

54TH ANNUAL REPORT 2023



QUETTA

QUETTA TEXTILE MILLS LIMITED

**ANNUAL REPORT
JUNE 30, 2023
CONTENTS**

Company Information	02
Vision & Mission Statements	03
Notice of Annual General Meeting	04
Chairman's Review (English/Urdu)	05-06
Director's Report to the Members (English/Urdu)	07-18
Key Operating & Financial Data	19
Pattern of Shareholding	20-21
Statement of Compliance with the Code of Corporate Governance	22-23
Independent Auditor's Review Report to the Member	24
Auditor's Report to the Members	25-30
Statement of Financial Position	31
Statement of Profit or Loss	32
Statement of Other Comprehensive Income	33
Statement of Cash Flows	34
Statement of Changes in Equity	35
Notes to the Financial Statements	36-66
Form of Proxy	67
Form of Proxy (Urdu)	68



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. Muhammad Sarfraz	Independent Director
Mr. Abbas Ali	Independent Director

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Chairman	Mr. Abbas Ali
Member	Mr. Tariq Iqbal
Member	Mrs. Saima Asim

CHIEF FINANCIAL OFFICER

Mr. Omer Khalid

COMPANY SECRETARY

Mr. Nudrat Mund Khan

AUDITORS

Mushtaq and Company Chartered Accountants

SHARE REGISTRAR

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

BANKERS

Allied Bank Limited
Al-Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
Bank Islami (Pakistan) Limited
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metro Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited

REGISTERED OFFICE

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

MILLS

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

WEB SITE ADDRESS

www.quettagroup.com



CORPORATE VISION & MISSION STATEMENTS

VISION

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

MISSION

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



QUETTA TEXTILE MILLS LIMITED

NOTICE OF MEETING

Notice is hereby given that the **62nd Annual General Meeting** of the Shareholders of **Quetta Textile Mills Limited** will be held on **Friday October 27, 2023 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:

- To confirm the minutes of the 61st Annual General Meeting held on October 28, 2022.
- To receive, consider and adopt Audited Financial Statement of the Company for the year ended June 30, 2023 together with Auditors', Chairman's and Directors' Report thereon.
As required under section 223(7) of the Companies Act, 2017, the Financial Statement of the Company have been uploaded on the following link: <http://www.quettagroup.com/reports>
- To appoint Auditors for the year 2023-2024 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.

Special Business:

- To consider and, if deemed fit, to pass with or without modification the following resolutions for circulation /dissemination of Annual Audited Financial Statements through QR enabled code and web-link:
RESOLVED THAT circulation/ dissemination of Annual Audited Financial Statements to the shareholders through QR enabled code and web-link as notified by the Securities and Exchange Commission of Pakistan vide its S.R.O. 389 (1)/2023 dated March 21, 2023, be and is hereby approved.
RESOLVED FURTHER THAT Company Secretary be and is hereby singly authorized to take and do all necessary actions, deeds and things which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution.
- To transact any other ordinary business or business with the permission of the Chairman.
A Statement of material facts under Section 134(3) of the Companies Act, 2017 relating to the material facts is annexed to this Notice.

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

Karachi:

Dated: **October 03, 2023**

Notes:

- 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 following contact details.

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, 2023 to October 27, 2023 (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, 2023.

4. Guidelines for CDC Account Holders for personal attendance:

- 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.
 - 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 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.

Share Registrar C&K Management Associates (Pvt) Limited

404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530.

Statement of Material Facts Under Section 134(3) of the Companies Act, 2017.

The Securities and Exchange Commission of Pakistan ("SECP") through its Notification No. S.R.O 389(I)/2023 dated March 21, 2023, has allowed companies to circulate the annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink.

The approval of the shareholders has to be obtained in the general meeting to circulate the annual audited financial statements to its members through QR enabled code and weblink.

A shareholder may request the Company Secretary or Share Registrar of the Company to provide a hard copy of Annual Audited Accounts, and the same will be provided at shareholder's registered addresses, free of cost within one week of the demand. In this regard, the Company's designated email address / Share Registrar email address will be placed on website of the Company. A shareholder may also prefer to receive hard copies for all future Annual Audited Accounts.

None of the Directors of the Company has any direct or indirect interest in this business, except that has been disclosed by the Director(s).



Chairman's Review

I, hereby define review report for the year ended June 30, 2023 on the performance of Board and effectiveness of role played by the Board of the Company

The year ending on June 30, 2023 has been challenging year on many fronts. The deteriorating macroeconomy and political situation of the Country led to unprecedented import restrictions imposed by the State Bank to stabilize and address rapidly depleting forex reserves and to decrease the impact of a current account deficit.

Pakistan's economy has paved its way through severe challenges such as low foreign reserves, depreciating currency and mounting inflation, tightening monetary policy, surging commodity prices and domestic political uncertainty.

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

During the whole year, the board has been active in advising the Company's Management in assessing and mitigating the risks affecting the Company's strategic direction and operational risks that it faced. Each board member brought their experience and expertise, and was given an opportunity to present their thoughts and guidance to the management team.

The board strictly adheres to corporate governance standards and always strives for incessant improvement towards perfection. The board ensures the compliance of code with regard to the compliance with all the applicable laws and regulations in terms of their conduct as directors and exercising their powers and decision.

Quetta Textile Mills Limited complies with all the requirements set out in the law with respect to the composition, procedures, and meetings of the Board of Directors and its committees. Necessary Board agenda and related supporting documents were duly made available to the Board in sufficient time prior to the Board and its committee meetings. The Board has exercised all its powers in accordance with relevant laws and regulations and the non-executive and independent Directors are equally involved in important decisions of the board.

Tauqir Tariq
Chairman

Karachi

Dated: October 03, 2023

کوئٹہ ٹیکسٹائل ملز لمیٹڈ چیئرمین کا جائزہ

میں شتم ہونے والے سال 30 جون 2023 کی جائزہ رپورٹ میں بورڈ کی کارکردگی اور کمپنی کے بورڈ کے انجام دینے گئے کردار کی اثر پذیری پر روشنی ڈالوں گا۔

30 جون 2023 کو شتم ہونے والا سال کئی محاذوں کی وجہ سے دشوار گزار رہا ہے۔ ملک کی بگڑتی ہوئی معاشی صورتحال اور تیزی سے گرتے ہوئے زرمبادلہ کے ذخائر کو روکنے اور رواں کھاتے کے خسارے کے اثرات کو زائل کرنے کی کوشش میں اسٹیٹ بینک نے درآمدات پر غیر معمولی پابندیاں عائد کر دیں۔

شدید دشواریوں جیسے کہ زرمبادلہ کے ذخائر میں کمی، کرنسی کی قدر میں کمی اور بڑھتے ہوئے افراط زر، زری پالیسی میں سختی، اشیائے صرف کی قیمتوں میں اضافے اور مقامی سطح پر سیاسی غیر یقینی صورتحال کے باوجود پاکستان کی مصیبت نے اپنا راستہ نکال لیا۔

پاکستان کی ٹیکسٹائل صنعت کو مختلف بحرانوں جیسے بجلی اور گیس کی لوڈ شیڈنگ، ایندھن کی بلند قیمتیں، کاروبار کرنے کی بلند لاگت اور غیر تسلی بخش اسن و امان کی صورتحال جیسے چند مسائل کا سامنا ہے۔

سال بھر کے دوران کمپنی کی کلیدی سمت بندی اور کاروبار کو لاحق خطرات کی تشخیص اور ان کو کم کرنے میں بورڈ نے کمپنی کی انتظامیہ کو متحرک کرنا مشاورت فراہم کی۔ بورڈ کا ہر ممبر تجربے اور قابلیت کا حامل ہے اور ہر ایک کو انتظامی ٹیم کو اپنی سوچ اور رہنمائی فراہم کرنے کا موقع دیا گیا۔

بورڈ ادارتی نظم و نسق کے معیارات پر سختی سے عمل پیرا ہے اور کمال پرستی کے بجائے ہمیشہ مسلسل بہتری کے لئے کوشاں رہتا ہے۔ بورڈ نے ڈائریکٹران کے طرز عمل، ان کے اختیارات اور فیصلوں سے متعلق لاگو قوانین و ضوابط کی پاسداری کو یقینی بنایا ہے۔

کوئٹہ ٹیکسٹائل ملز بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل، طریقہ کار اور اجلاسوں کے لئے طے کردہ تقاضوں کی پاسداری کرتا ہے۔ بورڈ اور اس کی کمیٹیوں کے ضروری ایجنڈا اور متعلقہ تائیدی دستاویزات کو کافی وقت پہلے بورڈ کو باضابطہ فراہم کر دیا جاتا ہے۔ بورڈ نے اپنے اختیارات کو متعلقہ قوانین و ضوابط کے مطابق استعمال کیا اور ان ایگزیکٹو اور آڈیٹ ڈائریکٹران دونوں بورڈ کی اہم فیصلہ سازی میں مشغول رہے۔



تقریر طارق
چیئرمین

کراچی

تاریخ: 03 اکتوبر 2023

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, 2023.

Financial Results

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

	June 30, 2023	June 30, 2022	Variation
	(Rupees in '000)		
Sales	3,392,968	5,027,978	32.52 %
Cost of sales	(4,371,024)	(4,849,927)	09.88 %
Gross Loss / Profit	(978,056)	178,051	-
(Loss)/Profit before taxation	(942,625)	76,978	-
Taxation	(42,443)	(43,535)	-
Profit / (Loss) after taxation	(985,068)	33,443	-
Other comprehensive Profit	76,580	19,748	-
Accumulated loss brought forward	(4,300,820)	(3,468,239)	-

Review of Operations:

The above are results of the company for the year ended June 30, 2023. Turnover for the year was Rs. 3,393 million. The company made a Loss before Tax of Rs.(943) million as compared to a Profit before Tax of Rs. 77 million last year.

The company's current liabilities exceed its current assets by Rs. 5,899 million. Current Ratio is 0.43 : 1, as compared to last year's Current Ratio of 0.52 : 1.

Director and sponsors of the Company have committed that they would continue support to the company in the future.

Chairman's Review:

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

Earning per Shares:

The Loss share (EPS) of current year is Rs.(75.77), as compared to Earing Rs. 2.57 for the previous year.

Dividend:

The Board of Directors have recommended 'Nil' dividend for the year ended June 30, 2023.

Retire Benefit Funds:

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

Economic Review

Pakistan's economy has paved its way through severe challenges such as low foreign reserves, depreciating currency and mounting inflation, tightening monetary policy, surging commodity prices and domestic political uncertainty.

The textile industry of Pakistan is facing multiple 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 economic conditions of the country remained inherently uncertain during the year 2023 due to factors such as constant increase in benchmark interest rate and the prevailing political turmoil. These factors collectively hindered Pakistan's economic momentum.



Presently, the prevailing interest rates are unprecedentedly high in the history of the country, posing a considerable challenge for businesses to sustain their operations, with expectations of future increase in the interest rate, in the near future. The industrial sector is also suffering heavy losses due to consistent increase in key interest rates. Further, this persistent trend of increasing interest rates has substantially depleted the financial reserves of businesses, eroding their earnings entirely. Therefore, it is crucial for the Government to take decisive action and make concerted efforts to maintain interest rate at reasonable level in order to ensure the continued viability of the industry.

The massive hike in price of petroleum and electricity tariff has jolted the trade and industries as these exorbitant costs would hamper economic activities. The sudden withdrawal of electricity subsidies has acted as last "nail in the coffin". Considerable increase in loss is due to power costs of the company, due to increase in gas rates and the withdrawal of subsidy on electrical bills (ZRI relief). The withdrawal of all inclusive Rs. 20/unit electricity rate to the 5 export-oriented sectors, has created a serious dent on the industry. This has resulted in closure of many units, thereby increasing unemployment and low tax revenue.

Future Textile Outlook:

Going forward, the policies of new government, will decide the fate of the overall economy and we are hopeful that the new government will manage to these pressures on the business sector through consistent provision of basic utilities and by rate. Next year is again expected to be a challenging one for Pakistan as it seeks fiscal stability while complying with the toughest IMF program conditions. The economic outlook depends on factors like political stability, IMF reforms and industry supportive monetary measures, boosting industrial activity and demand.

The bottom line is this - this year is stacking up to be one marked by rising inflation, high interest rates, PKR devaluation, global and domestic uncertainties and challenges for Pakistan's external economic environment.

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:

- o The Police hospital - Hyderabad
- o Two Madrasa's in Kotri
- o Dost Mohammad High School in Kotri
- o 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 Shareholding:

The pattern of shareholding as on June 30, 2023 is annexed to this report. During the year, the Directors, CEO, CFO, Company Secretary, Executives and / or their spouse and minor children carried 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 11 meetings of the Board of Directors were held during 12 months' period from July 01, 2022 to June 30, 2023. Attendance at the Board Meetings by each Director is as follows:

Name of Directors	Number of Meetings Attended
Mr. Tariq Iqbal	11
Mr. Asim Khalid	11
Mr. Omer Khalid	11
Mr. Tauqir Tariq	04
Mrs. Saima Asim	09
Mr. Major Rtd. Muhammad Saeed	01
Mr. Muhammad Sarfraz	02
Mr. Abbas Ali	02

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, 2022 to June 30, 2023. 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	02
Mr. Asim Khalid	04
Mr. Tauqir Tariq	04
Mr. Muhammad Sarfraz	02

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, 2023:

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

Reservations in Independent Auditors' Report to the Members:

The auditors have given 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 a 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. In some

cases, mark-up has been waived entirely. This has been done to enable positive and retained cash flows to maintain its liquidity and will improve its Current Ratio. The company had filed "Leave to Defend" well in time to challenge their claims against those banks who have filed suits in Sindh High Court and Banking Court against the company. 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.



