48th ANNUAL REPORT 2017

QUETTA

QUETTA TEXTILE MILLS LIMITED

Annual Report 2017

For The Year Emded June 2017

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Tauqir Tariq	Chairman
Mr. Tariq Iqbal	Chief Executive
Mr. Asim Khalid	Director
Mr. Omer Khalid	Director
Mrs. Saima Asim	Director
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	Mrs. Tabbasum Tariq
Member	Mrs. Saima Asim
Member	Mrs. Sadaf Khalid

CHIEF FINANCIAL OFFICER	Mr. Omer Khalid
COMPANY SECRETARY	Mr. Muhammad Sohrab Ghani
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

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.

NOTICE OF MEETING

Notice is hereby given that the **55th Annual General Meeting** of the Shareholders of **Quetta Textile Mills Limited** will be held on **Tuesday, October 31, 2017 at 09.00 A.M.** at the registered office of the Company at **Nadir House (Ground Floor), I.I. Chundrigar Road, Karachi** to transact the following business: -

Ordinary Business:

1. To confirm the minutes of the 54th General Meeting held on January 27, 2017.
2. To receive, consider and approve the report of the Directors, Auditors and Audited Accounts of the Company for the year ended June 30, 2017.
3. To appoint Auditors for the year 2017-2018 and fix their remuneration. The Board has recommended, as suggested by Audit committee, the appointment of M/s Mushtaq & Co, Chartered Accountant, the retiring auditors and being eligible to offer themselves for re-appointment.
4. To transact any other ordinary business or business with the permission of the Chairman.

By order of the Board of Directors

MUHAMMAD SOHRAB GHANI
Company Secretary

Karachi:
Dated: October 09, 2017

Notes:

1. A member entitled to attend the Annual General Meeting is entitled to 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 the Company 48 Hours before meeting commences.
2. For the purpose of entitlement of dividend, the Register of the members of the Company will remain closed at registered office from October 25,2017 to October 31,2017 (both days inclusive) and if dividend approved will be paid to such members whose name appear in the Company's register of member at the close of business on October 24, 2017.
3. Guidelines for CDC Account Holders for personal attendance:
   i) In case of individuals, the account holders or sub-account holders and / or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall authenticate his / her identity by showing his/her original CNIC at the time of attending the meeting.
   ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
4. Shareholders are required to promptly notify at registered office of the Company of any change in their address.
5. According to SECP letter # SMD/CIW/Misc/14/2009 dated October 11, 2011, All shareholders are requested to please contact / coordinate with Company's Share Registrar for collection of unclaimed Dividend.
6. According Section 242 of Company 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 to Shares Registrar, CDC and sub account holder update with their brokers.

QUETTA TEXTILE MILLS LIMITED

Nadir House, I. I. Chundrigar Road, Karachi – 74000, Pakistan
Tel: +92 (21) 3241-4334~6 Fax: +92 (21) 3241-9593
Mail: sales@QuettaGroup.com Web: www.QuettaGroup.com

DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

The Directors of Quetta Textile Mills Limited feel pleasure in presenting audited accounts and annual report of the Company for the year ended June 30, 2017 along with Auditor's Report thereon|:·

Financial Results

	2017	2016
	(Rupees in '000)	
Pre-tax (loss) for the year	(1,433.350)	(1,724.815)
Taxation	3.200	9.380
(Loss) after taxation	(1,430.150)	(1,715.435)
Other Comprehensive Loss	(4.043)	(27.278)
Accumulated Profit Brought Forward	(375.202)	1,285.250
Less: Dividend Paid	Nil	Nil
	(1,809.395)	(457.463)
Transfer from Surplus on Revaluation of Property		
Plant & Equipment	54.704	55.938
Accumulated (loss)/profit Carried Forward	(1,754.691)	(375.202)

The above results of the company for the year ended June 30, 2017. Turnover for the year is the same as last year at Rs. 5,280.635 million. On a turnover of Rs. 5,280.635 million, your company made a loss before tax of Rs. 1,433.350 million as compared to Rs. 1,724.815 million last year. Pre-tax loss has rather reduced by Rs. 291.465 million, a reduction of 16.90%.

