

**1st QUARTER ACCOUNTS
FOR THE PERIOD ENDED
SEPTEMBER 30, 2020
(UN-AUDITED)**



QUETTA

QUETTA TEXTILE MILLS LIMITED



QUETTA TEXTILE MILLS LIMITED

QUARTERLY REPORT SEPTEMBER 30, 2020

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Chairman	Mr. Major Rtd. Muhammad Saeed
Member	Mr. Tauqir Tariq
Member	Mr. Shukat Hussain

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Omer Khalid

COMPANY SECRETARY

Mr. Nudrat Mund Khan

AUDITORS

Mushtaq and Company
Chartered Accountants

LEGAL ADVISOR

Muhammad Wasif Riaz

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



DIRECTORS' REPORT

Assalam-e-Alaikum

Dear Shareholders:

We present to you the results of the company for the quarter ended September 30, 2020.

Your company made a pre-tax loss of Rs. 125.413 (M), as compared to the corresponding last year's Quarter pre-tax loss of Rs. 149.872 (M). Turnover for the Quarter ended was Rs. 497.630 (M), as compared to corresponding last year's Quarter sales of Rs. 1,244.378 (M). Pre-tax loss as a percentage comes to 25.20% for the Quarter ended on September 30, 2019, as compared to 12.04% which was corresponding last Quarter pre-tax loss as a percentage. This reflects a increased in pre-tax loss by 109.30% 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

A handwritten signature in black ink, appearing to read "Tariq Iqbal", written in a cursive style.

Chief Executive Officer

Karachi:

Dated: October 28, 2020



QUETTA TEXTILE MILLS LIMITED

ڈائریکٹران کی رپورٹ
اسلام علیکم

معزز شیئر ہولڈرز:

ہم آپ کو کمپنی کے سہ ماہی منقسمہ 30 ستمبر 2020 کے نتائج پیش کرتے ہیں۔

آپ کی کمپنی کو 125.413 ملین روپے کا قبل از ٹیکس خسارہ ہوا جبکہ گزشتہ سہ ماہی مدت میں قبل از ٹیکس خسارہ 149.872 ملین روپے تھا اس سہ ماہی مدت میں فروخت 497.630 ملین روپے رہی جب کہ گزشتہ سال کے سہ ماہی میں فروخت 1,244,378 ملین روپے تھی۔ سہ ماہی مدت منقسمہ 30 ستمبر 2020 میں بلحاظ فروخت قبل از ٹیکس خسارہ کی شرح 25.20 فیصد رہی جب کہ گزشتہ سال کی سہ ماہی مدت میں قبل از ٹیکس خسارہ کی شرح 12.04 فیصد تھی۔ شرح میں 109.30 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

کراچی مورخہ 28 ستمبر 2020

**QUETTA TEXTILE MILLS LIMITED****STATEMENT OF FINANCIAL POSITION**

AS AT SEPTEMBER 2020

	Note	30 th Sept., 2020 Rupees (Un-Audited)	30 th June 2020 Rupees (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	2	5,671,095,345	5,720,860,458
Intangible assets		1,420,312	1,562,343
Long term deposits		33,649,014	33,649,014
		5,706,164,671	5,756,071,815
CURRENT ASSETS			
Stores and spares		408,897,219	409,450,434
Stock in trade	3	2,043,159,626	1,352,090,247
Trade debts		157,308,039	151,733,768
Other financial assets		90,768	67,194
Advances, deposits, prepayments and other receivable		106,474,141	97,339,367
Tax refund due from governments - Net		348,641,629	313,748,159
Cash and bank balances		93,891,506	81,810,653
		3,158,462,928	2,406,239,822
		8,864,627,599	8,162,311,637
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2020: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2020: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		350,000,000	350,000,000
Issued, subscribed and paid-up capital		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		2,208,650,955	2,228,537,931
Accumulated profit / (loss)		(3,347,052,941)	(3,237,318,480)
		(28,922,316)	100,699,121
NON CURRENT LIABILITIES			
Long term finances		294,279,686	332,600,041
Redeemable capital - Sukuk		-	-
Liabilities against assets subject to finance lease		-	-
Deferred liabilities		166,600,427	160,317,910
		460,880,113	492,917,951
CURRENT LIABILITIES			
Trade and other payables		3,093,640,686	2,220,717,094
Accrued mark-up		1,062,056,095	1,051,197,043
Short term borrowings		2,412,528,260	2,413,564,208
Loan from directors and others		28,016,357	28,016,357
Current portion of			
Long term finances		1,206,767,742	1,173,247,387
Redeemable capital - Sukuk		611,335,643	611,335,643
Liabilities against assets subject to finance lease		18,288,552	18,288,552
Unclaimed dividend		36,467	36,467
Provision for taxation		-	52,291,814
		8,432,669,802	7,568,694,565
CONTINGENCIES AND COMMITMENTS			
	4	8,864,627,599	8,162,311,637

