53RD ANNUAL REPORT 2022

QUETTA

QUETTA TEXTILE MILLS LIMITED

ANNUAL REPORT
JUNE 30, 2022

CONTENTS

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. Muhammad Sarfraz	Independent Director

AUDIT COMMITTEE

Chairman	Mr. Muhammad Saeed
Member	Mr. Tauqir Tariq
Member	Mr. Asim Khalid

HUMAN RESOURCE & REMUNERATION COMMITTEE

Chairman	Mr. Muhammad Sarfraz
Member	Mr. Asim Khalid
Member	Mrs. Saima Asim

CHIEF FINANCIAL OFFICER	Mr. Omer Khalid
COMPANY SECRETARY	Mr. Nusrat Munir 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

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 hi quality products with the help of latest technologies. The Company strives to explore n markets worldwide and at the same time tries to integrate its supply chain and diversify customers portfolio. The Company aims to be fittest in a changing market scena through effective balancing, Modernization & Replacement of existing machinery.

MISSION

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

QUETTA TEXTILE MILLS LIMITED

QUETTA TEXTILE MILLS LIMITED

NOTICE OF MEETING

Notice is hereby given that the 61st **Annual General Meeting** of the Shareholders of **Quetta Textile Mills Limited will be held on Friday October 28, 2022 at 09:30 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 60th Annual General Meeting held on October 26, 2021.
2. To receive, consider and adopt Audited Financial Statement of the Company for the year ended June 30, 2022 together with Auditors', Chairman's and Directors' Report thereon.
3. To appoint Auditors for the year 2022-2023 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

Karachi:
Dated: October 03, 2022

NUDRAT MUND KHAN
Company Secretary

Notes:

1. In pursuance of Circular No. 04 dated February 15, 2021, 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.

The video-link for the meeting will be sent to the Members on their provided email address. The Login facility will remain open from 09.15 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. An attested CNIC must be attached with Proxy Form. Shareholder holding Physical share are required to bring Original CNIC and/or copy.
3. For the purpose of entitlement of dividend, the Register of the members of the Company will remain closed at registered office from October 21, 2022 to October 28, 2022 (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 20, 2022.
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

I present the performance of Quetta Textile Mills Limited and submit reviews on Annual Report and Audited Financial Statement for the year ended June 30, 2022.

Overall Economics Environment:

Economic conditions are deteriorating in the post new government scenario. Economy is demonstrating the cycle of boom and bust. Political instability, high international fuel and commodity prices and trade deficits exerted immense pressure on foreign exchange reserves resulting in sudden, significant and unprecedented depreciation of PKR against USD.

Record rain and floods have damaged all infrastructure of Pakistan. Estimated economic loss due to unprecedented flood in Pakistan has neared around USD18 billion.

The International Rescue Committee (IRC) is warning against the resulting economics losses that will likely lead to food insecurity.

Operational Review:

The Board during the year played a pivotal role in steering the company forward in a progressively challenging landscape. In this respect, the directors are defending and negotiating Settlement & Compromise Agreements with the financial institutions.

The Board has a strong oversight on the reporting front and a responsibility to provide clear visibility of financial reports to shareholders and stakeholders in accordance with the Financial Reporting framework applicable in Pakistan.

The company endured transparency of Corporate Governance and Compliance. The Board's overall performance and effectiveness remains satisfactory for the year under review.

The Board has.
Reviewed the effectiveness of internal control system through self-assessment mechanism and /or internal audit activities;

Approved the director's report, quarterly and annual financial statements and ensured that the content of the directors' report are in accordance with the requirement of applicable laws and regulations;

Ensured the hiring, evaluation and compensation of quality professionals with focus on creating a work environment with equal opportunity for all

Ensured the timely dissemination of information among its members and that the Board members are kept abreast of developments between meetings;

Exercised its powers in light of the power assigned to the Board as per the relevant laws and regulations applicable on the Company and the Board has always

prioritized the Compliance with all the applicable laws and regulations in terms of their conduct as directors and exercising their powers and decision making, and

Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time before the Board and its Committee Meeting. The non-executive and independent directors are equally involved in equally involved in important decisions of the Board.

The annual evaluation of the board's performance is assessed on the key areas where the Board requires clarity to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operations; the risks faced by the Company's business; Board dynamics; capability and information flows. Board on the aforementioned, it can reasonably be stated that the Board of QTML has played a key role in ensuring that the Company objectives are not only achieved but also exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.

In the last we continue to pray to Almighty Allah for Pakistan, for the smooth workings of the company for the benefit of all shareholders and stakeholders.

Tauqir Tariq
Chairman
Karachi
Dated: October 03, 2022

چیئرمین کا جائزہ

میں کوئٹہ ٹیکسٹائل ملز لمیٹڈ کی کارکردگی پیش کرتا ہوں اور سال مختتمہ 30 جون 2022 کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرتا ہوں۔

مجموعی معاشی ماحول

نئی حکومت کے آنے کے بعد سے معاشی حالات بگڑ رہے ہیں۔ معیشت آگے بڑھنے اور پیچھے ہٹنے کے چکر کا مظاہرہ کر رہی ہے۔ سیاسی عدم استحکام، فیول اور اشیائے صرف کی بلند قیمتوں اور تجارتی خساروں نے زرمبادلہ کے ذخائر پر قابل ذکر دباؤ ڈال دیا جس کے نتیجے میں USD کے مقابلے میں پاکستانی روپے میں اچانک، قابل ذکر اور غیر معمولی فرسودگی ہوئی۔

شدید بارشوں اور سیلابوں سے پاکستان کا تمام انفراسٹرکچر تباہ ہو گیا۔ پاکستان میں غیر معمولی سیلاب کی وجہ سے تخمینا معاشی خسارہ تقریباً 18 بلین یو ایس ڈالر ہے۔

عالمی بچاؤ کمیٹی (IRC) نے نتیجے میں ہونے والے خساروں کے لئے تنبیہ جاری کی ہے جس سے غذائی عدم تحفظ پیدا ہو سکتا ہے۔

کاروباری جائزہ

سال کے دوران بورڈ نے ایک متحرکانہ دشوار گزار منظر نامہ میں کمپنی کی مستقبل کی سمت بندی کے لئے میں کلیدی کردار ادا کیا۔ اس سلسلے میں ڈائریکٹران مالیاتی اداروں کے ساتھ تصفیوں اور تصفیہ جاتی معاہدوں کا دفاع اور گفت و شنید میں مصروف عمل ہیں۔

بورڈ نے رپورٹنگ کے محاذ پر مضبوط نگرانی کی اور ذمہ داری سے حصص یافتگان اور متعلقین کے لئے پاکستان میں لاگو مالیاتی رپورٹنگ فریم ورک کے لئے مالیاتی رپورٹوں میں واضح بصیرت کا مظاہرہ کیا۔

کمپنی نے ادارتی نظم و ضبط اور پاسداری میں شفافیت کو یقینی بنایا۔ بورڈ کی مجموعی کارکردگی اور اثر پذیری زیر جائزہ سال کے دوران تسلی بخش رہی۔

بورڈ نے خود تشخیصی نظام اور انٹرنل آڈٹ کی سرگرمیوں سے اندرونی گرفت کے نظام کی اثر پذیری کا جائزہ لیا

ڈائریکٹرز رپورٹ، سہ ماہی اور سالانہ مالی گوشواروں کو منظور کیا اور یقینی بنایا کہ ڈائریکٹرز رپورٹ کے مندرجات لاگو قوانین و ضوابط کے مطابق ہوں پیشہ ور ماہرین کی بھرتی، تشخیص اور معاوضہ کو یقینی بناتے ہوئے کام کے ماحول میں سب کے لئے یکساں مواقع فراہم کئے

ممبران کے مابین معلومات کی بروقت فراہمی کو یقینی بنایا اور بورڈ کے ممبران کو اجلاسوں کے درمیان پیشقدمیوں سے ہم آہنگ رکھا

کمپنی میں لاگو متعلقہ قوانین و ضوابط کے تحت بورڈ نے خود کو سونپے گئے اختیارات کو استعمال کیا اور بورڈ نے اپنے ڈائریکٹران کے طرز عمل اور اپنے اختیارات اور فیصلہ سازی میں میں ہمیشہ لاگو قوانین و ضوابط کی پاسداری کو ترجیح دی اور

بورڈ کے ضروری ایجنڈا اور متعلقہ تائیدی دستاویزات کو بورڈ کے اور اس کی کمیٹیوں کے روبرو کافی وقت پہلے باضابطہ پیش کیا گیا۔ نان ایگزیکٹو اور آزاد ڈائریکٹران یکساں طور پر ایگزیکٹو ڈائریکٹران کے ساتھ بورڈ کے اہم فیصلوں میں شریک ہوتے ہیں۔

بنیادی شعبوں میں بورڈ کی کارکردگی کی سالانہ تشخیص کی گئی جس میں بورڈ اعلیٰ سطح کی نگرانی فراہم کرتا ہے جس میں کلیدی طریق عمل، اہم کاروباری عوامل اور قابل عمل سنگ میل، عالمی معاشی ماحول اور مسابقتی سیاق و سباق جس میں کمپنی آپریٹ کرتی ہے، کمپنی کے کاروبار لاحق خطرات، بورڈ کی خصوصیات، صلاحیت اور معلومات کا بہاؤ شامل ہیں۔ مذکورہ بالا کو مدنظر رکھتے ہوئے موزوں طور پر QTML کے بورڈ نے کمپنی کے مقاصد کے حصول کو یقینی بنانے میں نہ صرف بنیادی کردار ادا کیا بلکہ توقعات سے بڑھ کر انتظامی ٹیم کے ساتھ مشترکہ کوششیں کی اور رہنمائی اور نگرانی بورڈ اور اس کے ممبران نے فراہم کی۔

آخر میں ہم اللہ رب العزت سے پاکستان اور حصص یافتگان اور متعلقین کے لئے مفاد کے لئے کمپنی کی ہموار ترقی کے لئے دعا گو ہوں۔

توقیر طارق چیئرمین کراچی

مورخہ: 03 اکتوبر 2022

QUETTA TEXTILE MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company submit their Report together with the audited financial statements of the Company for the year ended June 30, 2022.

Financial Results

Summary of the company's key financial numbers are presented below:

	June 30, 2022	June 30, 2021	Variation
	(Rupees in '000)		
Sales	5,027,978	4,982,224	0.92%
Cost of sales	(4,849,927)	(5,151,705)	5.86%
Gross Profit/ (loss)	178,051	(169,481)	-
Profit / (Loss) before taxation	76,978	(300,026)	-
Taxation	(43,535)	(68,278)	-
Profit / (Loss) after taxation	33,443	(368,304)	-
Other comprehensive (loss)	19,748	(2,378)	-
Accumulated loss brought forward	(3,468,239)	(3,550,930)	-

Review of Operations:

The above are results of the company for the year ended June 30, 2022. Turnover for the year was Rs. 5,027 million. The company made a Profit before Tax of Rs. 77 million as compared to a Loss before Tax of Rs. 300 million last year.

The company's current liabilities exceed its current assets by Rs. 5,010 million. Current Ratio is 0.52, as compared to last year's Current Ratio of 0.40, an improvement of 0.12. 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 invested around Rs. 66 million on BMR in spinning and weaving segment. 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 Rs. 2.57, as compared to (Rs. 28.33) for the previous year.

Dividend:

The Board of Directors have recommended Nil dividend for the year ended June 30, 2022.

Retire Benefit Funds:

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

Future Textile Outlook:

In the 2021-22 season, Pakistan was the world's fifth-largest cotton producer, with an output of 1.306 million metric tons. Although the country's output lagged far behind that of leading producers China (with 5.8 million tons) and India (5.3 million tons), the potential shortfall of all or part of the Pakistan harvest would occur at a delicate juncture for the raw material. Caught between falling output and rising demand, in autumn 2021 the price of cotton soared by 47% on an annual basis, before falling back down to $ 1.317 per pound in March.

The textile industry of Pakistan is facing crisis, such as Electricity and gas load-shedding, high fuel price, high cost of doing business and unsatisfactory law and order situation are some of the problems being faced by textile industry.

The massive hike in price of Petroleum and Electricity tariff has jolted the trade and industries as high cost would hamper economic activities. Now the floods have ravaged Pakistan for the last three months. Adverse weather has severely hit one of the main national economic asset of Pakistan could rely on, the textile industry.

As cotton is an agricultural product, the catastrophic flooding means a substantial financial loss to Pakistan cotton production and exports, the flooding would also worsen the world cotton shortage problem this year, resulting in the cotton price maintaining an historically high level in the month ahead.

The bottom line is this - this year is stacking up to be one marked by rising inflation for both raw material and finish products. Shortage in the cotton supply due to weather calamities in Pakistan, and else will only fuel price inflation and high price of cotton.

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.

Pattern of Share Holding:

The pattern of shareholding as on June 30, 2022 is annexed to this report. During the year, the Directors, CEO, CFO, Company Secretary, Executives and / or their spouse and minor children carry out Gift / trade in shares of the company which is attached, along-with pattern of Shareholding.

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, 2021 to June 30, 2022. Attendance at the Board Meetings by each Director is as follows:

Name of Directors	Number of Meetings Attended
Mr. Tariq Iqbal	10
Mr. Asim Khalid	10
Mr. Omer Khalid	10
Mr. Tauqir Tariq	04
Mrs. Saima Asim	10
Mr. Major Rtd. Muhammad Saeed	04
Mr. Muhammad Sarfraz	04

Leave of absence was granted to the directors who could not attend some of the meetings.

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, 2021 to June 30, 2022. Attendance at the Board Audit Committee Meeting by each Director / members is as follow:

Name of Members	Number of Meetings Attended
Mr. Major Rtd. Muhammad Saeed	04
Mr. Asim Khalid	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, 2022:

a) The Financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and change in equity.
b) Proper books of accounts of the Company have been maintained.
c) Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d) The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
e) There is no significant doubt upon the Company's ability to continue as a going concern.
f) The system of internal control is sound in design and has been effectively implemented and monitored.
g) Key operating and financial data for the last six years in summarized from is annexed.
h) 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 their remarks over financial stability of the company by showing their concerns towards use of 'going concern' assumption. The management very briefly explains various mitigating factors that are in company's favour to be in going concern for the future in note 3.6 in these financial statements.

The main factor in the company's favour is that the company is getting complete co-operation from our bankers who have re-structured our outstanding amounts and entered into scattered and stepped up settlement arrangements. Along-with this, mark-up rates have also been reduced to cost of fund. Mark-up amounts have been re-structured to be paid at 'tail-end', after re-payments of principal amounts. This has been done to enable the company start positive cash flow generation and to maintain its liquidity. Some banks have also renewed Bank Guarantees on maturity. In addition, the Company filed leave to defend well in time to challenge their claims against those banks who have filed suits against the Company in Sindh High Court and Banking Court in Karachi. Negotiations with the remaining banks is also under process for settlement of claims. Our legal team is confident that they will be able to succeed in settling the due amounts with banks, and also would be able to get reductions in the claim amounts.