we draw attention to note 2.4 in the financial statements which indicates that the company incurred a net loss of Rupees 1,430.150 million during the year ended June 30, 2017 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 2,666.177 million. These conditions, along with other matters as explained in note 2.4.1 to 2.4.4 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. These financial statements, however, have been prepared on the going concern basis on the assumptions as detailed in aforesaid note

Textile Outlook:

Pakistan's textile industry is still going through one of the toughest periods:

External Threats:

- Slowdown in demand for cotton yarns and fabrics in the international markets, particularly China;
- Sales of fabrics have been high value articles for Europe. Due to low demands from Europe, QTML fabric export sales have been very slow. This has also hampered the inflows in weaving;
- There is an influx of foreign textile goods being imported and sold in the domestic market. India has emerged as a major player in the textile sector. There is availability of cheap yarns from India. Indian yarns are around 10%--12% cheaper to import in Pakistan from India. It will not be place to mention that Indian yarns are being 'dumped' in Pakistan. Rival countries are supporting their textile industry with subsidies and incentives. This has rendered the Pakistani textile industry as un-competitive in the international market;
- Our neighboring countries have devalued their currencies between 3%--10%, thereby making it difficult for Pakistani textile industry to compete with them.

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DIRECTORS' REPORT TO THE MEMBERS

Local Threats:

- Imposition of GIDC by the federal government;
- Increase in minimum wages/salaries of labour. Increase in cost of doing business;
- No export incentives to down-stream industry (spinning & weaving), as compared to incentives given to the Indian and Vietnam textile industry;
- Increase in energy costs due to increase in gas/electric tariff rates. Electricity tariff is the highest in Pakistan as compared to India, Bangladesh, China and Vietnam;
- Higher cotton prices vis-à-vis yarn prices;
- More than 25% Working Capital has been stuck-up in the refund regime creating severe cash flow crunch;
- Closure of valued-added chain;
- Cost of doing business is amplifying;
- Pakistan's general political instability & dispute causing economic isolation and worsening law & order situation.

Way Forward:
The textile industry is the backbone of the country providing valuable foreign exchange and employment opportunities. It is the largest manufacturing sector which contributes 60% on foreign exchange earnings. The severe conditions in Pakistan's spinning and weaving sectors are expected to continue well into the next financial year, unless the government steps forward with corrective measures with regards to its policies for the industry. The government must realize the situation and provide relief through reduced power tariff, export refinance on yarns and fabrics, removal of GIDC and timely Income Tax/Sales Tax refunds.

The bail-out package has not benefitted the textile industry which was supposed to 'jump-start' this industry. Old refunds have been rolled-back which are aggravating the situation even further.

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 uncertainties 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 effect 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 doubt full debts.

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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 effect 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.

Dividend

The Board of Directors have recommended Nil Dividend for year ended June 30, 2017, due to losses.

Auditors

The Present Auditors 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. Your Company is extensively supporting various educational and health projects.

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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 dis-cuss and implement this as and when the situation arises.

Pattern of Share Holding

The pattern of shareholding as on June 30, 2017 is annexed to this report.

Summary of Financial Data

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

Board of Directors Meetings

A total of ten meetings of the Board of Directors were held during 12 months' period from July 01, 2016 to June 30, 2017. Attendance at the Board Meetings by each Director is as follows:

Name of Directors	Number of Meetings Attended
Mr. Tariq Iqbal	12
Mr. Asim Khalid	11
Mr. Omer Khalid	12
Mr. Tauqir Tariq	10
Mrs. Saima Asim	06
Mrs. Tabbasum Tariq	06
Mrs. Sadaf Khalid	06
Mr. Major Rtd. Muhammad Saeed	04

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

Board Audit Committee

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

The Committee meets at least once every quarter and assists the Board if fulfilling its oversight responsibilities. A total of four Board Audit Committee meetings were held during 12 months' period from July 01, 2016 to June 30, 2017. Attendance at the Board Audit Committee Meetings by each Director / members is as follow:

Name of Directors	Number of Meetings Attended
Mrs. Tabbasum Tariq	04
Mrs. Sadaf Khalid	04
Mr. Major Rtd. Muhammad Saeed	04

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DIRECTORS' REPORT TO THE MEMBERS

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.

