs. 40 million to cover CF - Hypo facility of Rs. 30 million with 25% margin. Ranking charge of Rs. 120 million [is ranked 2nd on receivables and 7th on stocks up to Rs. 32 million and 2nd on receivables and 9th over stocks for the rest of Rs. 88 million] over stocks including furnace oil and book debts.
- 19.11 Facility was restructured by Allied Bank Limited. ABL-Special Asset Management Group agreed to restructure the released entire pledge and converted in term loan. Later on bank released whole stock and issued the D.O of stocks. The balance as on closing date stand Rs.160 million term loan and short term balance still exist of Rs. 24.494 million which is payable on demand. The bank has approved repayment plan for 6 years. Ranking charge of Rs.400 million in favor of ABL over entire fixed assets of the company
- 19.12 Current maturity includes Rs. 1,119.405 million in respect of overdue.

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>20 REDEEMABLE CAPITAL - SUKUK</b>			
Diminishing musharaka Sukuk certificate		611,335,643	611,335,643
Less: Current portion shown under current liabilities	20.3	(611,335,643)	(611,335,643)
		-	-
<b>20.1</b>			
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





# QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

### 20.2 Security

First Pari Passu charge of Rs. 1.846 billion (June 30, 2020 Rs. 1.846 billion) on all fixed assets of the company.

### 20.3 Current maturity includes Rs. 611.336 million in respect of overdue.

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>21 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
Payable within one year		21,304,702	21,304,702
Payable after one year but not more than five years		-	-
		21,304,702	21,304,702
Less: deferred finance cost		(3,016,150)	(3,016,150)
		18,288,552	18,288,552
Less: Current portion shown under current liabilities	21.5	(18,288,552)	(18,288,552)
Present value of minimum lease payments		-	-

21.1 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.

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

21.3 Implicit rate of return on lease varies ranging from NIL (June 30, 2020: 8.80% to 11.35%) p.a.

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

21.5 Current maturity includes Rs. 18.289 million in respect of overdue.

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>22 DEFERRED LIABILITIES</b>			
Deferred taxation	22.1	-	-
Staff retirement benefits - gratuity	22.3	186,768,811	160,317,910
		186,768,811	160,317,910

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>22.1 Deferred taxation</b>			
Deferred tax credits / (debits) arising in respect of:			
Taxable/(Deductible) temporary differences (deferred tax liabilities)			
Deferred Tax		340,939,228	253,578,672
Revaluation surplus		429,753,041	453,063,368
Deferred debit arising in respect of provisions, tax losses and refunds		(1,252,942,930)	(983,579,712)
	22.2	(482,250,661)	(276,937,672)

22.2 During the year deferred tax asset arose amounting to Rs 482.251 million. This has not been recognised as the Company does not seem to earn taxable profits in the foreseeable future.

### 22.3 Staff retirement benefits - gratuity

#### Movement in the net liability recognized in the Balance sheet

Opening net liability	160,317,910	116,695,105
Expense for the year in profit and loss account	46,826,116	44,290,575
Remeasurement recognized in other comprehensive income	2,377,675	18,110,375
	209,521,701	179,096,055
Benefits paid during the year	(22,752,890)	(18,778,145)
Closing net liability	186,768,811	160,317,910



# QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

ended June 30, 2021

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
22.4 Expense for the year in profit and loss account			
Current service cost		32,831,847	34,430,132
Interest cost		13,994,269	9,860,443
		<u>46,826,116</u>	<u>44,290,575</u>
22.5 Historical information			
		2021	2020
Present value of defined benefit obligation		186,768,811	160,317,910
		2019	2018
		116,695,105	97,463,821
			2017
			107,462,067
22.6 General description			
The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.			
	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
22.7 Principal actuarial assumption			
Following are a few important actuarial assumption used in the valuation.			
		%	%
Discount rate		10.00	8.50
Expected rate of increase in salary		10.00	10.00
22.8 Expected gratuity expenses for the year ending June 30, 2022 works out Rs. 49,810,830/-.			
22.10 Expected year of services (years)		8	8
22.11 Sensitivity analysis for actuarial assumption			
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.			
		Increase in assumptions	Decrease in assumptions
Discount rate		(5,018,724)	5,239,993
Increase in future salaries		5,191,761	(5,063,781)
23 TRADE AND OTHER PAYABLES			
Trade Creditors		2,751,657,670	1,802,612,017
Accrued liabilities		493,046,302	384,446,303
Advance from customers	23.1	-	25,295,298
Security deposit against rentals		1,875,400	1,875,400
Unearned rental income		1,116,510	1,877,415
Sales tax payable		51,225,950	-
Withholding income tax payable		849,597	1,585,080
Others		512,670	3,025,581
		<u>3,300,284,099</u>	<u>2,220,717,094</u>
23.1 Revenue for an amount of Rs. 25,295,298 has been recognised in current year in respect of advance from customers.			
24 ACCRUED INTEREST / MARK-UP			
Accrued interest / mark-up on secured:			
- long term finances		185,660,078	346,041,535
- redeemable capital - Sukuk		201,474,210	6,113,356
- short term borrowings		721,371,596	699,042,152
		<u>1,108,505,884</u>	<u>1,051,197,044</u>



# QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

28 SALES	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>25 SHORT TERM BORROWINGS</b>			
Secured - Banking companies			
Finances under mark-up arrangement	25.1	1,909,702,728	2,410,717,365
Unsecured			
Book overdraft	25.2	1,725,663	2,846,843
		<u>1,911,428,391</u>	<u>2,413,564,208</u>
25.1 Aggregate facilities amounting to Rs. 1,907 billion (June 30, 2020: Rs. 2,408 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 10.08% to 11.08% (June 30, 2020: 11.25 % to 14.75%) per annum payable quarterly and on the maturity dates. The above facilities have been expired.			
25.2 This represents Cheques issued in excess of bank balance. Since there was no banking facility, this has been grouped under Book overdraft.			
<b>26 LOAN FROM DIRECTORS AND OTHERS</b>			
Unsecured			
Due to directors		62,062,298	22,140,964
Due to others		5,854,059	5,875,393
		<u>67,916,357</u>	<u>28,016,357</u>
26.1 These are non mark up bearing and unsecured ,and repayable on demand.			
26.2 The loan has been taken for the fulfillment of working capital requirement.			
<b>27 CONTINGENCIES AND COMMITMENTS</b>			
<b>27.1 Contingencies</b>			
Guarantees issued by banks on behalf of the Company		<u>230,759,721</u>	<u>230,759,721</u>
27.2 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 at the stage of hearing and opinion of the legal advisor of the company is favorable and there is no likelihood of unfavorable outcome or any potential loss.			
27.3 The Government levied Gas Infrastructure Development Cess (GIDC) amounting to Rs-333.515 million. Subsequent to the reporting date, the Honorable Supreme Court of Pakistan issued a judgment on August 13, 2020 declaring the levy as valid. The decision made by the Supreme Court of Pakistan (SCP) impact all pending appeals in various High Courts, therefore, it invited intervener applications to join the proceedings. The company again challenged the demand for recovery in the High Court of Sindh via Sult No.1226 and in the Lahore High Court via W.P No.37524. The company has not recorded the provision for the above amount.			
27.4 The Company has filed Sult No. 287 of 2015 against Sui Gas Bill tariff rate is charged under the heading of Captive Power while the Company does not fall under the said heading/tariff. Case was decreed in favor of the company. Appeal in the High Court has been filed against the order.			
27.5 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, Orix Leasing Company, Dubai Islamic Bank, Bank Al Baraka, Bank Al Falah Limited and Standard Chartered Bank (Pakistan) Limited have filed recovery suits in the High Court of Sindh and in banking court for Rs 3,971,758,726 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.			
27.6 Sult No. 505/2019 filed by Golden Sindh Cotton Mill in the High Court of Sindh against the company for the recovery of amount Rs. 25.978 million. The company is defending the case in the High Court.			
	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>27.7 Commitments</b>			
Confirmed letter of credit in respect of:			
- Raw material & spare parts		41,128,226	46,485,584
		<u>41,128,226</u>	<u>46,485,584</u>



# QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

### 28 SALES

	Export Sales		Local Sales		Total	
	2021	2020	2021	2020	2021	2020
	Rupees					
Yarn	154,817,726	93,040,843	4,303,984,012	2,971,680,448	4,458,801,738	3,064,721,291
Fabric	-	-	20,929,548	53,629,384	20,929,548	53,629,384
Waste	-	-	70,571,169	88,535,739	70,571,169	88,535,739
Processing	-	-	431,779,065	409,648,457	431,779,065	409,648,457
Steam income	-	-	142,290	-	142,290	-
	<u>154,817,726</u>	<u>93,040,843</u>	<u>4,827,406,084</u>	<u>3,523,494,028</u>	<u>4,982,223,810</u>	<u>3,616,534,871</u>

28.1 Sales are shown net of sales & further tax, amounting Rs.882,349,223/- (2020: Rs.598,993,985/-).

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>29 COST OF SALES</b>			
Raw material consumed	29.1	3,112,337,742	2,924,650,187
Salaries, wages and benefits	29.2	712,505,476	610,181,689
Stores and spares consumed		189,367,430	199,582,945
Fuel, power and water	29.3	1,192,362,360	855,281,730
Rent, rates and taxes		1,195,591	1,284,318
Insurance expenses		12,892,428	13,163,501
Repairs and maintenance		6,673,705	3,359,539
Vehicle running and maintenance		11,931,440	11,183,640
Entertainment expenses		2,567,731	2,738,355
Communication expenses		1,009,602	893,245
Printing and stationery		913,962	886,055
Subscription		570,546	242,900
Legal and professional		10,000	20,000
Travelling		618,255	806,880
Other expenses		1,257,660	1,167,753
Depreciation expenses	5.1.1	204,490,935	213,335,864
		<u>5,450,504,863</u>	<u>4,838,778,601</u>
Work in process			
Opening stock		60,240,277	72,470,782
Closing stock		(130,945,036)	(60,240,277)
		<u>(70,704,759)</u>	<u>12,230,505</u>
Cost of goods manufactured		<u>5,379,800,104</u>	<u>4,851,009,106</u>
Finished goods			
Opening balance		968,486,743	316,332,333
Goods purchase:			
Yarn Purchase		21,465,000	-
		<u>21,465,000</u>	<u>-</u>
Closing stock		(1,218,047,156)	(968,486,743)
		<u>5,151,704,691</u>	<u>4,198,854,696</u>
<b>29.1 Raw material consumed</b>			
Opening balance		323,363,227	105,692,718
Purchases		3,631,405,693	3,142,320,696
		<u>3,954,768,920</u>	<u>3,248,013,414</u>
Closing stock		(842,431,178)	(323,363,227)
		<u>3,112,337,742</u>	<u>2,924,650,187</u>

29.2 Salaries, wages and benefits include Rs.43,221,963/- (June 30, 2020 Rs.40,797,917/-) in respect of staff retirement benefits.