- (a) The banks have filed cases for recovery which are exaggerated and with 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 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. The company has finalized compromise/settlement agreements in three suits. A fourth compromise/settlement agreement with another bank is presently under discussions in another suit, and will be in the final stages of mutual agreement shortly.
- (b) Some banks that are in litigations have not responded to balance confirmation letter of auditors. Markup was reversed amounting to Rs. 155.251 million as revealed in Note (30) as a result of the settlement by various banks as disclosed in Note (19).
- (c) 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 the supporting 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

Omer Khalid
Director

Karachi: October 03, 2023



کوئٹہ ٹیکسٹائل ملز لمیٹڈ
حصص یافتگان کے لئے ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹران اپنی رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مختصر مدت 30 جون 2023 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مالیاتی نتائج

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

فرق	2022 جون 30	2023 جون 30	
	روپے (000 میں)	روپے (000 میں)	
فروخت	5,027,978	3,392,968	32.52%
لاگت فروخت	(4,849,927)	(4,371,024)	9.88%
خام (خسارہ)/ منافع	178,051	(978,056)	-
(خسارہ)/ منافع قبل از ٹیکس	76,978	(942,625)	-
ٹیکس	(43,535)	(42,443)	-
(خسارہ)/ منافع بعد از ٹیکس	33,443	(985,068)	-
دیگر جامع منافع	19,748	76,580	-
مجموعی خسارہ آگے لے جایا گیا	(3,468,239)	(4,300,820)	-

کاروباری جائزہ

مندرجہ بالا اعداد و شمار کمپنی کے سال مختصر 30 جون 2023 کے نتائج ہیں۔ فروخت 3,393 ملین روپے رہی۔ کمپنی کا خسارہ قبل از ٹیکس (943) ملین روپے رہا جبکہ گزشتہ سال منافع قبل از ٹیکس 77 ملین روپے تھا۔

کمپنی کے رواں واجبات اس کے رواں اثاثوں سے 5,899 ملین روپے بڑھ گئے۔ موجودہ شرح: 0.43:1 رہی جبکہ گزشتہ سال موجودہ شرح: 0.52:1 تھی۔

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

بھرتی کا جائزہ

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

فی حصص آمدن

موجودہ سال خسارہ فی حصص (EPS) (75.77) روپے رہا جبکہ گزشتہ سال آمدن فی حصص 2.57 روپے تھی۔

منافع مقررہ

بورڈ آف ڈائریکٹرز نے سال 30 جون 2023 کے لئے کسی منافع مقررہ کی - عطا نہیں کی۔

سکردوشی کی مراعات

کمپنی اپنے ملازمین کے لئے ایک فیروزہ شدہ گریجویٹ اسکیم چلاتی ہے جس کی عکاسی مالیاتی گوشواروں میں کی گئی ہے۔

معاشی جائزہ

پاکستان کی معیشت نے شدید دشواریوں جیسے زرمبادلہ کے قلیل ذخائر، کرنسی کی قدر میں کمی اور بڑھتے ہوئے افراط زر، مالیاتی پالیسی میں سختی، ایشیائے صرف کی بڑھتی ہوئی قیمتیں اور مقامی سیاسی چینی صورتحال کے درمیان اپنی راہ نکال لی۔

پاکستان کی ٹیکسٹائل صنعت کو کثیر بحرانوں جیسے کہ بجلی اور گیس کی لوڈ شیڈنگ، فیول کی بلند قیمتوں، کاروبار کرنے کی بلند لاگتوں اور امن و عوام کی غیر ملکی بخش صورتحال کا سامنا ہے۔

سوروی طور پر شیخ مارک شرح سود میں اضافے اور جاری سیاسی بحران کی وجہ سے سال 2023 کے دوران ملک کی معاشی صورتحال غیر یقینی رہی۔ ان عوامل نے مجموعی طور پر پاکستان کی معیشت کے معیار حرکت میں رکاوٹ پیدا کی۔

اس وقت موجودہ شرح سود غیر معمولی طور تاریخ کی بلند ترین سطح پر ہے جس سے کاروباری اداروں کو اپنے افعال برقرار رکھنا مشکل ہو گیا ہے جس میں توقع ہے کہ شرح سود میں اضافہ ہوگا۔ بنیادی شرح سود میں اضافہ کی وجہ سے صنعتی شعبہ کو بھاری خساروں کا سامنا ہے۔ سزیدہ آس، شرح سود کے موجودہ رجحان کی وجہ سے کاروباری اداروں کے مالیاتی ذخائر میں قابل ذکر کمی ہوئی ہے جس سے آگے آمدنی عمل طور پر متاثر ہوئی ہے۔ لہذا یہ ضروری ہے کہ حکومت فیصلہ کن اقدامات کرے اور شرح سود کو مزوں سطح تک برقرار رکھے کیلئے ٹھوس کوششیں کرے تاکہ صنعت کی مسلسل باکوبی بنایا جاسکے۔

پٹرولیم اور بجلی کے نرخ میں بڑے پیمانے پر اضافے نے تجارت و صنعت کو بھلا دیا کیونکہ ان کی انتہائی بلند لاگتوں کی وجہ سے معاشی سرگرمیوں میں رکاوٹ پیدا ہوئی۔ بجلی پر سبسڈیوں کے اگانک خاتمے سے ایسے اثرات پڑے جیسے "تاہت میں آخری کیل" ٹھوک دی گئی۔ بجلی کے بلوں سے سبسڈی (ZRI ریڈیف) کے خاتمے کے نتیجے میں توانائی کی لاگتیں بڑھنے سے کھٹی کے خسارے میں قابل ذکر اضافہ ہوا۔ تمام سبسڈیوں بشمول 5 برآمدی شیڈوں کو 20 روپے فی یونٹ کی فراہمی کے خاتمے سے صنعت کو شدید دھچکا لگا۔ اس کے نتیجے میں کئی یونٹ بند ہو گئے جس سے بیرونی گاری میں اضافہ ہوا اور گیس کے محصولات میں کمی آئی۔

مستقبل کی پیش بینی

مستقبل میں نئی حکومت کی پالیسیاں مجموعی معیشت کی قسمت کا فیصلہ کریں گی اور ہم پر امید ہیں کہ نئی حکومت بنیادی سہولیات کی مسلسل فراہمی اور نرخ میں کمی کے ذریعے کاروباری شعبہ کو باڈے کا لئے میں کامیاب ہو جائے گی۔ اگلے سال ایک مرتبہ پھر توقع ہے کہ پاکستان کے لئے دشوار گزار رہے گا کیونکہ IMF پروگرام کی سخت ترین شرائط پر عمل کرتے ہوئے مالیاتی استحکام لانا ہوگا۔ معاشی منظر نامے کا اٹھارہ چاند عوامل جیسے کہ سیاسی استحکام، IMF اصلاحات اور صنعت کے لئے معاون مالیاتی اقدامات پر ہوگا جس سے صنعتی سرگرمی اور طلب میں اضافہ ہو۔

اس سال کا خاص منافع بڑھتے ہوئے افراط زر، بلند شرح سود، پاکستانی روپے کی قدر میں کمی، عالمی اور مقامی غیر یقینی صورتحال اور پاکستان کے بیرونی معاشی ماحول کو لاحق دشواریوں کی وجہ سے شدید متاثر ہوا۔

محقق فریقین کے ساتھ سروسے

محقق فریقین میں ڈائریکٹران اور ایم اینٹھائی ملکی رومات کو محقق فریقین کے واجبات کے طور پر مالیاتی گوشواروں کے نوٹ میں ظاہر کیا گیا ہے۔

مالیاتی انتظام

نقدی کے بھاد کا انتظام

کھپنی کے پاس نقدی کے بھاد کے انتظام کا ایک موثر انتظام موجود ہے جس میں نقدی کے اندرونی اور بیرونی بھاد کا باقاعدگی سے استخراج امکان کا جائزہ لیا جاتا ہے۔ رواں سرمائے کی ضروریات کی منصوبہ بندی اندرونی نقدی پیداوار اور جہاں ضروری ہو بیرونی ذرائع سے تھیل مدتی قرضوں سے پوری کی جاتی ہیں۔

خطرات میں کمی

سوروی خطرات اور غیر یقینی صورتحال کاروبار کو کامیابی سے چلانے میں براہ راست اثر انداز ہوتی ہے۔ کوئٹہ ٹیکسٹائل ملز لیمیٹڈ کی انتظامیہ نے متاثر کرنے والے امکانی خطرات کی شناخت کی ہے۔ ہماری پالیسی کے مطابق مستقبل پہلی بیان کے تحت ہم ایسے خطرات کی شناخت ہی کر رہے ہیں جو ہمارے کاروبار کو متاثر کر سکتے ہوں۔ اس مشق سے انتظام کو خطرات کو کم کرنے کی حکمت عملی پر مرکوز رہنے میں مدد ملتی ہے۔

قرضہ جاتی خطرو

کھپنی کے مالیاتی اثاثے سوائے وقتی نقد کے قرضہ جاتی خطرو کے ماتحت ہیں۔ کھپنی کو یقین ہے کہ وہ قرضہ جاتی خطرات کے بڑے پیمانے پر جمع ہونے کا شکار نہیں ہوگی۔ خطرات کا انتظام اپنے گاہکوں کے لئے اکثر قرضہ جاتی صدا اور سائڈ جریات، اثرات کے ہم، مالیاتی پوزیشن کی صورتحال، سائڈ ریڈز اور پارٹنریوں کا خاص طور پر ٹیکسٹائل کے شعبے اور عمومی طور پر صنعت کو درپیش معاشی حالات کو مد نظر رکھتے ہوئے کیا جاتا ہے۔ کھپنی یقین رکھتی ہے کہ مٹھوک قرضوں کے لئے محتاط انداز میں اختصار فراہم کیا جائے۔

روانیت کا خطرو

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

شرح سود کا خطرو

شرح سود کا بڑا خطرو جیکوں سے لئے تھیل اور طویل مدتی قرضوں کی وجہ سے پیدا ہوتا ہے۔ لہذا اس پر رنگ کی تاریخ پر شرح سود میں کسی تبدیلی سے متاثر اور خسارہ کے کھاتے پر اثر نہیں پڑے گا۔



زرمبادلہ کے خطرات

زرمبادلہ کا خطرہ وہاں ہوتا ہے جہاں واجب الادا اور واجب الاصول کے لین دین بیرونی کرنسیوں میں ہوں۔ کچھ کو اپنے پلانٹ و مشینری اور خام مال کی درآمدات پر قبضہ ملتی USD/PKR کی مساواتی قدر کا خطرہ لاحق رہتا ہے۔

پیداواری سہولیات

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

آڈیٹرز

موجودہ آڈیٹرز میسرز مشفاق اینڈ کمپنی، ہارٹرز اگاؤ ٹیکس سکروٹس ہو چکے ہیں اور اہلیت کے باعث انہوں نے اپنی دوبارہ تفریق کی پیشگی کی ہے۔

تحفظ صحت اور ماحول

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

ماحولیاتی تحفظ کے اقدامات

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

ادارتی سماجی ذمہ داری

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

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

- ☆ پولیس بائبل - حیدرآباد
- ☆ کورٹی میں دو مدرسے
- ☆ دوست محمد ہائی اسکول کورٹی
- ☆ چار (04) واٹر فلٹریشن پلانٹ - تین (03) کورٹی، چار مشورہ میں اور ایک (01) حیدرآباد میں

بہین یقین ہے کہ صنعت میں معاشرے کو تہدیل کرنے کی قوت ہے اور لہذا ہم صنعتکاری کے مثبت اثرات کو بڑھانے کی جدوجہد کر رہے ہیں۔

حصص داری کی ساخت

حصص داری کی ساخت برائے تقریباً 30 سالوں سے 2022 جون رپورٹ کے ساتھ منسلک کردی گئی ہے۔ سال کے دوران ڈائریکٹران، CEO، CFO، کچھ دیگر بھرتی، اعلیٰ انتظامی عملے اور پانچ کے شریک حیات اور چھوٹے بچوں نے کھٹی کے حصص میں ہیرا 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

سید اداروں پرانا گوگود آف کارپوریٹ گورننس ریگولیشنز 2017 کے تقاضوں کے تحت بورڈ کی تشکیل بندی کی گئی ہے جو کہ درج ذیل ہے:

ڈائریکٹران کی کل تعداد

(a) مرد 6



(b) خواتین 1

تفکیلی 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 بھی 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 قابلیتوں کی طلب اور اپنے کام کے دائرہ کار میں کاوشوں اور ڈائریکٹران پر بڑھتی ہوئی ذمہ داریوں کی عکاسی ہوتی ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

کیم جولائی 2022 سے 30 جون 2023 تک "بارہ ماہ" میں بورڈ آف ڈائریکٹرز کے 11 اجلاس ہوئے۔ جن میں ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	اجلاس (حاضری کی تعداد)
جناب طارق اقبال	11
جناب عاصم خالد	11
جناب عمر خالد	11
جناب توقیر طارق	04
محترمہ صائمہ عاصم	09
جناب میجر (ریٹائرڈ) محمد سعید	01
جناب محمد سرفراز	02
جناب عباس علی	02

جو ڈائریکٹران 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 پر وفاق میں اس کمیٹی کے ممبران کے نام بتائے گئے ہیں۔

ہر سہ ماہی میں کمیٹی کا کم از کم ایک اجلاس منعقد ہوتا ہے جو کہ بورڈ کی فروگزاشت ذمہ داریوں کو پورا کرنے میں مددگار ہے۔ کیم جولائی 2022 سے 30 جون 2023 تک "بارہ ماہ" میں بورڈ آڈٹ کمیٹی کے کل چار اجلاس ہوئے۔ جن میں ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ممبر کا نام	اجلاس (حاضری کی تعداد)
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02	جناب میجر (ریٹائرڈ) محمد سعید
04	جناب عاصم خالد
04	جناب توقیر طارق
02	جناب محمد سرفراز

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

انسانی وسائل اور معاوضہ کمیٹی

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

ادارتی نظم و نسق

بورڈ آف ڈائریکٹرز اس بات کا اقرار کرتے ہیں کہ مختتمہ سال 30 جون 2023 میں:

- کمیٹی کی انتظامیہ کے تیار کئے گئے مالیاتی گوشوارے متعلقہ معاملات، کاروباری نتائج، کمیشن کی آمدورفت اور ایکویٹی میں تبدیلی کو واضح طور پر ظاہر کرتے ہیں۔
- حسابات کی کتابیں درست انداز میں رکھی گئی ہیں۔
- درست حساباتی پالیسیاں جن کا تذکرہ مالیاتی گوشواروں کے نوٹس میں دیا گیا ہے کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کو ملحوظ خاطر رکھا گیا ہے اور مالیاتی گوشواروں اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- مالیاتی گوشواری کی تیاری کے دوران عالمی مالیاتی 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۔
- کمیٹی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- گزشتہ چھ سالوں کا اہم مالیاتی اور کاروباری ڈیٹا اختصاری شکل میں منسلک کر دیا گیا ہے۔
- واجب الادا ڈیویڈنڈوں، آئینی محصولات اور ٹیکسز کو مالیاتی گوشواروں میں مناسب انداز میں منکشف کیا گیا ہے۔