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, 2020

	Note	30 th Sept., 2020 Rupees	30 th Sept., 2019 Rupees
Sales		497,630,327	1,244,377,797
Cost of sales	5	(591,507,865)	(1,330,769,552)
Gross (loss)		(93,877,538)	(86,391,755)
Other income		3,648,002	2,160,138
		(90,229,536)	(84,231,617)
Distribution cost		(2,862,498)	(4,845,459)
Administrative expenses		(21,099,310)	(15,841,781)
Finance cost		(11,221,853)	(44,952,845)
		(35,183,661)	(65,640,085)
(Loss) before taxation		(125,413,197)	(149,871,702)
Provision for taxation			
Current tax - current period		(7,464,455)	(15,490,669)
Deferred		-	(4,081,669)
		(7,464,455)	(19,572,338)
Net (loss) for the quarter		(132,877,652)	(169,444,040)
(Loss) per share - basic and diluted		(10.22)	(13.03)

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, 2020

	Note	30 th Sept., 2020 Rupees	30 th Sept., 2019 Rupees
Net (loss) for the quarter		(132,877,652)	(169,444,040)
Other comprehensive income			
Items that may not be reclassified subsequently to profit and loss account:			
(Income)/loss on remeasurement of staff retirement benefits		4,527,594	846,297
Impact of deferred tax		(1,271,379)	(234,791)
Other comprehensive income/(loss) for the quarter		3,256,215	611,506
Total comprehensive (loss) for the quarter		<u>(129,621,437)</u>	<u>(168,832,534)</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, 2020**

	30 th Sept., 2020 Rupees	30 th Sept., 2019 Rupees
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(125,413,197)	(149,871,702)
Adjustments for:		
Depreciation	59,448,512	62,561,872
Amortization	142,031	142,031
Finance cost	11,221,853	44,952,845
Profit on sale of property, plant and equipment	-	(473,210)
Provision for appreciation in the value of investment	(23,574)	6,470
Provision for gratuity	11,072,640	8,644,768
	81,861,462	115,834,776
Profit/(loss) before working capital changes	(43,551,735)	(34,036,926)
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	553,215	(392,180)
Stock in trade	(691,069,379)	26,023,747
Trade debts	(5,574,271)	(108,156,223)
Advances, deposits, prepayments and other receivable	(9,134,774)	10,515,177
	(705,225,209)	(72,009,479)
(Decrease) / increase in current liabilities		
Trade and other payables	876,179,814	127,473,282
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	127,402,870	21,426,877
Interest paid	(362,801)	(2,942,866)
Gratuity paid	(4,790,123)	(4,600,724)
Taxes paid	(94,649,739)	8,488,451
	(99,802,663)	944,861
Cash flows from operating activities	27,600,207	22,371,738
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,683,406)	56,450
Proceeds from disposal of property, plant and equipment	-	1,610,000
Cash (used in) investing activities	(9,683,406)	1,666,450
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances	(4,800,000)	-
Liabilities against assets subject to finance lease	-	(343,880)
Short term borrowings	(1,035,948)	(16,163,614)
Loans from directors & others	-	900,000
	(5,835,948)	(15,607,494)
Net increase/(decrease) in cash and cash equivalents	12,080,853	8,430,694
Cash and cash equivalent at the beginning of the quarter	81,810,653	61,332,017
Cash and cash equivalent at the end of the quarter	93,891,506	69,762,711

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

Chief Executive

Director

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Share Capital	Reserves				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	Sub total					
R u p e e s									
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	-	-	-	-	-	-	-	611,506	611,506
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	-	(168,832,534)	(168,832,534)
	-	-	-	-	-	-	(20,933,659)	20,933,659	-
Balance as at September 30, 2019 (Un-Audited)	<u>130,000,000</u>	<u>651,750,000</u>	<u>1,200</u>	<u>115,000,000</u>	<u>766,751,200</u>	<u>212,728,470</u>	<u>2,267,055,834</u>	<u>(2,717,529,229)</u>	<u>659,006,275</u>
Balance as at June 30, 2020 - as previously reported (Audited)	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,228,537,931	(3,237,318,480)	100,699,121
Net (loss) for the quarter	-	-	-	-	-	-	-	(132,877,652)	(132,877,652)
Other comprehensive (loss) for the quarter	-	-	-	-	-	-	-	3,256,215	3,256,215
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	-	(129,621,437)	(129,621,437)
	-	-	-	-	-	-	(19,886,976)	19,886,976	-
Balance as at September 30, 2020 (Un-Audited)	<u>130,000,000</u>	<u>651,750,000</u>	<u>1,200</u>	<u>115,000,000</u>	<u>766,751,200</u>	<u>212,728,470</u>	<u>2,208,650,955</u>	<u>(3,347,052,941)</u>	<u>(28,922,316)</u>