**QUETTA TEXTILE MILLS LIMITED****NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS**

For the year ended June 30, 2021

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>29.3 Fuel, power and water</b>			
Electricity purchase from out-side		429,511,804	486,990,431
Electricity produced by self	29.3.1	733,089,539	342,468,017
Water charges		1,738,625	2,242,035
Gas charges		28,022,392	23,581,247
		<u>1,192,362,360</u>	<u>855,281,730</u>
29.3.1 Salaries, wages and benefits include Rs.1,016,488/- (June 30, 2020: Rs.1,415,806/-) in respect of staff retirement benefits.			
<b>30 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Dividend income		14,703	12,253
Fair value adjustment		44,207	-
Interest Income on saving accounts/ term deposit receipt		4,342,425	5,490,173
<b>Income from assets other than financial assets</b>			
Profit on sale of property, plant and equipment	5.1.2	376,499	685,739
Export rebate income		43,629	-
Rental income		13,663,705	5,530,862
Scrap sales	30.1	2,073,813	1,987,418
		<u>20,558,981</u>	<u>13,706,445</u>
30.1 Sales are shown net of sales & further tax, amounting Rs.352,548/- (2020: Rs.337,861/-).			
<b>31 DISTRIBUTION COST</b>			
<b>On export sales</b>			
Export development surcharges		375,180	228,951
Freight		2,664,793	1,340,830
Clearing and forwarding		394,987	594,271
		<u>3,434,960</u>	<u>2,164,052</u>
<b>On local sales</b>			
Freight		1,385,435	13,289,873
Commission		5,557,880	3,875,791
		<u>6,943,315</u>	<u>17,165,664</u>
Salaries and wages		5,170,439	4,464,620
		<u>15,548,714</u>	<u>23,794,336</u>





# QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>32 ADMINISTRATIVE EXPENSES</b>			
Director's remuneration		16,373,040	17,712,561
Salaries and benefits	32.1	36,265,679	33,452,388
Meeting fee		312,500	350,000
Printing and stationery		826,641	1,281,644
Communication		2,231,649	2,404,992
Travelling		935,567	900,143
Vehicle running and maintenance		5,474,521	5,527,039
Legal and professional charges		3,615,831	2,905,469
Auditors' remuneration	32.2	1,892,430	2,461,084
Rent, rates and taxes		317,622	427,679
Entertainment		995,999	597,261
Electricity, gas and water charges		1,649,831	1,206,523
Fees and subscription		4,934,270	4,613,236
Repairs and maintenance		522,350	432,290
Insurance		253,108	235,767
Amortization		568,124	568,124
Security, gardening and sanitation		40,730	57,610
Advertisement		13,110	48,970
Miscellaneous		355,537	5,299,082
Depreciation	5.1.1	2,882,972	2,885,010
		<u>80,461,511</u>	<u>83,366,871</u>
32.1 Salaries, wages and benefits include Rs.1,970,370/- (June 30, 2020: Rs.2,076,852/-) in respect of staff retirement benefits.			
32.2 Auditors' remuneration			
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
Certifications		115,000	683,654
		<u>1,892,430</u>	<u>2,461,084</u>
<b>33 OTHER OPERATING EXPENSES</b>			
Diminution in the fair value of investment		-	25,485
Loss on sale of property, plant and equipment	5.1.2	12,381,260	-
Donations	33.1	3,410,047	3,324,394
Allowance for ECL	10.2	3,166,833	-
		<u>18,958,140</u>	<u>3,349,879</u>
33.1 No director or his spouse had any interest in the donee.			
<b>34 FINANCE COST</b>			
Interest / mark-up on			
- short term finances		7,086,254	30,673,680
- long term loans		26,928,835	19,914,267
- lease		-	231,895
Bank charges, commission and others charges		2,120,515	7,406,519
		<u>36,135,603</u>	<u>58,226,362</u>
<b>35 (LOSS) PER SHARES</b>			
(Loss) after taxation		<u>(368,304,240)</u>	<u>(714,069,664)</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>(28.33)</u>	<u>(54.93)</u>
There is no dilutive effect on basic earnings per share.			