Corporate Governance

The Board of Directors hereby declares that for the year ended June 30, 2017:

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

Conclusion

In the end, I would like to thank all the financial institutions for their continued support and confidence they have shown towards the company. To the workers, staff and officers, I extend my gratitude for their dedication and honesty.

For and on behalf of the Board

TARIQ IQBAL
Chief Executive

Karachi:

Dated: October 09, 2017

کوئٹہ ٹیکسٹائل ملز لمیٹڈ

ممبران کے لئے ڈائریکٹرز کی رپورٹ

معزز حصص یافتگان!

کوئٹہ ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹرز کمپنی کا آڈٹ شدہ اکاؤنٹ اور سالانہ رپورٹ برائے سال مختتمہ 30 جون 2017 کے ساتھ آڈٹ شدہ رپورٹ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مالیاتی نتائج

	2017	2016
	روپے '000' میں	
(خسارہ) قبل از ٹیکس (سال کے لیے)	(1.433.350)	(1,724.815
ٹیکس کی ادائیگی	3.200	9.380
(خسارہ) بعد از ٹیکس	(1,430.150)	(1,715.435)
دیگر جامع خسارہ	(4.043)	(27.278)
پیش آور جمع شدہ منافع	(375.202)	1,285.250
منافع منقسمہ کی ادائیگی	NIL	NIL
	(1,809,395)	(457.463)
جائیداد، پلانٹ اور آلات کی از سر نو تعین مالیت میں اضافہ کی منتقلی	54.704	55.983
حاصل سبق جمع شدہ (خسارہ)/ منافع	(1,754.691)	(375.202)

کمپنی کے مذکورہ بالا نتائج مختتمہ سال 30 جون 2017ء کے لئے ہیں۔ اس سال کی فروخت پچھلے سال کے 5,280.635 ملین روپے کے مماثل ہے۔ آپ کی کمپنی نے فروخت 5,280.635 ملین پر قبل از ٹیکس خسارہ 1433.250 ملین روپے اٹھایا ہے جو پچھلے سال کے قبل از ٹیکس خسارہ 1,724.815 ملین روپے کے مقابلے میں اس سال قبل از ٹیکس خسارہ 291.46 ملین روپے کم ہو گیا جو کہ 16.91% فیصد کمی بنتی ہے۔

مالیاتی سال کے گوشوارے میں ہم آپ کی توجہ نوٹ 2.4 کی طرف دلاتے ہیں جو کہ اس بات کی نشاندہی کرتا ہے کہ کمپنی نے پچھلے سال مختتمہ 30 جون 2017ء میں 1,430.150 ملین روپے کا خسارہ برداشت کیا اور اسی تاریخ پر، کمپنی کی موجودہ ذمے داری اس کے موجودہ اثاثوں سے 2,666.177 ملین روپے سے زیادہ ہوگئی۔ یہاں ہم یہ شامل کرنا چاہتے ہیں کہ کمپنی نے اپنی سہولیات کو بہتر بنانے اور استعمال کے ذریعہ اپنے آپریشنز کی طویل مدتی حکمت عملی کو موثر بنایا ہے۔ ہم مستقبل قریب میں کمپنی کی مالی صورتحال کو بہتر بنانے پر اعتماد رکھتے ہیں۔