آزاد آڈیٹرز کی رپورٹ برائے ممبران میں تحفظات

آڈیٹرز نے کمیٹی کے مالیاتی استحکام پر کچھ آراء دی ہیں جس میں اس کے چلتے ہوئے ادارہ کے مفروضہ پر خدشات ظاہر کئے گئے ہیں۔ انتظامیہ نے انتہائی مختصر انداز میں مختلف تخمیناتی عوامل کی وضاحت کی ہے جو کہ کمیٹی کے چلتے ہوئے ادارے کے حق میں ہیں جنہیں مالیاتی گوشواروں کے نوٹ نمبر 3.6 میں منکشف کیا گیا ہے۔

- بنیادی عنصر جو کمیٹی کے حق میں ہے وہ یہ ہے کہ کمیٹی کو اپنے تمام اہم بینکاروں سے مکمل تعاون حاصل ہے جنہوں نے قرضوں کے واجبات کی ازسرنو ساخت بندی کی ہے اور جدا جدا اہم مزید اہتمامات کئے۔ اس کے ساتھ ساتھ مارک اپ کی شرح میں بھی فنڈ کی الاگت کی حد تک کمی کی گئی ہے۔ مارک اپ

کی رقومات کی بنیادی رقومات کی مکمل ادائیگی کے بعد ”بالکل آ خر“ میں ادائیگی کے لئے از سر نو ساخت بندی کر دی ہے۔ کچھ کیسوں میں مارک اپ مکمل طور ختم کر دیا گیا ہے۔ اس کی وجہ سے کمپنی کے پاس نقدی کا بہاؤ مثبت رہتا ہے اور روانیت برقرار رہتی ہے اور روانیت کی شرح میں بہتری آتی ہے۔ کمپنی نے ”اجازت دفاع مقدمہ“ 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 تصفیہ کے لئے گفت و شنید 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 دعویٰ شدہ رقومات میں کمی کروانے کے قابل ہو جائے گی۔

(b) بینکوں نے بازیابی کے لئے کیس دائر کئے ہیں جن میں انتہائی زیادہ اور ہوشیار مارک اپ اور دیگر چارجز ہیں، جبکہ کمپنی کے ریکارڈ کے مطابق مذکورہ سہولتوں پر واجب الادا ہر قسم بینکوں کے سپرد دعووں سے بہت کم ہے۔ ان تمام کیسوں میں کمپنی نے ”اجازت دفاع مقدمہ“ کی درخواستیں دائر کر دی ہیں اور بینکوں کے سپرد دعووں کو مسترد کر دیا ہے جو کہ معزز عدالت کے رو برو فیصلے کے لئے زیر التوا ہیں۔ انتظامیہ ان کیسوں کو انتہک محنت سے لڑ رہی ہے اور کوششیں کر رہی ہے کہ ہر بینک کے ساتھ انفرادی طور پر ان کے دعویٰ کے عوض باہمی طور پر عدالت سے باہر تصفیہ ہو جائے۔ کمپنی نے تین مقدمات میں تصفیہ/تصفیہ جاتی معاہدوں کو حتمی شکل دے دی ہے۔ ایک اور مقدمہ میں ایک چوتھا تصفیہ/تصفیہ جاتی معاہدہ پر ایک اور بینک کے ساتھ گفت و شنید جاری ہے اور جلد ہی یہ باہمی معاہدہ آخری مراحل میں ہوگا۔

(c) کچھ بینکوں کے ساتھ مقدمہ بازیاں ہیں جنہوں نے آڈیٹرز کے بیلنس کنفریشن لیٹر کا جواب نہیں دیا۔ مختلف بینکوں کے ساتھ تصفیہ جسے نوٹ (30) میں منکشف کیا گیا ہے، کے نتیجے میں مارک اپ کی رقم 155,251 ملین روپے کو معکوس کر دیا گیا جسے نوٹ (30) میں منکشف کیا گیا ہے۔

(d) حالیہ پیشہ دہی میں معزز سپریم کورٹ آف پاکستان نے GIDC کے طویل مدتی واجبات کے مسئلے سے متعلق ایک حکم کے ذریعے صنعتی صارفین کے لئے GIDC کے بقایا واجبات کو قسطوں میں ادا کرنا ضروری قرار دے دیا ہے۔ اس سے کمپنی کے نقدی کے بہاؤ پر نا موافق اثرات مرتب ہو گئے۔ ملک میں جاری بلند افراط زر لاگتوں میں اضافہ کا سبب بن رہا ہے۔ اس کے نتیجے میں منافع کی شرح میں کمی ہوگی۔

اختتامیہ

آخر میں، میں تمام مالیاتی اداروں کا شکریہ 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 انتہک محنت اور ایمانداری کی قدر دانی کرتا ہوں۔


طارق اقبال
چیف ایگزیکٹو

برائے و منجانب

عمر خالد
ڈائریکٹر

کراچی: 03 اکتوبر 2023

		2023	2022	2021	2020	2019	2018
OPERATING DATA							
Sales	Rs. '000'	3,392,968	5,027,979	4,982,224	3,616,535	4,248,480	3,795,456
Cost of Goods Sold	Rs. '000'	(4,371,024)	(4,849,928)	5,151,705	4,198,855	4,514,120	4,279,300
Gross Profit	Rs. '000'	(978,056)	178,051	(169,481)	(582,320)	(265,640)	(483,844)
Profit / (Loss) Before Taxation	Rs. '000'	(942,626)	76,978	(300,026)	(737,351)	(520,922)	(881,673)
Profit / (Loss) After Taxation	Rs. '000'	(985,068)	33,443	(368,304)	(714,070)	(368,904)	(569,034)
FINANCIAL DATA							
Equity Balance	Rs. '000'	(3,191,341)	(2,358,760)	(2,441,451)	(2,127,839)	(1,460,151)	(1,151,056)
Property, Plant & Equipment	Rs. '000'	10,492,542	10,644,951	5,599,759	5,756,072	5,948,633	6,192,780
Current Assets	Rs. '000'	4,518,236	5,442,374	3,365,025	2,406,240	1,549,575	1,532,217
Current Liabilities	Rs. '000'	10,417,079	10,453,054	8,355,212	7,568,695	6,203,621	5,389,141
PROFITABILITY RATIOS							
Gross Profit Margin	%	(28.83)	3.54	(3.40)	(16.10)	(6.25)	(12.75)
Operating Profit Margin	%	(32.90)	2.96	(6.43)	(20.16)	(12.26)	(23.23)
Net Profit Margin	%	(29.03)	0.67	(7.39)	(19.74)	(8.86)	(14.99)
LIQUIDITY RATIOS							
Current Ratio	Times	0.43 :1	0.52 :1	0.40 :1	0.32 :1	0.25 :1	0.28 :1
Quick Ratio	Times	0.08	0.09	0.09	0.09	0.11	0.11
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	20.36	13.74	13.49	25.22	28.11	22.81
Accounts Receivables Turnover	Times	17.92	26.56	27.05	14.47	12.99	16.00
Inventory Turnover	Times	1.28	1.60	2.91	4.55	8.64	5.13
Total Assets Turnover	Times	0.23	0.31	0.56	0.44	0.56	0.49
Return on Total Assets	%	(0.07)	0.002	(0.04)	(0.09)	(0.05)	0.07
Return on Equity	%	(0.25)	0.01	1.36	(7.09)	0.45	(0.47)
LEVERAGE RATIOS							
Long Term Debts to Equity	Times	(0.19)	(0.31)	(0.36)	(0.23)	(0.34)	(1.02)
Total Debts to Equity	Times	(3.45)	(4.74)	(3.78)	(3.79)	(4.59)	(5.70)
Long Term Debts to Total Assets	Times	0.04	0.05	0.10	0.06	0.03	0.15
Total Debts to Total Assets	Times	0.73	0.70	1.03	0.99	0.89	0.85
Equity to Total Assets	Times	0.27	0.30	(0.03)	0.01	(0.19)	(0.15)
Interest Coverage Ratio	Times	(32.02)	2.17	(8.82)	(14.51)	(2.82)	(2.65)
OTHERS							
Earning / (Loss) Per Share	Rs	(75.77)	2.57	(28.33)	(54.93)	(28.38)	(43.77)
Breakup Value of Share w/o Revaluation Surplus	Rs	(245.49)	(181.44)	(187.80)	(163.68)	(112.32)	(88.54)
Breakup Value of Share with Revaluation Surplus	Rs	306.73	376.61	(20.77)	7.75	63.68	92.27
Cash Dividend	%	NIL	NIL	NIL	NIL	NIL	NIL

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

Pattern of holding of the shares held by the shareholders as at 30-06-2023 is given below

No of Shareholders	Shareholding					Total Share Held
138	From	1	To	100	Shares	2,493
77	From	101	To	500	Shares	25,060
24	From	501	To	1,000	Shares	20,504
45	From	1,001	To	5,000	Shares	106,285
16	From	5,001	To	10,000	Shares	123,299
2	From	10,001	To	15,000	Shares	27,156
3	From	15,001	To	20,000	Shares	53,500
1	From	20,001	To	25,000	Shares	24,000
1	From	25,001	To	30,000	Shares	25,884
1	From	30,001	To	35,000	Shares	33,826
1	From	55,001	To	60,000	Shares	58,250
1	From	75,001	To	80,000	Shares	79,000
1	From	90,001	To	95,000	Shares	95,000
1	From	100,001	To	105,000	Shares	101,500
2	From	145,001	To	150,000	Shares	294,500
1	From	195,001	To	200,000	Shares	200,000
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	370,001	To	375,000	Shares	371,500
1	From	470,001	To	475,000	Shares	471,897
1	From	485,001	To	490,000	Shares	485,205
1	From	530,001	To	535,000	Shares	532,723
2	From	561,001	To	566,000	Shares	1,130,889
1	From	690,001	To	695,000	Shares	694,353
1	From	795,001	To	800,000	Shares	797,726
1	From	880,001	To	885,000	Shares	884,272
1	From	900,001	To	905,000	Shares	903,649
1	From	925,001	To	930,000	Shares	928,397
1	From	1,185,001	To	1,190,000	Shares	1,189,308
2	From	1,235,001	To	1,240,000	Shares	2,477,851
332			Total			13,000,000

Categories of Shareholders	No of Shareholders	Share Held	Percentage
Directors, Chief Executive Office, their Spous and Individuals	10	4,991,420	38.40
Investment Corporation of Pakistan	304	7,522,029	57.86
Insurance Companies	1	250	0.00
Joint Stock Companies	1	364	0.00
Financial Institutions	12	474,441	3.65
Others	2	9,697	0.07
	2	1,799	0.01
Total	332	13,000,000	100.00



**DETAIL OF PATTERN OF SHAREHOLDING AS PER
REQUIREMENT OF CODE OF CORPORATE GOVERNANCE
AS AT 30TH JUNE 2023**

Name of shareholders		No of Shareholders	Share held	Percentage
1	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. Omer 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 Sarfraz (Director)		500	0.00
	Mr. Abbas Ali (Director)		500	0.00
	Mrs. Tabbasum Tariq (W/o Director)		694,353	5.34
	Mrs. Sadaf Khalid (W/o Director)		13,692	0.11
	Mrs. Tahmina Tauqir (W/o Director)		485,205	3.73
2	Associates Companies, undertakings and Related Parties		-	-
3	NIT and ICP	1	250	0.00
4	Executive		Nil	
5	Public Sector Companies & Corporations		Nil	
6	Bank Development Finance Institution, Non-Banking Finance Institution, Insurance Companies, Modarabas & Mutual Fund	3		
	National Industries Co-operate Finance Corporation Ltd		364	0.00
	National Bank Of Pakistan		9,697	0.07
7	Others	14	476,240	3.66
8	General Public	304	7,522,029	57.86
Total		332	13,000,000	100.00

Shareholders Holding 05% or More

1 -	Mr. Asim Khalid	1,238,297	9.53
2 -	Mr. Omer Khalid	1,189,308	9.15
3 -	Mrs. Tabbasum Tariq	694,353	5.34
4 -	Mr. Tauqir Tariq	797,726	6.14
5 -	Mr. Muhammad Khalid	903,649	6.95
6 -	Mrs. Amna Javed	1,239,554	9.54
7 -	Mrs. Saadia Tanvir	884,272	6.80
8 -	Mr. Javed Iqbal	928,397	7.14

Detail of Trade in Shares of Company by Director, CEO, CFO, Company Secretary, Executive and/or their spouse and minor children carry out.

	Share Gift Out/In
Mr. Asim Khalid	567,750 Gifted to Sister
Mr. Asim Khalid	567,750 Gift received from Son
Mr. Abbas Ali	500 Purchase from Market



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

Name of Company: Quetta Textile Mills Limited
Year ended June 30, 2023.

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. Muhammad Sarfraz.
Mr. Abbas Ali
 - 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 the 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;



12. The board has formed committees comprising of members given below:

a) Audit Committee

Mr. Muhammad Sarfraz	Chairman / Independent Director
Mr. Tauqir Tariq	Member / Non-Executive Director
Mr. Asim Khalid	Member / Non-Executive Director

b) HR and Remuneration Committee

Mr. Abbas Ali	Chairman / Independent Director
Mr. Asim Khalid	Member / Non-Executive Director
Mrs. Saima Asim	Member / Non-Executive Director

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. Explanation for non-compliance with requirements, other than 3, 6, 7, 8, 27, 32, 33 and 36 are below.

- The Independent Director Mr. Abbas Ali could not attend the Directors' Training Program as per required regulation, due to unavoidable circumstances. However, he will arrange early as possible.
- The calculation of minimum number of Independent Directors as per regulation no 6(1), is calculated on basis of general rule only number exceeding 0.5 shall be rounded to next number.

Karachi:
Dated: October 03, 2023

TAUQIR TARIQ
Chairman

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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 2023 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 2023.

Karachi:
Dated: 03rd October 2023
UDIN: CR202310043nbfoKjXDt


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Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid FCA

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Independent Auditors' Report
To the Members of Quetta Textile Mills Limited
Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of Quetta Textile Mills Limited, which comprise the statement of financial position as at June 30, 2023, 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, because of significance of inappropriateness of going concern assumption & other factors as described in basis for adverse opinion paragraph below, the statement of financial position, statement of profit or loss, statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Adverse 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 adverse opinion and after due verification we report that;

- a) As described in Note 3.6 to the financial statement the company has incurred net loss of Rupees 985.068 million during the year ended June 30, 2023 and as of that date, reported accumulated losses of Rupees 4,300.820 million. The company's current liabilities exceed its current assets by Rs. 5,898.84 million. These conditions along with adverse key financial ratios and litigation with banks indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. These circumstances give rise to significant



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uncertainty as to the ability of the company to continue operations as going concern in the foreseeable future and therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business. The management has prepared financial statements on going concern basis, but in our judgment, management's use of going concern assumption in these financial statements is inappropriate.