**QUETTA TEXTILE MILLS LIMITED****NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS**

For the year ended June 30, 2021

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>36 CASH GENERATED FROM OPERATIONS</b>			
(Loss) before taxation		(300,025,868)	(737,350,828)
<b>Adjustment for items involving non movement of fund</b>			
Depreciation		239,727,694	250,316,158
Amortization		568,124	568,124
Financial charges		36,135,603	58,226,362
Profit / loss on sale of property, plant and equipment		12,004,761	(685,739)
Provision for gratuity		46,826,116	44,290,575
Provision for diminution/ (appreciation) in the value of investment		(44,207)	25,485
		335,218,091	347,250,792
Profit before working capital changes		35,192,223	(390,100,036)
<b>(Increase)/decrease in current assets</b>			
Stocks, stores and spares		(873,348,961)	(890,969,318)
Trade debts		(64,886,184)	196,335,993
Advances, deposits, prepayments and other receivable		4,825,807	(12,038,247)
		(898,217,115)	(1,096,771,608)
<b>Increase in current liabilities</b>			
Creditors, accrued and other liabilities		1,075,000,176	1,363,967,752
		176,783,062	267,196,144

**37 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	
	2021	2020	2021	2020	2021	2020
<b>Remuneration</b>	10,876,632	8,393,239	5,496,408	4,659,661	56,643,935	49,171,704
	10,876,632	8,393,239	5,496,408	4,659,661	56,643,935	49,171,704
<b>Number of persons</b>	1	1	1	1	47	45

37.1 In addition, some of the above persons have been provided with the company maintained cars

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>38 TRANSACTIONS WITH RELATED PARTIES</b>			

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	Directors	39,900,000	2,300,000
Salaries and other benefits	Directors	16,373,040	13,052,900

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.

38.0 Detail of compensation to key management personnel comprising of chief executive officer, director and executives is disclosed in note 37.

38.1 No Associated Companies Incorporated outside Pakistan.

38.2 No Foreign Shareholders.

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

For the year ended June 30, 2021

**39. SEGMENT ANALYSIS**

The segment information for the reportable segments for the year ended June 30, 2021 is as follows:

**39.1 Operating results**

	Note	Spinning		Weaving		Power Generation		Company	
		30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020	30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020	30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020	30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>SALES</b>									
Export		154,817,726	93,040,843	-	-	-	-	154,817,726	93,040,843
Local		4,303,984,012	2,971,680,448	20,929,548	62,746,379	-	-	4,324,913,560	3,034,426,827
Waste		70,571,169	88,945,846	-	5,523,973	-	-	70,571,169	94,469,819
Processing		54,192,235	86,731,670	377,586,830	307,865,712	-	-	431,779,065	394,597,382
Steam Income		142,290	-	-	-	-	-	142,290	-
		4,583,707,432	3,240,398,807	398,516,378	376,136,064	-	-	4,982,223,810	3,616,534,871
<b>Inter - segment sales</b>		-	-	-	-	733,089,539	342,468,017	733,089,539	342,468,017
<b>Total sales</b>		4,583,707,432	3,240,398,807	398,516,378	376,136,064	733,089,539	342,468,017	5,715,313,349	3,959,002,888
<b>Cost of sales</b>	40	(4,614,899,577)	(3,500,353,361)	(536,805,114)	(698,501,335)	(733,089,539)	(342,468,017)	(5,884,794,230)	(4,541,322,713)
<b>Gross loss</b>		(31,192,145)	(259,954,554)	(138,288,736)	(322,365,271)	-	-	(169,480,881)	(582,319,825)
<b>Distribution cost</b>	41	(12,782,373)	(22,454,950)	(2,766,341)	(1,339,386)	-	-	(15,548,714)	(23,794,336)
<b>Administrative expenses</b>	42	(74,027,696)	(74,696,338)	(6,433,813)	(8,670,534)	-	-	(80,461,511)	(83,366,872)
		(86,810,071)	(97,151,288)	(9,200,154)	(10,009,920)	-	-	(96,010,225)	(107,161,208)
<b>Operating Results</b>		(118,002,216)	(357,105,842)	(147,488,890)	(332,375,192)	-	-	(265,491,106)	(689,481,033)
<b>39.2 Segment assets</b>		6,378,498,505	5,536,436,686	1,460,101,377	1,495,623,344	578,013,884	602,074,877	8,416,613,766	7,634,134,907
<b>39.3 Unallocated assets</b>								548,170,297	528,176,730
								8,964,784,063	8,162,311,637
<b>39.4 Segment liabilities</b>		3,035,997,349	2,042,882,069	206,267,756	138,794,818	58,018,994	39,040,207	3,300,284,099	2,220,717,094
<b>39.5 Unallocated liabilities</b>								5,934,462,757	5,840,895,422
								9,234,766,856	8,061,612,516
<b>39.6 Depreciation</b>		151,326,031	158,344,805	53,164,904	54,991,059	32,354,061	34,095,284	236,844,996	247,431,148
<b>39.7 Inter-segment pricing</b>									