ٹیکسٹائل کا منظر نامہ

پاکستان کی ٹیکسٹائل صنعت ابھی تک شدید مشکلات کے دور سے گزر رہی ہے۔

بیرونی خطرات

- عالمی منڈی میں کپاس کے یارن اور کپڑے کی طلب میں کمی، خاص طور پر چائنہ میں ظاہر کی گئی ہے۔
- کپڑے کی فروخت یورپ میں ایک قیمتی شے ہے۔ یورپ سے طلب میں کمی کی وجہ سے QTML کپڑے کی برآمدی فروخت میں بہت سست روی ہے۔ جس کی وجہ سے ویونگ کی اندرونی طلب میں کمی ہوئی۔
- بڑے پیمانے پر ٹیکسٹائل مصنوعات درآمد کی جارہی ہیں اور مقامی منڈی میں فروخت ہو رہی ہیں۔ انڈیا ٹیکسٹائل شعبے میں ایک اہم کھلاڑی کے طور پر ابھرا ہے۔ انڈیا سے سستی یارن دستیاب ہوتی ہے۔ انڈین یارن پاکستانی یارن کی بہ نسبت 10-12 فیصد سستی ہے جس کی وجہ سے پاکستان میں انڈین یارن درآمد کی جارہی ہے۔ یہ کہنا بیجا نہ ہوگا کہ انڈین یارن کے پاکستان میں ڈھیر لگے ہوئے ہیں۔ حریف ممالک اپنی ٹیکسٹائل صنعت کو سبسڈی اور مراعات دے کر معاونت فراہم کر رہے ہیں۔ جس کی وجہ سے پاکستان کی ٹیکسٹائل صنعت کو عالمی منڈی میں شدید مسابقت کا سامنا ہے۔
- ہمارے ہمسایہ ممالک نے اپنی کرنسی کی قدر 3 فیصد سے 10 فیصد گھٹادی ہے، جس سے پاکستان کی ٹیکسائل صنعت کو ان سے مقابلہ کرنے میں کو شدید مشکلات کا سامنا ہے۔

مقامی خطرات

- ☆ وفاقی حکومت کی طرف سے GIDC کا نفاذ
- ☆ مزدور کی کم از کم اجرتوں/تنخواہوں میں اضافہ، جس کی وجہ سے کاروباری لاگت بڑھ گئی ہے۔
- ☆ انڈیا اور ویت نام کی ٹیکسٹائل صنعت کو دی گئی مراعات کی بہ نسبت پاکستان کی گرتی ہوئے برآمدی صنعت کو کوئی مراعات نہیں دی گئیں۔
- ☆ توانائی کی لاگت میں اضافہ کی وجہ گیس/بجلی کے نرخوں میں اضافہ ہے۔ بجلی کے نرخ، انڈیا، بنگلہ دیش اور ویتنام کی بہ نسبت پاکستان میں بہت زیادہ ہیں۔
- ☆ کپاس کی اونچی قیمتیں اور اس کے ساتھ یارن کی اونچی قیمتیں
- ☆ 25 فیصد سے زیادہ جاری کاروباری سرمایہ ریفنڈ میں پھنس جاتا ہے جس کی وجہ سے نقدی کا بہاؤ (Cash Flow) متاثر ہوتا ہے۔
- ☆ قیمتی اشیاء بنانے والے کارخانوں کی بندش
- ☆ کاروباری لاگت میں اضافہ
- ☆ پاکستان میں عمومی سیاسی عدم استحکام اور تنازعات کی وجہ سے اقتصادی تنہائی اور بگڑتی ہوئی امن وعامہ کی صورتحال۔

آگے کی جانب قدم

ٹیکسٹائل صنعت ملک میں ریڑھ کی ہڈی کی حیثیت رکھتی ہے جو قیمتی زرمبادلہ اور روزگار کے مواقع فراہم کرتی ہے۔ یہ سب سے بڑا مینوفیکچرنگ سیکٹر ہے جو 60 فیصد زرمبادلہ کماتا ہے۔ اگر حکومت نے اپنی صنعتی پالیسی میں اصلاحی اقدامات نہ کئے تو پاکستان کی اسپننگ اور ویونگ صنعت کا شعبہ اگلے مالیاتی

