

**1st QUARTER ACCOUNTS
FOR THE PERIOD ENDED
SEPTEMBER 30, 2019
(UN-AUDITED)**



QUETTA

QUETTA TEXTILE MILLS LIMITED



QUETTA TEXTILE MILLS LIMITED

QUARTERLY REPORT SEPTEMBER 30, 2019

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Chairman	Mr. Major Rtd. Muhammad Saeed
Member	Mrs. Saima Asim
Member	Mrs. Sadaf Khalid

CHIEF FINANCIAL OFFICER

Mr. Omer Khalid

COMPANY SECRETARY

Mr. Nudrat Mund Khan

AUDITORS

Mushtaq and Company
Chartered Accountants

BANKERS

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

REGISTERED OFFICE

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

MILLS

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

WEB SITE ADDRESS

www.quettagroup.com



QUETTA TEXTILE MILLS LIMITED

Registered Office : Nadir House, I. I.Chundrigar Road, Karachi-74000, Pakistan

Tel: +92 (21) 3241-4334~6 Fax: +92 (21) 3241-9593

Liaison Office: 7-8/A Justice Sardar Iqbal Road, Off Zafar Ali Road, Gulberg-V, Lahore

Tel: 92-42-35775601-9, Fax: 92-42-35775610

Email: sales@QuettaGroup.com Web: www.QuettaGroup.com

DIRECTORS' REPORT

Assalam-e-Alaikum

Dear Shareholders:

We present to you the results of the company for the quarter ended September 30, 2019.

Your company made a pre-tax loss of Rs. 149.872 (M), as compared to the corresponding last year's Quarter pre-tax loss of Rs. 96.167 (M). Turnover for the Quarter ended was Rs. 1,244.378 (M), as compared to corresponding last year's Quarter sales of Rs. 983.928 (M). Pre-tax loss as a percentage comes to 12.04 % for the Quarter ended on September 30, 2019, as compared to 9.77% which was corresponding last Quarter pre-tax loss as a percentage. This reflects a increased in pre-tax loss by 23.23 % as a percentage.

In the end, I would like to thank all the staff and workers of the company and the supporting financial institutions for their confidence and efforts shown towards the company in its difficult time.

On behalf of the Board of Directors,

Tariq Iqbal
Chief Executive Officer

Karachi:

Dated: September 29, 2019

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ڈائریکٹر ان کی رپورٹ

اسلام علیکم!

معزز شیئر ہولڈرز:

ہم آپ کو کمپنی کے سہ ماہی مہنتہ 30 ستمبر 2019 کے نتائج پیش کرتے ہیں۔

آپ کی کمپنی کو 149.872 ملین روپے کا قبل از ٹیکس خسارہ ہوا جبکہ گزشتہ سہ ماہی مدت میں قبل از ٹیکس خسارہ 96.167 ملین روپے تھا۔ اس سہ ماہی مدت میں فروخت 1,244.378 بلین روپے رہی جبکہ گزشتہ سال کے سہ ماہی میں فروخت 983.928 ملین روپے تھی۔ سہ ماہی مدت مہنتہ 30 ستمبر 2019 میں بلعاط فروخت قبل از ٹیکس خسارہ کی شرح 12.04 فیصد رہی جبکہ گزشتہ سال کی سہ ماہی مدت میں قبل از ٹیکس خسارہ کی شرح 9.77 فیصد تھی۔ جو کہ شرح میں 23.23 فیصد اضافے کی عکاسی کرتا ہے۔

میں اس مشکل گھڑی میں کمپنی کے تمام عملے اور ملازمین اور معاون مالیاتی اداروں کے اعتماد اور کوششوں پر ان کا مشکور ہوں۔