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

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

	Note	Spinning		Weaving		Power Generation		Company	
		30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>40 COST OF SALES</b>									
Raw material consumed	40.1	3,080,078,152	2,897,219,630	32,259,590	27,430,557	-	-	3,112,337,742	2,924,650,187
Stores and spares consumed		126,622,152	104,921,321	62,745,278	94,661,624	9,823,380	-	199,190,810	199,582,945
Salaries, wages and benefits		589,935,581	457,985,213	122,569,895	152,196,476	10,540,444	12,417,984	723,045,920	622,599,673
Fuel, power and water:									
Inter-segment		586,872,802	267,554,300	146,216,737	63,400,863	-	-	733,089,539	330,955,163
Others		348,496,587	307,353,385	110,776,234	216,973,182	608,421,203	267,090,262	1,067,694,024	791,416,829
Repairs and maintenance		5,590,189	3,072,932	1,083,516	286,607	756,698	712,882	7,430,403	4,072,421
Generator rents		-	-	-	-	67,891,057	25,676,750	67,891,057	25,676,750
Insurance expenses		9,806,722	9,758,812	2,885,706	3,404,689	1,237,537	-	13,929,865	13,163,501
Rent, rates and taxes		494,911	699,138	700,680	585,180	-	-	1,195,591	1,284,318
Vehicle running and maintenance		9,188,314	8,472,179	2,743,126	2,711,461	257,682	-	12,189,122	11,183,640
Entertainment expenses		1,590,742	1,730,839	976,989	1,007,516	789,199	-	3,356,930	2,738,355
Communication expenses		865,379	761,364	144,223	131,881	25,290	-	1,034,892	893,245
Printing and stationery		403,539	623,276	510,423	262,779	20,780	-	934,742	886,055
Subscription		555,546	203,900	15,000	39,000	796,809	-	1,367,355	242,900
Legal and professional		-	-	10,000	20,000	-	-	10,000	20,000
Travelling		549,115	796,570	68,140	10,310	400	-	618,655	806,880
Other expenses		798,987	1,165,134	458,673	2,620	175,000	2,474,855	1,432,660	3,642,609
Depreciation expenses		151,326,031	158,344,805	53,164,904	54,991,059	32,354,061	34,095,284	236,844,996	247,431,148
		4,913,174,749	4,220,662,797	537,330,114	618,115,804	733,089,539	342,468,017	6,183,594,402	5,181,246,618
<b>Work in process</b>									
Opening stock		60,240,277	66,179,789	-	6,290,993	-	-	60,240,277	72,470,782
Closing stock		(130,945,036)	(60,240,277)	-	-	-	-	(130,945,036)	(60,240,277)
		(70,704,759)	5,939,512	-	6,290,993	-	-	(70,704,759)	12,230,505
<b>Cost of goods manufactured</b>		4,842,469,990	4,226,602,309	537,330,114	624,406,797	733,089,539	342,468,017	6,112,889,643	5,193,477,123
<b>Finished goods</b>									
Opening balance		769,926,443	43,677,495	198,560,300	272,654,838	-	-	968,486,743	316,332,333
Finished goods purchase:									
Purchase		-	-	-	-	-	-	-	-
Yarn purchase		21,465,000	-	-	-	-	-	21,465,000	-
		21,465,000	-	-	-	-	-	21,465,000	-
Closing stock		(1,018,961,856)	(769,926,443)	(199,085,300)	(198,560,300)	-	-	(1,218,047,156)	(968,486,743)
		4,614,899,577	3,500,353,361	536,805,114	698,501,335	733,089,539	342,468,017	5,884,794,230	4,541,322,713



# QUETTA TEXTILE MILLS LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

Note	Spinning			Weaving			Power Generation			Company		
	30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020	30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020	30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020	30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020	30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020	30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>40.1 Raw material consumed</b>												
Opening balance	323,363,227	95,510,561	-	10,182,157	-	-	-	-	323,363,227	105,692,718		
<b>Purchases:</b>												
Inter-segment	-	-	-	-	-	-	-	-	-	-	-	-
Other	3,599,146,103	3,125,072,296	32,259,590	17,248,400	-	-	-	-	3,631,405,693	3,142,320,696		
	3,599,146,103	3,125,072,296	32,259,590	17,248,400	-	-	-	-	3,631,405,693	3,142,320,696		
	(842,431,178)	(323,363,227)	-	-	-	-	-	-	(842,431,178)	(323,363,227)		
Closing stock	3,080,078,152	2,897,219,630	32,259,590	27,430,557	-	-	-	-	3,112,337,742	2,924,650,187		
<b>41 DISTRIBUTION COST</b>												
<b>On export sales</b>												
Export development surcharge	375,180	228,951	-	-	-	-	-	-	375,180	228,951		
Freight	2,664,793	1,340,830	-	-	-	-	-	-	2,664,793	1,340,830		
Clearing and forwarding	394,987	594,271	-	-	-	-	-	-	394,987	594,271		
	3,434,960	2,164,052	-	-	-	-	-	-	3,434,960	2,164,052		
<b>On local sales</b>												
Freight	1,069,725	13,289,873	315,710	-	-	-	-	-	1,385,435	13,289,873		
Commission	5,011,169	3,875,791	546,711	-	-	-	-	-	5,557,880	3,875,791		
	6,080,894	17,165,664	862,421	-	-	-	-	-	6,943,315	17,165,664		
Salaries and wages	3,266,519	3,125,234	1,903,920	1,339,386	-	-	-	-	5,170,439	4,464,620		
	12,782,373	22,454,950	2,766,341	1,339,386	-	-	-	-	15,548,714	23,794,336		