- b) 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. 689.366 million approximately. Consequently the aggregate amount of accrued markup would have been increased by Rs.2,342.66 million approximately and aggregate accumulated loss would have been higher by the same amount.
- c) As disclosed in Note (25.2) & (27.5) Balance payable to various banks in respect of short term financing amounting to Rs. 1,887.380 million, in respect of long term financing amounting to Rs.1,813.106 million, in respect of sukuk amounting to Rs. 544.348 million and in respect of 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. Furthermore in absence of bank confirmations, we are unable to verify markup reversal amounting to Rs. 155.251 million as disclosed in Note (30).
- d) 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.

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:

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Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Defined Benefit Obligations (Gratuity)</p> <p>Refer to note no. 22.3 to the audited financial statements.</p> <p>The Company operates an unfunded gratuity plan, giving rise to net liability of Rs.88.573 million, which is significant in the context of the overall balance sheet of the Company.</p> <p>The valuation of liability requires judgment and technical expertise in choosing appropriate assumptions. Changes in a number of the key assumptions, including:</p> <ul style="list-style-type: none"> - salary increase and inflation; - discount rate; and - Mortality. <p>All can have a material impact on the calculation of the liability. The Company uses external actuaries to assist in assessing these assumptions and calculations of these liabilities.</p> <p>The use of these actuaries increases the risk of error as data is passed to third parties for analysis and calculation purposes.</p>	<p>We evaluated the qualification of actuary and assessed, whether the assumptions used in valuation report for calculating the gratuity plan liabilities, including salary increases, inflation, mortality rate and discount rate assumptions, were reasonable and consistent with based on national and industry data. We were satisfied that the rates used fell within acceptable ranges.</p> <p>We understood and tested key controls over the completeness and accuracy of data extracted and supplied to the Company's actuary</p> <p>We also performed sample testing to agree underlying employee data, supporting human resources documentation and assessed the appropriateness of the closing liability based on known movements and assumptions. No issues were identified to raise concerns over the valuation of the gratuity liability.</p> <p>We also read and assessed the disclosures made in the financial statements, including disclosures of the assumptions, and found them to be appropriate.</p>

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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises information obtained prior to the date of auditor's report, 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.

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As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Karachi.

Dated: 03rd October 2023

UDIN:AR202310043DtuYdwj11

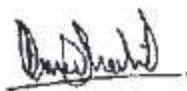


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**QUETTA TEXTILE MILLS LIMITED****STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023**

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	10,440,680,485	10,604,663,726
Intangible assets	6	-	426,095
Long term deposits	7	51,861,020	39,861,020
		10,492,541,505	10,644,950,841
CURRENT ASSETS			
Stores and Spares & Loose Tools	8	593,315,735	524,854,235
Stock in trade	9	2,947,751,349	3,864,963,025
Trade debts	10	129,818,043	161,988,118
Other financial assets	11	124,153,680	115,377,753
Advances, deposits, prepayments and other receivable	12	72,512,536	74,063,494
Tax refund due from governments	13	637,449,082	663,254,725
Cash and bank balances	14	13,235,499	37,872,850
		4,518,235,924	5,442,374,200
		15,010,777,429	16,087,325,041
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2022: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2022: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		350,000,000	350,000,000
Issued, subscribed and paid-up capital	15	130,000,000	130,000,000
Reserves	16	766,751,200	766,751,200
Loan from directors and others	17	212,728,470	212,728,470
Revaluation surplus on property, plant and equipment	18	7,178,781,469	7,254,689,092
Accumulated loss		(4,300,820,254)	(3,468,239,488)
		3,987,440,885	4,895,929,274
NON CURRENT LIABILITIES			
Long term finances	19	517,683,564	552,989,083
Redeemable capital - Sukuk	20	-	-
Liabilities against assets subject to finance lease	21	-	-
Deferred liabilities	22	88,573,620	185,352,605
		606,257,184	738,341,688
CURRENT LIABILITIES			
Trade and other payables	23	5,330,839,250	5,240,837,170
Accrued mark-up	24	1,036,252,984	1,153,725,602
Short term borrowings	25	1,954,496,425	2,012,385,464
Loan from directors and others	26	109,066,357	67,916,357
Current portion of			
Long term finances	19	1,314,704,383	1,286,354,383
Redeemable capital - Sukuk	20	611,335,643	611,335,643
Liabilities against assets subject to finance lease	21	18,288,552	18,288,552
Unclaimed dividend		36,467	36,467
Provision for taxation		42,059,299	62,174,441
		10,417,079,360	10,453,054,079
CONTINGENCIES AND COMMITMENTS			
	27	-	-
		15,010,777,429	16,087,325,041

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


Chief Executive



Director


Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
Sales	28	3,392,968,326	5,027,978,589
Cost of sales	29	(4,371,024,010)	(4,849,927,783)
Gross (Loss) / Profit		<u>(978,055,685)</u>	<u>178,050,806</u>
Other income	30	173,599,161	71,685,742
		<u>(804,456,524)</u>	<u>249,736,548</u>
Distribution cost	31	(10,761,650)	(17,398,448)
Administrative expenses	32	(91,278,291)	(97,237,254)
Other operating expenses	33	(3,810,397)	(16,132,838)
Finance cost	34	(32,318,741)	(41,989,652)
		<u>(138,169,079)</u>	<u>(172,758,192)</u>
(Loss) / Profit before taxation		<u>(942,625,603)</u>	<u>76,978,355</u>
Provision for taxation			
Current tax - current year		(42,062,996)	(62,174,441)
Current tax - prior year		(379,642)	18,639,556
		<u>(42,442,638)</u>	<u>(43,534,885)</u>
Net (Loss) / Profit for the year		<u>(985,068,241)</u>	<u>33,443,470</u>
(Loss) / Earning per share - basic and diluted	35	<u>(75.77)</u>	<u>2.57</u>

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



Chief Executive



Director



Chief Financial Officer



**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
Net (Loss) / Profit for the year		(985,068,241)	33,443,470
Other comprehensive income			
Items that may not be reclassified subsequently to profit and loss account:			
Income on remeasurement of staff retirement benefits		76,579,850	19,748,458
Revaluation surplus on property, plant and equipment		-	5,112,720,140
Other comprehensive income for the year		76,579,850	5,132,468,598
Total comprehensive (Loss) / Income for the year		(908,488,391)	5,165,912,068

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

Chief Executive

Director

Chief Financial Officer



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	116,682,411	502,406,397
Long term loans and deposits		(12,000,000)	(6,200,006)
Interest paid		(5,460,332)	3,227,064
Gratuity paid		(43,803,277)	(29,401,133)
Taxes paid		(23,647,455)	(378,572,051)
		(84,911,064)	(410,946,126)
Cash flows from operating activities		31,771,348	91,460,271
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(25,350,830)	(66,267,959)
Other financial assets		(8,788,309)	(60,081,976)
Proceeds from disposal of property, plant and equipment		1,425,000	63,025,000
Cash (used in) investing activities		(32,714,139)	(63,324,935)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances		(6,955,519)	(114,848,156)
Short term borrowings		(57,889,039)	100,957,073
Loans from directors & others		41,150,000	-
		(23,694,558)	(13,891,083)
Net (decrease) / increase in cash and cash equivalents		(24,637,351)	14,244,251
Cash and cash equivalent at the beginning of the year		37,872,850	23,628,599
Cash and cash equivalent at the end of the year	14	13,235,499	37,872,850

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, 2023**

	Reserves				Loan from directors and others	Revaluation surplus on property, plant and equipment	Accumulated profit / (loss)	Total equity
	Share Capital	Share premium	Capital reserve	General reserve				
Balance as at June 30, 2021	130,000,000	651,750,000	1,200	115,000,000	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 (loss)	-	-	-	-	-	5,112,720,140	19,748,458	5,132,468,597
Total comprehensive income for the year	-	-	-	-	-	5,112,720,140	53,191,928	5,165,912,067
Revaluation surplus on property, plant and equipment (incremental depreciation)	-	-	-	-	-	(28,683,574)	28,683,574	-
Reversal of Surplus Due to Disposal Plant and Machinery	-	-	-	-	-	(815,295)	815,295	-
Balance as at June 30, 2022	130,000,000	651,750,000	1,200	115,000,000	212,728,470	7,254,689,092	(3,468,239,488)	4,895,929,273
Net (Loss) for the year	-	-	-	-	-	-	(985,068,241)	(985,068,241)
Other comprehensive income	-	-	-	-	-	-	76,579,850	76,579,850
Total comprehensive income for the year	-	-	-	-	-	-	(908,488,391)	(908,488,391)
Revaluation surplus on property, plant and equipment (incremental depreciation)	-	-	-	-	-	(75,907,624)	75,907,624	-
Balance as at June 30, 2023	130,000,000	651,750,000	1,200	115,000,000	212,728,470	7,178,781,469	(4,300,820,254)	3,987,440,885

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



Chief Executive



Director



Chief Financial Officer



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan as a public limited Company in January 29, 1970 under the Companies Act, 1913 (repealed) (now The Companies' Act 2017) as a public limited company. The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the company is situated at ground floor Nadir House I.I Chundrigarh road Karachi. The company is principally engaged in manufacturing and sale of Yam and Fabric.

1.2 Geographical location and address of business units

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

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

- * During the year, the Company has acquired property, plant and equipment amounting to Rs. 25.350 million. This include Rs. 22.738 million 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
- Provision of and directives issued under the Companies Act, 2017.

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

3.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements, all transactions have been accounted for on accrual basis.

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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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.

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

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 7 Statement of Cash Flows (Amendments)	January 1, 2024
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12 Property, Plant and Equipment (Amendments)	January 1, 2023
IFRS 4 Insurance Contracts (Amendments)	January 1, 2023
IFRS 9 Financial Instruments: Disclosures (Amendments)	January 1, 2024
IFRS 16 Leases (Amendments)	January 1, 2024



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

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

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

The following interpretation issued by the IASB has been waived off by SECP:

IFRIC Service concession arrangements

3.6 Going concern assumptions

During the year, the Company incurred net loss amounting to Rs. 985.068 million (June 30, 2022: profit of Rs. 33.443 million) and has reported accumulated losses amounting to Rs. 4,300.820 million (June 30, 2022: Rs. 3,468.23 million) at the year end. Accordingly, it resulted into equity of Rs. 3,987.440 million (June 30, 2022: Rs. 4,895.92 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 5,898.843 million (June 30, 2022: Rs. 5,010.79 million) at the year end. The main reason of low profits was due to operational break down because of short of working capital which dropped the production operational efficiency and restricted to the extend Spinning (42%) and Weaving (27%) of available capacity (Conversion processing). 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 operational efficiencies and plant utilization, during the year the company has incurred Rs. 22.738 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 During the year, the directors and sponsors of the company had injected amounting to Rs. 41.150 m for financial support. They have committed that they would also continue such support in future.
- 3.6.4 The management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at various stages of implementation. Such steps include, but not limited to, rightsizing of the men power, resource conservation, close monitoring of other fixed cost etc. The management is certain to generate sufficient savings as consequences of adapting all such measures.

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

3.7 Significant accounting judgments and estimates

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

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

4.2 Employee benefits**4.2.1 Defined benefit plans**

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

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

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

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

4.3 Taxation

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

4.3.1 Current

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

4.3.2 Deferred

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

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

4.4 Provisions

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

4.5 Trade and other payables

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

4.6 Dividend

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



4.7 Property, plant and equipment and depreciation

Owned assets

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

Revaluation is performed with sufficient regularity so that the fair value and carrying value don't differ materially at the end of reporting period.

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

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note. Depreciation on additions to and disposal of property, plant and equipment is charged on pro rata basis.

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

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

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

4.9.4 Available for sale

Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified as being available for sale are stated at fair value, with any resultant gain or loss being recognized directly in equity. Gains or losses on available for sale investments are 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 upto the balance sheet date.

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

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

4.13 Trade debts

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

4.14 Cash and cash equivalents

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

4.15 Revenue recognition

According to the core principles of IFRS-15, the company recognizes the revenue from sale when the company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts.

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

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

4.16 Borrowing costs

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

4.17 Impairment

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

4.18 Foreign currency translation

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

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

4.19 Offsetting of financial assets and financial liabilities

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

4.20 Segment reporting

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



4.21 Financial instruments

4.21.1 Financial assets

Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

4.21.2 Recognition

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

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

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

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 interest method.