بحکم بورڈ آف ڈائریکٹرز

طارق اقبال

چیف ایگزیکٹو آفیسر

مورخہ 29 ستمبر 2019

کراچی



STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 2019

	Note	30 th Sept., 2019 Rupees (Un-Audited)	30 th June 2019 Rupees (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	2	5,884,991,448	5,948,633,149
Intangible assets		1,988,436	2,130,467
Long term deposits		34,334,528	34,334,528
		5,921,314,412	5,985,098,144
CURRENT ASSETS			
Stores and spares		376,467,710	376,075,530
Stock in trade	3	468,472,086	494,496,833
Trade debts		456,225,984	348,069,761
Other financial assets		86,209	92,679
Advances, deposits, prepayments and other receivable		74,785,943	85,301,120
Tax refund due from governments		160,164,586	184,207,760
Cash and bank balances		69,762,711	61,332,016
		1,605,965,228	1,549,574,699
		7,527,279,640	7,534,672,843
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2019: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2019: 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		130,000,000	130,000,000
Reserves		766,751,200	766,751,200
Equity portion of Loan from directors and others		212,728,470	212,728,470
Revaluation surplus on property, plant and equipment		2,267,065,834	2,287,989,493
Accumulated profit / (loss)		(2,717,529,229)	(2,589,630,354)
		659,006,275	827,838,809
NON CURRENT LIABILITIES			
Long term finances		320,915,612	323,801,166
Redeemable capital - Sukuk		-	-
Liabilities against assets subject to finance lease		2,825,750	3,745,427
Deferred liabilities		183,557,609	175,666,687
		507,298,972	503,213,280
CURRENT LIABILITIES			
Trade and other payables		966,476,203	866,749,343
Accrued mark-up		1,052,078,240	1,008,139,867
Short term borrowings		2,643,904,120	2,680,067,734
Loan from directors and others		26,616,357	25,716,357
Current portion of			
Long term finances		976,346,210	973,460,636
Redeemable capital - Sukuk		611,335,643	611,335,643
Liabilities against assets subject to finance lease		17,908,742	17,332,945
Unclaimed dividend		36,467	36,467
Provision for taxation		66,272,412	50,781,743
		6,360,974,393	6,203,620,736
CONTINGENCIES AND COMMITMENTS			
	4	7,527,279,640	7,534,672,843

The annexed notes from 1 to 8 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



QUETTA TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	30 th Sept., 2019 Rupees	30 th Sept., 2018 Rupees
Sales		1,244,377,797	983,927,765
Cost of sales	5	(1,330,769,552)	(1,016,266,074)
Gross (loss)		(86,391,755)	(32,338,309)
Other income		2,160,138	313,797
		(84,231,617)	(32,024,512)
Distribution cost		(4,845,459)	(3,344,280)
Administrative expenses		(15,841,781)	(14,855,454)
Finance cost		(44,952,845)	(45,943,087)
		(65,640,085)	(64,142,821)
(Loss) before taxation		(149,871,702)	(96,167,333)
Provision for taxation			
Current tax - current period		(15,490,669)	(12,299,097)
Deferred		(4,081,669)	42,286,286
		(19,572,338)	29,987,189
Net (loss) for the quarter		(169,444,040)	(66,180,144)
(Loss) per share - basic and diluted		(13.03)	(5.09)

The annexed notes from 1 to 8 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



QUETTA TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	30 th Sept., 2019 Rupees	30 th Sept., 2018 Rupees
Net (loss) for the quarter		(169,444,040)	(66,180,144)
Other comprehensive income			
Items that may not be reclassified subsequently to profit and loss account:			
(income)/loss on remeasurement of staff retirement benefits		846,298	(3,201,170)
Impact of deferred tax		(234,791)	614,375
Other comprehensive income/(loss) for the quarter		611,507	(2,586,795)
Total comprehensive income/(loss) for the quarter		<u>(168,832,534)</u>	<u>(68,766,939)</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

**QUETTA TEXTILE MILLS LIMITED****CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

Note	30 th Sept., 2019 Rupees	30 th Sept., 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(149,871,702)	(96,167,333)
Adjustments for:		
Depreciation	62,561,872	65,841,766
Amortization	142,031	142,031
Finance cost	44,952,845	45,943,087
Profit on sale of property, plant and equipment	(473,210)	-
Provision for appreciation in the value of investment	6,470	(13,037)
Provision for gratuity	8,644,768	6,784,700
	<u>115,834,776</u>	<u>118,698,547</u>
Profit/(loss) before working capital changes	(34,036,926)	22,531,214
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(392,180)	5,077,820
Stock in trade	26,023,747	75,816,229
Trade debts	(108,156,223)	(10,624,667)
Advances, deposits, prepayments and other receivable	10,515,177	17,986,501
	<u>(72,009,479)</u>	<u>88,255,883</u>
(Decrease) / increase in current liabilities		
Trade and other payables	127,473,282	(90,505,665)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	21,426,877	20,281,432
Long term deposits	-	(90,000)
Interest paid	(2,942,866)	(1,424,028)
Gratuity paid	(4,600,724)	(3,028,675)
Taxes paid	8,488,451	(12,425,954)
	<u>944,861</u>	<u>(16,968,657)</u>
Cash flows from operating activities	<u>22,371,739</u>	<u>3,312,775</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	56,450	-
Proceeds from disposal of property, plant and equipment	1,610,000	-
Cash (used in) investing activities	1,666,450	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances	-	-
Redeemable capital - Sukuk	-	-
Liabilities against assets subject to finance lease	(343,880)	(43,374)
Short term borrowings	(16,163,614)	(11,913,552)
Loans from directors & others	900,000	(15,000)
	<u>(15,607,494)</u>	<u>(11,971,926)</u>
Net increase/(decrease) in cash and cash equivalents	<u>8,430,694</u>	<u>(8,659,151)</u>
Cash and cash equivalent at the beginning of the quarter	61,332,016	60,805,444
Cash and cash equivalent at the end of the quarter	<u>69,762,711</u>	<u>52,146,293</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer



QUETTA TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Share Capital	Reserves			Sub total	Equity portion of Loan from directors and others	Revaluation surplus on property, plant and equipment	Accumulated profit / (loss)	Total equity
		Share premium	Capital reserve	General reserve					
Rupees									
Balance as at June 30, 2018 - as previously reported (Audited)	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,350,570,116	(2,260,536,882)	1,199,512,904
Net (loss) for the quarter	-	-	-	-	-	-	-	(66,180,144)	(66,180,144)
Other comprehensive (loss) for the quarter	-	-	-	-	-	-	-	(2,586,795)	(2,586,795)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	-	(68,766,939)	(68,766,939)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(12,992,105)	12,992,105	-
Balance as at September 30, 2018 (Un-Audited)	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,337,578,011	(2,316,311,716)	1,130,745,965
Balance as at June 30, 2019 - as previously reported (Audited)	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,287,989,493	(2,569,630,354)	827,838,809
Net (loss) for the quarter	-	-	-	-	-	-	-	(169,444,040)	(169,444,040)
Other comprehensive (loss) for the quarter	-	-	-	-	-	-	-	611,507	611,507
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	-	(168,832,534)	(168,832,534)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(20,933,659)	20,933,659	-
Balance as at September 30, 2019 (Un-Audited)	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,267,055,834	(2,717,529,229)	659,006,275

The annexed notes from 1 to 8 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

**1 SELECTED EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

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 Yarn and Fabric.

1.2 Geographical location and address of business units

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

1.3 Going concern assumptions

During the period, the Company incurred loss amounting to Rs. 169.444 million (June 30, 2019: Rs. 368.904 million) and has reported accumulated losses amounting to Rs. 2,717.529 million (June 30, 2019 : Rs. 2.569.630 million) at the period end. Accordingly, it resulted into equity of Rs. 659.006 million in current period (June 30, 2019: equity Rs. 817.839 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 4,755.009 million (June 30, 2019: Rs. 4,654.046 million) at the year end. The main reason of loss was due to operational break down because of short of working capital which dropped the production operational efficiency and restricted to the extend 60% of available capacity. The QTML also suffered losses due to slowdown in demand for cotton yarns and fabrics in the international markets.

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

To substantiate its going concern assumption:

- 1.3.1 The management of the company is negotiating an amicable settlement of further financing for working capital with the banking companies and financial institutions. Series of meetings in this regards have also been held and the matter is being persuaded aggressively with the banks and financial institutions. Management is confident to get positive response and will be able to negotiate on favourable terms with the banking companies and financial institutions in order release finance for working capital requirements to run operations smoothly. During the period, Bank Alfalah has 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 has approved stepped-up repayment plan for 6 year.
- 1.3.2 The management has prepared five years future plan showing positive growth in operation and business of the company which is supported by increase in production of yarn during the period. 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;
- 1.3.3 During the financial year ended on June 2019, the company's weaving mills sales suffered due to adverse market conditions. However the management decided to convert operations to conversion by doing job work. Now we have orders and are continuing operations on mostly conversion basis.
- 1.3.4 Directors and sponsors of the company, they committed that they would also continue such support in future; and
- 1.3.5 The management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at various stages of implementation. Such steps include, but not limited to, rightsizing of the men power, resource conservation, close monitoring of other fixed cost etc. The management is certain to generate sufficient savings as consequences of adapting all such measures.
- The management anticipates that above steps will not only bring the Company out of the existing financial crisis but also contribute significantly towards the improvement of the company financial position in the foreseeable future.
- 1.4 These condensed interim financial information have been prepared in accordance with the International Financial Reporting Standards, International Accounting Standards (IAS) 34: Interim Financial Reporting as notified under the Companies Act, 2017 and the directives issued under the Act and in compliance with the requirement of section 237 of the Companies Act, 2017 and Rule Book of the Pakistan Stock Exchange
- 1.5 This condensed interim financial information has been prepared under 'historical cost convention' modified by:
- * certain items of property, plant and equipment which have been included at revalued amount;
 - * financial instruments at fair value; and
 - * recognition of certain staff retirement benefits at present value
- 1.6 The accounting policies and methods of computation followed in the preparation of the 1st Quarterly financial statements are the same as those of the published annual financial statements for the year ended June 30, 2019.