# **QUETTA TEXTILE MILLS LIMITED**

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

For the year ended June 30, 2021

	Note	Spinning		Weaving		Power Generation		Company	
		30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020	30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020	30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020	30 <sup>th</sup> June, 2021	30 <sup>th</sup> June, 2020
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>42 ADMINISTRATIVE EXPENSES</b>									
Director's remuneration		15,063,829	11,695,339	1,309,678	1,357,561	-	-	16,373,040	13,052,900
Salaries and benefits		33,365,825	34,148,223	2,900,889	3,963,826	-	-	36,265,679	38,112,049
Meeting fee		287,512	313,598	24,997	36,402	-	-	312,500	350,000
Printing and stationery		760,542	1,148,347	66,123	133,297	-	-	826,641	1,281,644
Communication		2,053,204	2,154,862	178,509	250,130	-	-	2,231,649	2,404,992
Travelling		860,758	806,524	74,836	93,619	-	-	935,567	900,143
Vehicle running and maintenance		5,036,771	4,952,202	437,907	574,837	-	-	5,474,521	5,527,039
Legal and professional charges		3,326,704	2,603,287	289,230	302,182	-	-	3,615,831	2,905,469
Auditors' remuneration		1,741,109	2,205,120	151,375	255,964	-	-	1,892,430	2,461,084
Rent, rates and taxes		292,225	383,198	25,407	44,481	-	-	317,622	427,679
Entertainment		916,358	535,143	79,670	62,118	-	-	995,999	597,261
Electricity, gas and water charges		1,517,908	1,081,039	131,970	125,484	-	-	1,649,831	1,206,523
Fees and subscription		4,539,719	4,133,438	394,692	479,798	-	-	4,934,270	4,613,236
Repairs and maintenance		480,582	387,330	41,783	44,960	-	-	522,350	432,290
Insurance		232,869	211,246	20,246	24,521	-	-	263,108	235,767
Amortization		522,696	509,037	45,444	59,087	-	-	568,124	568,124
Security, gardening and sanitation		37,473	51,618	3,258	5,992	-	-	40,730	57,610
Advertisement		12,062	43,877	1,049	5,093	-	-	13,110	48,970
Miscellaneous		327,108	4,747,953	26,141	551,129	-	-	355,537	5,299,082
Depreciation		2,652,446	2,594,957	230,609	300,054	-	-	2,882,972	2,885,011
		<b>74,027,698</b>	<b>74,696,338</b>	<b>6,433,813</b>	<b>8,670,534</b>	<b>-</b>	<b>-</b>	<b>80,461,511</b>	<b>83,366,872</b>



# QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

	Note	30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
<b>43 RECONCILIATIONS OF REPORTABLE SEGMENTS SALES, COST OF SALES, ASSETS AND LIABILITIES</b>			
<b>43.1 Sales</b>			
Total sales for reportable segment	39.1	5,715,313,349	3,959,002,888
Elimination of inter-segment	39.1	(733,089,539)	(342,468,017)
<b>Total sales</b>		<b>4,982,223,810</b>	<b>3,616,534,871</b>
<b>43.2 Cost of sales</b>			
Total cost of sales for reportable segment	40	5,884,794,230	4,541,322,713
Elimination of inter-segment	40.1	(733,089,539)	(342,468,017)
<b>Total cost of sales</b>		<b>5,151,704,691</b>	<b>4,198,854,696</b>
<b>43.3 Profit or loss</b>			
Total profit for reportable segments		(265,491,106)	(689,481,033)
Other operating income		20,558,981	13,706,445
Other operating expenses		(18,958,140)	(3,349,879)
Interest expense		(36,135,603)	(58,226,362)
<b>Total profit before tax</b>		<b>(300,025,868)</b>	<b>(737,350,828)</b>
<b>43.4 Assets</b>			
Total assets for reportable segments	39.2	8,416,613,766	7,634,134,907
Long term deposits	7	33,661,014	33,649,014
Intangible assets	6	994,219	1,562,343
Other financial assets	11	111,401	67,194
Advances, deposits, prepayments and other receivable	12	92,513,560	97,339,367
Tax refund due from governments	13	342,051,152	313,748,159
Cash and bank balances	14	78,838,951	81,810,653
Unallocated assets	39.3	548,170,297	528,176,730
		<b>8,964,784,063</b>	<b>8,162,311,637</b>
<b>43.5 Liabilities</b>			
Total liabilities for reportable segments	39.4	3,300,284,099	2,220,717,094
Long term finances	19	1,954,191,622	1,505,847,428
Redeemable capital - Sukuk	20	611,335,643	611,335,643
Liabilities against assets subject to finance lease	21	18,288,552	18,288,552
Deferred liabilities	22	186,768,811	160,317,910
Accrued interest / mark-up	24	1,108,505,884	1,051,197,044
Short term borrowings	24.9	1,911,428,391	2,413,564,208
Unclaimed dividend		36,467	36,467
Provision for taxation		76,011,030	52,291,813
Loan from directors and others	25.9	67,916,357	28,016,357
Unallocated liabilities	39.5	5,934,482,757	5,840,895,422
		<b>9,234,766,856</b>	<b>8,061,612,516</b>


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

For the year ended June 30, 2021

**44 FINANCIAL INSTRUMENTS**

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

- 44.1 - Credit risk
- 44.2 - Liquidity risk
- 44.3 - 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.