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

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

4.21.4 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 derecognizing of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

4.21.7 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 prices 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	30 th June, 2023 Rupees	30 th June, 2022 Rupees
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	10,440,680,485	10,604,663,726
		<u>10,440,680,485</u>	<u>10,604,663,726</u>



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

5.1 Operating fixed assets

	2023							Annual depreciation rate %	
	Cost as at July 01, 2022	Additions	Deletions	Cost as at June 30, 2023	Accumulated depreciation as at July 01, 2022	Depreciation charge for the year	Deletions		Accumulated depreciation as at June 30, 2023
	Rupees								
Owned Assets									
Spinning Unit :									
Freehold land	1,353,535,000	-	-	1,353,535,000	-	-	-	15,797,011	1,353,535,000
Leasehold land	2,014,891,750	-	-	2,014,891,750	14,891,764	906,147	-	362,451,831	1,999,083,839
Building on freehold land	1,160,712,854	-	-	1,160,712,854	341,983,600	20,468,231	-	278,312,017	796,261,023
Building on leasehold land	1,037,047,416	-	-	1,037,047,416	298,857,284	19,454,754	-	69,720,329	756,739,399
Labour colony on freehold land	397,756,476	-	-	397,756,476	61,309,146	8,411,183	-	55,383,584	326,036,147
Labour colony on leasehold land	267,859,344	-	-	267,859,344	49,935,497	5,448,096	-	2,719,125,664	212,475,750
Plant and machinery	4,709,286,322	-	-	4,709,286,322	2,868,095,904	51,029,760	-	57,642,192	1,990,160,658
Electrical fitting	61,822,173	-	-	61,822,173	56,904,548	737,644	-	21,902,016	4,179,981
Factory equipment	23,069,560	95,000	-	23,164,560	21,679,281	222,766	-	18,976,263	1,262,544
Office premises	27,739,936	-	-	27,739,936	17,419,522	1,560,741	-	20,704,861	8,763,673
Office equipment	22,637,784	-	-	22,637,784	20,363,757	341,104	-	13,144,400	1,932,923
Furniture and fixture	14,561,088	-	-	14,561,088	12,894,397	250,003	-	1,010,158	1,416,686
Vehicles	60,006,313	2,517,290	1,128,000	61,395,563	46,836,041	2,017,819	-	3,683,006,781	11,549,861
	11,150,926,014	2,612,250	1,128,000	11,162,410,264	3,573,166,700	110,848,239	1,010,158	3,683,006,781	7,469,403,483
Weaving Unit :									
Building on freehold land	722,089,335	-	-	722,089,335	202,344,733	12,983,615	-	215,338,348	506,750,987
Building on leasehold land (Grid)	13,325,252	-	-	13,325,252	3,966,602	233,968	-	4,200,568	9,124,684
Labour colony on freehold land	230,865,855	-	-	230,865,855	39,276,023	4,789,746	-	843,306,067	186,800,086
Plant and machinery	2,035,075,192	22,738,580	-	2,057,813,772	812,271,868	31,034,199	-	59,016,642	1,214,507,765
Plant and machinery (Grid)	255,595,439	-	-	255,595,439	53,976,160	5,040,482	-	31,002,634	196,578,797
Electrical fitting	33,203,858	-	-	33,203,858	30,614,183	388,451	-	11,620,840	2,201,224
Factory equipment	12,474,088	-	-	12,474,088	11,470,267	150,573	-	3,749,904	853,248
Office equipment	4,438,193	-	-	4,438,193	3,626,441	121,463	-	2,362,651	688,289
Furniture and fixture	2,694,943	-	-	2,694,943	2,292,246	60,405	-	8,214,690	342,292
Vehicles	15,737,805	-	-	15,737,805	6,887,081	1,327,609	-	7,523,115	7,523,115
	3,325,499,960	22,738,580	-	3,348,238,540	1,166,727,604	56,140,509	-	1,222,868,113	2,125,370,427
Power Plant :									
Building on freehold land	85,396,216	-	-	85,396,216	47,712,833	942,082	-	48,655,015	36,741,201
Building on leasehold land	53,694,026	-	-	53,694,026	31,969,994	542,351	-	32,942,345	21,151,681
Plant and machinery	1,423,499,068	-	-	1,423,499,068	633,732,407	19,744,167	-	653,476,574	770,022,494
Electrical fitting	44,949,933	-	-	44,949,933	41,376,835	535,965	-	41,912,800	3,037,133
Factory equipment	7,169,575	-	-	7,169,575	6,606,307	64,040	-	6,692,347	476,227
Office equipment	66,800	-	-	66,800	59,517	1,092	-	60,608	6,191
Furniture and fixture	476,750	-	-	476,750	439,923	5,524	-	445,447	31,303
Vehicles	940,725	-	-	940,725	925,160	2,336	-	927,495	13,230
	1,616,192,093	-	-	1,616,192,093	762,855,076	21,857,555	-	784,712,632	831,479,461
Leased Assets									
Plant and Machinery	20,645,650	-	-	20,645,650	5,848,611	369,926	-	6,218,537	14,427,113
	20,645,650	-	-	20,645,650	5,848,611	369,926	-	6,218,537	14,427,113
Total - 30.06.2023	16,113,263,717	25,350,830	1,128,000	16,137,486,547	5,508,599,991	189,216,229	1,010,158	5,696,806,062	10,440,680,485

QUETTA TEXTILE MILLS LIMITED

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										
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	13,985,617	906,147	-	14,891,764	1,999,999,986	99 years
Building on freehold land	682,790,318	-	477,922,536	1,160,712,854	332,533,887	9,449,713	-	341,983,600	818,729,254	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	192,677,888	-	205,078,588	397,756,476	57,940,716	3,368,429	-	61,309,146	336,447,330	2.5%
Labour colony on leasehold land	125,865,280	-	141,994,064	267,859,344	47,988,580	1,946,918	-	49,935,497	217,923,847	2.5%
Plant and machinery	4,528,915,987	19,220,091	161,150,244	4,709,286,322	2,619,742,174	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	21,433,918	245,343	-	21,679,261	1,390,299	15%
Office premises	20,295,158	-	7,444,778	27,739,936	16,883,854	531,668	-	17,415,522	10,324,414	15%
Office equipment	22,408,084	229,700	-	22,637,784	19,997,866	365,891	-	20,363,757	2,274,027	15%
Furniture and fixture	14,358,186	202,900	-	14,561,086	12,623,145	271,252	-	12,894,397	1,666,689	15%
Vehicles	54,525,423	5,480,890	-	60,006,313	47,045,658	1,792,383	-	48,838,041	11,168,272	15%
	7,394,240,394	25,133,581	3,735,848,168	11,150,926,014	3,495,740,199	77,428,501	-	3,573,168,700	7,577,757,314	
		(4,296,129)								
Weaving Unit :										
Building on freehold land	401,853,032	-	320,236,303	722,089,335	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	117,638,449	-	113,227,406	230,865,855	37,266,730	2,009,293	-	39,276,023	191,589,832	2.5%
Plant and machinery	1,563,711,588	34,902,000	476,513,334	2,035,075,192	821,680,653	18,718,347	-	812,271,868	1,222,803,324	2.5%
		(40,051,730)				(28,127,132)				
Plant and machinery [Grid]	197,232,703	-	58,362,736	255,595,439	53,976,160	-	-	53,976,160	201,619,279	2.5%
Electrical fitting	33,203,858	-	-	33,203,858	30,157,181	457,002	-	30,614,183	2,589,675	15%
Factory equipment	12,474,088	-	-	12,474,088	11,293,122	177,145	-	11,470,267	1,003,821	15%
Office equipment	4,322,393	115,800	-	4,438,193	3,503,636	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	11,877,275	5,015,580	-	15,737,805	6,719,611	1,238,496	-	6,887,081	8,850,724	15%
	-	(1,155,050)	-	-	-	(1,071,026)	-	-	-	
	2,350,605,216	40,033,380	976,068,144	3,325,499,960	1,167,537,318	28,388,444	-	1,166,727,604	2,158,772,356	
		(41,206,780)				(29,198,158)				
Power Plant :										
Building on freehold land	69,288,587	-	16,107,629	85,396,216	47,117,909	595,024	-	47,712,933	37,683,283	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	1,100,998	376,755,850	1,423,499,068	618,492,596	15,239,811	-	633,732,407	789,766,661	2.5%
Electrical fitting	44,949,933	-	-	44,949,933	40,746,288	630,547	-	41,376,835	3,573,098	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	2,746	-	925,160	15,565	15%
	1,214,287,266	1,100,998	400,803,828	1,616,192,092	745,927,634	16,927,442	-	762,855,076	853,337,016	
Leased Assets										
Plant and machinery	20,645,650	-	-	20,645,650	5,469,200	379,411	-	5,848,611	14,797,039	2.5%
	20,645,650	-	-	20,645,650	5,469,200	379,411	-	5,848,611	14,797,039	
Total - 30.06.2022	10,979,778,526	66,267,959	5,112,720,140	16,113,263,716	5,414,674,351	123,123,798	-	5,508,599,991	10,604,663,726	
		(45,502,909)	-			(29,198,158)	-			



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

5.1.1 Depreciation for the year has been allocated as under:

Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
Cost of sales - spinning	109,644,228	74,925,214
Cost of sales - weaving	50,684,193	28,388,444
	160,328,421	103,313,658
Cost of sales - power plant	25,815,360	16,927,442
Administrative expenses	3,072,448	2,862,698
	189,216,229	123,123,798

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
Toyota Bella	1,128,000	1,010,158	117,842	1,425,000	1,307,158	Negotiation	M. Jamil S/o. M. Arshad, Karachi.
30-Jun-23	1,128,000	1,010,158	117,842	1,425,000	1,307,158		
30-Jun-22	45,502,909	29,198,156	16,304,753	63,025,000	46,720,247		

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

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

5.1.4 Had there been no revaluation the related figures of land, building and plant and machinery as at June 30, 2023 would have been as follows:

Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
Freehold Land	75,752,071	75,752,071
Leasehold land	4,152,099	4,152,099
Building on freehold land	247,071,585	247,071,585
Building on leasehold land	72,474,129	72,474,129
Building on freehold land [Grid]	28,131,140	28,131,140
Labour colony on freehold land	20,862,950	20,862,950
Labour colony on leasehold land	18,585,207	18,585,207
Plant and machinery	2,415,782,052	2,435,627,966
Plant and machinery [Grid]	82,327,191	82,327,191
	2,965,138,425	2,985,184,338

**QUETTA TEXTILE MILLS LIMITED**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
6 INTANGIBLE ASSETS			
Computer software			
Net carrying value basis as at June 30			
Opening net book value		426,095	994,219
Additions (as cost)		-	-
Transfer from capital work in process		-	-
Amortisation charge		(426,095)	(568,124)
Closing net book value		<u>-</u>	<u>426,095</u>
Gross carrying value basis as at June 30			
Cost		2,840,622	2,840,622
Accumulated amortisation		(2,840,622)	(2,414,527)
Net book value		<u>-</u>	<u>426,095</u>
The cost is being amortised over a period of five years and the amortisation charge has been allocated as follows:			
Administrative expenses	32	<u>426,095</u>	<u>568,124</u>
6.1 During the year, Intangible asset have been fully amortized.			
7 LONG TERM DEPOSITS			
Security deposits:			
WAPDA		7,893,190	7,893,190
Gas companies		36,858,662	24,858,662
Leasing companies	21	5,772,000	5,772,000
Others		1,337,168	1,337,168
		<u>51,861,020</u>	<u>39,861,020</u>
8 STORES, SPARES AND LOOSE TOOLS			
Spinning :			
Stores		107,298,864	77,944,907
Spares and accessories		199,269,318	164,428,220
Loose tools		16,781,868	13,267,763
		323,350,049	255,640,890
Weaving :			
Stores		160,099,633	159,699,349
Power plant :			
Oil and stores		109,866,053	109,513,996
		<u>593,315,735</u>	<u>524,854,235</u>
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		86,579,767	1,535,914,596
Work-in-process		93,286,287	136,830,642
Finished goods		2,550,910,962	1,975,834,206
Waste		18,039,563	17,448,811
		2,748,816,579	3,666,028,255
Weaving :			
Finished goods		198,934,770	198,934,770
		198,934,770	198,934,770
		<u>2,947,751,349</u>	<u>3,864,963,025</u>



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- 9.1 Raw material stock cost PKR: NIL (2022: Nil) have been valued at PKR: Nil (2022: 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 (2022: Nil).
- 9.2 Finished Goods stock cost PKR: 2,550,910,962 (2022: Nil) have been valued at PKR: 2,490,709,463 (2022: Nil) being the net realizable value of finished goods. The amount charge to profit and loss in respect of Finished Goods written down to net realizable value is PKR: 60,201,499 (2022: Nil).
- 9.3 No item of stock in trade is pledged as security as at reporting date.
- 9.4 The stated waste stock is valued at NRV.

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees	
10 TRADE DEBTS				
<i>Considered good</i>				
Local debts - unsecured	10.1	135,140,713	166,513,240	
Allowance for ECL on trade debts	10.2	(5,322,670)	(4,525,122)	
		<u>129,818,043</u>	<u>161,988,118</u>	
10.1 At the year end, there is no receivable from export customer.				
10.2 <i>Particulars of allowance for ECL on trade debts</i>				
Balance at beginning of the year		4,525,122	3,166,833	
Charge during the year		797,548	1,358,289	
Allowance no longer required / (recovered)		-	-	
Balance at the end of the year		<u>5,322,670</u>	<u>4,525,122</u>	
11 OTHER FINANCIAL ASSETS				
Term deposits "TDR"	11.1	124,080,637	115,292,328	
Fair Value through profit or loss	11.2	73,043	85,425	
		<u>124,153,680</u>	<u>115,377,753</u>	
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 9.25% to 19.60% (June 30, 2022: 8.2% to 14.00%) per annum. The maturity period of the TDA in one year from the date of original issue.				
11.2 <i>Fair Value through profit or loss</i>				
In listed companies	11.3	65,285	65,285	
Fair value Adjustment		7,758	20,140	
		<u>73,043</u>	<u>85,425</u>	
11.3 Details are as under:				
Name of securities	No. of shares	Cost	Fair value adjustments	Fair value
Askari Bank Limited	4,901	65,285	7,758	73,043
Total - 30.06.2023		<u>65,285</u>	<u>7,758</u>	<u>73,043</u>
Total - 30.06.2022		<u>65,285</u>	<u>20,140</u>	<u>85,425</u>

**QUETTA TEXTILE MILLS LIMITED**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
12 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE			
Loans to Employees- Secured	12.1	19,584,969	19,661,505
Advance to Suppliers		467,000	2,896,201
Collector of Customs for Import and Export		4,936,902	4,936,902
Margin with Banks against Guarantees		5,200,209	5,930,208
Advance for Reservation Contract	27.2	39,222,641	39,222,641
Prepaid expenses		873,151	1,185,758
Letter of credit		1,508,556	11,171
Others		719,108	219,108
		<u>72,512,536</u>	<u>74,063,494</u>
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.			
13 INCOME TAX AND SALES TAX REFUNDABLE			
Income tax refundable		27,683,282	62,085,782
Sales tax refundable		609,765,800	601,168,943
		<u>637,449,082</u>	<u>663,254,725</u>
13.1 Income tax refundable			
Opening		62,085,782	57,103,882
Advance income tax		27,395,996	62,353,374
		89,481,778	119,457,256
Prior year adjustment		379,642	18,639,556
Paid / deducted during the year		(62,178,138)	(76,011,030)
		<u>27,683,282</u>	<u>62,085,782</u>
14 CASH AND BANK BALANCES			
With banks on:			
- current accounts		10,957,991	15,764,675
- saving accounts	14.1	1,717,408	107,439
		12,675,399	15,872,114
Cash in hand		560,100	22,000,736
		<u>13,235,499</u>	<u>37,872,850</u>
14.1 Effective rates of profit on deposit accounts, during the year, ranging from 9.25% to 19.5% (June 30, 2022: 2.82% to 16.80%) p.a.			
15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
		30 th June, 2023 Rupees	30 th June, 2022 Rupees
30 th June, 2023 Number of shares	30 th June, 2022 Number of shares		
1,200,000	1,200,000	12,000,000	12,000,000
9,875,000	9,875,000	98,750,000	98,750,000
1,925,000	1,925,000	19,250,000	19,250,000
<u>13,000,000</u>	<u>13,000,000</u>	<u>130,000,000</u>	<u>130,000,000</u>
15.1 The Company has only one class of shares which carry no right to fixed income.			
15.2 The company had issued 9,875,000 Ordinary Shares in the ratio of 316 shares for every 100 ordinary Shares at exercise price of Rs. 76/= per share having premium of Rs. 66/= per share.			