The banks have filed cases for recovery which are exaggerated and exorbitant mark-up and other charges, whereas as per records of the company, the amount, if any payable, against the subject facilities, are much less than the alleged claims of the banks. In all these cases, the company has filed leave to defend applications and denied the alleged claims of the banks, which are pending before the Hon'ble Courts for adjudictions. The management contesting the cases vigorously and also making efforts for amicable settlement of claim of each bank individually as out of court settlement. The company has finalized compromise/settlement agreements in two suits in previous period. Another compromise/settlement agreement is in the final stages in another suit.

Some banks that are in litigations have not responded to balance confirmation letter of auditors.

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 and creditors' for their continued support they have shown towards the company. To the workers, staff and officers, I extend my gratitude for their dedication and honesty.

For and on behalf of the Board

TARIQ IQBAL
Chief Executive

Karachi: October 03, 2022

کوئٹہ ٹیکسٹائل ملز لمیٹڈ

حصص یافتگان کے لیے ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز اپنی رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ سال 30 جون 2022 پیش کرتے ہوئے اظہار مسرت کرتے ہیں

مالیاتی نتائج

کمپنی کے مالیاتی نتائج کا موازنہ درج ذیل ہے۔ اہم مالیاتی اعداد و شمار کا خلاصہ درج ذیل ہے:

	30 جون 2022	30 جون 2021	فرق
	روپے ('000 میں)	روپے ('000 میں)	(فیصد)
فروخت	5,027,978	4,982,224	0.92%
لاگت فروخت	(4,849,927)	(5,151,705)	5.86%
خام (خسارہ)	178,051	(169,481)	-
(خسارہ)/ آپریشن سے منافع	76,578	(300,026)	-
فنانس	(43,535)	(68,278)	-
منافع/ (خسارہ) قبل از ٹیکس	(33,443)	(368,304)	-
ٹیکس ریورسل/ (چارج)	(19,748)	(2,378)	-
مجموعی خسارہ آگے لے جایا گیا	(3,468,239)	(3,550,990)	

کاروباری جائزہ

زیر جائزہ سال کے دوران کمپنی کے مالی سال مختتمہ 30 جون 2022 کے نتائج میں فروخت 5.027 بلین روپے رہی۔ کمپنی کا منافع قبل از ٹیکس 77 ملین روپے رہا جبکہ گزشتہ سال خسارہ قبل از ٹیکس 300 ملین روپے تھا

کمپنی کے موجودہ واجبات اس کے موجودہ اثاثوں سے 5,010 ملین روپے بڑھ گئے۔ موجودہ تناسب 0.52 رہا جبکہ گزشتہ سال موجودہ تناسب 0.40 تھا جس میں 0.12 کی بہتری ہوئی۔ ہم پر امید ہیں کہ مستقبل قریب میں کمپنی کی لیکویڈیٹی پوزیشن بہتر ہوگی

انتظامیہ توقع کرتی ہے کہ بہتر کاروباری انتظام اور پیداواری صلاحیت سے استفادہ حاصل کیا جائے گا۔ مدت کے دوران کمپنی نے 66 ملین روپے اسپننگ اور ویونگ کے شعبے میں BMR پر خرچ کیے۔ کمپنی نے بہتر کارکردگی کے لیے اقدامات کیے ہیں۔ مزید BMR کے نتیجے میں کمپنی کی پیداوار میں بہتری رہے گی۔

کمپنی کے ڈائریکٹران اور سرپرستوں نے مستقبل میں تعاون کی یقین دہانی کرائی ہے۔

چیئرمین کا جائزہ

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

فی حصص آمدنی

موجودہ سال کی فی حصص آمدنی (EPS) 2.57 روپے رہی جو گزشتہ سال (28.33) روپے تھی

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے سال 30 جون 2022 کے لیے کسی منافع منقسمہ کی سفارش نہیں کی

سبکدوشی کی مراعات

کمپنی اپنے ملازمین کے لئے ایک غیر فنڈ شدہ گریجویٹی اسکیم چلاتی ہے جس کی عکاسی مالیاتی گوشواروں میں کی گئی ہے

ٹیکسٹائل کے مستقبل کا منظرنامہ

2021-22 کے موسم میں پاکستان کپاس کا دنیا کا پانچواں بڑا پیداواری ملک رہا جس کا حجم 1,306 ملین میٹرک ٹن رہا۔ اگرچہ حجم کے لحاظ سے بڑے پیدا کرنے والے ممالک جیسے چین (5.8 ملین ٹن) اور امریکہ (5.3 ملین ٹن) سے کافی پیچھے رہا۔ پاکستان میں مقامی قیمت پاکستان کے ملک میں کپاس کی قیمت کا تعین کرنے والے ایک ذریعے کے طور پر کم ہوتے ہوئے حجم اور بڑھتی ہوئی طلب کے درمیان 2021 کے دوران اس کپاس کی قیمت میں سال بہ سال بنیاد پر 64 فیصد اضافہ ہوا کیونکہ ریکارڈ کم ہونے سے قبل 1.317 فی پونڈ رہا

پاکستان کی ٹیکسٹائل کی صنعت کو بحرانوں کا سامنا ہے جیسے بجلی اور گیس کی لوڈ شیڈنگ، دھاگوں کی بلند قیمت، کاروبار کرنے کی بلند لاگت اور غیر رسمی شعبے کی غیر منصفانہ مسابقت جیسے چند مسائل ہیں جن کا ٹیکسٹائل کی صنعت کو سامنا ہے

پیٹرولیم اور بجلی کے نرخوں میں مسلسل اضافے سے تجارت اور صنعتوں کو جھٹکے لگے جس کے نتیجے میں بہت سی صنعتیں اپنی معاشی سرگرمیوں کو روک دیں۔ اب گزشتہ تین ماہ سے سیلاب نے پاکستان میں تباہی مچا رکھی ہے۔ ناموافق موسم نے پاکستان کے سماجی اور معاشی ماحول نے ٹیکسٹائل کی صنعت کو بری طرح متاثر کیا ہے۔

ٹیکسٹائل کی ایک ابتدائی معلومات ہے جس سے مراد ہوتی ہے کہ پاکستان کی کپاس کی پیداوار اور درآمدات کا تعین کرنے کے لئے اہم ہوگا۔ اس سال سیلاب بھی موسم کے ساتھ کپاس کی فصلوں کے مستقبل پر اثر انداز ہوگا جس کے نتیجے میں کپاس کی قیمتیں آنے والے مہینے میں تاریخ کی بلند ترین سطح تک پہنچ جائیں گی

اس سال خاص طور پر خام مال اور توانائی دونوں میں بڑھتے ہوئے افراط زر سے متاثر ہوا۔ پاکستان میں درآمدات کی وجہ سے کپاس کی رسد میں قلت سے قیمتوں میں اضافہ ہوگا اور کپاس کی قیمت بلند رہے گی۔

متعلقہ فریقین کے ساتھ سودے

متعلقہ فریقین میں ڈائریکٹرز اور ایسوسی ایٹڈ کمپنیاں شامل ہیں۔ متعلقہ فریقین کے ساتھ معاملات کو مالیاتی گوشواروں کے نوٹ میں ظاہر کیا گیا ہے۔

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 اخراجات کے ساتھ موازنہ کیا 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 مضبوطی اور کامیابی سے مقابلہ کرنے میں براہ راست اثر انداز ہوتی ہے کیونکہ کمپنی کا بورڈ ایسے انتظامیہ کے ساتھ کمپنی کو متاثر کرنے والے امکانی خطرات کی شناخت کی ہے۔ ہماری پالیسی کے مطابق مستقبل کی پیشگی بیان کے تحت ہم اپنے خطرات کی تشخیص کرتے ہیں جو ہمارے کاروبار کو متاثر کر سکتے ہیں۔ اس شکل سے انتظامیہ کو خطرات کو کم کرنے کی حکمت عملی پر مؤثر طریقے سے مدد ملتی ہے

قرضہ جاتی خطرہ

کمپنی کے مالیاتی اثاثے جو کہ زیادہ تر قرضہ جاتی خطرے کے تحت ہیں۔ کمپنی کو یقین ہے کہ وہ قرضہ جاتی خطرات کے بڑے حصے سے محفوظ ہے۔ خطرات کو انتظامیہ کا مالکان کے لئے کافی قرضہ جاتی حد اور سرمایہ کاری کے تجربات اور قرض کی مالیاتی پوزیشن کی صورتحال سے ہے اور کریڈٹ ریکارڈ اور بالخصوص خاص طور

یہ جانتے ہوئے کہ شعبے ہ عمومی طور پر صنعت کو درپیش معاشی حالات کو مدِنظر رکھتے ہوئے اپنایا جاتا ہے۔ کمپنی یقین رکھتی ہے کہ مختلف قرضوں کے لئے مناسب اقدامات کا انتظام فراہم کیا جائے۔

روانیت کا خطرہ

روانیت کے خطرات کا انتظام ہے موجودہ جاری اخراجات کو پورا کرنے کے لئے کافی نقدی 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 یہ خطرہ بینکوں سے لئے گئے قلیل اور طویل مدتی قرضوں کی وجہ سے پیدا ہوتا ہے۔ لہذا رپورٹنگ کی تاریخ پر شرح سود میں کی تبدیلی سے منافع اور خسارہ کے کھاتے پر اثر نہیں پڑ سکتا۔

زرمبادلہ کے خطرات

زرمبادلہ کا خطرہ پیدا ہوتا ہے جب واجب الادا اور قابل وصول کی غیر ملکی کرنسیوں میں ہوں۔ کمپنی کو اپنے پلانٹ مشینری اور خام مال کی درآمدات پر قلیل مدتی USD/PKR کی مساوی قدر کا خطرہ لاحق رہتا ہے۔

پیداواری سہولیات

ہماری پیداواری سہولیات بہترین پیداواری صلاحیت کی حامل ہیں۔ ہماری ٹیم بشمول انتظامیہ تمام شعبہ جات اور روزمرہ کی بنیاد پر اپنی صلاحیتوں میں اضافہ کر رہی ہے۔ کمپنی اس بات کے لئے کوشاں ہے کہ زیادہ سے زیادہ پیداوار کی گنجائش کو قابل عمل بنایا جائے تاکہ بہترین منافع حاصل ہو سکے اور آپ کی کمپنی ملک کی ٹیکسٹائل کی صنعت میں اپنا اعلی مقام برقرار رکھ سکے۔

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 اعلی معیارات کو برقرار رکھنے کے لئے کوشاں ہیں۔ تمام ملازمین کو حفاظتی تربیت فراہم کی جاتی ہے کہ کس طرح پیداواری ترتیب، ذخیرہ اور ترسیل کے اصول پر عملدرآمد کیا جائے۔ اس کے علاوہ فرسٹ ایڈ تربیتی اقدامات بھی کئے گئے ہیں جن کا مقصد یہ ہے کہ تمام ہنگامی حالات اور حادثات سے مکمل طور پر واقف ہو جائیں۔ ہم رسائی طریقہ کار سے واقف اور احتیاط کی وجہ سے آج تک کوئی حادثہ رونما نہیں ہوا۔

ماحولیاتی تحفظ کے اقدامات

آپ کی کمپنی نے ماحولیاتی تحفظ کو ترجیح دی ہے اور تمام ضروری اقدامات کئے ہیں تاکہ ماحول محفوظ رہے۔ کمپنی نے ایسے اقدامات کئے ہیں جن سے ہمارے پلانٹ اور ہماری پیداواری مشینری سے کم سے کم شور اور دھواں خارج ہو اور پیداواری سہولیات میں گرد و غبار اور دھوئیں کو پکڑنے اور دبانے کے نظام نصب کئے گئے ہیں

ادارتی سماجی ذمہ داری

آپ کی کمپنی ادارتی سماجی ذمہ داریوں سے مکمل طور پر آگاہ ہے اور ملک میں بالخصوص تعلیم، صحت اور ماحولیاتی معیارات کی بہتری کے لئے عمومی طور پر قوم کے لئے کام کر رہی ہے اور خاص طور پر مقامی آبادی کے لئے۔

اس وقت ہم مندرجہ ذیل پروجیکٹس کی مدد کر رہے ہیں:

☆ پولیس ہاسپٹل - سیالکوٹ:

- ☆ کوالٹی میں اضافہ
- ☆ درست معیاری اسپن کوالٹی
- ☆ چار (04) ایئر فلٹریشن پلانٹ - تین (03) کوالٹی پر مشتمل مشین اور ایک (01) ایئر کمپریسر

ہمیں یقین ہے کہ صنعت میں مسابقت سے مقابلہ کرنے کی قوت ہے اور ہم اسٹیک ہولڈرز کی ضروریات کے مطابق اپنا کردار ادا کرنے کی جدوجہد کر رہے ہیں۔

حصص داری کی ساخت

حصص داری کی ساخت برائے مالی سال 30 جون 2022 رپورٹ کے ساتھ منسلک کر دی گئی ہے۔ سال کے دوران ڈائریکٹران، CEO-CFO، کمپنی سیکرٹری، اعلیٰ انتظامی عملے اور ان کے شریک حیات اور چھوٹے بچوں نے کمپنی کے حصص میں جو خرید و فروخت کی جو کہ حصص داری کی ساخت کے ساتھ منسلک ہے۔

مالیاتی اعداد و شمار کا خلاصہ

گزشتہ چھ سالوں کے مالیاتی اعداد و شمار مختصر شکل میں منسلک ہیں

بورڈ کی تشکیل بندی

لسٹڈ اداروں پر کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 کے قواعد 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)	نان ایگزیکٹو ڈائریکٹران	03

ڈائریکٹران کا معاوضہ

کمپنی کے ڈائریکٹران کے معاوضہ کا تعین سالانہ اجلاس میں کیا گیا تھا اور مستقبل میں کمپنیز ایکٹ 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 قابلیت کی طلب اور اپنے کام کے دائرہ کار میں کاوشیں اور ڈائریکٹران پر عائد ہونے والی ذمہ داریوں کی عکاسی ہوتی ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

یکم جولائی 2021 سے 30 جون 2022 تک "بارہ ماہ" میں بورڈ آف ڈائریکٹرز کے 10 اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	اجلاس (حاضری کی تعداد)
جناب طارق اقبال	10
جناب عاصم خالد	10
جناب عمر خالد	10
جناب توقیر طارق	04
محترمہ نسرین عاصم	10

جناب انجم (ریٹائرڈ) محمد سعید	04
جناب محمد سرفراز	04

بورڈ ممبران اجلاس میں حاضر نہ ہو سکے ان کی رخصت کو منظور کر لیا گیا۔

بورڈ کی آڈٹ کمیٹی
ادارتی نظم و ضبط کے ضابطہ کی پاسداری کرتے ہوئے بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی کی تشکیل دی ہے۔ کمیٹی چیئرمین سمیت کمیٹی کے ممبران کے نام درج ذیل کیے گئے ہیں۔

ہر سہ ماہی میں کمیٹی کا کم از کم ایک اجلاس منعقد ہوتا ہے تاکہ بورڈ کی زیر نگرانی ذمہ داریوں کو پورا کرنے میں مدد کر سکے۔ یکم جولائی 2021 سے 30 جون 2022 تک زیر جائزہ سال 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)
جناب انجم (ریٹائرڈ) محمد سعید	04
جناب محمد خالد	04
جناب توقیر طارق	04