**44.1 Credit risk**
**44.1.1 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. 421.745 million (June 30, 2020: Rs. 364.600 million), financial assets which are subject to credit risk aggregate to Rs. 420.349 million (June 30, 2020: Rs. 354.343 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, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
Long term deposits		33,661,014	33,649,014
Trade debts		216,619,952	151,733,768
Other financial assets		111,401	67,194
Advances, deposits, prepayments and other receivable		92,513,560	97,339,367
Cash and bank balances		78,838,951	81,810,653
		<u>421,744,878</u>	<u>364,599,996</u>

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

Domestic	219,786,785	151,733,768
	<u>219,786,785</u>	<u>151,733,768</u>

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

Yarn	21,368,979	109,755,717
Fabric	198,417,806	41,978,051
	<u>219,786,785</u>	<u>151,733,768</u>

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

Not past due	92,310,450	230,372,353
Past due 0 - 30 days	93,409,384	28,561,143
Past due 31 - 90 days	34,066,952	75,033,497
Past due 91 - 1 year	-	13,359,919
More than one year	-	742,853
	<u>219,786,785</u>	<u>348,069,761</u>

**44.2 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.

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

2021					
Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above	
Rupees					
Long term finances	1,954,191,622	1,954,191,622	-	-	-
Redeemable capital - Sukuk	611,335,643	611,335,643	-	-	-
Finance lease	18,288,552	-	-	-	-
Trade and other payables	3,300,284,099	3,300,284,099	-	-	-
Accrued mark-up	1,108,505,884	1,108,505,884	-	-	-
Short term borrowings	1,911,428,391	1,911,428,391	-	-	-
	<u>8,904,034,191</u>	<u>8,885,745,639</u>	<u>3,300,284,099</u>	<u>-</u>	<u>-</u>
2020					
Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above	
Rupees					



## QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

Long term finances	1,505,847,428	1,505,847,428	-	-	-
Redeemable capital - Sukuk	611,335,643	611,335,643	-	-	-
Finance lease	18,288,552	-	-	-	-
Trade and other payables	2,220,717,094	2,220,717,094	2,220,717,094	-	-
Accrued mark-up	1,051,197,044	1,051,197,043	-	-	-
Short term borrowings	2,413,564,208	2,413,564,208	-	-	-
	<u>7,820,949,969</u>	<u>7,802,661,416</u>	<u>2,220,717,094</u>	<u>-</u>	<u>-</u>

**44.2.2** 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.

#### 44.3 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.

##### 44.3.1 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 2021	-	-	-	-
Trade debts 2020	-	-	-	-

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2021	2020	2021	2020
US Dollar to Rupee	157.21	144.83	157.25	168.25

##### 44.3.2 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, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
US Dollar		-	-

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

##### 44.3.3 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:

**QUETTA TEXTILE MILLS LIMITED****NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS**

For the year ended June 30, 2021

**Fixed rate instruments**

Financial assets

Financial liabilities

**Variable rate instruments**

Financial assets

Financial liabilities

Carrying Amount	
30 <sup>th</sup> June, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
55,210,352	54,159,282
2,565,527,265	2,117,183,071
-	-
1,929,716,943	2,431,852,760

**44.3.4 Other Price Risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk as it does not hold financial instruments based commodity prices.

**44.4 Fair value sensitivity analysis for fixed rate instruments****44.5 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, 2021.

	Profit and loss		Equity	
	100 bps Increase	100 bps decrease	100 bps Increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2021	19,297,169	(19,297,169)	-	-
Cash flow sensitivity - variable rate instruments 2020	24,318,528	(24,318,528)	-	-

**45 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, 2021 other financial assets was categorized in level 1.

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

level 1	level 2	level 3	Total
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# QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

at fair value through profit or loss

- - - -

30-Jun-21

at fair value through profit or loss

- - - -

### 46 Off balance sheet items

Bank guarantees issued in ordinary course of business

Note	30 <sup>th</sup> June, 2020 Rupees	30 <sup>th</sup> June, 2019 Rupees
------	---------------------------------------	---------------------------------------

230,759,721	230,759,721
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Civil work

-	-
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Letters of credit for raw material

41,128,226	46,485,584
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Letters of credit for stores and spares

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

### 47 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, 2021 Rupees	30 <sup>th</sup> June, 2020 Rupees
Borrowings	Rupees	4,495,244,208	4,549,035,831
Less: Cash and bank balances		(78,838,951)	(81,810,653)
Net Debts		4,416,405,257	4,467,225,178
Total equity	Rupees	(269,982,794)	100,699,121
Total capital employed	Rupees	4,146,422,463	4,567,924,299
Gearing ratio	Percentage	1.07	0.98



# QUETTA TEXTILE MILLS LIMITED

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

For the year ended June 30, 2021

Note 30<sup>th</sup> June, 2021 30<sup>th</sup> June, 2020  
Rupees Rupees

### 48 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	63,156	60,739
Average no of rotors worked	0	0
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	18,514,639	14,800,099

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

#### Weaving

Rated capacity converted into 60 picks - Square meters	76,942,037	70,763,414
Actual production converted to 60 picks - Square meters	16,490,236	12,098,945
Total numbers of looms worked	247	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.

### 49 SUBSEQUENT EVENTS

There is no subsequent event after the balance sheet date.

### 50 NUMBER OF EMPLOYEES

	30 <sup>th</sup> June, 2021 Total	30 <sup>th</sup> June, 2021 Factory	30 <sup>th</sup> June, 2020 Total	30 <sup>th</sup> June, 2020 Factory
Total number of employees as at	2,233	2,181	2,119	2,063
Average number of employees worked during the year	1,834	1,836	1,798	1,742

### 51 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.

#### RECLASSIFICATION

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions of the purposes of comparison. Significant reclassifications made the as following:

Note	From	To	Reason	Rupees
34	Finance cost-Finance income on savings accounts & TDR	Other Income-Interest Income on saving accounts/ term deposit	Better presentation	4,342,404

### 51 GENERAL

The figures have been rounded off to the nearest Rupee.