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
16 RESERVES			
Reserves :			
Share premium		651,750,000	651,750,000
Capital reserve		1,200	1,200
General reserves		115,000,000	115,000,000
		<u>766,751,200</u>	<u>766,751,200</u>
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			
Loan from directors and others		<u>212,728,470</u>	<u>212,728,470</u>
17.1 These are unsecured and interest free loans repayable on the discretion of the company. In compliance with TR-32 issued by Institute Of Chartered Accountants Of Pakistan ,these loans have been treated as part of equity.			
18 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance as at July 01,		7,672,726,307	2,601,220,862
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)
Less: Transferred from surplus on revaluation of Property Plant Equipment on account of incremental depreciation		(75,907,624)	(28,683,574)
Less: Deferred Tax		(31,004,523)	(11,715,826)
		<u>7,565,814,160</u>	<u>7,672,726,307</u>
Less: Related to deferred tax effect:			
Balance as at July 01,		418,037,215	429,753,041
Recognition of deferred tax liability due to the transfer of incremental depreciation to equity from surplus on revaluation		(31,004,523)	(11,715,826)
		<u>387,032,692</u>	<u>418,037,215</u>
Closing balance		<u>7,178,781,469</u>	<u>7,254,689,092</u>
18.1 On 27 July 2017, 28 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/-.			
19 LONG TERM FINANCES			
Loans from banking companies - secured			
Al-Barka Bank (Pakistan) Limited	19.1	394,927,177	402,727,177
Bank Al Falah Limited	19.2	19,281,716	21,490,663
First Al Noor Modaraba	19.3	22,000,000	-
Faysal Bank Limited	19.4	178,715,000	178,715,000
Habib Bank Limited	19.4	235,665,204	235,665,204
Accrued Interest [HBL]	19.4	-	7,221,544
Habib Bank Limited	19.4	8,129,727	8,129,727
Meezan Bank Limited - [Bai Muajjal]	19.4	58,605,663	58,605,663
National Bank of Pakistan-[LTF-II Frozen Markup]	19.4	61,850,000	61,850,000
National Bank of Pakistan - [LTF]	19.4	50,746,000	50,746,000
National Bank of Pakistan - [LTF-I]	19.4	139,907,100	144,907,100
Accrued Interest [NBP-LTF-I]	19.4	-	6,725,029
Soneri Bank Limited	19.4	481,567,000	481,567,000
Allied Bank Limited [LTF]	19.4	180,993,360	180,993,360
		<u>1,832,387,947</u>	<u>1,839,343,466</u>
Less: Current maturity shown under current liabilities	19.5	(1,314,704,383)	(1,286,354,383)
		<u>517,683,564</u>	<u>552,989,083</u>



19.1 Previously, the bank AL Baraka had restructured its existing outstanding balances in istisna amounting to Rs. 300 million, local modaraba amounting to Rs.197 million and diminishing musharqa of Rs.0.890 million. Total amount merged into Istisna Facility is Rs. 497,890 million.

Securities/ Margins

1st pari passu Equitable mortgage and hypothecation (each) charge dated March 17, 2006 registered vide supplemental letter of hypothecation of Plant, Machinery and equipment dated march 08, 2006 for PKR 420 million on present and future fixed assets of the company inclusive of 25% margin.

19.2 Previously, Bank Alfalah had approved a settlement of entire principal of CF Hypo facility of Rs. 28.49 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 7th on stocks up to Rs. 32 million and 2nd on receivables and 9th over stocks for the rest of Rs. 88 million] over stocks including furnace oil and book debts.

19.3 The Company had been availing finance facility from First Al-Noor Modaraba for many years however, dispute arose between the parties which led them to file cases against each other.

The modaraba filed Suit No. 2/2016 for recovery of Rs.25,678,083 and a Criminal Complaint No. 31/2016 for dishonored cheques. The company also filed Suit No. 146/2017 for recovery of Rs. 76,898,349. Both the parties were pleading their respective cases for recovery of amounts.

During the financial period under audit, both the parties arrive at conclusion to settle their dispute out of the court. The agreed amount of full and final settlement is Rs. 25 million which will be fully repaid in seven years.

19.4 The banks have filed cases for recovery which are exaggerated and exorbitant upon unauthorized and unwaful 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 virogously 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.

19.5 Current maturity includes Rs. 1,314,704 million in respect of overdue.

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
20 REDEEMABLE CAPITAL - SUKUK			
Diminishing musharaka Sukuk certificate		611,335,643	611,335,643
Less: Current portion shown under current liabilities	20.1	(611,335,643)	(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, 2010	March 31, 2010
Date of last installment	March 20, 2020	March 20, 2020
Rate of return per annum	6 M KIBOR + 1.75%	6 M KIBOR + 1.75%
Convertible/non convertible	Non Convertible	Non Convertible
Redeemable/perpetual	Redeemable	Redeemable

20.2 Security:

First Pari Passu charge of Rs. 1.846 billion (June 30, 2022 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 unwaful 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 Hon'ble Courts for adjudications. The management contesting the cases virogously 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.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	30 th June, 2023 Rupees	30 th June, 2022 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	21.6	(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, 2022: NIL).					
21.5	Taxes, repairs and maintenance, insurance and other cost relating to the lease assets are borne by the Company.					
21.6	Current maturity includes Rs. 18.289 million in respect of overdue.					
	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees			
22 DEFERRED LIABILITIES						
Deferred taxation	22.1	-	-			
Staff retirement benefits - gratuity	22.3	88,573,620	185,352,605			
		88,573,620	185,352,605			
22.1 Deferred taxation						
Deferred tax credits / (debits) arising in respect of:						
Taxable/(Deductible) temporary differences (deferred tax liabilities)						
Deferred Tax		575,667,014	580,374,760			
Revaluation surplus		387,032,692	418,037,215			
Deferred debit arising in respect of provisions, tax losses and refunds		(1,300,421,959)	(1,287,397,518)			
	22.2	(337,722,254)	(288,985,543)			
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						
Opening net liability		185,352,605	186,768,811			
Expense for the year in profit and loss account		23,604,142	47,733,385			
Premeasurement recognized in other comprehensive income		(76,579,850)	(19,748,458)			
		132,376,897	214,753,738			
Benefits paid during the year		(43,803,277)	(29,401,133)			
Closing net liability		88,573,620	185,352,605			
22.4 Expense for the year in profit and loss account						
Current service cost		13,046,602	29,498,838			
Interest cost		10,557,540	18,234,547			
		23,604,142	47,733,385			
22.5 Historical information						
		2023	2022	2021	2020	2019
Present value of defined benefit obligation		88,573,620	185,352,605	186,768,811	160,317,910	116,695,105



22.6 General description

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

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
22.7 Principal actuarial assumption			
Following are a few important actuarial assumption used in the valuation.			
		%	%
Discount rate		16.25	13.25
Expected rate of increase in salary		10.00	10.00
22.8	Expected gratuity expenses for the year ending June 30, 2024 works out Rs. 32,092,543/-		
22.9	Expected year of services (years)	9	6

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 100.

	Increase in assumptions	Decrease in assumptions
Discount rate	(1,671,426)	(5,554,140)
Increase in future salaries	2,412,843	5,950,673

23 TRADE AND OTHER PAYABLES

Trade Creditors		4,790,148,690	4,832,395,567
Accrued liabilities		525,290,379	390,550,328
Payable against letter of credit		8,525,249	-
Unearned rental income		1,025,122	1,242,573
Sales tax payable		1,876,321	13,370,122
Withholding income tax payable		556,494	496,426
Others		1,685,734	681,214
Workers' profit participation fund	23.1	-	369,678
Sindh Worker's Welfare Fund		1,731,262	1,731,262
		<u>5,330,839,250</u>	<u>5,240,837,170</u>

23.1 Workers' profit participation fund

Balance at the beginning of the Year	369,678	-
Interest on fund utilized in company's business	-	-
	<u>369,678</u>	<u>-</u>
Paid during the year	(369,678)	-
	<u>-</u>	<u>-</u>
Allocation for the year	-	369,678
Balance at the end of the Year	<u>-</u>	<u>369,678</u>

24 ACCRUED INTEREST / MARK-UP

Accrued interest / mark-up on secured:		
- long term finances		64,696,192
- redeemable capital - Sukuk		233,045,065
- short term borrowings		738,511,727
		<u>1,036,252,984</u>
		<u>1,153,725,602</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

25 SHORT TERM BORROWINGS

Secured - Banking companies			
Finances under mark-up arrangement	25.1	1,954,496,425	2,009,814,752
Unsecured			
Book overdraft	25.3	-	2,570,712
		<u>1,954,496,425</u>	<u>2,012,385,464</u>

25.1 Aggregate facilities amounting to Rs. 1,846 billion (June 30, 2022: Rs. 1,907 billion) were available to the Company from banking companies. These were secured against hypothecation charge of stock in trade, book debts, plant & machinery, export bills under collection. During previous year, these facilities have been expired except for RF from Habib Metropolitan Bank (Limit 40M) interest rate (3 Months KIBOR + 1.5% p.a) against joint pari passu hypothecation charge over stocks & receivables, this facility will expire on 31-July 2023.

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.

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

26 LOAN FROM DIRECTORS AND OTHERS

Unsecured			
Due to directors		103,212,298	62,062,298
Due to others		5,854,059	5,854,059
		<u>109,066,357</u>	<u>67,916,357</u>

26.1 These are interest free, unsecured and repayable on demand.

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

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

Guarantees issued by banks on behalf of the Company	260,177,270	244,559,721
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27.2 Company has filed a suit No. 202 of 2011 against Enshaa 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) impact all pending appeals in various High Courts, therefore, it invited intervenor applications to join the proceedings. The company again challenged the demand for recovery in the High Court of Sindh via Suit No.1622 and in the Lahore High Court via W.P No.37524. The company has not recorded the provision for the above amount.

27.4 The Company has filed Suit No. 287 of 2015 against Sui Gas Bill tariff rate is charged under the heading of Captive Power while the Company does not fall under the said heading/tariff. Case was decreed in favor of the company. Appeal in the High Court has been filed against the order.

27.5 Summit Bank Limited, National Bank of Pakistan, Allied Bank Limited, HBL Bank Limited, Meezan Bank Limited, United Bank Limited, Faysal Bank Limited, Soneri Bank Limited, Orix Leasing Company, Dubai Islamic Bank, Bank Al-Falah, Al-Baraka Bank, Silk Bank and Standard Chartered Bank (Pakistan) Limited have filed recovery suits in the High Court of Sindh and in banking court for Rs 4,257,351,930 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. 505/2019 filed by Golden Sindh Cotton Mill in the High Court of Sindh against the company for the recovery of amount Rs. 25.978 million. The company is defending the case in the High Court.

27.7 The company has filed a W.P No. 60663/2021 in which company has challenged the show cause notice issued by SECP for appointment of inspector U/Sec 256 of the Companies Act, 2017. This W.P is still pending for adjudication before Honourable High Court Lahore.

27.8 During the period, a Judicial Companies Misc Application J.C.M 17/2023 was filed by United Bank Limited in the High Court of Sindh against the company for winding up of the company. This matter is prejudice in the Court. The company is defending the case.

Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
27.9 Commitments		
Confirmed letter of credit in respect of:		
- Raw material & spare parts	-	53,757,742
	<u>-</u>	<u>53,757,742</u>

**QUETTA TEXTILE MILLS LIMITED**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

28 SALES

	Export Sales		Local Sales		Total	
	2023	2022	2023	2022	2023	2022
	Rupees					
Yarn	139,643,123	268,637,679	2,942,967,013	4,196,389,202	3,082,610,136	4,465,026,881
Fabric	-	-	-	34,121,089	-	34,121,089
Waste	-	-	35,195,642	61,413,663	35,195,642	61,413,663
Processing	-	-	275,162,548	467,121,198	275,162,548	467,121,198
Steam income	-	-	-	295,758	-	295,758
	<u>139,643,123</u>	<u>268,637,679</u>	<u>3,253,325,203</u>	<u>4,759,340,910</u>	<u>3,392,968,326</u>	<u>5,027,978,589</u>

28.1 Sales are shown net of sales & further tax, amounting Rs. 566,111,766/- (2022: Rs. 848,112,401/-).

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
29 COST OF SALES			
Raw material consumed	29.1	2,760,368,218	3,592,133,457
Salaries, wages and benefits	29.2	544,132,842	700,330,307
Stores and spares consumed		95,919,033	249,320,627
Fuel, power and water	29.3	1,252,156,448	1,073,354,085
Rent, rates and taxes		2,112,878	1,756,756
Insurance expenses		14,374,268	13,324,873
Repairs and maintenance		3,148,700	5,845,690
Vehicle running and maintenance		17,047,157	14,013,288
Entertainment expenses		2,833,372	3,048,940
Communication expenses		1,044,828	1,339,847
Printing and stationery		1,076,341	1,490,963
Subscription		148,750	182,370
Legal and professional		35,000	201,000
Travelling		956,432	1,141,794
Other expenses		511,573	795,935
Depreciation expenses	5.1.1	160,328,421	103,313,658
		<u>4,856,194,261</u>	<u>5,761,593,590</u>
Work in process			
Opening stock		136,830,642	130,945,035
Closing stock		(93,286,287)	(136,830,642)
		<u>43,544,355</u>	<u>(5,885,607)</u>
Cost of goods manufactured		<u>4,899,738,616</u>	<u>5,755,707,983</u>
Finished goods			
Opening balance		2,174,768,976	1,218,047,156
Goods purchase:			
Yarn Purchase		46,362,150	50,941,620
		<u>46,362,150</u>	<u>50,941,620</u>
Closing stock		(2,749,845,732)	(2,174,768,976)
		<u>4,371,024,010</u>	<u>4,849,927,783</u>

**QUETTA TEXTILE MILLS LIMITED**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

29.1 Raw material consumed

Opening balance	1,553,363,407	842,431,178
Purchases	1,311,624,141	4,303,065,686
	<u>2,864,987,548</u>	<u>5,145,496,864</u>
Closing stock	(104,619,330)	(1,553,363,407)
	<u>2,760,368,218</u>	<u>3,592,133,457</u>

29.2 Salaries, wages and benefits include Rs. 23,421,797/- (June 30, 2022 Rs. 44,523,871 /-) in respect of staff retirement benefits.