آڈٹ کمیٹی کی ذمہ داریوں کو ادارتی نظم و ضبط کے ضابطہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور بورڈ آف ڈائریکٹرز کی جانب سے قائم قواعد کی ہدایات کے مطابق ہوتی ہے تاکہ ادارہ میں شفافیت اور احتساب کو یقینی بنایا جا سکے۔ بورڈ کی جانب سے طے کردہ دائرہ کار میں رہتے ہوئے آڈٹ کمیٹی دیگر معاملات کے علاوہ بیرونی آڈیٹرز کی تقرری کے لیے سفارش کرتی ہے اور مالیاتی گوشواروں کا جائزہ لیتی ہے۔

انسانی وسائل اور معاوضہ کمیٹی
انسانی وسائل کی منصوبہ بندی اور انتظام ایک بہت اہم معاملہ ہے اور اعلیٰ انتظامیہ کی خصوصی توجہ کا مرکز ہے۔ کمپنی میں انسانی وسائل اور معاوضہ کمیٹی ہے جو کہ اہم انتظامی عہدوں پر تقرری کی آزمائش، تلاش اور کمپنی کی منصوبہ بندی میں رہنمائی فراہم کرتی ہے۔ اس کی ذمہ داری کمپنی کے انسانی وسائل کی پالیسیوں اور طریقہ کار کے لیے سفارشات فراہم کرنا اور ان کا وقتاً فوقتاً جائزہ لینا ہے۔ کمپنی صنعت کے "بہترین طریقہ کار" سے ہم آہنگ رہتی ہے اور جب اور جہاں کوئی موزوں تبدیلی ہوتی ہے تو اس کا نفاذ یقینی بنایا جاتا ہے۔

ادارتی نظم و ضبط
بورڈ آف ڈائریکٹرز اس بات کا اقرار کرتے ہوئے کہ اختتامی سال 30 جون 2022 میں:

a) کمپنی کی انتظامیہ کے تیار کئے گئے مالیاتی گوشوارے منصفانہ معاملات کا، اس کی کاروباری آمدنی، نقد بہاؤ 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 مسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران لاگو کیا گیا ہے اور مالیاتی گوشواروں اور حساباتی تخمینوں کی بنیاد معقول اور محتاط فیصلوں پر ہے۔
d) مالیاتی گوشواروں کی تیاری کے دوران بین الاقوامی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں 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 رہنے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
f) اندرونی کنٹرول 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 عملیاتی اور کاروباری ڈیٹا اختصاری شکل میں منسلک کر دیا گیا ہے۔

h) واجب الادا ڈیوٹیوں، آبکاری محصولات اور ٹیکسز کو مالیاتی گوشواروں میں مناسب انداز میں منکشف کیا گیا ہے۔

آزاد آڈیٹرز کی رپورٹ میں ممبران کے لئے تحفظات

آڈیٹرز نے کمپنی کے مالیاتی احکام پر ایک آراء دی ہیں جس میں اس کے چلتے ہوئے ادارے کے مفروضہ پر خدشات ظاہر کئے گئے ہیں۔ انتظامیہ نے مجموعی مختصر انداز میں مختلف تخفیفی عوامل کی وضاحت کی ہے جو کہ کمپنی کے چلتے ہوئے ادارے کے حق میں ہیں جنہیں 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 قرضوں کی وجوہات کی از سر نو ساخت بندی کی ہے اور چھاچھرا اور مظفر پیداواری مقامات کے اس کے ساتھ ساتھ مارک اپ کی شرح میں بھی قرضوں کی لاگت کی حد تک کمی کی گئی ہے اور مارک اپ کی رقومات کی بنیادی رقومات کی مکمل ادائیگی کے بعد بالکل آخر میں ادائیگی کے لئے از سر نو ساخت بندی کرائی ہے۔ اس کی وجہ سے کمپنی کے پاس نقدی کا بہاؤ مثبت ہے اور روز مرہ کے امور برقرار رکھتی ہے۔ کچھ بینکوں نے نیلامی پر پابندی کارروائیوں کی تجویز دی ہے۔ اس کے علاوہ کمپنی نے اجازت دفاع مقدمات ان بینکوں کے دعووں کے خلاف دائر کر دی ہے جنہوں نے کمپنی کے خلاف سندھ ہائی کورٹ اور بینکنگ کورٹ کراچی میں مقدمے دائر کئے ہوئے ہیں۔ بقایا بینکوں کے ساتھ دعووں کے تصفیے کے لئے بات چیت کا عمل جاری ہے۔ ہماری قانونی ٹیم پر اعتماد ہے کہ وہ واجب رقومات کا بینکوں کے ساتھ تصفیہ کرنے میں کامیاب ہو جائے گی اور ان دعوی شدہ رقومات میں کمی کروانے کے قابل ہو جائے گی۔

بینکوں نے وصولیابی کے لئے کیس دائر کئے ہیں جن میں اضافی زیر ادا مارک اپ اور دیگر چارجز ہیں جبکہ کمپنی کے ریکارڈ کے مطابق مذکورہ معاملوں پر واجب الادا پورا قرض بینکوں کے مبینہ دعووں سے بہت کم ہے۔ ان تمام کیسوں میں کمپنی نے اجازت دفاع مقدمہ کی درخواستیں دائر کر دی ہیں اور بینکوں کے مبینہ دعووں کو مسترد کر دیا ہے جو کہ معزز عدالت کے روبرو فیصلے کے لئے زیر التوا ہیں۔ انتظامیہ ان کیسوں کا انتہائی محنت سے دفاع کر رہی ہے اور کوشش کر رہی ہے کہ ہر بینک کے ساتھ انفرادی طور پر ان کے دعوی کے عوض باہمی طور پر عدالت سے باہر تصفیہ ہو جائے۔ سابقہ مدت میں کمپنی نے دو انفرادی بینکوں سے تصفیہ کیا جو حتمی شکل دے دی ہے۔ ایک اور مقدمہ میں تصفیہ/تصفیہ جاتی معاہدہ آخری مراحل میں ہے۔

کچھ بینکوں کے ساتھ مقدمہ بازیاں ہیں جنہوں نے آڈیٹرز کے بیلنس کنفرمیشن لیٹرز کا جواب نہیں دیا۔

حالیہ چند دنوں میں معزز سپریم کورٹ آف پاکستان نے GIDC کے طویل مدتی واجبات کے مسئلے سے متعلق ایک فیصلہ کے ذریعے متعلقہ صارفین کے لئے GIDC کے بقایا جات کا قسطوں میں ادا کرنا ضروری قرار دے دیا۔ اس سے کمپنی کے نقدی کے بہاؤ پر ناموافق اثرات مرتب ہوں گے۔ ملک میں جاری بلند افراط زر اکنامی میں اضافہ کا سبب بن رہی ہے۔ اس کے نتیجے میں منافع کی شرح میں کمی ہوگی۔

اختتامیہ

آخر میں، میں تمام مالیاتی اداروں کا شکر گزار ہوں جنہوں نے ہم سے مسلسل تعاون کیا اور کمپنی پر اپنے بھرپور اعتماد کا اظہار کیا۔ میں تمام عملے، ملازمین اور افسران کی انتھک محنت اور ایمانداری کی قدر دانی کرتا ہوں۔

برائے و منجانب

طارق اقبال
چیف ایگزیکٹو

کراچی: 03 اکتوبر 2022

KEY OPERATING AND FINANCIAL DATA

		2022	2021	2020	2019	2018	2017
OPERATING DATA							
Sales	Rs. '000'	5,027,975	4,987,224	3,616,535	4,248,480	3,795,456	5,250,635
Cost of Goods Sold	Rs. '000'	(4,840,928)	5,151,705	4,198,855	4,514,120	4,279,300	6,262,163
Gross Profit	Rs. '000'	178,051	(158,481)	(582,320)	(265,640)	(483,844)	(1,011,527)
Profit / (Loss) Before Taxation	Rs. '000'	76,978	(300,026)	(737,351)	(520,922)	(851,073)	(1,433,350)
Profit / (Loss) After Taxation	Rs. '000'	33,443	(358,304)	(714,070)	(358,004)	(560,084)	(1,430,150)
FINANCIAL DATA							
Equity Balance	Rs. '000'	(2,358,760)	(2,441,451)	(2,177,815)	(1,450,151)	(1,151,056)	(697,215)
Property, Plant & Equipment	Rs. '000'	10,944,951	5,599,759	5,756,072	5,948,623	6,192,780	5,503,697
Current Assets	Rs. '000'	5,442,374	3,355,025	2,406,240	1,549,575	1,532,217	1,365,596
Current Liabilities	Rs. '000'	10,453,054	8,355,212	7,568,095	6,203,021	5,396,141	4,052,774
PROFITABILITY RATIOS							
Gross Profit Margin	%	3.54	(3.40)	(16.10)	(6.25)	(12.75)	(19.16)
Operating Profit Margin	%	0.11	(6.48)	(20.15)	(12.26)	(23.23)	(27.25)
Net Profit Margin	%	0.67	(7.39)	(19.74)	(8.50)	(14.99)	(27.05)
LIQUIDITY RATIOS							
Current Ratio	Times	0.52 : 1	0.40 : 1	0.32 : 1	0.25 : 1	0.28 : 1	0.4 : 1
Quick Ratio	Times	0.05	0.05	0.05	0.11	0.11	0.06
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	13.74	13.49	25.22	28.11	22.81	9.96
Accounts Receivables Turnover	Times	26.55	27.05	14.47	12.99	16.00	36.64
Inventory Turnover	Times	1.60	2.31	4.55	8.64	5.13	3.43
Total Assets Turnover	Times	0.31	0.59	0.44	0.55	0.49	0.70
Return on Total Assets	%	0.002	(0.04)	(0.09)	(0.05)	0.07	0.19
Return on Equity	%	0.01	1.26	(7.09)	0.45	(0.47)	(2.00)
LEVERAGE RATIOS							
Long Term Debts to Equity	Times	(0.31)	(0.35)	(0.23)	(0.34)	(1.02)	(2.71)
Total Debts to Equity	Times	(4.74)	(3.78)	(3.79)	(4.59)	(5.70)	(9.81)
Long Term Debts to Total Assets	Times	0.05	0.10	0.06	0.09	0.15	0.25
Total Debts to Total Assets	Times	0.70	1.03	0.99	0.82	0.85	0.91
Equity to Total Assets	Times	0.10	(0.01)	0.01	(0.14)	(0.15)	(0.09)
Interest Coverage Ratio	Times	2.17	(8.62)	(14.51)	(2.82)	(2.65)	(4.45)
OTHERS							
Earning / (Loss) Per Share	Rs	2.57	(28.39)	(54.93)	(28.38)	(43.77)	(110.01)
Breakup Value of Share w/o Revaluation Surplus	Rs	(181.44)	(187.80)	(169.58)	(11,232.00)	(88.54)	(53.65)
Breakup Value of Share with Revaluation Surplus	Rs	376.61	(20.77)	7.75	63.66	62.27	54.61
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 2022

Name of shareholders		No of Shareholder	Share held	Percentage
Directors, CEO their Spouse and Minor Children		10		
Mr. Tariq Iqbal	(Director & CEO)		563,139	4.33
Mr. Asim Khalid	(Director)		1,238,297	9.53
Mr. Umer Khalid	(Director)		1,189,308	9.15
Mrs. Saima Asim	(Director)		8,700	0.07
Mr. Tauqir Tariq	(Director)		797,726	6.14
Mr. Muhammad Saeed	(Director)		521	0.00
Mr. Muhammad Sarfraz	(Director)		500	0.00
Mrs. Tabassum Tariq	(W/o Director)		694,353	5.34
Mrs. Sadaf Khalid	(W/o Director)		13,092	0.10
Mrs. Tahmina Tauqeer	(W/o Director)		485,225	3.73
Associates Companies, undertakings and Related Parties			-	-
NIT and ICP		1	250	0.00
Executive			Nil	
Public Sector Companies & Corporations			Nil	
Bank Development Finance Institution. Non-Banking Finance Institution, Insurance Companies. Modarabas & Mutual Fund		3		
National Industries Cooperative Finance Corporation Ltd			364	0.00
National Bank Of Pakistan			8,627	0.07
Others		12	586,213	4.51
General Public		295	7,412,093	57.02
Total		311	13,000,000	100.00
Shareholders Hoding 05% or More			-	
Mr. Asim Khalid			1,238,297	9.53
Mr. Umer Khalid			1,189,308	9.15
Mrs. Tabassum Tariq			694,353	5.34
Mr. Tauqeer Tariq			797,726	6.14
Mr. Muhammad Khalid			903,619	6.95
Mrs. Amna Javed			1,240,554	9.54
Mrs. Saadia Tanvir			884,272	6.80
Mr. Javed Iqbal			928,322	7.14
Mr. Hamza Khalid			1,039,647	8.00

Detail of Trade in Share of Company by Directors, CEO, CFO. Company Secretary. Executives and / or their spouse and minor children carry out

		Share Gift Out/In
Mr. Tariq Iqbal	266,380	Gifted to Brother & Son
Mr. Asim Khalid	315,450	Gifted to Brother & Sister
Mr. Asim Khalid	473,451	Gift Received from Brother
Mr. Tauqir Tariq	200,000	Gifted to Brother
Mr. Tauqir Tariq	200,000	Gift Received from Wife
Mr. Umer Khalid	472,781	Gifted to Brother
Mr. Umer Khalid	282,755	Gift Received from Wife
Mrs. Tahmina Tauqeer	200,000	Gifted to Husband
Mrs. Sadaf Khalid	282,455	Gifted to Husband
Mr. Muhammad Sarfraz	500	Purchased from Market

Note All above share during the year which were declared to the Board in its subsequent Meeting

QUETTA TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDING (FORM - A)

Pattern of holding of the shares held by the shareholders as at 30-06-2022 is given below

No of Shareholders	Shareholding					Total Share Held
11[illegible]	From	1	To	100	Shares	2,201
74	From	101	To	500	Shares	23,213
25	From	501	To	1,000	Shares	21,334
45	From	1,001	To	5,000	Shares	125,156
13	From	5,001	To	10,000	Shares	106,790
5	From	10,001	To	15,000	Shares	67,156
4	From	15,001	To	20,000	Shares	72,500
1	From	20,001	To	25,000	Shares	24,000
1	From	25,001	To	30,000	Shares	25,854
3	From	30,001	To	35,000	Shares	107,326
1	From	50,001	To	55,000	Shares	53,000
1	From	55,001	To	60,000	Shares	59,250
1	From	60,001	To	65,000	Shares	62,500
1	From	75,001	To	80,000	Shares	79,000
1	From	90,001	To	95,000	Shares	95,000
1	From	145,001	To	150,000	Shares	147,000
1	From	150,001	To	155,000	Shares	152,343
1	From	210,001	To	215,000	Shares	214,663
1	From	300,001	To	305,000	Shares	304,850
1	From	340,001	To	345,000	Shares	342,460
1	From	420,001	To	425,000	Shares	421,000
1	From	485,001	To	490,000	Shares	485,205
1	From	530,001	To	535,000	Shares	532,723
1	From	561,001	To	565,000	Shares	563,159
1	From	600,001	To	605,000	Shares	604,353
1	From	795,001	To	800,000	Shares	797,739
1	From	860,001	To	865,000	Shares	864,272
1	From	900,001	To	905,000	Shares	903,649
1	From	925,001	To	930,000	Shares	925,822
1	From	1,035,001	To	1,040,000	Shares	1,039,647
1	From	1,185,001	To	1,190,000	Shares	1,189,308
2	From	1,235,001	To	1,240,000	Shares	2,477,051
311			Total			**13,000,000**

Categories of Shareholders	No of Shareholders	Share Held	Percentage
Directors, Chief Executive Officer, their Spouse and Minor children	[illegible]	4,991,441	38.40
Individuals	255	7,412,053	57.02
Investment Corporation of Pakistan	1	250	0.00
Insurance Companies	1	367	0.00
Joint Stock Companies	10	584,416	4.50
Financial Institutions	2	9,607	0.07
Others	2	1,799	0.01
Total	311	13,000,000	100.00

QUETTA TEXTILE MILLS LIMITED

QUETTA

Registered Office: [illegible] Nadir House, I.I. Chundrigar Road, Karachi [illegible], Pakistan Tel: [illegible]
Liaison Office: [illegible] Justice Sardar Iqbal Road, Off: Zafar Ali Road, Gulberg [illegible], Lahore. Tel: [illegible]
Email: [illegible] Web: [illegible]

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

Name of Company: Quetta Textile Mills Limited
Year ended June 30, 2022.