### 52 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 1ST October, 2021.

Chief Executive

Director

Chief Financial Officer



## QUETTA TEXTILE MILLS LIMITED

### Proxy Form of Quetta Textile Mills Limited

I/We \_\_\_\_\_

Folio No. \_\_\_\_\_ of \_\_\_\_\_

Being shareholder(s) of **Quetta Textile Mills Limited** and a holder of \_\_\_\_\_

Ordinary share does hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_

a member of Quetta Textile Mills Limited Registered Folio no. \_\_\_\_\_ as my/our proxy to act on my/our behalf at the 60<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, October 26, 2021 at 9.00 a.m. at the Ground Floor, Nadir House, I. I. Chundrigar Road, Karachi and/or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

Signature \_\_\_\_\_

(Signature should agree with the specimen signature registered with the Company)

**Revenue  
Stamp of Rs.5/-**

#### **NOTICE:**

- a) No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs. 5/-
- b) In the case of Bank or Company, the proxy form must be executed under its common seal and signed by its authorized persons.
- c) Power of Attorney or other authority (if any) under which this proxy form is signed, a certified copy of that Power of Attorney must be deposited along with this form
- d) This proxy form duly completed must be deposited at the Registered Office of the Company at least 48 hours before the time of holding the meeting.
- e) In case of CDC account holder
  - 1) The proxy form shall be witnessed by two persons whose names, addresses CNIC numbers shall be mentioned on the form
  - 2) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - 3) The proxy shall produce his original, CNIC or passport at the time of meeting.
  - 4) In case of corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier with proxy form to the Company)

#### **Witness - 1**

#### **Witness - 2**

Name : \_\_\_\_\_

Name : \_\_\_\_\_

CNIC No : \_\_\_\_\_

CNIC No: \_\_\_\_\_

Address : \_\_\_\_\_

Address : \_\_\_\_\_



## فارم برائے قائم مقام / متبادل کوئٹہ ٹیکسٹائل ملز لمیٹڈ

میں / ہم:

پتہ:

کوئٹہ ٹیکسٹائل ملز لمیٹڈ کے ممبر ہونے کے نام لے اپنا اپنے مندرجہ ذیل قائم مقام / متبادل مقرر کرتا ہوں / کرتے ہیں۔

نام جناب / محترمہ:

پتہ:

اور ان کی غیر موجودگی میں جناب / محترمہ:

پتہ:

میری / ہماری غیر موجودگی میں قائم / متبادل کمپنی کی 60 واں سالانہ جنرل میٹنگ میں شرکت کریں گے جو بروز ہفتہ 26 اکتوبر 2021 کو بوقت 09:00 بجے صبح ٹاور ہاؤس آئی آئی چنڈر نگر روڈ، کراچی میں منعقد ہوگی۔

رہائی ٹیگ

پانچ روپے

اس دستاویز پر مورخہ 2021ء کو دستخط ہوئے۔

شیئر ہولڈر کے دستخط

شیئر ہولڈر کا فوٹیو نمبر

شریک ہونے والے ID نمبر

اور سب اکاؤنٹ نمبر

اور ایڈا CDC

### نوٹس:

- 1- کوئی بھی پراکسی اس وقت تک درست نہیں سمجھی جائے گی جب تک اس پر پانچ (05) روپے کا محصول ٹیکٹ لٹا دیا جائے۔
- 2- بینک یا کمپنی کی صورت میں پراکسی فارم پر authorized person کے دستخط کے ساتھ کمپنی کی مشین کہ ممبر لازم ہوگی۔
- 3- پاور آف اٹارنی یا دیگر authority کی صورت میں پراکسی فارم کے ساتھ اس کی تصدیق شدہ کاپی جمع کرنی ہوگی۔
- 4- دستخط شدہ پراکسی فارم کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں جمع کرنا ہوگا۔

سی ڈی سی اکاؤنٹ ہولڈر کی صورت میں:

- (i) پراکسی فارم پر دو افراد تصدیق کریں گے اور ان کے نام، پتے اور CNIC نمبر فارم پر موجود ہونا چاہیے۔
- (ii) Beneficial owners کی CNIC یا سپورٹ کی تصدیق شدہ کاپی اور پراکسی فیش کیا جائے گا فارم کے ساتھ۔
- (iii) پراکسی میٹنگ کے وقت اپنا اصل CNIC یا سپورٹ فیش کرے۔
- (iv) کارپوریٹ اثاثی کی صورت میں، پراکسی فارم کے ساتھ پاور آف اٹارنی / Resolution / power of attorney بمعہ پراکسی ہولڈر کے دستخط بھی جمع کروائے جائیں گے۔ (جب تک یہ پہلے فراہم نہیں کیا گیا ہو)۔

### گواہان

..... (2) دستخط:

..... نام:

..... پتہ:

..... CNIC یا سپورٹ نمبر:

..... (1) دستخط:

..... نام:

..... پتہ:

..... CNIC یا سپورٹ نمبر:

## **Quetta Textile Mills Limited**

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