سال میں بھی شدید مشکلات کا شکار رہے گا۔ حکومت کو اس صورتحال کا فوری نوٹس لینا چاہیئے اور توانائی کے نرخ میں کمی، یارن اور کپڑے کی صنعت کو برآمدی قرضوں کی فراہمی، GIDC کا خاتمہ اور انکم ٹیکس/سیلز ٹیکس ریفنڈ کی بروقت ادائیگیاں کر کے ریلیف فراہم کرے۔
مشکلات سے باہر نکالنے کے مراعاتی پیکیج سے توقع کی جارہی تھی کہ ''فوری فائدہ'' پہنچے گا لیکن ٹیکسٹائل صنعت کو اس سے کوئی ریلیف نہ ملا۔ پرانے ریفنڈ کی ادائیگی روک دی گئی ہے جس سے صورتحال مزید خراب ہوگئی۔

مالیاتی انتظام

کیش (نقدی) کے بہاؤ کا انتظام

کمپنی نقدی کے بہاؤ کا ایک موثر نظام رکھتی ہے جبکہ نقدی کے آنے اور جانے کا بہاؤ کی منصوبہ بندی باقاعدگی کی بنیاد پر کی گئی ہے۔ کاروباری سرمایہ کی ضروریات کو جہاں ضرورت ہوتی ہے بیرونی ذرائع سے کم مدت کے قرضوں اور اندرونی نقدی کی کمائی کے ذریعہ سرمایہ کاری کرنے کی منصوبہ بندی کی جاتی ہے۔

خطرے کو کم کرنا

کسی کاروبار کو چلانے میں خطرات در غیر یقینی صورتحال بارہ راست کاروبار کی کامیابی کو متاثر کرتے ہیں۔ کوئٹہ ٹیکسٹائل ملز لمیٹڈ کی انتظامیہ نے امکانی خطرات کی نشاندہی کی ہے۔ آئندہ کے گوشوارے کی تیاری کرنا ہماری پالیسی کا حصہ ہے۔ ہم ان خطرات کو واضح کر رہے ہیں جو ہمارے کاروبار پر اثر انداز ہو سکتے ہیں۔ انتظامیہ نے خطرے کے عوامل کو کم کرنے کے لئے اس حکمت عملی پر توجہ مذکور کی ہے۔

قرض کا خطرہ

ہاتھ میں موجود نقدی کے علاوہ کمپنی کے تمام مالیاتی اثاثے میں خطرہ موجود ہے۔ کمپنی اس بات پر یقین رکھتی ہے کہ قرضہ کے خطرے کی اہم حدود کو ظاہر کیا جائے۔ قرضوں کی حدود کا نفاذ کر کے انہیں ظاہر کیا جاتا ہے تاکہ کسٹمرز کو محفوظ رکھا جائے اور اسے ماضی کے تجربات کی بنیاد فروخت کا حجم، مالی صورتحال پر غور، ماضی کا ریکارڈ اور وصولیوں، ٹیکسٹائل کے شعبے میں معاشی ترمیم کر کے ہی کیا جا سکتا ہے۔ کمپنی اس بات پر یقین کہ قرضوں کی فراہمی میں احتیاط برتی جائے۔

رواں رکھنے کے خطرات

رواں رکھنے کے خطرات پر قابو پانے کے لئے انتظامیہ نے ٹھیکیداری لوازمات کے لئے کافی مقدار میں فنڈ مختص کئے ہیں۔ کمپنی کی انتظامی حکمت عملی کا مقصد یہ ہے کہ روانی کے خطرات کو قابو میں رکھنے کے لئے اندرونی سطح پر کیش کو فراہم کیا جائے اور مالیاتی اداروں سے قرضہ لیا جائے۔

شرح سود کے خطرات

بینکوں کو بھاری مقدار میں قلیل المیعاد اور طویل المعیاد قرضوں سے سودی آمدنی ہوتی ہے۔ لہذا رپورٹنگ کی تاریخ پر شرح سود میں کسی قسم کی تبدیلی منافع اور خسارہ گوشوارہ پر اثر انداز نہ ہوگی۔