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 Saad.
	Mr. Muhammad Sarfraz
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. All the directors meet the requirements of Director training program under code of Corporate Governance Regulation 2019.
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;

QUETTA TEXTILE MILLS LIMITED

Registered Office: 7-Floor, Nadir House, I.I. Chundrigar Road, Karachi 74000, Pakistan Tel: +92 (21) 3241 4334-6
Liaison Office: 7-B/A, Justice Sardar Iqbal Road, Off Zafar Ali Road, Gulberg V, Lahore. Tel: 92 (42) 35775601-5
Email: [illegible]@QuettaGroup.com Web: www.QuettaGroup.com

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. Asim Khalid	Member

b) HR and Remuneration Committee

Mr. Muhammad Sarfraz	Chairman
Mr. Asim Khalid	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, which has suitable, qualified and experienced staff.

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 03, 2022

TAUQIR TARIQ
Chairman

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 30 June 2022 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.

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 30 June 2022.

MUSHTAQ & CO.
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid
FCA

Karachi:
Date: 3rd October, 2022

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, 2022, 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, 2022 and of the profit and other comprehensive income, 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. 444.72 million approximately. Consequently the aggregate amount of accrued markup would have been increased by Rs.1,653.3 million approximately and aggregate accumulated loss would have been higher by the same amount.

b) As disclosed in Note (25.2) & (27.5) Balance payable to various banks in respect of short term financing amounting to Rs. 1,551.65 million and in respect of long term financing amounting to Rs.1,185 million remains unconfirmed. Sukuk amounting to Rs. 524.293 million. Also balance payable to Orix leasing amounting to Rs.18.29 million remains unconfirmed. All the balances payable are in litigation. We were also unable to satisfy ourselves as to the correctness and terms and conditions 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 earned net profit of Rupees 33.443 million during the year ended June 30, 2022 and as of that date, reported accumulated losses of Rupees 3,468.23 million. The company's current liabilities exceed its current assets by Rs. 5,008.58 million. In addition to this, the company's financing arrangements with financial institutions amounting Rs.1,907 billion have been expired in previous years 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.	**Defined Benefit Obligations (Gratuity)** Refer to note no. 22.3 to the audited financial statements. The Company operates an unfunded gratuity plan, giving rise to net liability of Rs.185.352 million, which is significant in the context of the overall balance sheet of the Company. The valuation of liability requires judgment and technical expertise in choosing appropriate assumptions. Changes in a number of the key assumptions, including: – salary increase and inflation; – discount rate; and – Mortality. 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. The use of these actuaries increases the risk of error as data is passed to third parties for analysis and calculation purposes.	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. We understood and tested key controls over the completeness and accuracy of data extracted and supplied to the Company's actuary 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. We also read and assessed the disclosures made in the financial statements, including disclosures of the assumptions, and found them to be appropriate.

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. **MUSHTAQ & CO.**
Dated: **3 October, 2022** **Chartered Accountants**

QUETTA TEXTILE MILLS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	10,634,863,756	5,565,104,172
Intangible assets	6	428,093	961,219
Long term deposits	7	[illegible]	[illegible]
		[illegible]	5,599,759,405
CURRENT ASSETS			
Stores and Spares & Loose Tools	8	[illegible]	[illegible]
Stock in trade	9	3,894,563,025	2,191,423,370
Trade debts	10	131,963,116	213,319,952
Other financial assets	11	[illegible]	[illegible]
Advances, deposits, prepayments and other receivable	12	74,063,484	92,513,580
Tax refund due from government	13	635,551,735	543,651,152
Cash and bank balances	14	47,872,850	20,624,769
		5,412,371,200	3,365,024,656
		16,087,325,041	**8,964,784,063**
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2021: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2021: 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	[illegible]	[illegible]
Loan from directors and others	17	212,723,470	212,723,470
Revaluation surplus on property, plant and equipment	18	7,254,868,053	2,171,167,821
Accumulated loss		([illegible])	([illegible])
		[illegible]	([illegible])
NON CURRENT LIABILITIES			
Long term finances	19	552,989,053	693,765,655
Redeemable capital - Sukuk	20	-	-
Liabilities against assets subject to finance lease	21	-	-
Deferred liabilities	22	135,252,605	185,768,811
		[illegible]	[illegible]
CURRENT LIABILITIES			
Trade and other payables	23	5,240,537,170	3,500,264,030
Accrued mark-up	24	1,155,725,622	1,108,505,885
Short term borrowings	25	2,012,085,484	[illegible]
Loan from directors and others	26	[illegible]	67,716,357
Current portion of			
Long term finances	19	[illegible]	[illegible]
Redeemable capital - Sukuk	20	[illegible]	[illegible]
Liabilities against assets subject to finance lease	21	16,283,552	12,268,552
Unclaimed dividend		38,427	38,437
Provision for taxation		82,174,441	78,311,090
		[illegible]	[illegible]
CONTINGENCIES AND COMMITMENTS	27		
		16,087,325,041	**8,964,784,063**

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

Chief Executive	Director	Chief Financial Officer

QUETTA TEXTILE MILLS LIMITED

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
Sales	**28**	5,027,978,589	4,982,223,810
Cost of sales	**29**	(4,849,927,783)	(5,151,704,691)
Gross Profit / (loss)		178,050,806	(169,480,881)
Other income	**30**	71,685,742	20,558,981
		249,736,548	(148,921,900)
Distribution cost	**31**	(17,398,448)	(15,548,714)
Administrative expenses	**32**	(97,237,254)	(80,461,511)
Other operating expenses	**33**	(16,132,838)	(18,958,140)
Finance cost	**34**	(41,989,653)	(36,135,603)
		(172,758,193)	(151,103,968)
Profit / (Loss) before taxation		76,978,355	(300,025,868)
Provision for taxation			
Current tax - current year		(62,174,441)	(76,011,030)
Current tax - prior year		18,639,556	7,732,658
Deferred		-	-
		(43,534,885)	(68,278,372)
Net Profit / (loss) for the year		**33,443,470**	**(368,304,240)**
Earning / (Loss) per share - basic and diluted	35	**2.57**	**(28.33)**

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

Chief Executive **Director** **Chief Financial Officer**

QUETTA TEXTILE MILLS LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	30^{th} June, 2022 Rupees	30^{th} June, 2021 Rupees
Net Profit / (loss) for the year		33,443,470	(368,304,240)
Other comprehensive income			
Items that may not be reclassified subsequently to profit and loss account:			
Income / (loss) on remeasurement of staff retirement benefits		19,748,458	(2,377,675)
Impact of deferred tax		-	-
Revaluation surplus on property, plant and equipment		5,112,720,140	-
Other comprehensive income/(loss) for the year		5,132,468,598	(2,377,675)
Total comprehensive Income / (loss) for the year		**5,165,912,068**	**(370,681,915)**

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

Chief Executive | Director | Chief Financial Officer

QUETTA TEXTILE MILLS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	502,406,397	176,783,062
Long term loans and deposits		(6,200,006)	(12,000)
Interest paid		3,227,064	21,173,237
Gratuity paid		(29,401,133)	(22,752,890)
Taxes paid		(378,572,051)	(68,295,318)
		(410,946,126)	(69,886,971)
Cash flows from operating activities		91,460,271	106,896,091
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(66,267,959)	(99,476,169)
Other financial assets		(60,081,976)	-
Proceeds from disposal of property, plant and equipment		63,025,000	3,500,000
Cash (used in) investing activities		(63,324,935)	(95,976,169)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances		(114,848,156)	448,344,194
Short term borrowings		100,957,073	(502,135,818)
Loans from directors & others		-	39,900,000
		(13,891,083)	(13,891,624)
Net increase/(decrease) in cash and cash equivalents		14,244,251	(2,971,702)
Cash and cash equivalent at the beginning of the year		23,628,599	26,600,301
Cash and cash equivalent at the end of the year	14	37,872,850	23,628,599

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, 2022

	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, 2020	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,228,537,921	(3,237,318,470)	100,699,121
Net Profit / (loss) for the year	-	-	-	-	-	-	-	(368,304,240)	(368,304,240)
Other comprehensive (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)	-	-	-	-	-	-	(56,360,895)	56,360,895	-
Reversal of Surplus Due to Disposal Plant and Machinery	-	-	-	-	-	-	(709,205)	709,205	-
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)	(269,982,794)
Net profit for the year	-	-	-	-	-	-	-	33,443,470	33,443,470
Other comprehensive income	-	-	-	-	-	-	5,112,720,140	19,748,457	5,132,468,597
Total comprehensive income for the year	-	-	-	-	-	-	5,112,720,140	53,191,927	5,165,912,067
Revaluation surplus on property, plant and equipment (incremental depreciation)	-	-	-	-	-	-	(25,603,574)	25,603,574	-
Reversal of Surplus Due to Disposal of Plant and Machinery	-	-	-	-	-	-	(915,295)	915,295	-
Balance as at June 30, 2022	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	7,254,869,093	(3,468,239,489)	4,895,929,274

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

Chief Executive

Director

Chief Financial Officer

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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-B/A, Justice Sardar Iqbal Road, Gulberg V, Lahore.
Mills	A/2, S.I.T.E., Kotri
	D/4, S.I.T.E., Kotri.
	45 KM., Lahore, Multan Road, Bhai Pheru

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

- During the year, the Company has acquired property, plant and equipment amounting to Rs. [illegible] million. This includes Rs. [illegible] million in plant and machinery. These acquisitions are expected to increase the Company's production capacity & efficiency.
- 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
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 **Basis of measurement**

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

3.3 **Functional and presentation currency**

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

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

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

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

3.5.1 **Standards, amendments 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	January 1, 2023
	(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
IFRS 17 Insurance contracts

The following interpretation issued by the IASB

IFRIC 12 Service concession arrangements

As per Securities and Exchange Commission of Pakistan (SECP) SRO 985 (I)/ 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 earned profit amounting to Rs. 30.443 million (June 30, 2021: Loss of Rs. 368.304 million) and has reported accumulated losses amounting to Rs. 3,466.25 million (June 30, 2021: Rs. 3,550.930 million) at the year end. Accordingly it resulted into equity of Rs. 4,885.92 million in current year (June 30, 2021: negative equity Rs. 269.990 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 3,010.87 million (June 30, 2021: Rs. 4,990.187 million) at the year end. The main reason of low profit was due to operational break down because of shortage of working capital which dropped the production operational efficiency and restricted to the extent Spinning (57%) and Weaving (47%) of available capacity. The QTML also earn low profits due to slowdown in demand for cotton yarns and fabrics in the international markets.

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

To substantiate its going concern assumption:

3.6.1 The management 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 operations efficiencies and plant utilization. During the period the company has incurred Rs. 88.265 million on BMR which has resulted in efficiency and production subsequent to the year end the company has replaced some looms for better efficiency.

3.6.3 Previously, the directors and sponsors of the company has injected amounting to Rs.25.00 million for financial support. They have committed that they would also continue such support in future.

3.6.4 The management has also undertaken additional 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 man power, resource conservation, close monitoring of other fixed costs etc. The management is certain to generate sufficient savings as consequences of adopting all such measures.

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

3.7 Significant accounting judgments and estimates

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

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

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

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

3.7.1 Property, plant and equipment

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

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 as contingency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Borrowings

Markup bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, markup 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.

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 tax. 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 recognized in the carrying amount of the item if it is probable that the future economic benefit 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 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.

During the period, the management of the company has changed its estimate with regards to depreciation of Building, Plant and Machinery, after detailed review by technical team of the company the average life of the building, Plant and Machinery has been re-estimated more as against past level of estimates. Such an estimate is in compliance with IAS 16 'Property, Plant and Machinery'. Had there been no change in such an estimate the depreciation expense would have been higher by Rs. 15.534 million and Property, Plant and Machinery would have been lower by the same amount.

4.8 Capital work in process

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

4.9 Investments

4.9.1 Investments in associate - Equity Method

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

4.9.2 Derivative financial instruments

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

4.9.3 Financial assets at fair value through profit or loss

Financial assets classified as held for trading and those designated 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 term. 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 recognized 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 stated at their nominal value.

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 realizable value which ever is lower
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon up to 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 uncollectable amounts. An estimated provision for doubtful debts 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 recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

4.16 Borrowing costs

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

4.17 Impairment

All company's assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such indication exists, the asset's 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 business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate 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.

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 rights to receive cash flows from such assets has expired or have been transferred and the Company has transferred substantially all risks and rewards, incidental to the ownership of such financial assets.

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

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

4.21.3 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 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 derecognition 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.

4.21.7 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.

4.21.8 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.

4.21.9 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 year. Further, the company is not subject to externally imposed capital requirements.