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
29.3 Fuel, power and water			
Electricity purchase from out-side		813,115,082	462,290,965
Electricity produced by self	29.3.1	357,407,820	557,653,245
Water charges		2,214,689	1,921,313
Gas charges		79,418,857	51,488,562
		<u>1,252,156,448</u>	<u>1,073,354,085</u>

29.3.1 Electricity produced by self

Salaries and wages	29.3.2	9,231,277	13,543,917
Gas consumed		289,361,972	451,628,758
Stores and spares consumed		6,007,900	4,902,829
Repair and maintenance		38,030	1,120,070
Generator rents		24,004,252	66,225,630
Insurance expenses		1,860,613	1,889,846
Vehicle running and maintenance		218,726	277,737
Subscription		175,000	175,000
Communication expenses		8,870	20,030
Printing and stationery		5,300	19,900
Entertainment expenses		680,520	912,086
Other expenses		-	10,000
Depreciation	5.1.1	25,815,360	16,927,442
		<u>357,407,820</u>	<u>557,653,245</u>

29.3.2 Salaries, wages and benefits include Rs. 433,707/- (June 30, 2022: Rs. 1,045,776 /-) in respect of staff retirement benefits.

30 OTHER INCOME**Income from financial assets**

Reversal of markup provisions		155,251,691	-
Interest Income on saving accounts/ term deposit receipt		13,339,470	5,065,428

Income from assets other than financial assets

Profit on sale of property, plant and equipment	5.1.2	1,307,158	56,644,847
Export rebate income		23,080	38,121
Rental income		3,365,142	8,517,837
Gain on currency exchange		222,849	183,937
Scrap sales	30.1	89,770	1,235,572
		<u>173,599,161</u>	<u>71,685,742</u>

30.1 Sales are shown net of sales & further tax, amounting Rs. 17,953/- (2022: Rs. 247,114/-).

**QUETTA TEXTILE MILLS LIMITED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023****31 DISTRIBUTION COST****On export sales**

Export development surcharges
Freight
Clearing and forwarding

299,615	647,403
2,692,929	4,397,495
557,390	517,046
3,549,934	5,561,944

On local sales

Freight
Commission

742,910	1,277,532
652,308	4,909,621
1,395,218	6,187,153

Salaries and wages

5,816,498	5,649,351
10,761,650	17,398,448

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
32 ADMINISTRATIVE EXPENSES			
Director's remuneration		17,160,828	16,373,040
Salaries and benefits	32.1	36,694,976	37,645,326
Meeting fee		500,000	481,250
Printing and stationery		638,906	942,665
Communication		2,048,798	2,478,071
Traveling		1,544,575	1,014,726
Vehicle running and maintenance		9,512,159	8,015,565
Legal and professional charges		3,444,444	2,063,825
Auditors' remuneration	32.2	1,827,430	1,817,430
Rent, rates and taxes		1,845,357	9,549,593
Entertainment		992,964	797,994
Electricity, gas and water charges		2,665,070	2,003,085
Fees and subscription		6,329,344	7,316,310
Repairs and maintenance		598,473	874,880
Insurance		447,900	334,176
Amortization		426,093	568,124
Security, gardening and sanitation		524,836	329,287
Advertisement		39,220	16,280
Miscellaneous		964,470	1,732,919
Depreciation	5.1.1	3,072,448	2,862,698
		91,278,291	97,237,254

32.1 Salaries, wages and benefits include Rs. 250,362/- (June 30, 2022: Rs. 2,163,738 /-) in respect of staff retirement benefits.

32.2 Auditors' remuneration

Audit fee	1,537,300	1,537,300
Half yearly review fee	185,130	185,130
Code of corporate governance review fee	30,000	30,000
Out of pocket expenses	25,000	25,000
Certifications	50,000	40,000
	1,827,430	1,817,430

33 OTHER OPERATING EXPENSES

Diminution in the fair value of investment	11.3	12,381	25,976
Loss on sale of property, plant and equipment	5.1.2	-	9,924,598
Donations	33.1	3,000,468	2,723,035
Allowance for ECL	10.2	797,548	1,358,289
Workers' profit participation fund		-	369,678
Sindh Worker's Welfare Fund		-	1,731,262
		3,810,397	16,132,838

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

**QUETTA TEXTILE MILLS LIMITED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023****34 FINANCE COST****Interest / mark-up on**

- short term finances	25,207,045	25,449,254
- long term loans	4,232,366	10,080,820
Bank charges, commission and others charges	2,879,330	6,459,579
	<u>32,318,741</u>	<u>41,989,653</u>

35 EARNING/(LOSS) PER SHARES

Profit /(loss) after taxation

(985,068,241) 33,443,472

Number of shares

Weighted average number of ordinary shares

13,000,000 13,000,000

(Rupees)

Profit /(loss) per share - basic and diluted

(75.77) 2.57

There is no dilutive effect on basic earnings per share.

36 CASH GENERATED FROM OPERATIONS

Profit (Loss) before taxation

(942,625,603) 76,978,355

Adjustment for items involving non movement of fund

Depreciation

189,216,229 123,123,798

Amortization

426,093 568,124

Financial charges

32,318,741 41,989,652

Profit / loss on sale of property, plant and equipment-net

(1,307,158) (46,720,247)

Provision for gratuity

23,604,142 47,733,385

Reversal of markup provisions

(155,251,691) -

Provision for diminution/ (appreciation) in the value of investment

12,381 25,976

89,018,737 166,720,689

Profit before working capital changes

(853,606,866) 243,699,044

(Increase)/decrease in current assets

Stocks, stores and spares

848,750,176 (1,754,927,618)

Trade debts

32,170,075 54,631,834

Advances, deposits, prepayments and other receivable

1,550,958 18,450,066

28,864,343 (1,438,146,674)

Increase in current liabilities

Creditors, accrued and other liabilities

87,818,068 1,940,553,071

116,682,411 502,406,397**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	
	2023	2022	2023	2022	2023	2022
Remuneration	11,549,820	10,876,632	5,611,008	5,496,408	68,811,875	71,377,558
	<u>11,549,820</u>	<u>10,876,632</u>	<u>5,611,008</u>	<u>5,496,408</u>	<u>68,811,875</u>	<u>71,377,558</u>
Number of persons	1	1	1	1	58	58

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

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**

Loan received	Directors	41,150,000	-
Salaries and other benefits	Directors	17,160,828	16,373,040

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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**
39 SEGMENT ANALYSIS

The segment information for the reportable segments for the year ended June 30, 2023 is as follows:

39.1 Operating results

Note	Spinning		Weaving		Power Generation		Company	
	30 th June, 2023 Rupees	30 th June, 2022 Rupees	30 th June, 2023 Rupees	30 th June, 2022 Rupees	30 th June, 2023 Rupees	30 th June, 2022 Rupees	30 th June, 2023 Rupees	30 th June, 2022 Rupees
SALES								
Export	139,643,123	268,637,679	-	-	-	-	139,643,123	268,637,679
Local	2,942,967,013	4,196,389,202	-	34,121,089	-	-	2,942,967,013	4,230,510,291
Waste	35,195,642	61,413,663	-	-	-	-	35,195,642	61,413,663
Processing	20,556,838	38,805,137	254,605,710	428,316,061	-	-	275,162,548	467,121,198
Steam income	-	295,758	-	-	-	-	-	295,758
	3,138,362,616	4,565,541,439	254,605,710	462,437,150	-	-	3,392,968,326	5,027,978,589
Inter - segment sales	-	-	-	-	357,407,820	557,653,245	357,407,820	557,653,245
Total sales	3,138,362,616	4,565,541,439	254,605,710	462,437,150	357,407,820	557,653,245	3,750,376,145	5,585,631,834
Cost of sales	(3,957,397,792)	(4,172,943,662)	(413,626,218)	(676,984,121)	(357,407,820)	(557,653,245)	(4,728,431,829)	(5,407,581,029)
Gross loss	(819,035,176)	392,597,777	(159,020,508)	(214,546,971)	-	-	(978,055,684)	178,050,806
Distribution cost	(8,312,654)	(14,294,173)	(2,448,996)	(3,104,275)	-	-	(10,761,650)	(17,398,448)
Administrative expenses	(84,428,839)	(88,293,548)	(6,849,452)	(8,943,706)	-	-	(91,278,291)	(97,237,254)
	(92,741,493)	(102,587,721)	(9,298,448)	(12,047,981)	-	-	(102,039,941)	(114,635,702)
Operating Results	(911,776,669)	290,010,056	(168,318,956)	(226,594,953)	-	-	(1,080,095,625)	63,415,104
39.2 Segment assets	10,685,815,268	11,676,211,615	2,484,404,830	2,517,406,475	941,345,514	962,851,013	14,111,565,612	15,156,469,103
39.3 Unallocated assets							899,211,817	930,855,937
							15,010,777,429	16,087,325,040
39.4 Segment liabilities	4,664,484,344	4,585,732,523	493,102,631	484,777,438	173,252,276	170,327,209	5,330,839,250	5,240,837,170
39.5 Unallocated liabilities							5,692,497,294	5,950,558,597
							11,023,336,545	11,191,395,767
39.6 Depreciation	109,644,228	74,925,214	50,684,193	28,388,444	25,815,360	16,927,442	186,143,781	120,241,100
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.



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Note	Spinning			Weaving			Power Generation			Company		
	30 th June, 2023	30 th June, 2022	30 th June, 2023	30 th June, 2022	30 th June, 2023	30 th June, 2022	30 th June, 2023	30 th June, 2022	30 th June, 2023	30 th June, 2022	30 th June, 2023	30 th June, 2022
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
40 COST OF SALES												
Raw material consumed	2,760,368,218	3,570,390,383	-	21,743,074	-	-	-	-	-	-	2,760,368,218	3,592,133,457
Stones and spares consumed	80,337,587	157,509,147	15,581,446	91,811,480	6,007,900	6,007,900	4,902,829	4,902,829	4,902,829	4,902,829	101,926,933	254,223,456
Salaries, wages and benefits	477,525,345	557,068,001	66,607,497	143,262,306	9,231,277	9,231,277	13,543,917	13,543,917	13,543,917	13,543,917	553,364,119	713,874,224
Fuel, power and water:												
Inter-segment	289,500,334	393,545,544	67,907,486	164,107,701	-	-	-	-	-	-	357,407,820	557,653,245
Others	694,456,429	302,799,653	200,292,199	212,901,187	289,361,972	289,361,972	451,628,758	451,628,758	451,628,758	451,628,758	1,184,110,600	967,328,598
Repairs and maintenance	2,674,658	4,643,228	474,042	1,202,462	38,030	38,030	1,120,070	1,120,070	1,120,070	1,120,070	3,186,730	6,966,760
Generator rents	-	-	-	-	24,004,252	24,004,252	66,225,630	66,225,630	66,225,630	66,225,630	24,004,252	66,225,630
Insurance expenses	10,822,718	9,018,543	3,551,550	4,306,330	1,860,613	1,860,613	1,889,846	1,889,846	1,889,846	1,889,846	16,234,881	15,214,719
Rent, rates and taxes	1,396,943	1,106,166	715,935	850,590	-	-	-	-	-	-	2,112,678	1,756,756
Vehicle running and maintenance	11,733,163	9,379,143	5,313,994	4,634,145	218,726	218,726	277,737	277,737	277,737	277,737	17,265,883	14,291,025
Entertainment expenses	1,670,953	1,514,000	1,162,419	1,534,940	680,520	680,520	912,086	912,086	912,086	912,086	3,513,892	3,961,026
Communication expenses	862,756	937,391	182,072	402,456	8,870	8,870	20,030	20,030	20,030	20,030	1,053,698	1,359,877
Printing and stationery	388,656	603,261	677,685	887,702	5,300	5,300	19,900	19,900	19,900	19,900	1,081,641	1,510,863
Subscription	148,750	96,370	-	86,000	175,000	175,000	175,000	175,000	175,000	175,000	323,750	357,370
Legal and professional	-	-	35,000	201,000	-	-	-	-	-	-	35,000	201,000
Travelling	515,732	470,020	440,700	671,774	-	-	-	-	-	-	956,432	1,141,794
Other expenses	511,573	753,934	-	42,000	-	-	10,000	10,000	10,000	10,000	511,573	805,934
Depreciation expenses	109,644,228	74,925,214	50,684,193	28,388,444	25,815,360	25,815,360	16,927,442	16,927,442	16,927,442	16,927,442	186,143,781	120,241,100
	4,442,568,043	5,084,759,998	413,626,218	676,833,591	357,407,820	357,407,820	557,653,245	557,653,245	557,653,245	557,653,245	5,213,602,080	6,319,246,835
Work in process												
Opening stock	136,830,642	130,945,036	-	-	-	-	-	-	-	-	136,830,642	130,945,036
Closing stock	(93,286,287)	(136,830,642)	-	-	-	-	-	-	-	-	(93,286,287)	(136,830,642)
	43,544,355	(5,885,606)	-	-	-	-	-	-	-	-	43,544,355	(5,885,606)
Cost of goods manufactured	4,486,112,388	5,078,874,392	413,626,218	676,833,591	357,407,820	357,407,820	557,653,245	557,653,245	557,653,245	557,653,245	5,257,146,435	6,313,361,229
Finished goods												
Opening balance	1,975,834,206	1,018,961,856	198,934,770	199,085,300	-	-	-	-	-	-	2,174,768,976	1,218,047,156
Finished goods purchase:												
Purchase	-	-	-	-	-	-	-	-	-	-	-	-
Yarn purchase	46,362,150	50,941,620	-	-	-	-	-	-	-	-	46,362,150	50,941,620
	46,362,150	50,941,620	-	-	-	-	-	-	-	-	46,362,150	50,941,620
	(2,550,910,962)	(1,975,834,206)	(198,934,770)	(198,934,770)	-	-	-	-	-	-	(2,749,845,732)	(2,174,768,976)
Closing stock	3,957,397,792	4,172,943,662	413,626,218	676,864,121	357,407,820	357,407,820	557,653,245	557,653,245	557,653,245	557,653,245	4,728,431,829	5,407,581,029