زرمبادلہ کے خطرات

زرمبادلہ کا خطرہ وہاں ہوتا ہے جہاں قابل وصولی اور قابل ادائیگی کے لین دین بیرونی کرنسیوں میں ہو۔ کمپنی کو اپنے پلانٹ و مشینری اور خام مال کی درآمدات پر طویل المیعاد USD/PKR کی مساوات 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 کررہی ہے۔ کمپنی اس بات کے لئے کوشاں ہے کہ زیادہ سے زیادہ پیداواری گنجائش کو قابل عمل بنایا جائے تاکہ بہترین منافع حاصل ہو سکے اور آپ کی کمپنی ملک کی ٹیکسٹائل کی صنعت میں اپنا اہم مقام برقرار رکھے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے مختتمہ سال 2017 کے لئے کسی منافعہ مقسمہ کا اعلان نہیں کیا ہے۔ موجودہ آڈیٹرز میسرز مشتاق اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اپنی دوبارہ تقرری کی اہلیت رکھتے ہیں۔

بورڈ آڈٹ کمیٹی

بہترین کاروباری ضابطوں کی پاسداری کرتے ہوئے بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی کی تشکیل دی ہے۔ کمپنی پروفائل میں اس کمیٹی کے ممبران کے نام دیئے گئے ہیں۔

ہر سہ ماہی میں کمپنی کا کم از کم ایک اجلاس منعقد ہوتا ہے جو کہ بورڈ کی فروگزاشت ذمہ داریوں کو پورا کرنے میں مددگار ہے۔ یکم جولائی 2016 سے 30 جون 2017 تک ''بارہ ماہ'' میں بورڈ آڈٹ کمیٹی کے چار اجلاس ہوئے۔ جن میں ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	اجلاس (حاضری کی تعداد)
محترمہ تبسم طارق	04
محترمہ صدف خالد	04
جناب میجر ریٹائرڈ محمد سعید	04

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

کاروباری نظم ونسق

بورڈ آف ڈائریکریٹرز اس بات کا اقرار کرتے ہوں ے کہ مختتمہ سال 30 جون 2017 میں:

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

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

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

d) مالیاتی گوشواری کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے اور کسی بھی قسم کے انحراف کو مناسب انداز میں منکشف کیا گیا ہے اور وضاحت کی گئی ہے۔

e) کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک وشبہ نہیں ہے۔

f) اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔

g) گزشتہ چھ سالوں کا اہم مالیاتی اور کاروباری ڈیٹا اختصاری شکل میں منسلک کردیا گیا ہے۔

h) قانونی واجبات، واجب الادا محاصلات اور ٹیکسز کو مالیاتی گوشواروں مناسب انداز میں منکشف کیا گیا ہے۔

اختتامیہ

آخر میں، میں تمام مالیاتی اداروں کا شکرگزار ہوں جنہوں نے ہم سے مسلسل تعاون کیا اور کمپنی پر اپنے بھرپور اعتماد کا اظہار کیا۔ میں تمام ورکرز اسٹاف اور آفیسرز کی انتھک محنت اور ایمانداری کی قدردانی کرتا ہوں۔