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	10,504,653,796	5,565,104,172
		10,504,653,796	5,565,104,172

QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

5.1 Operating fixed assets

	2022									
	Cost as at July 01, 2021	Additions / (deletions)	Revaluation	Cost as at June 30, 2022	Accumulated depreciation as at July 01, 2021	Depreciation charge / (deletion) for the year	Adjustments	Accumulated depreciation as at June 30, 2022	Book value as at June 30, 2022	Annual depreciation rate %
	Rupees									
Owned Assets										
Spinning Units :										
Freehold land	645,150,456	-	708,384,544	1,353,535,000	-	-	-	-	1,353,535,000	-
Leasehold land	423,490,109	(4,296,129)	1,595,697,770	2,014,891,750	13,965,617	906,147	-	14,851,764	1,999,999,986	99 years
Building on freehold land	682,790,318	-	477,922,536	1,160,712,854	332,533,887	8,449,713	-	341,063,600	819,729,254	2.5%
Building on leasehold land	598,871,772	-	438,175,644	1,037,047,416	249,528,052	9,329,212	-	258,857,264	778,190,152	2.5%
Labour colony on freehold land	182,677,888	-	205,078,588	387,756,476	57,940,718	3,368,420	-	61,309,146	326,447,330	2.5%
Labour colony on leasehold land	125,865,280	-	141,994,064	267,859,344	47,988,580	1,546,918	-	49,535,497	217,323,847	2.5%
Plant and machinery	4,528,815,987	10,220,091	161,150,244	4,700,286,322	2,618,742,174	48,353,730	-	2,668,095,904	2,041,190,418	2.5%
Electrical fitting	61,822,173	-	-	61,822,173	56,036,732	867,816	-	56,904,548	4,917,625	15%
Factory equipment	23,069,560	-	-	23,069,560	21,433,018	253,343	-	21,675,361	1,389,209	15%
Office premises	20,295,158	-	7,444,778	27,739,936	16,863,654	551,868	-	17,415,522	10,324,414	15%
Office equipment	22,408,084	229,700	-	22,637,784	19,957,896	305,801	-	20,363,757	2,274,027	15%
Furniture and fixture	14,358,186	202,900	-	14,561,086	12,623,145	271,292	-	12,894,397	1,666,689	15%
Vehicles	54,525,423	5,483,890	-	60,009,313	47,045,658	1,792,383	-	48,838,041	11,168,272	15%
	7,394,240,384	25,133,581 (4,296,129)	3,735,848,169 -	11,150,926,014	3,495,740,199	77,428,501	-	3,573,168,700	7,577,757,314	
Weaving Unit :										
Building on freehold land	401,852,032	-	320,236,303	722,088,335	196,752,441	5,592,292	-	202,344,733	519,744,602	2.5%
Building on freehold land (Grid)	5,596,887	-	7,728,365	13,325,252	3,966,602	-	-	3,966,602	9,358,650	2.5%
Labour colony on freehold land	117,938,449	-	113,227,406	230,865,855	37,266,720	2,009,263	-	39,276,023	191,589,832	2.5%
Plant and machinery	1,563,711,588	34,902,000 (40,061,730)	476,519,334	2,035,075,192	821,680,653	18,716,347 (28,127,132)	-	812,271,868	1,222,803,324	2.5%
Plant and machinery (Grid)	197,232,703	-	58,352,735	255,585,438	53,876,160	-	-	53,876,160	201,619,278	2.5%
Electrical fitting	33,203,858	-	-	33,203,858	30,157,181	457,002	-	30,614,583	2,589,075	15%
Factory equipment	12,474,088	-	-	12,474,088	11,293,122	177,145	-	11,470,267	1,003,821	15%
Office equipment	4,322,399	115,800	-	4,438,159	3,903,636	124,805	-	3,628,441	809,752	15%
Furniture and fixture	2,694,943	-	-	2,694,943	2,221,182	71,064	-	2,292,246	402,697	15%
Vehicles	11,877,225	5,015,580 (1,155,000)	-	15,737,805	6,719,611	1,236,496 (1,071,026)	-	6,887,081	8,850,724	15%
	2,350,805,218	40,033,380 (41,216,780)	976,064,144	3,325,488,960	1,187,537,316	28,358,444 (29,198,158)	-	1,166,727,604	2,158,772,356	
Power Plant :										
Building on freehold land	69,289,587	-	16,107,629	85,396,216	47,117,909	595,024	-	47,712,933	37,683,285	2.5%
Building on leasehold land	45,753,677	-	7,940,349	53,694,026	31,647,335	352,659	-	31,999,994	21,694,032	2.5%
Plant and machinery	1,045,642,220	1,109,998	376,755,850	1,423,499,068	615,462,596	15,296,811	-	631,752,407	789,746,661	2.5%
Electrical fitting	44,949,633	-	-	44,949,633	40,746,288	630,547	-	41,376,835	3,573,068	15%
Factory equipment	7,168,574	-	-	7,168,574	6,509,437	98,870	-	6,608,307	560,267	15%
Office equipment	66,800	-	-	66,800	58,231	1,286	-	59,517	7,283	15%
Furniture and fixture	476,750	-	-	476,750	433,424	6,499	-	439,923	36,827	15%
Vehicles	940,725	-	-	940,725	922,414	2,747	-	925,161	15,564	15%
	1,214,287,266	1,109,998	400,803,828	1,616,199,092	745,837,634	16,997,442	-	762,835,076	853,337,016	
Leased Assets										
Plant and Machinery	20,645,850	-	-	20,645,850	5,469,200	379,411	-	5,848,611	14,797,039	2.5%
	20,645,850	-	-	20,645,850	5,469,200	379,411	-	5,848,611	14,797,039	
Total - 30.06.2022	10,979,778,528	66,247,959 (45,582,909)	5,112,720,140 -	16,113,263,716	5,414,874,351	123,123,798 (29,198,158)	- -	5,508,999,991	10,604,663,725	

	2021									
	Cost as at July 01, 2020	Additions / (deletions)	Transfer in/(out)	Cost as at June 30, 2021	Accumulated depreciation as at July 01, 2020	Depreciation charge / (deletion) for the year	Adjustments	Accumulated depreciation as at June 30, 2021	Book value as at June 30, 2021	Annual depreciation rate %
	Rupees									
Spinning Units :										
Freehold land	545,150,455	-	-	545,150,455	-	-	-	-	545,150,455	-
Leasehold land	423,400,109			423,400,109	13,070,470	885,147		13,955,617	409,444,492	99 years
Building on freehold land	682,790,317			682,790,317	314,098,338	18,434,749		332,532,857	350,257,470	5%
Building on leasehold land	288,871,772			288,871,772	231,141,540	15,385,512		246,528,052	42,343,720	5%
Labour colony on freehold land	182,577,888			182,577,888	50,849,305	7,091,420		57,940,718	124,727,172	5%
Labour colony on leasehold land	125,906,230			125,906,230	43,889,085	4,099,774		47,950,850	77,976,700	5%
Plant and machinery	4,300,339,901	28,270,938		4,328,910,937	2,513,151,865	102,050,309		2,615,742,174	1,309,170,910	5%
Electric fitting	61,522,170			61,522,170	55,012,772	1,020,960		56,030,732	5,705,441	15%
Factory equipment	22,571,540	155,000		22,726,540	21,183,155	281,762		21,464,918	1,235,542	15%
Office premises	17,325,327	-	-	17,325,327	16,261,851	601,365	-	16,859,854	471,467	15%
Office equipment	24,775,580	442,200	-	25,417,780	19,617,448	383,415	-	19,997,856	5,420,754	15%
Furniture and fixture	3,348,787	1,009,240	-	4,358,156	12,485,776	187,370	-	12,773,145	1,295,341	15%
Vehicles	54,417,303	108,120	-	54,525,423	45,553,522	1,480,183	-	47,045,678	7,479,765	15%
	7,364,209,730	30,030,050 -		7,394,240,201	3,242,330,221	153,409,968 -		3,495,740,190	3,598,800,192	
Weaving Unit										
Building on freehold land	401,850,202			401,850,202	185,557,015	10,797,709		196,155,411	205,100,451	5%
Building on freehold land (Shed)	5,566,907			5,566,907	4,005,787	65,505		3,840,856	1,520,268	5%
Labour colony on freehold land	111,020,748	-	-	111,020,748	55,003,609	1,220,281	-	57,224,760	60,577,718	5%
Plant and machinery	1,365,915,200	64,975,966 (56,178,535)	-	1,365,711,500	824,714,085	25,035,110 (54,085,325)	-	821,650,852	742,700,305	5%
Plant and machinery (Shed)	181,222,213	-	-	181,222,213	19,435,011	2,502,515	-	33,845,150	145,758,043	5%
Electric fitting	35,410,446	-	-	35,410,446	29,671,453	502,644	-	30,174,051	5,148,507	15%
Factory equipment	12,771,498	-	-	12,771,498	11,082,715	105,706	-	11,240,152	1,180,468	15%
Office equipment	4,392,563	-	-	4,392,563	3,954,110	141,787	-	3,524,835	518,757	15%
Furniture and fixture	2,464,048	-	-	2,464,048	2,157,577	63,605	-	2,221,159	475,751	15%
Vehicles	13,522,257	2,141,010 (320,006)		14,977,275	6,755,922	529,709 (305,400)		6,716,811	5,151,504	15% 15%
	2,290,253,686	67,116,908 (56,786,555)	-	2,290,605,216	1,144,016,815	60,790,527 (46,283,524)	-	4,167,557,318	1,183,047,686	
Power Plant :										
Building on freehold land	69,328,527	-	-	69,328,527	45,551,051	1,165,575	-	47,117,826	22,170,578	5%
Building on leasehold land	45,758,577	-	-	45,758,577	30,504,795	742,481	-	31,247,336	14,102,549	5%
Plant and machinery	1,045,316,900	2,325,517	-	1,045,540,220	575,544,007	21,645,504	-	618,476,576	427,140,594	5%
Electric fitting	44,040,793	-	-	44,040,793	40,004,475	741,583	-	40,746,058	4,703,545	15%
Factory equipment	7,168,574	-	-	7,168,574	6,395,120	115,317	-	6,506,437	559,177	15%
Office equipment	66,800			66,800	55,718	1,513		58,231	8,569	15%
Furniture and fixture	476,750			476,750	425,775	7,649		433,424	43,326	15%
Vehicles	940,725			940,725	919,183	3,231		922,414	8,311	15%
	1,211,204,066	2,326,017	-	1,214,287,206	721,182,180	24,728,438	-	746,827,034	460,368,032	
Leased Assets										
Plant and machinery	20,545,330			20,545,330	4,010,409	759,761		5,125,230	15,176,430	5%
	20,645,650	-	-	20,645,650	4,610,439	786,761	-	5,469,200	15,176,450	
Total - 30.06.2021	10,936,070,009	97,721,510 -	- -	10,979,776,523	5,215,210,481	238,727,694 -	- -	5,414,674,351	5,585,104,172	

5.1.1 Depreciation for the year has been allocated as under:

	Note	30th June 2022 Rupees	30th June 2021 Rupees
Cost of sales - spinning	29	74,823,214	131,225,031
Cost of sales - weaving	29	29,287,444	73,164,834
		103,111,657	204,40[illegible]
Cost of sales - power plant	29.3	15,827,442	32,254,051
Administrative expenses	31.8	2,263,658	2,282,692
		123,121,798	239,737,604

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
Leasehold land							
FOA - 2 Acre Plot.	4,296,129	-	4,296,129	60,000,000	55,703,871	Negotiation	M/s. Rizwan Oil and Ghee Mills (Pvt) Ltd., Karachi.
Plant and machinery							
Air jet Looms	40,051,730	20,127,130	11,924,600	2,300,000	(8,821,503)	Negotiation	M/s. Mubashir Textiles, Faisalabad.
Vehicles							
Toyota Corolla	1,152,050	1,101,026	51,024	1,025,000	910,976	Negotiation	Mr. Shahjahan Khan, Karachi.
30-Jun-22	45,502,909	20,194,156	15,304,[illegible]	63,325,000	46,120,847		
30-Jun-21	55,788,585	40,283,824	5,504,761	3,300,000	(2,204,761)		

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

Location	Addresses	Total Area (In Acres)
Kotri	215 S.I.T.E., Kotri	30
Kotri	3/4 S.I.T.E., Kotri	10
[illegible]	40 K.M., [illegible], Multan Road, [illegible]	41.15
Lahore	7-B/A, Justice Sardar Iqbal Road, Gulberg V, Lahore	0.375

5.1.4 Had there been no revaluation the related figures of land, building and plant and machinery as at June 30, 2022 would have been as follows:

	Note	30th June 2022 Rupees	30th June 2021 Rupees
Freehold land		75,752,077	75,752,077
Leasehold land		4,152,099	4,172,[illegible]
Building on freehold land		24[illegible]	253,708,757
Building on leasehold land		73,474,199	74,737,440
Building on freehold land (Gen.)		25,131,140	26,452,457
Labour colony on freehold land		20,052,930	21,287,047
Labour colony on leasehold land		15,593,207	16,151,75[illegible]
Plant and machinery		2,405,227,508	2,424,208,602
Plant and machinery (Grid)		60,927,191	64,136,115
		2,905,184,038	3,016,983,210

		Note	30th June, 2022 Rupees	30th June, 2021 Rupees
6	**INTANGIBLE ASSETS**			
	Computer software			
	Net carrying value basis as at June 30			
	Opening net book value		984,219	1,582,348
	Addition (at cost)		-	-
	Transfer from capital work in process		-	-
	Amortisation charge		(568,124)	(598,129)
	Closing net book value		416,095	984,219
	Gross carrying value basis as at June 30			
	Cost		2,840,622	2,840,622
	Accumulated amortisation		(2,424,527)	(1,856,403)
	Net book value		416,095	984,219
	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	598,129
7	**LONG TERM DEPOSITS**			
	Security deposits:			
	WAPDA		7,881,152	7,853,190
	Gas companies		24,584,092	30,818,096
	Leasing companies	21	5,779,000	5,779,000
	Others		1,337,165	1,337,168
			39,581,020	45,851,017
8	**STORES, SPARES AND LOOSE TOOLS**			
	Spinning :			
	Stores		77,911,907	80,597,110
	Spares and accessories		64,424,320	167,257,020
	Loose tools		14,587,062	8,019,211
			156,940,865	255,853,341
	Weaving :			
	Stores		159,395,219	77,919,179
	Power plant :			
	Other stores		88,178,865	109,614,292
			404,514,275	443,486,242
8.1	No item of stores, spares and loose tools is pledged as security as at reporting date.			
9	**STOCK IN TRADE**			
	Spinning :			
	Raw material - in hand		1,538,214,563	830,808,314
	Work in process		156,540,612	130,815,056
	Finished goods		1,973,524,205	1,016,891,856
	Waste		17,444,811	14,702,854
			3,685,725,215	1,992,318,040
	Weaving :			
	Finished goods		98,344,775	169,085,310
			98,344,775	169,085,310
			3,784,069,925	2,161,403,350

9.1 Raw material stock cost PKR Nil (2021: Nil) have been valued at PKR Nil (2021: Nil) being the replacement cost of raw material. The amount charge to profit and loss in respect of raw material written down to net realizable value is PKR Nil (2021: Nil).

9.2 Finished Goods stock cost PKR Nil (2021: Nil) have been valued at PKR Nil (2021: Nil) being the net realizable value of finished goods. The amount charged in profit and loss in respect of Finished Goods written down to net realizable value is PKR Nil (2021: Nil).

9.3 No item of stock in trade is pledged as security as at reporting date.

9.4 The stock of waste stock is valued at NRV.

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
10 TRADE DEBTS			
Considered good			
Local debts - unsecured	10.1	166,410,240	219,766,785
Allowance for ECL on trade debts	10.2	(4,425,122)	(3,156,623)
		161,985,118	216,610,162

10.1 At the year end, there is no receivable from export customer.

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
10.2 *Particulars of allowance for ECL on trade debts*			
Balance at beginning of the year		3,156,623	-
Charge during the year		1,268,499	3,156,623
Allowance no longer required / (recovered)		-	-
Balance at the end of the year		4,425,122	3,156,623
11 OTHER FINANCIAL ASSETS			
Term deposits "TDR"	11.1	115,292,328	58,210,332
Fair value through profit or loss	11.2	85,425	111,401
		115,377,753	58,321,733

11.1 These TDRs were deposited as margin against bank guarantees issued by different banks as disclosed in note No. 27.1. During the year ranging from 6.25% to 14.00% (June 30, 2021: 4.70% to 11.83%) per annum. The maturity period of the TDR is one year from the date of original issue.