**QUETTA TEXTILE MILLS LIMITED****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019****2 PROPERTY, PLANT AND EQUIPMENT**

	Note	(Un-audited)	(Audited)
		30-Sep-19 ----- Rupees -----	30-Jun-19 -----
Operating assets	2.1	5,884,991,448	5,948,633,149
		<u>5,884,991,448</u>	<u>5,948,633,149</u>

2.1 The cost of acquisition and disposal to operating assets during the quarter ended September 30, 2019 were as follows:

	(Un-audited) 30-Sep-19		(Audited) 30-Jun-19	
	Acquisition Cost ----- Rupees -----	Disposal	Acquisition Cost ----- Rupees -----	Disposal
Owned assets				
Plant & machinery	-	-	21,351,557	-
Office equipment	56,450	-	-	-
Vehicles	-	2,291,220	-	1,800,000
Total	<u>56,450</u>	<u>2,291,220</u>	<u>21,351,557</u>	<u>1,800,000</u>

3 STOCK IN TRADE

The carrying value of pledged stock is Rs.17,797,538/- (June 30, 2019: Rs.17,797,538/-).

4 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies and commitments since the last audited financial statements except as disclosed in note 4.1 and 4.2 respectively.

	(Un-audited)	(Audited)
	30-Sep-19 ----- Rupees -----	30-Jun-19 -----

4.1 Contingencies

Bank Guarantee issued by bank on behalf of the company 247,962,619 219,558,594

There is no changes in the legal cases other than those enclosed in the annual financial statement as on June 30, 2019.

4.2 Commitments

There is no commitments as at quarter ended for the period ended September 30, 2019.

**QUETTA TEXTILE MILLS LIMITED**

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

5 COST OF SALES

	(Un-audited)	(Un-audited)
	30-Sep-19	30-Sep-18
	-----Rupees -----	
Raw material consumed	863,641,351	616,154,689
Salaries, wages and benefits	136,953,206	142,850,041
Stores and spares consumed	44,357,581	39,595,134
Fuel, power and water	266,157,766	163,013,084
Rent, rates and taxes	770,097	925,597
Insurance expenses	3,555,162	3,960,827
Repairs and maintenance	1,311,611	1,082,235
Vehicle running and maintenance	3,038,378	3,717,234
Entertainment expenses	1,014,652	437,647
Communication expenses	191,275	180,067
Printing and stationery	119,640	40,017
Subscription	112,900	43,478
Travelling	261,630	205,390
Legal and professional charges	20,000	-
Other expenses	384,630	393,551
Depreciation expenses	53,222,746	55,750,751
	<u>1,375,112,625</u>	<u>1,028,349,742</u>
Work in process		
Opening stock	72,470,782	33,483,618
Closing stock	(62,868,174)	(44,626,682)
	<u>9,602,608</u>	<u>(11,143,064)</u>
Cost of goods manufactured	<u>1,384,715,233</u>	<u>1,017,206,678</u>
Finished goods		
Opening balance	316,332,333	363,750,270
Closing stock	(370,278,014)	(364,690,874)
	<u>(53,945,681)</u>	<u>(940,604)</u>
	<u>1,330,769,552</u>	<u>1,016,266,074</u>

6 TRANSACTIONS WITH RELATED PARTIES

		(Un-audited)	(Un-audited)
		30-Sep-19	30-Sep-18
		-----Rupees -----	
Transactions with related parties	Relationship		
Loan received/(repaid) - net	Key management personnel	900,000	(15,000)
Salaries and other employees benefits	Key management personnel	2,400,000	2,400,000

7 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information have been authorized for issue on **October 29, 2019** by the board of directors of the company.

8 GENERAL

Figures have been rounded off to the nearest rupees.

Chief Executive

Director
(12)

Chief Financial Officer