بحکم بورڈ

طارق اقبال

چیف ایگزیکٹو

کراچی اکتوبر 09، 2017

KEY OPERATING AND FINANCIAL DATA

		2017	2016	2015	2014	2013	2012
OPERATING DATA							
Sales	Rs. '000'	5,280,635	5,280,152	10,175,476	12,301,405	12,967,979	11,141,096
Cost of Goods Sold	Rs. '000'	6,292,163	6,439,717	9,562,202	11,064,701	11,528,549	9,670,029
Gross Profit	Rs. '000'	(1,011,527)	(1,159,565)	613,574	1,236,704	1,439,430	1,471,067
Profit / (Loss) Before Taxation	Rs. '000'	(1,433,350)	(1,724,815)	(323,527)	214,911	267,252	157,549
Profit / (Loss) After Taxation	Rs. '000'	(1,430,150)	(1,715,435)	(392,014)	70,699	159,273	36,439
FINANCIAL DATA							
Equity Balance	Rs. '000'	(697,215)	521,548	2,182,001	2,488,036	2,424,932	2,238,689
Property, Plant & Equipment	Rs. '000'	5,503,697	5,763,224	6,038,998	5,008,146	5,056,794	5,081,501
Current Assets	Rs. '000'	1,986,598	3,425,592	5,068,859	5,128,633	4,402,188	4,426,786
Current Liabilities	Rs. '000'	4,652,774	5,058,190	5,853,355	5,532,754	4,702,127	4,855,243
PROFITABILITY RATIOS							
Gross Profit Margin	%	(19.11)	(21.96)	6.03	10.05	11.10	13.20
Operating Profit Margin	%	(27.15)	(32.73)	(3.42)	1.70	2.00	1.37
Net Profit Margin	%	(27.08)	(32.67)	3.18	1.75	2.06	1.41
LIQUIDITY RATIOS							
Current Ratio	Times	0.43	0.68	0.87	0.93	0.94	0.91
Quick Ratio	Times	0.10	0.09	0.11	0.15	0.18	0.14
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	11.62	8.31	11.98	12.19	11.68	11.00
Accounts Receivables Turnover	Times	36.64	23.25	27.31	29.79	34.54	22.41
Inventory Turnover	Times	3.43	(1.64)	(2.65)	3.20	3.20	3.61
Total Assets Turnover	Times	0.62	0.52	0.96	1.25	1.36	1.16
Return on Total Assets	%	(0.18)	(0.19)	(0.03)	0.02	0.03	0.02
Return on Equity	%	(2.00)	(0.87)	(0.15)	0.09	0.11	0.07
LEVERAGE RATIOS							
Long Term Debts to Equity	Times	(3.15)	4.25	0.78	0.71	0.64	0.57
Total Debts to Equity	Times	(9.80)	13.94	3.04	2.60	2.42	2.74
Long Term Debts to Total Assets	Times	0.29	0.24	0.15	0.17	0.22	0.23
Total Debts to Total Assets	Times	0.79	0.65	0.59	0.64	0.62	0.64
Equity to Total Assets	Times	(0.09)	0.06	0.20	0.24	0.26	0.23
Interest Coverage Ratio	Times	(4.44)	(4.19)	(0.52)	0.36	0.37	0.17
OTHERS							
Earning / (Loss) Per Share	Rs	(110.01)	(131.96)	(30.15)	5.44	12.25	2.80
Breakup Value of Share w/o Revaluation Surplus	Rs	(53.63)	44.73	167.85	191.39	186.53	172.21
Breakup Value of Share with Revaluation Surplus	Rs	54.61	157.18	283.22	244.41	240.87	227.90
Cash Dividend	%	NIL	NIL	NIL	NIL	15	NIL

DETAIL OF PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE AS AT 30TH JUNE 2017

	Name of shareholders		No of Shareholders	Share held	Percentage
1	**Directors, CEO their Spouse and Minor Childern**		9		
	Mr. Tariq Iqbal	(Director & CEO)		887,059	6.82
	Mr. Asim Khalid	(Director)		1,284,295	9.88
	Mr. Omer Khalid	(Director)		1,279,303	9.84
	Mrs. Saima Asim	(Director)		8,700	0.07
	Mrs. Sadaf Khalid	(Director)		397,158	3.06
	Mrs. TabbasumTariq	(Director)		694,353	5.34
	Mr. Tauqeer Tariq	(Director)		892,726	6.87
	Mr. Muhammad Saeed	(Director)		521	0.00
	Mrs. Tahmina Tauqeer	(w/o Mr. Tauqeer Tariq)		685,205	5.27
2	Associates Companies, undertakings and Related Parties			-	-
3	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 Corpration Ltd			364	0.00
	National Bank Of Pakistan			9,697	0.07
7	**Others**		9	118,142	0.91
8	Individual		264	6,742,227	51.86
	Total		**286**	**13,000,000**	**100.00**

ShareholdersHoding 05% or More

Tanvir Tariq	800,850	6.16
Rukhsana Khalid	1,293,837	9.95
Mr. Tariq Iqbal	887,059	6.82
Mr. Asim Khalid	1,284,295	9.88
Mr. Omer Khalid	1,279,303	9.84
Mrs. TabbasumTariq	694,353	5.34
Mr. Tauqeer Tariq	892,726	6.87
Mrs. Tahmina Tauqeer	685,205	5.27