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
11.2 *Fair Value through profit or loss*			
In listed companies	11.3	65,285	65,285
Fair value Adjustment		20,140	46,116
		85,425	111,401

11.3 Details are as under:

Name of securities	No. of shares	Cost	Fair value adjustments	Fair value
Askari Bank Limited	4,001	65,285	20,140	85,425
Total - 30.06.2022		65,285	20,140	85,425
Total - 30.06.2021		65,285	46,116	111,401

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
12 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE			
Loans to employees-Secured	12.1	19,681,305	20,472,933
Advances to Suppliers		2,896,201	12,277,940
Collector of Customs for Import and Export		4,936,002	4,936,002
Margin with Banks against Guarantees		5,830,208	5,880,209
Advance for Reservation Contract	27.2	36,322,641	36,322,641
Prepaid expenses		1,195,730	2,983,459
Letter of credit		11,171	24,139
Others		210,108	6,735,535
		71,083,467	92,513,560

12.1 These represent short-term interest free loans to employees as per Company's policy. These are adjustable against salaries and recoverable within a period of one year.

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
13 INCOME TAX AND SALES TAX REFUNDABLE			
Income tax refundable		62,095,782	57,103,882
Sales tax refundable		601,165,943	284,547,270
		663,261,725	341,651,152

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
13.1 Income tax refundable			
Opening		57,103,882	52,178,340
Advance income tax		62,353,374	49,484,697
		119,457,256	101,663,037
Prior year adjustment		18,638,556	7,732,658
Paid / deducted during the year		(76,011,050)	(52,291,813)
		62,085,762	57,103,882

14 CASH AND BANK BALANCES

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
With banks on:			
- currents accounts		15,764,375	12,170,071
- saving accounts	14.1	107,739	10,062,404
		15,872,114	22,232,475
Cash in hand		22,100,736	1,396,124
		37,972,850	23,628,599

14.1 Effective rates of profit on deposit accounts, during the year, ranging from 3.82% to 16.60% (June 30, 2021: 4.73% to 11.38%) p.a.

15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30th June, 2022 Number of shares	30th June, 2021 Number of shares		30th June, 2022 Rupees	30th June, 2021 Rupees
1,200,000	1,200,000	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	12,000,000	12,000,000
9,675,000	9,675,000	Ordinary shares of Rs. 10 each allotted as right shares	96,750,000	96,750,000
1,925,000	1,925,000	Ordinary shares of Rs. 10 each issued as bonus shares	19,250,000	19,250,000
13,000,000	13,000,000		130,000,000	130,000,000

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

15.2 The company had issued 9,675,000 Ordinary Shares in the ratio of 310 shares for every 100 ordinary Shares at exercise price of Rs 76/= per share having premium of Rs. 66/= per share.

16 RESERVES

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
Reserves :			
Share premium		651,750,000	651,750,000
Capital reserve		1,200	1,200
General reserves		115,000,000	115,000,000
		766,751,200	766,751,200

16.1 General reserve is primarily a revenue reserve being maintained to have adequate resources for future requirements and business operations.

17 LOAN FROM DIRECTORS AND OTHERS - SUBORDINATED

		30th June, 2022 Rupees	30th June, 2021 Rupees
Loan from directors and others		212,728,470	212,728,470

17.1 These are unsecured and interest free loans repayable on the discretion of the company. In compliance with TR 32 issued by Institute Of Chartered Accountants Of Pakistan these loans have been treated as part of equity.

		Note	30th June, 2022 Rupees	30th June, 2021 Rupees
18	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**			
	Balance as at July 01,		2,601,220,862	2,681,601,299
	Add: Surplus on revaluation of land, building and plant & machinery		5,112,720,140	-
	Reversal of surplus due to disposal of plant and machinery		(815,295)	(709,295)
	Less: Transferred from surplus on revaluation of Property Plant Equipment on account of incremental depreciation		(28,683,574)	(56,360,825)
	Less: Deferred tax		(11,715,926)	(23,310,327)
			7,672,726,207	2,601,220,862
	Less: Related to deferred tax effect:			
	Balance as at July 01,		429,753,141	452,063,368
	Recognition of deferred tax liability due to the transfer of incremental depreciation to equity from surplus on revaluation		(11,715,926)	(23,310,327)
			418,037,215	428,753,041
	Closing balance		7,254,688,992	2,172,467,821

18.1 On 27 July 2017, 26 to 29 June 2018 and 16 to 24 June 2022, further revaluation was made of the Land, Building, Labour Colony, Grid station and plant & machinery by M/s. SIPRA & Company (Private) Limited, registered Valuers and Surveyors, on the basis of market value which resulted in net revaluation surplus of Rs. 5,112,720,140/-.

		Note	30th June, 2022 Rupees	30th June, 2021 Rupees
19	**LONG TERM FINANCES**			
	Loans from banking companies - secured			
	Al-Barka Bank (Pakistan) Limited	19.1	402,727,177	492,527,177
	Bank Al Falah Limited	19.2	21,420,863	23,890,863
	Faysal Bank Limited	19.3	178,715,000	178,715,000
	Habib Bank Limited	19.3	235,665,204	235,665,204
	Accrued Interest [HBL]	19.3	7,221,544	14,443,087
	Habib Bank Limited	19.3	8,129,727	8,129,727
	Meezan Bank Limited - [Bai Muajjal]	19.3	58,605,863	58,605,863
	National Bank of Pakistan-[LTF-I Frozen Markup]	19.3	61,850,000	61,850,000
	National Bank of Pakistan - [LTF]	19.3	50,748,000	50,748,000
	National Bank of Pakistan - [LTF-I]	19.3	144,907,100	148,807,100
	Accrued Interest [NBP-LTF-I]	19.3	6,725,029	13,450,057
	Soneri Bank Limited	19.3	461,567,000	481,567,000
	Allied Bank Limited [LTF]	19.3	160,985,260	182,684,944
			1,830,343,466	1,954,191,622
	Less: Current maturity shown under current liabilities	19.4	(1,268,254,283)	(1,261,405,967)
			562,089,183	692,785,655

19.1 Previously, the bank AL Baraka restructured its existing outstanding balances in Istisna Rs. 300 million, local mudaraba Rs.197 million and diminishing musharqa 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 (joint) charge dated March 17, 2008 registered vide supplemental letter of hypothecation of Plant, Machinery and equipment dated march 09, 2006 for PKR 420 million on present and future fixed assets of the company inclusive of 25% margin.

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

19.2 Previously, Bank Alfalah had approved a settlement of entire principal of CF Hypo facility of Rs. 22.40 million along with overdue markup and future markup @7.00% or cost of funds (whichever is higher). The bank had 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 4th 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.

19.3 The banks have filed cases for recovery which are exaggerated and exorbitant upon unauthorized and unlawful markup and other charges, whereas as per records of the company, the amount, if any payable, against the subject facilities, are much lesser than the alleged claims of the banks. In all these cases, the company has filed leave to defend applications and denied the alleged claims of the banks, which are pending before the Honorable Courts for adjudications. The management contesting the cases vigorously and also making efforts for amicable settlement of claim of each bank individually as out of court settlement and has succeeded to compromise two suits in previous period.

19.4 Current maturity includes Rs. 1,296.35 million in respect of overdue.

		Note	30th June, 2022 Rupees	30th June, 2021 Rupees
20	**REDEEMABLE CAPITAL - SUKUK**			
	Diminishing musharaka Sukuk certificate		611,335,642	611,335,643
	Less: Current portion shown under current liabilities	20.1	(611,335,642)	(611,335,643)
			-	-

20.1 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, 2013	March 31, 2013
Date of last installment	March 20, 2020	March 20, 2020
Rate of return per annum	6 M KIBOR + 1.75%	6 M KIBOR + 1.75%
Convertible/non convertible	Non Convertible	Non Convertible
Redeemable/perpetual	Redeemable	Redeemable

20.2 **Security:**

First Pari Passu charge of Rs. 1.846 billion (June 30, 2021 Rs. 1.846 billion) on all fixed assets of the company.

20.3 The banks have filed cases for recovery which are exaggerated and exorbitant upon unauthorized and unlawful mark-up and other charges, whereas as per records of the company, the amount if any payable against the subject sukkuks, are much lesser than the alleged claims of the banks. In all these cases, the company has filed leave to defend applications and denied the alleged claims of the banks, which are pending before the Honorable Courts for adjudications. The management contesting the cases vigorously and also making efforts for amicable settlement of claim of each bank individually as out of court settlement and has succeeded to compromise two suits in previous period.

20.4 Current maturity includes Rs. 611.336 million in respect of overdue.

		Note	30th June, 2022 Rupees	30th June, 2021 Rupees
21	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**			
	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		-	-

21.2 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.

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

21.4 Implicit rate of return on lease varies ranging from NIL (June 30, 2021: NIL).

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

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

		Note	30th June, 2022 Rupees	30th June, 2021 Rupees
22	**DEFERRED LIABILITIES**			
	Deferred taxation	22.1	-	-
	Staff retirement benefits - gratuity	22.3	195,352,625	196,769,311
			195,352,625	196,769,311

22.1 Deferred taxation

Deferred tax credits / (debits) arising in respect of:

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
Taxable/(Deductible) temporary differences (deferred tax liabilities)			
Deferred Tax		590,374,759	340,933,228
Revaluation surplus		418,037,215	439,753,041
Deferred debit arising in respect of provisions, tax losses and refunds		(1,297,397,518)	(1,252,942,020)
	22.2	(288,985,544)	(482,252,691)

22.2 During the year deferred tax asset arose amounting to Rs 288.98 million. This has not been recognised as it is not probable to earn taxable profits for the company in the forceable future.

22.3 Staff retirement benefits - gratuity

Movement in the net liability recognized in the Balance sheet

	30th June, 2022 Rupees	30th June, 2021 Rupees
Opening net liability	196,769,311	180,317,910
Expense for the year in profit and loss account	47,733,385	46,826,116
Premeasurement recognized in other comprehensive income	(19,748,456)	2,377,675
	214,753,736	229,521,701
Benefits paid during the year	(29,401,123)	(32,752,390)
Closing net liability	195,352,625	196,769,311

22.4 Expense for the year in profit and loss account

	30th June, 2022 Rupees	30th June, 2021 Rupees
Current service cost	29,498,838	32,831,847
Interest cost	18,234,547	13,994,269
	47,733,385	46,826,116

22.5 Historical Information

	2022	2021	2020	2019	2018
Present value of defined benefit obligation	195,352,625	196,769,311	180,317,910	116,695,125	97,463,921

22.6 General description

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

		Note	30th June, 2022 Rupees	30th June, 2021 Rupees
22.7	**Principal actuarial assumption**			
	Following are a few important actuarial assumption used in the valuation			
			%	%
	Discount rate		[illegible]	10.00
	Expected rate of increase in salary		10.00	10.00
22.8	Expected gratuity expenses for the year ending June 30, 2023 works out Rs. [illegible]/-			
22.9	Expected years of services (years)		6	5

22.10 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 1%.

	Increase in assumptions	Decrease in assumptions
Discount rate	[illegible]	[illegible]
Increase in future salaries	[illegible]	[illegible]

23 TRADE AND OTHER PAYABLES

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
Trade Creditors		[illegible]	[illegible]
Accrued liabilities		[illegible]	[illegible]
Security deposit against rentals			[illegible]
Unearned rental income		[illegible]	[illegible]
Sales tax payable		[illegible]	[illegible]
Withholding income tax payable		[illegible]	[illegible]
Others		541,314	[illegible]
Workers' profit participation fund	23.1	[illegible]	-
Sindh Workers' Welfare Fund		[illegible]	-
		[illegible]	[illegible]

23.1 Workers' profit participation fund

Balance at the beginning of the Year	-	-
Interest on funds utilised in the company's business	-	-
	-	-
Paid during the year	-	-
	-	-
Allocation for the year	[illegible]	-
Balance at the end of the year	[illegible]	-

24 ACCRUED INTEREST / MARK-UP

Accrued interest / mark-up on secured:		
- Long term financing	[illegible]	[illegible]
- Redeemable capital - Sukuk	[illegible]	[illegible]
- Short term borrowings	[illegible]	[illegible]
	[illegible]	[illegible]

25 SHORT TERM BORROWINGS

	Note		
Secured - Banking companies			
Finances under mark up arrangement	25.1	[illegible]	[illegible]
Unsecured			
Bank overdraft	25.3	[illegible]	[illegible]
		[illegible]	[illegible]

25.1 Aggregate facilities amounting to Rs. [illegible] billion (June 30, 2021: Rs. [illegible] billion) were available to the Company from banking companies. These were secured against hypothecation charge on stock in trade, book debts, plant & machinery, export bills under collection. During previous year, these facilities have been expired except for [illegible] (limit [illegible]) interest rate 3 Months KIBOR + 1% plus agreed joint pari passu hypothecation charge over stocks & receivables, this facility will expire on 31 Dec. 2022.

25.2 The banks have filed cases for recovery which are exaggerated and exorbitant upon unauthorized and unlawful mark-up and other charges, whereas as per records of the company, the amount, if any payable against the subject facilities, are much lesser than the alleged claims of the banks. In all these cases, the company has filed leave to defend applications and denied the alleged claims of the banks, which are pending before the Hon'ble Courts for adjudications. The management contesting the cases vigorously and also making efforts for amicable settlement of claim of each bank individually as out of court settlement and has succeeded to compromise two suits in previous period.

25.3 This represents Cheques issued in excess of bank balance. Since there was no banking facility, this has been grouped under Book overdraft.

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
26 LOAN FROM DIRECTORS AND OTHERS			
Unsecured			
Due to directors		32,062,298	32,062,298
Due to others		5,857,059	5,857,059
		37,919,357	37,919,357

26.1 These are non mark-up bearing and unsecured and repayable on demand.

26.2 The loan has been taken for the fulfilment of working capital requirement.

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

Guarantees issued by banks on behalf of the Company		244,359,721	236,759,721

27.2 Company has filed a suit No. 202 of 2011 against Ensha NLC Development (Pvt) Limited before the Honorable 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) impacted 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 Suit No.1226 and in the Lahore High Court via W.P No.07524. The company has not recorded the provision for the above amount.

27.4 The Company has filed Suit No. 367 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 and Standard Chartered Bank (Pakistan) Limited have filed recovery suits in the High Court of Sindh and in banking court for Rs 3,478,656,532 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 (Refer to Note 25.2).