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. 132.878 million (June 30, 2020: Rs. 714.070 million) and has reported accumulated losses amounting to Rs. 3,347.053 million (June 30, 2020 : Rs. 3,237.318 million) at the period end. Accordingly, it resulted into negative equity of Rs. 28.922 million in current period (June 30, 2020: equity Rs. 100.699 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 5,274.207 million (June 30, 2020: Rs. 5,162.455 million) at the year end. The main reason of loss was due to operational break down because of short of working capital which dropped the production operational efficiency and restricted to the extend 75% 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 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;

1.3.2 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, management anticipates better operational efficiencies and plant utilization.

1.3.3 During the year and subsequent to the year end, the Directors and sponsors of the company have injected financial support. They have committed that they would also continue such support in future; and

1.3.4 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.

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, 2020.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

2 PROPERTY, PLANT AND EQUIPMENT

		(Un-audited)	(Audited)
		30 th Sept., 2020	30 th June 2020
	Note	----- Rupees -----	----- Rupees -----
Operating assets	2.1	5,671,095,345	5,720,860,458
Capital work in progress-at cost		-	-
		<u>5,671,095,345</u>	<u>5,720,860,458</u>

2.1 The cost of acquisition and disposal to operating assets during the quarter ended September 30, 2020 were as follows:

	(Un-audited)		(Audited)	
	30th Sept., 2020		30th June 2020	
	Acquisition	Disposal	Acquisition	Disposal
	Cost		Cost	
	----- Rupees -----		----- Rupees -----	
Owned assets				
Plant & machinery	9,543,286	-	23,224,723	-
Office equipment	32,000	-	518,005	-
Vehicles	108,120	-	-	2,930,220
Total	<u>9,683,406</u>	<u>-</u>	<u>23,742,728</u>	<u>2,930,220</u>

3 STOCK IN TRADE

The carrying value of pledged stock is Rs. NIL (June 30, 2020: Rs. NIL).

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 th Sept., 2020	30 th June 2020
	-----Rupees -----	

4.1 Contingencies

Bank Guarantee issued by bank on behalf of the company 230,759,721 230,759,721

There is no changes in the legal cases other than those enclosed in the annual financial statement as on June 30, 2020.

4.2 Commitments

There is no commitments as at quarter ended for the period ended September 30, 2020.



QUETTA TEXTILE MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

5 COST OF SALES

	(Un-audited)	(Un-audited)
	30 th Sept., 2020	30 th Sept., 2019
	-----Rupees -----	
Raw material consumed	333,302,155	863,641,351
Salaries, wages and benefits	176,373,133	136,953,206
Stores and spares consumed	59,533,811	44,357,581
Fuel, power and water	236,162,171	266,157,766
Rent, rates and taxes	692,571	770,097
Insurance expenses	3,297,671	3,555,162
Repairs and maintenance	1,845,085	1,311,611
Vehicle running and maintenance	2,859,345	3,038,378
Entertainment expenses	939,787	1,014,652
Communication expenses	230,152	191,275
Printing and stationery	239,711	119,640
Subscription	196,582	112,900
Travelling	233,040	261,630
Legal and professional charges	-	20,000
Other expenses	333,005	384,630
Depreciation expenses	58,748,170	53,222,746
	874,986,388	1,375,112,625
Work in process		
Opening stock	60,240,277	72,470,782
Closing stock	(62,147,768)	(62,868,174)
	(1,907,491)	9,602,608
Cost of goods manufactured	873,078,897	1,384,715,233
Finished goods		
Opening balance	968,486,743	316,332,333
Closing stock	(1,250,057,775)	(370,278,014)
	(281,571,032)	(53,945,681)
	591,507,865	1,330,769,552

6 TRANSACTIONS WITH RELATED PARTIES

	(Un-audited)	(Un-audited)
	30th Sept., 2020	30th Sept., 2019
	-----Rupees -----	
Transactions with related parties		
Loan received/(repaid) - net	-	900,000
Salaries and other employees benefits	4,093,260	2,400,000
Relationship		
Key management personnel	-	900,000
Key management personnel	4,093,260	2,400,000

7 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information have been authorized for issue on **October 28, 2020** by the board of directors of the company.

8 GENERAL

Figures have been rounded off to the nearest rupees.


Chief Executive


Director


Chief Financial Officer