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note	Spinning		Weaving		Power Generation		Company	
	30 th June, 2023 Rupees	30 th June, 2022 Rupees	30 th June, 2023 Rupees	30 th June, 2022 Rupees	30 th June, 2023 Rupees	30 th June, 2022 Rupees	30 th June, 2023 Rupees	30 th June, 2022 Rupees
40.1 Raw material consumed								
Opening balance	1,553,363,407	842,431,178	-	-	-	-	1,553,363,407	842,431,178
Purchases:								
Inter-segment	-	-	-	-	-	-	-	-
Other	1,311,624,141	4,281,322,612	-	21,743,074	-	-	1,311,624,141	4,303,065,686
	1,311,624,141	4,281,322,612	-	21,743,074	-	-	1,311,624,141	4,303,065,686
Closing stock	(104,619,330)	(1,553,363,407)	-	-	-	-	(104,619,330)	(1,553,363,407)
	<u>2,760,368,218</u>	<u>3,570,390,383</u>	<u>-</u>	<u>21,743,074</u>	<u>-</u>	<u>-</u>	<u>2,760,368,218</u>	<u>3,592,133,457</u>
41 DISTRIBUTION COST								
On export sales								
Export development surcharge	299,615	647,403	-	-	-	-	299,615	647,403
Freight	2,692,929	4,397,495	-	-	-	-	2,692,929	4,397,495
Clearing and forwarding	557,390	517,046	-	-	-	-	557,390	517,046
	3,549,934	5,561,944	-	-	-	-	3,549,934	5,561,944
On local sales								
Freight	742,910	1,276,532	-	1,000	-	-	742,910	1,277,532
Commission	652,308	4,185,130	-	724,491	-	-	652,308	4,909,621
	1,395,218	5,461,662	-	725,491	-	-	1,395,218	6,187,153
Salaries and wages	3,367,502	3,270,567	2,448,996	2,378,784	-	-	5,816,498	5,649,351
	<u>8,312,654</u>	<u>14,294,173</u>	<u>2,448,996</u>	<u>3,104,275</u>	<u>-</u>	<u>-</u>	<u>10,761,650</u>	<u>17,398,448</u>

Note	Spinning		Weaving		Power Generation		Company	
	30 th June, 2023	30 th June, 2022	30 th June, 2023	30 th June, 2022	30 th June, 2023	30 th June, 2022	30 th June, 2023	30 th June, 2022
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
42 ADMINISTRATIVE EXPENSES								
Director's remuneration	15,873,093	14,868,041	1,287,735	1,505,963	-	-	17,160,828	16,373,040
Salaries and benefits	33,941,413	34,184,992	2,753,563	3,462,549	-	-	36,694,976	37,645,326
Meeting fee	462,480	437,014	37,520	44,265	-	-	500,000	481,250
Printing and stationery	590,963	856,016	47,943	86,705	-	-	638,906	942,665
Communication	1,895,058	2,250,288	153,740	227,928	-	-	2,048,798	2,478,071
Travelling	1,428,671	921,453	115,904	93,333	-	-	1,544,575	1,014,726
Vehicle running and maintenance	8,798,374	7,278,779	713,785	737,257	-	-	9,512,159	8,015,565
Legal and professional charges	3,185,976	1,874,120	258,468	189,827	-	-	3,444,444	2,063,825
Auditors' remuneration	1,690,301	1,650,373	137,129	167,164	-	-	1,827,430	1,817,430
Rent, rates and taxes	1,706,883	8,671,801	138,474	878,354	-	-	1,845,357	9,549,593
Entertainment	918,453	724,643	74,511	73,398	-	-	992,964	797,994
Electricity, gas and water charges	2,465,085	1,818,972	199,985	184,241	-	-	2,665,070	2,003,095
Fees and subscription	5,854,395	6,643,799	474,949	672,941	-	-	6,329,344	7,316,310
Repairs and maintenance	553,564	794,462	44,909	80,470	-	-	598,473	874,880
Insurance	414,290	303,459	33,610	30,737	-	-	447,900	334,176
Amortization	394,119	515,902	31,974	52,255	-	-	426,093	568,124
Security, gardening and sanitation	485,453	299,019	39,383	30,287	-	-	524,836	329,287
Advertisement	36,277	14,784	2,943	1,497	-	-	39,220	16,280
Miscellaneous	892,097	1,567,910	72,373	159,391	-	-	964,470	1,732,919
Depreciation	2,841,894	2,617,721	230,554	265,144	-	-	3,072,448	2,882,698
	84,428,839	88,293,548	6,849,452	8,943,706	-	-	91,278,291	97,237,254

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
43 RECONCILIATIONS OF REPORTABLE SEGMENTS SALES, COST OF SALES, ASSETS AND LIABILITIES			
43.1 Sales			
Total sales for reportable segment	39.1	3,750,376,145	5,585,631,834
Elimination of inter-segment	39.1	(357,407,820)	(557,653,245)
Total sales		<u>3,392,968,326</u>	<u>5,027,978,589</u>
43.2 Cost of sales			
Total cost of sales for reportable segment	40	4,728,431,829	5,407,581,029
Elimination of inter-segment	40.1	(357,407,820)	(557,653,245)
Total cost of sales		<u>4,371,024,010</u>	<u>4,849,927,783</u>
43.3 Profit or loss			
Total profit for reportable segments		(1,080,095,625)	63,415,104
Other operating Income		173,599,161	71,685,742
Other operating expenses		(3,810,397)	(16,132,838)
Interest expense		(32,318,741)	(41,989,652)
Total profit/(loss) before tax		<u>(942,625,602)</u>	<u>76,978,355</u>
43.4 Assets			
Total assets for reportable segments	39.2	14,111,565,612	15,156,469,103
Long term deposits	7	51,861,020	39,861,020
Intangible assets	6	-	426,095
Other financial assets	11	124,153,680	115,377,753
Advances, deposits, prepayments and other receivable	12	72,512,536	74,063,494
Tax refund due from governments	13	637,449,082	663,254,725
Cash and bank balances	14	13,235,499	37,872,850
Unallocated assets	39.3	899,211,817	930,855,937
		<u>15,010,777,429</u>	<u>16,087,325,040</u>
43.5 Liabilities			
Total liabilities for reportable segments	39.4	5,330,839,250	5,240,837,170
Long term finances	19	1,832,387,947	1,839,343,466
Redeemable capital - Sukuk	20	611,335,643	611,335,643
Liabilities against assets subject to finance lease	21	18,288,552	18,288,552
Deferred liabilities	22	88,573,620	185,352,605
Accrued interest / mark-up	24	1,036,252,984	1,153,725,602
Short term borrowings	24.9	1,954,496,425	2,012,385,464
Unclaimed dividend		36,467	36,467
Provision for taxation		42,059,299	62,174,441
Loan from directors and others	25.9	109,066,357	67,916,357
Unallocated liabilities	39.5	5,692,497,294	5,950,558,597
		<u>11,023,336,545</u>	<u>11,191,395,767</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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. 391,580 million (June 30, 2022: Rs. 429,163 million), financial assets which are subject to credit risk aggregate to Rs. 378,345 million (June 30, 2022: Rs. 391,290 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
Long term deposits		51,861,020	39,861,020
Trade debts		129,818,043	161,988,118
Other financial assets		124,153,680	115,377,753
Advances, deposits, prepayments and other receivable		72,512,536	74,063,494
Cash and bank balances		13,235,499	37,872,850
		<u>391,580,778</u>	<u>429,163,235</u>

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

Domestic	135,140,713	166,513,240
	<u>135,140,713</u>	<u>166,513,240</u>

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

Yarn	108,401,772	128,571,421
Fabric	26,738,941	37,941,819
	<u>135,140,713</u>	<u>166,513,240</u>

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

Not past due	58,659,790	103,238,209
Past due 0 - 30 days	53,939,177	40,636,881
Past due 31 - 90 days	22,541,746	22,638,150
	<u>135,140,713</u>	<u>166,513,239</u>

44.2 Liquidity risk

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

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

	2023				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	1,832,387,947	1,832,387,947	-	-	-
Redeemable capital - Sukuk	611,335,643	611,335,643	-	-	-
Finance lease	18,288,552	-	-	-	-
Trade and other payables	5,330,839,250	5,330,839,250	5,330,839,250	-	-
Accrued mark-up	1,036,252,984	1,036,252,984	-	-	-
Short term borrowings	1,954,496,425	1,954,496,425	-	-	-
	<u>10,783,600,801</u>	<u>10,765,312,249</u>	<u>5,330,839,250</u>	<u>-</u>	<u>-</u>



	2022				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	1,839,343,466	1,839,343,466	-	-	-
Redeemable capital - Sukuk	611,335,643	611,335,643	-	-	-
Finance lease	18,288,552	-	-	-	-
Trade and other payables	5,240,837,170	5,240,837,170	5,240,837,170	-	-
Accrued mark-up	1,153,725,602	1,153,725,602	-	-	-
Short term borrowings	2,012,385,464	2,012,385,464	-	-	-
	<u>10,875,915,897</u>	<u>10,857,627,345</u>	<u>5,240,837,170</u>	-	-

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

44.3 Market risk

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

44.3.1 Currency risk

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

	US Dollar	Euro	Others	Rupees
Trade debts 2023	-	-	-	-
Trade debts 2022	-	-	-	-

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2023	2022	2023	2022
US Dollar to Rupee	246.89	203.37	287.50	203.69

44.3.2 Sensitivity analysis

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

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
US Dollar		-	-

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

44.3.3 Interest rate risk

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

	Carrying Amount	
	30 th June, 2023 Rupees	30 th June, 2022 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	2,443,723,590	2,450,679,109
Variable rate instruments		
Financial assets	-	-
Financial liabilities	1,972,784,977	2,030,674,016



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, 2023.

	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2023	19,727,850	(19,727,850)	-	-
Cash flow sensitivity - variable rate instruments 2022	20,306,740	(20,306,740)	-	-

45 Fair value of financial assets and liabilities

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

Fair Value Hierarchy

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

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

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

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

As at June 30, 2023 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-23				
at fair value through profit or loss	-	-	-	-
30-Jun-22				
at fair value through profit or loss	-	-	-	-

	Note	30 th June, 2023 Rupees	30 th June, 2022 Rupees
46 Off balance sheet items			
Bank guarantees issued in ordinary course of business		260,177,270	244,559,721
Civil work		-	-
Letters of credit for raw material		-	53,757,742
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 shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

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

		30 th June, 2023	30 th June, 2022
		Rupees	Rupees
Borrowings	Rupees	4,416,508,567	4,481,353,125
Less: Cash and bank balances		(13,235,499)	(37,872,850)
Net Debts		4,403,273,068	4,443,480,275
Total equity	Rupees	3,987,440,885	4,895,929,274
Total capital employed	Rupees	8,390,713,953	9,339,409,549
Gearing ratio	Percentage	0.52	0.48

**QUETTA TEXTILE MILLS LIMITED**

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

48 PLANT CAPACITY AND PRODUCTION**Spinning**

Total no of spindles installed	73,488	73,488
Total no of rotors installed	1,104	1,104
Average no of spindles worked	45,419	61,953
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	12,273,309	16,741,152

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

Weaving

Rated capacity converted into 60 picks - Square meters	82,734,576	78,438,120
Actual production converted to 60 picks - Square meters	17,759,611	21,297,389
Total numbers of looms worked	274	259
Number of shifts worked per day	3	3

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

49 SUBSEQUENT EVENTS

There is no subsequent event after the balance sheet date.

50 NUMBER OF EMPLOYEES

	30 th June, 2023	30 th June, 2023	30 th June, 2022	30 th June, 2022
	Total	Factory	Total	Factory
Total number of employees as at	614	568	2,592	2,542
Average number of employees worked during the year	553	483	2,203	2,161

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.

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 2023**.

Chief Executive

Director

Chief Financial Officer



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 _____

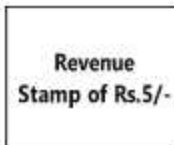
of _____

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 62nd Annual General Meeting of the Company to be held on Friday, October 27, 2023 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 _____ 2023.



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, a certified copy of that Power of Attorney must be deposited along with this form
- d) This proxy form duly completed must be deposited at the Registered Office of the Company at least 48 hours before the time of holding the meeting.
- e) In case of CDC account holder
 - 1) The proxy form shall be witnessed by two persons whose names, addresses CNIC numbers shall be mentioned on the form
 - 2) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - 3) The proxy shall produce his original, CNIC or passport at the time of meeting.
 - 4) In case of corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier with proxy form to the Company)

Witness - 1

Witness - 2

Name : _____ Name : _____

CNIC No: _____ CNIC No: _____

Address : _____ Address : _____



کوئٹہ ٹیکسٹائل ملز لمیٹڈ

فارم برائے قائم مقام / متبادل

میں / ہم:

پتہ:

کوئٹہ ٹیکسٹائل ملز لمیٹڈ کے نمبر ہونے کے ناطے اپنا اپنے مندرجہ ذیل قائم مقام / متبادل مقرر کرتے ہیں۔

نام جناب / محترمہ:

پتہ:

اور ان کی غیر موجودگی میں جناب / محترمہ:

پتہ:

میری / ہماری غیر موجودگی میں قائم / متبادل کھیتی کی 62 واں سالانہ جنرل میٹنگ میں شرکت کریں گے جو بروز ہفتہ 27 اکتوبر 2023 کو بوقت 09:30 بجے صبح ٹاور ہاؤس آئی آئی چنڈر گھروڈا کراچی میں منعقد ہوگی۔

اس دستاویز پر مورخہ _____ 2023 کو دستخط ہوئے۔

شیر ہولڈر کے دستخط _____

شیر ہولڈر کا فوٹو نمبر _____

اور ایڈا CDC _____

شریک ہونے والے ID نمبر _____

اور سب اکاؤنٹ نمبر _____

ریونیونٹ _____

پانچ روپے _____

نوٹس:

- 1- کوئی بھی پراسی اس وقت تک درست نہیں سمجھی جائے گی جب تک اس پر پانچ (05) روپے کا حصول ٹکٹ ٹانگا یا جائے۔
- 2- بینک یا کھیتی کی صورت میں پراسی فارم پر authorized person کے دستخط کے ساتھ کھیتی کی مشینز کے ممبر لازم ہوگی۔
- 3- پاور آف اٹارنی یا دیگر authority کی صورت میں پراسی فارم کے ساتھ اس کی تصدیق شدہ کاپی جمع کرنی ہوگی۔
- 4- دستخط شدہ پراسی فارم کم از کم 48 گھنٹے پہلے کھیتی کے رجسٹرڈ آفس میں جمع کرانا ہوگا۔

سی ڈی سی اکاؤنٹ ہولڈر کی صورت میں:

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

گواہان

(1) دستخط: _____ (2) دستخط: _____

نام: _____ نام: _____

پتہ: _____ پتہ: _____

CNIC یا سپورٹ نمبر: _____ CNIC یا سپورٹ نمبر: _____

Quetta Textile Mills Limited

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E-mail : sales@quettagroup.com Web: www.quettagroup.com