27.6 Suit No. 205/2015 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	30th June, 2022 Rupees	30th June, 2021 Rupees
27.7 Commitments			
Confirmed letter of credit in respect of			
raw material		53,757,742	41,129,228
- Raw material & spare parts		53,757,742	41,129,228

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

28 SALES

	Export Sales		Local Sales		Total	
	2022	2021	2022	2021	2022	2021
	Rupees					
Yarn	268,637,679	154,817,726	4,196,389,202	4,303,984,012	4,465,026,881	4,458,801,738
Fabric	-	-	34,121,089	20,929,548	34,121,089	20,929,548
Waste	-	-	61,413,663	70,571,169	61,413,663	70,571,169
Processing	-	-	467,121,198	431,779,065	467,121,198	431,779,065
Steam Income	-	-	295,758	142,290	295,758	142,290
	268,637,678	154,817,726	4,759,340,910	4,827,406,084	5,027,978,588	4,982,223,810

28.1 Sales are shown net of sales & further tax amounting Rs. 848,112,401/- (2021: Rs. 682,349,223/-).

29 COST OF SALES

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
Raw material consumed	29.1	3,592,133,457	3,112,337,742
Salaries, wages and benefits	29.2	700,330,307	712,505,470
Stores and spares consumed		249,320,627	189,367,430
Fuel, power and water	29.3	1,073,354,085	1,192,382,361
Rent, rates and taxes		1,756,756	1,195,591
Insurance expenses		13,324,673	12,692,428
Repairs and maintenance		5,845,690	6,073,768
Vehicle running and maintenance		14,013,288	11,931,440
Entertainment expenses		3,048,040	2,567,731
Communication expenses		1,339,847	1,009,602
Printing and stationery		1,490,963	913,962
Subscription		182,370	570,546
Legal and professional		201,000	10,030
Travelling		1,141,794	618,255
Other expenses		795,935	1,257,660
Depreciation expenses	5.1.1	103,313,657	204,490,935
		5,761,593,590	5,450,504,864
Work in process			
Opening stock		130,945,035	60,240,277
Closing stock		(136,830,642)	(130,945,035)
		(5,885,607)	(70,704,758)
Cost of goods manufactured		5,755,707,983	5,379,800,106
Finished goods			
Opening balance		1,218,947,156	968,486,743
Goods purchase:			
Yarn Purchase		50,941,620	21,465,000
		50,941,620	21,465,000
Closing stock		(2,174,788,976)	(1,218,047,156)
		4,849,827,783	5,151,704,693

29.1 **Raw material consumed**

Opening balance	842,431,178	323,363,227
Purchases	4,303,065,686	3,631,405,693
	5,145,496,864	3,954,768,920
Closing stock	(1,553,363,407)	(842,431,178)
	3,592,133,457	3,112,337,742

29.2 Salaries, wages and benefits include Rs.44,523,871 /- (June 30, 2021 Rs. 43,221,963-) in respect of staff retirement benefits.

		Note	30th June, 2022 Rupees	30th June, 2021 Rupees
29.3	**Fuel, power and water**			
	Electricity purchased from outside		462,290,985	429,511,604
	Electricity produced by self	29.3.1	557,653,245	753,069,540
	Water charges		1,921,319	1,706,625
	Gas charges		51,488,586	28,022,392
			1,073,354,035	1,192,262,561
29.3.1	**Electricity produced by self**			
	Salaries and wages	29.3.2	13,542,917	10,540,444
	Gas consumed		451,628,758	606,421,503
	Stores and spares consumed		4,902,927	9,823,380
	Repair and maintenance		1,125,072	756,898
	Generator rents		65,225,632	67,291,037
	Insurance expenses		1,835,318	1,257,557
	Vehicle running and maintenance		277,737	237,082
	Subscription		175,000	467,809
	Communication expenses		20,000	25,290
	Travelling		-	400
	Printing and stationery		19,900	20,780
	Entertainment expenses		912,038	769,199
	Fee		-	309,000
	Other expenses		10,000	175,000
	Depreciation	5.1.1	19,927,415	52,354,061
			557,653,245	753,069,540

29.3.2 Salaries, wages and benefits include Rs. 1,045,775/- (June 30, 2021: Rs. 1,016,468/-) in respect of staff retirement benefits.

		Note	30th June, 2022 Rupees	30th June, 2021 Rupees
30	**OTHER INCOME**			
	Income from financial assets			
	Dividend income		-	14,703
	Fair value adjustment		-	44,207
	Interest income on saving accounts/ term deposit receipt		5,055,428	4,242,425
	Income from assets other than financial assets			
	Profit on sale of property, plant and equipment	5.1.2	55,614,917	376,499
	Export rebate income		38,121	43,629
	Rental income		8,517,937	13,663,705
	Gain on currency exchange		133,937	-
	Scrap sales	30.1	1,235,579	2,073,613
			71,695,712	20,538,961

30.1 Sales are shown net of sales & further tax, amounting Rs. 247,114/- (2021: Rs. 352,548/-).

		Note	30th June, 2022 Rupees	30th June, 2021 Rupees
31	**DISTRIBUTION COST**			
	On export sales			
	Export development surcharges		647,402	275,180
	Freight		4,397,435	2,864,793
	Clearing and forwarding		317,048	294,987
			5,361,944	3,434,960
	On local sales			
	Freight		1,277,532	1,265,455
	Commission		4,909,621	5,537,860
			6,187,153	6,803,315
	Salaries and wages	31.1	5,846,051	5,170,439
			17,395,418	15,408,714

31.1 Salaries, wages and benefits include Rs. -/- (June 30, 2021: Rs. -/-) in respect of staff retirement benefits.

		Note	30th June, 2022 Rupees	30th June, 2021 Rupees
32	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		15,273,040	15,573,040
	Salaries and benefits	32.1	37,645,276	36,765,570
	Meeting fee		431,250	312,500
	Printing and stationery		342,665	326,541
	Communication		2,475,071	2,231,549
	Traveling		1,014,728	935,537
	Vehicle running and maintenance		3,015,565	3,171,521
	Legal and professional charges		2,053,225	3,615,331
	Auditors' remuneration	32.2	1,817,430	1,892,430
	Rent, rates and taxes		9,519,563	317,522
	Entertainment		797,554	995,999
	Electricity, gas and water charges		2,683,065	1,619,931
	Fees and subscription		7,316,310	4,934,270
	Repairs and maintenance		974,880	522,950
	Insurance		304,178	253,109
	Amortization		589,124	565,124
	Security, gardening and sanitation		329,287	40,790
	Advertisement		16,280	13,110
	Miscellaneous		1,730,913	535,597
	Depreciation	5.1.1	2,992,688	2,332,070
			97,237,254	80,461,511

32.1 Salaries, wages and benefits include Rs.2,165,738 (June 30, 2021: Rs. 1,970,470) in respect of staff retirement benefits.

		Note	30th June, 2022 Rupees	30th June, 2021 Rupees
32.2	**Auditors' remuneration**			
	Audit fee		1,537,300	1,537,300
	Half yearly review fee		195,130	165,130
	Code of corporate governance review fee		30,000	50,000
	Out of pocket expenses		25,000	25,000
	Certifications		30,000	115,000
			1,817,430	1,892,430
33	**OTHER OPERATING EXPENSES**			
	Diminution in the fair value of investment	11.3	25,876	-
	Loss on sale of property, plant and equipment	5.1.2	3,924,898	12,331,250
	Donations	33.1	2,723,025	3,410,047
	Allowance for ECL	10.2	1,253,328	1,166,333
	Workers' profit participation fund		353,878	-
	Sindh Workers Welfare Fund		1,731,282	-
			10,032,839	16,953,110

33.1 No director or his spouse had any interest in the donee.

		Note	30th June, 2022 Rupees	30th June, 2021 Rupees
34	**FINANCE COST**			
	Interest / mark-up on			
	- short term finances		25,749,254	7,036,251
	- long term loans		10,080,820	26,923,905
	Bank charges, commission and others charges		5,459,578	2,130,515
			41,289,652	36,135,531
35	**EARNING/(LOSS) PER SHARES**			
	Profit / (loss) after taxation		33,443,470	(368,304,299)
			Number of shares	
	Weighted average number of ordinary shares		13,000,000	13,000,000
			(Rupees)	
	Profit / (loss) per share - basic and diluted		2.57	(28.33)

There is no dilutive effect on basic earnings per share.

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
36 CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		76,974,355	(300,075,868)
Adjustment for items involving non movement of fund			
Depreciation		128,123,798	239,727,694
Amortization		559,124	559,124
Financial charges		41,993,653	26,135,603
Profit / loss on sale of property, plant and equipment-net		(16,720,247)	12,007,761
Provision for gratuity		47,793,363	46,828,116
Provision for diminution/ (appreciation) in the value of investment		25,976	(44,207)
		165,720,689	335,218,091
Profit before working capital changes		242,693,044	35,142,223
(Increase)/decrease in current assets			
Stocks, stores and spares		(1,754,927,618)	(878,378,961)
Trade debts		54,691,034	(64,845,164)
Advances, deposits, prepayments and other receivable		12,450,066	4,925,608
		(1,428,145,673)	(938,217,114)
Increase in current liabilities			
Creditors, accrued and other liabilities		1,940,553,071	1,078,093,178
		502,409,397	176,738,062

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	
	2022	2021	2022	2021	2022	2021
Remuneration	10,876,632	10,876,632	5,436,408	5,436,408	71,377,558	56,643,935
	10,876,632	10,876,632	5,436,408	5,436,408	71,377,558	56,643,935
Number of persons	1	1	1	1	53	47

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

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees

38 TRANSACTIONS WITH RELATED PARTIES

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

Nature of transaction	Relationship	30th June, 2022 Rupees	30th June, 2021 Rupees
Loan received	Directors	-	39,915,000
Salaries and other benefits	Directors	10,873,040	10,873,040

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.

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

38.2 No Associated Companies Incorporated outside Pakistan.

38.3 No Foreign Shareholders.

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

39 SEGMENT ANALYSIS

The segment information for the reportable segments for the year ended June 30, 2022 is as follows

39.1 Operating results

	Note	Spinning 30th June, 2022 Rupees	Spinning 30th June, 2021 Rupees	Weaving 30th June, 2022 Rupees	Weaving 30th June, 2021 Rupees	Power Generation 30th June, 2022 Rupees	Power Generation 30th June, 2021 Rupees	Company 30th June, 2022 Rupees	Company 30th June, 2021 Rupees
SALES									
Export		260,727,579	154,517,725	-	-	-	-	265,627,579	154,517,728
Local		4,196,362,232	4,303,321,012	54,121,329	20,929,543	-	-	4,250,510,291	4,321,913,560
Waste		61,118,528	70,571,169	-	-	-	-	61,413,363	70,571,169
Processing		38,825,137	57,182,235	428,316,061	277,385,830	-	-	467,121,185	421,779,365
Steam income		285,758	142,280	-	-	-	-	285,758	142,280
		4,595,541,438	4,583,707,432	462,437,190	298,315,373	-	-	5,027,978,180	4,362,223,910
Inter segment sales						557,651,243	733,059,540	357,653,245	733,349,540
Total sales		4,595,541,438	4,583,707,432	462,437,150	298,315,373	557,651,243	733,059,510	5,385,631,537	5,715,313,350
Cost of sales	40	(4,172,943,662)	[illegible]	(576,984,121)	(389,505,114)	(557,651,243)	(733,059,540)	[illegible]	[illegible]
Gross loss		322,597,777	(131,192,145)	(214,546,971)	(103,288,785)	-	-	179,350,305	(169,420,521)
Distribution cost	41	(14,254,179)	(12,782,373)	(8,101,275)	(2,765,211)	-	-	(17,385,415)	(15,518,714)
Administrative expenses	42	(58,253,518)	(71,427,700)	(8,943,706)	(3,433,941)	-	-	(67,237,257)	(20,751,514)
		(110,587,721)	(86,510,078)	(17,047,981)	(9,200,152)			(114,035,302)	(96,010,228)
Operating Results		220,010,056	(115,302,218)	(226,351,352)	(147,489,889)	-	-	63,415,104	(265,451,106)

	Spinning 30th June, 2022	Spinning 30th June, 2021	Weaving 30th June, 2022	Weaving 30th June, 2021	Power Generation 30th June, 2022	Power Generation 30th June, 2021	Company 30th June, 2022	Company 30th June, 2021
39.2 Segment assets	11,676,211,515	8,375,426,505	2,517,408,775	1,463,101,277	262,851,012	578,018,564	5,155,769,103	8,416,513,768
39.3 Unallocated assets							3,151,556,242	548,170,497
							8,307,325,345	8,964,724,265
39.4 Segment liabilities	4,565,732,523	3,385,307,349	444,777,416	203,267,753	177,327,209	38,018,364	5,240,597,170	3,300,284,269
39.5 Unallocated liabilities							5,960,308,387	5,304,422,708
							11,161,305,767	8,714,706,957
39.6 Depreciation	74,065,714	151,420,001	20,420,444	53,164,604	17,977,442	42,314,061	123,741,103	246,944,666

39.7 Inter-segment pricing

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	
		30th June, 2022	30th June, 2021	30th June, 2022	30th June, 2021	30th June, 2022	30th June, 2021	30th June, 2022	30th June, 2021
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
40 COST OF SALES									
Raw material consumed	40.1	3,570,300,383	3,080,079,152	21,743,074	32,258,590	-	-	3,592,133,457	3,112,337,742
Stores and spares consumed		157,509,147	125,622,152	61,511,490	62,745,276	4,202,829	9,823,260	251,253,466	198,190,818
Salaries, wages and benefits		557,068,001	539,935,531	143,282,306	172,569,955	13,543,917	10,540,444	713,874,224	723,045,930
Fuel, power and water:									
Inter-segment		383,515,541	586,872,802	164,107,721	146,216,737	-	-	557,853,245	733,088,539
Others		302,793,653	348,493,537	212,801,197	110,776,204	451,873,758	603,421,703	967,329,598	1,037,634,024
Repairs and maintenance		4,043,228	5,980,180	1,202,462	1,085,576	1,120,070	756,648	6,585,760	7,430,403
Generator rentals		-	-	-	-	66,225,690	67,891,057	66,225,690	67,891,057
Insurance expenses		9,019,543	9,803,722	4,300,330	2,005,700	1,989,040	1,237,507	15,314,710	13,070,935
Rent, rates and taxes		1,105,165	491,911	590,580	700,880	-	-	1,756,756	1,195,597
Vehicle running and maintenance		9,379,143	9,185,314	4,334,145	2,748,126	277,737	257,662	14,291,025	12,155,122
Entertainment expenses		1,514,000	1,500,742	1,534,940	876,309	912,086	780,199	3,961,026	3,358,900
Communication expenses		937,391	865,379	402,156	141,223	20,020	25,280	1,359,577	1,031,832
Printing and stationery		603,761	403,539	907,702	510,425	19,500	20,780	1,510,963	934,742
Subscription		96,370	505,546	86,000	15,000	175,000	796,809	257,370	1,397,355
Legal and professional		-	-	201,000	10,000	-	-	201,000	10,000
Travelling		470,020	543,115	371,774	69,140		400	1,141,794	612,655
Other expenses		763,933	789,987	42,000	458,673	10,000	175,000	805,933	1,432,660
Depreciation expenses		74,925,214	151,325,031	28,388,444	53,164,904	16,727,442	32,854,061	120,241,100	236,844,996
		5,084,759,598	4,913,174,749	576,589,571	537,320,114	557,853,245	733,189,540	6,219,546,624	6,190,594,403
Work in process									
Opening stock		130,945,036	91,240,277	-	-	-	-	130,945,036	90,240,277
Closing stock		(136,830,642)	(130,945,036)	-	-	-	-	(136,830,642)	(130,945,036)
		(5,885,606)	(39,704,759)	-	-	-	-	(5,885,606)	(39,704,759)
Cost of goods manufactured		5,078,874,992	4,873,469,990	576,589,571	537,320,114	557,853,245	733,189,540	6,213,661,228	6,150,889,644
Finished goods									
Opening balance		1,019,961,956	703,923,449	199,085,300	198,560,300	-	-	1,219,047,156	902,483,749
Finished goods purchase									
Purchase		-	-	-	-	-	-	-	-
Yarn purchase		50,941,620	21,485,000					50,941,620	21,485,000
		50,941,620	21,485,000					50,941,620	21,485,000
Closing stock		(1,975,834,208)	(1,019,961,856)	(199,304,770)	(199,085,300)			(2,174,703,978)	(1,219,047,156)
		4,173,943,072	4,014,800,577	576,304,121	536,905,114	557,853,245	733,189,540	5,407,581,028	5,304,734,207

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	Spinning 30th June, 2022 Rupees	Spinning 30th June, 2021 Rupees	Weaving 30th June, 2022 Rupees	Weaving 30th June, 2021 Rupees	Power Generation 30th June, 2022 Rupees	Power Generation 30th June, 2021 Rupees	Company 30th June, 2022 Rupees	Company 30th June, 2021 Rupees
40.1 Raw material consumed									
Opening balance		842,431,178	323,363,227	-	-	-	-	842,431,178	323,363,227
Purchases:									
Inter-segment		-	-	-	-	-	-	-	-
Other		4,281,322,612	3,599,146,103	21,743,074	32,259,590	-	-	4,303,065,686	3,631,405,693
		4,281,322,612	3,599,146,103	21,743,074	32,259,590	-	-	4,303,065,686	3,631,405,693
Closing stock		(1,553,363,407)	(842,431,178)	-	-	-	-	(1,553,363,407)	(842,431,178)
		3,570,390,383	3,080,078,152	21,743,074	32,259,590	-	-	3,592,133,457	3,112,337,742
41 DISTRIBUTION COST									
On export sales									
Export development surcharge		647,403	375,180	-	-	-	-	647,403	375,180
Freight		4,397,495	2,664,793	-	-	-	-	4,397,495	2,664,793
Clearing and forwarding		517,046	394,587	-	-	-	-	517,046	394,587
		5,561,944	3,434,560	-	-	-	-	5,561,944	3,434,560
On local sales									
Freight		1,276,532	1,069,725	1,000	315,710	-	-	1,277,532	1,385,435
Commission		4,185,130	5,011,169	724,461	546,711	-	-	4,909,591	5,557,880
		5,461,662	6,080,894	725,461	862,421	-	-	6,187,123	6,943,315
Salaries and wages		3,270,567	3,266,919	2,378,814	1,901,920	-	-	5,649,381	5,168,839
		14,294,173	12,782,373	3,104,275	2,756,341	-	-	17,398,448	15,546,714

QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	Spinning		Weaving		Power Generation		Company	
		30th June, 2022	30th June, 2021	30th June, 2022	30th June, 2021	30th June, 2022	30th June, 2021	30th June, 2022	30th June, 2021
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
42 ADMINISTRATIVE EXPENSES									
Director's remuneration		14,866,041	15,063,829	1,505,963	1,309,678	-	-	16,373,040	15,373,507
Salaries and benefits		34,184,922	33,385,825	3,462,549	2,900,869	-	-	37,645,326	35,266,714
Meeting fee		437,014	287,512	44,265	24,997	-	-	481,250	312,509
Printing and stationery		856,016	780,542	86,705	66,123	-	-	942,865	826,665
Communication		2,250,288	2,053,204	227,928	178,509	-	-	2,478,071	2,231,713
Travelling		921,453	860,758	93,333	74,836	-	-	1,014,726	935,594
Vehicle running and maintenance		7,278,770	5,036,771	737,257	437,007	-	-	8,015,565	5,474,678
Legal and professional charges		1,874,120	3,326,704	189,827	289,230	-	-	2,063,925	3,615,934
Auditors' remuneration		1,350,373	1,741,100	167,164	151,375	-	-	1,917,400	1,892,484
Rent, rates and taxes		6,871,301	292,225	678,354	25,407	-	-	9,549,563	317,632
Entertainment		724,643	916,358	73,098	79,670	-	-	797,004	996,028
Electricity, gas and water charges		1,816,372	1,517,908	184,241	131,070	-	-	2,003,005	1,648,678
Fees and subscription		6,843,700	4,590,710	672,041	394,602	-	-	7,316,310	4,934,411
Repairs and maintenance		704,462	480,582	80,470	41,763	-	-	874,860	522,365
Insurance		303,450	232,860	30,737	20,246	-	-	334,176	253,115
Amortization		515,302	522,696	52,255	45,444	-	-	566,124	568,140
Security, gardening and sanitation		299,010	37,473	30,267	3,256	-	-	329,267	40,731
Advertisement		14,794	12,062	1,427	1,049	-	-	16,260	13,111
Miscellaneous		1,567,310	327,108	159,991	26,139	-	-	1,732,019	353,247
Depreciation		2,317,722	2,352,446	265,145	230,609	-	-	2,902,866	2,583,055
		86,203,540	74,027,700	6,043,706	6,433,011	-	-	91,237,254	80,461,511

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
43 RECONCILIATIONS OF REPORTABLE SEGMENTS SALES, COST OF SALES, ASSETS AND LIABILITIES			
43.1 Sales			
Total sales for reportable segment	39.1	5,585,021,334	5,715,213,350
Elimination of inter-segment	39.1	(557,638,245)	(733,080,540)
Total sales		5,027,576,599	4,982,223,811
43.2 Cost of sales			
Total cost of sales for reportable segment	40	5,407,287,028	5,994,794,231
Elimination of inter-segment	40.1	(557,638,245)	(733,080,540)
Total cost of sales		4,849,527,783	5,161,704,691
43.3 Profit or loss			
Total profit for reportable segments		53,413,104	(255,401,106)
Other operating income		71,883,712	20,336,981
Other operating expenses		(13,130,333)	(13,836,110)
Interest expense		(41,569,051)	(35,165,600)
Total profit/(loss) before tax		75,678,355	(300,013,859)
43.4 Assets			
Total assets for reportable segments	39.2	15,153,400,103	6,416,013,738
Long term deposits	7	33,881,023	33,881,017
Intangible assets	6	426,095	591,219
Other financial assets	11	115,377,759	55,321,759
Advances, deposits, prepayments and other receivables	12	74,063,494	37,313,591
Tax refunds due from governments	13	383,234,775	347,031,157
Cash and bank balances	14	37,272,350	23,028,500
Unallocated assets	39.3	930,233,937	513,170,297
		16,097,325,040	6,932,764,035
43.5 Liabilities			
Total liabilities for reportable segments	39.4	5,740,837,170	3,300,264,000
Long term finances	19	1,939,243,465	1,954,191,622
Redeemable capital - Sukuk	20	311,223,643	311,233,643
Liabilities against assets subject to finance lease	21	13,288,552	13,288,552
Deferred liabilities	22	135,352,095	135,766,911
Accrued interest / mark-up	24	1,153,725,012	1,108,355,395
Short term borrowings	24.9	2,017,365,464	1,911,426,791
Unclaimed dividend		26,437	35,437
Provision for taxation		32,174,441	73,011,030
Loan from directors and others	23.9	57,816,357	57,816,357
Unallocated liabilities	39.5	5,450,556,597	5,937,482,758
		11,191,393,767	9,234,766,757

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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. 429.163 million (June 30, 2021: Rs. 421.745 million), financial assets which are subject to credit risk aggregate to Rs. 407.152 million (June 30, 2021: Rs. 420.246 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	30th June, 2022 Rupees	30th June, 2021 Rupees
Long term deposits		39,581,020	39,681,017
Trade debts		161,065,118	215,610,952
Other financial assets		115,477,750	35,921,750
Advances, deposits, prepayments and other receivable		74,063,491	92,613,530
Cash and bank balances		37,977,850	73,875,575
		429,163,255	421,744,878

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

Domestic	166,313,240	219,786,752
	166,313,240	219,786,752

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

Yarn	129,571,421	21,365,876
Fabric	37,041,815	198,417,876
	166,313,240	219,786,752

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

Not past due	103,335,206	92,310,450
Past due 0 - 30 days	40,343,884	95,409,354
Past due 31 - 90 days	22,635,150	31,066,952
	166,313,240	219,786,752

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 credit facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credit lines.

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

	2022				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finance	1,549,844,468	1,549,844,468			
Redeemable capital - Sukuk	411,053,840	411,053,840			
Finance lease	13,295,552	-	-	-	-
Trade and other payables	5,240,832,140	5,240,832,140	5,240,832,140	-	-
Accrued markup	1,155,723,872	1,155,723,872			
Short term borrowings	2,112,985,474	2,112,985,474			
	10,575,514,824	10,537,627,345	5,240,832,140	-	-

	2021				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	1,954,191,222	1,505,?7,126	-	-	-
Redeemable capital - Sukuk	611,??,940	[illegible]			
Finance lease	18,?58,??7				
Trade and other payables	2,300,754,089	2,290,717,094	2,290,717,094	-	-
Accrued markup	1,108,508,385	1,051,157,043	-	-	-
Short term borrowings	1,811,728,591	2,119,561,205	-	-	-
	[illegible]	[illegible]	[illegible]		

44.2.3 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 prices, 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 2022	-	-	-	-
Trade debts 2021	-	-	-	-

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2022	2021	2022	2021
US Dollar to Rupee	202.37	157.21	203.69	157.21

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 previous ends would have had the equal but opposite effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

	Note	30th June, 2022 Rupees	30th June, 2021 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 banks and term deposits and deposits in PLS saving accounts with banks. At reporting date the interest rate profile of the company's interest bearing financial instrument is as follows:

	Carrying Amount	
	30th June, 2022 Rupees	30th June, 2021 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	2,130,679,109	2,565,327,355
Variable rate instruments		
Financial assets	-	-
Financial liabilities	2,040,671,016	1,929,712,814

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

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

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 2022	20,306,740	(20,306,740)	-	-
Cash flow sensitivity - variable rate instruments 2021	19,297,169	(19,297,169)	-	-

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 levels 1 to 3 based on the degree to which the fair value is observable.

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, 2022 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
30-Jun-22				
at fair value through profit or loss				
30-Jun-21				
at fair value through profit or loss	-	-	-	-

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees
46 Off balance sheet items			
Bank guarantees issued in ordinary course of business		244,330,721	240,738,721
Civil work		-	-
Letters of credit for raw material		53,757,742	41,129,223
Letters of credit for stores and spares		-	-

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 shareholders 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.

		30th June, 2022 Rupees	30th June, 2021 Rupees
Borrowings	Rupees	4,461,150,125	4,455,244,708
Less: Cash and bank balances		(17,670,850)	(23,628,566)
Net Debts		4,443,480,275	4,431,615,143
Total equity	Rupees	4,886,923,274	(269,322,794)
Total capital employed	Rupees	9,330,403,549	4,162,292,349
Gearing ratio	Percentage	0.48	1.06

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	30th June, 2022 Rupees	30th June, 2021 Rupees

48 PLANT CAPACITY AND PRODUCTION

Spinning

		30th June, 2022	30th June, 2021
Total no of spindles installed		73,468	73,468
Total no of rotors installed		1,104	1,104
Average no of spindles worked		61,633	63,136
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		16,741,132	18,514,639

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

		30th June, 2022	30th June, 2021
Rated capacity converted into 60 picks - Square meters		76,436,120	76,942,037
Actual production converted to 60 picks - Square meters		21,267,389	16,460,336
Total numbers of looms worked		239	247
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

	30th June, 2022 Total	30th June, 2022 Factory	30th June, 2021 Total	30th June, 2021 Factory
Total number of employees as at	2,542	2,542	2,236	2,181
Average number of employees worked during the year	2,203	2,161	1,924	1,930

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 are as following:

Note	From	To	Reason	Rupees
34	Cash and bank balances-TDR	Other financial assets	Better presentation	23,210,332

52 GENERAL

The figures have been rounded off to the nearest Rupee.

53 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 3rd October 2022.

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 61st Annual General Meeting of the Company to be held on Friday, October 28, 2022 at 9:30 a.m. at the Ground Floor, Nadir House, I.I. Chundrigar Road, Karachi and/or at any adjournment thereof.

Signed this ____________ day of__________ 2022

Revenue Stamp of Rs.5/-

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

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 or 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) <u>In case of CDC account holder</u>

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 ناطے بذریعہ ہذا 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 مقام / متبادل کمپنی کی 61ویں سالانہ جنرل میٹنگ میں شرکت کریں گے جو بروز جمعہ 28 اکتوبر 2022 کو بوقت 09:30 بجے صبح دارالاسلام آئی آئی چندریگر روڈ، کراچی میں منعقد ہوگی۔

اس دستاویز پر بمورخہ ____________ 2022 کو دستخط ہوئے۔ ریونیو ٹکٹ

شیئر ہولڈر کے دستخط ____________ پانچ روپے

شیئر ہولڈر کا فولیو نمبر ____________ شرکت ہونے والے کا ID نمبر ____________

اور CDC ____________ اور سب اکاؤنٹ نمبر ____________

نوٹس:

۱۔ کوئی بھی پراکسی اس وقت تک درست نہیں گنی جائے گی جب تک اس پر پانچ (05) روپے کا رسیدی ٹکٹ نہ لگا دیا جائے۔

۲۔ بینک یا کمپنی کی صورت میں پراکسی فارم پر authorized person کے دستخط کے ساتھ کمپنی کی مہر لازمی ہوگی۔

۳۔ پاور آف اٹارنی یا دیگر authority کی صورت میں پراکسی فارم کے ساتھ اس کی تصدیق شدہ کاپی جمع کرانی ہوگی۔

۴۔ دستخط شدہ پراکسی فارم لازماً 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں جمع کرانا ہوگا۔

سی ڈی سی اکاؤنٹ ہولڈر کی صورت میں:

(i) پراکسی فارم پر دو افراد تصدیق کریں گے جن کے نام، پتے اور CNIC نمبر فارم پر موجود ہونے چاہییں۔

(ii) Beneficial owners کی CNIC یا پاسپورٹ کی تصدیق شدہ کاپی اور پراکسی کی پیش کی جانے والی فارم کے ساتھ۔

(iii) پراکسی میٹنگ کے وقت اپنا اصل CNIC یا پاسپورٹ پیش کرے۔

(iv) کارپوریٹ اینٹٹی کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز Resolution / power of attorny بمعہ پراکسی ہولڈر کے دستخط بھی جمع کرائے جائیں گے (جب تک یہ پہلے فراہم نہ کیا گیا ہو)۔

گواہان

(1) دستخط: ---------------------------- (2) دستخط: ----------------------------

نام ---------------------------- نام ----------------------------

پتہ ---------------------------- پتہ ----------------------------

CNIC یا پاسپورٹ نمبر: ---------------------------- CNIC یا پاسپورٹ نمبر: ----------------------------

Quetta Textile Mills Limited

Head Office : Nadir House, Ground Floor, I.I. Chundrigar Road, Karachi-74000, Pakistan.
Phones : (021) 3241-4334/5/6 Fax: (021) 3241-9593
E-mail : sales@quettagroup.com Web: www.quettagroup.com