PATTERN OF SHAREHOLDING (FORM - A)

Pattern of holding of the shares held by the shareholders as at 30-06-2017 is given below

No of Shareholders	Shareholding					Total Share Held
102	From	1	To	100	Shares	2,040
65	From	101	To	500	Shares	17,880
30	From	501	To	1,000	Shares	26,020
35	From	1,001	To	5,000	Shares	91,010
13	From	5,001	To	10,000	Shares	98,970
2	From	10,001	To	15,000	Shares	25,279
1	From	15,001	To	20,000	Shares	20,000
2	From	20,001	To	25,000	Shares	49,272
3	From	25,001	To	30,000	Shares	83,384
2	From	30,001	To	35,000	Shares	67,076
2	From	40,001	To	45,000	Shares	83,360
1	From	50,001	To	55,000	Shares	52,000
1	From	65,001	To	70,000	Shares	70,000
1	From	70,001	To	75,000	Shares	74,000
1	From	95,001	To	100,000	Shares	100,000
1	From	100,001	To	105,000	Shares	100,500
2	From	125,001	To	130,000	Shares	260,000
1	From	170,001	To	175,000	Shares	171,641
1	From	190,001	To	195,000	Shares	190,358
2	From	195,001	To	200,000	Shares	196,000
1	From	210,001	To	215,000	Shares	427,808
1	From	300,001	To	305,000	Shares	300,350
1	From	330,001	To	335,000	Shares	334,272
1	From	341,001	To	346,000	Shares	342,460
1	From	390,001	To	395,000	Shares	394,158
1	From	395,001	To	400,000	Shares	400,000
1	From	435,001	To	440,000	Shares	437,393
1	From	530,001	To	535,000	Shares	532,723
1	From	630,001	To	635,000	Shares	630,567
1	From	635,001	To	640,000	Shares	639,554
1	From	645,001	To	650,000	Shares	649,759
1	From	650,001	To	655,000	Shares	653,728
1	From	685,001	To	690,000	Shares	685,205
1	From	690,001	To	695,000	Shares	694,353
1	From	885,001	To	890,000	Shares	887,059
1	From	890,001	To	895,000	Shares	892,726
1	From	1,065,001	To	1,070,000	Shares	1,066,158
1	From	1,250,001	To	1,255,000	Shares	1,252,937
286			**Total**			**13,000,000**

Categories of Shareholders	No of Sharehoders	Share Held	Perentage
Individuals	273	12,871,547	99.01
Investment Corporation of Pakistan	1	250	0.00
Insurance Companies	1	364	0.00
Joint Stock Companies	5	116,343	0.89
Financial Institutions	3	9,697	0.07
Others	3	1,799	0.01
Total	**286**	**13,000,000**	**100.00**

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STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance ("Code") contained in Regulation 5.19.24 of the Listing Regulation of the Pakistan Stock Exchange Limited for purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interest on its board of directors. At present the board includes:

Category	Names
Independent Director(*)	Mr. Major Rtd. Muhammad Saeed
Executive Director	Mr. Tariq Iqbal
	Mr. Asim Khalid
	Mr. Omer Khalid
Non-Executive Director	Mr. Tauqir Tariq
	Mrs. Saima Asim
	Mrs. Tabbasum Tariq
	Mrs. Sadaf Khalid

* The independent director meets the criteria of independent under clause 5.19.1. (b) of the CCG.

2. The directors have confirmed that none of the directors of the company are serving as a director in more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payments of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred on the Board during the year under review

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps are taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive (CEO) and other executive directors have been taken by the Board/shareholders.

8. 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 and the Board met once in every quarter. During the year four meetings of Board of Directors was held and as required by CCG. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

QUETTA TEXTILE MILLS LIMITED

Nadir House, I. I. Chundrigar Road, Karachi – 74000, Pakistan
Tel: +92 (21) 3241-4334~6 Fax: +92 (21) 3241-9593
Mail: sales@QuettaGroup.com Web: www.QuettaGroup.com

9. In accordance with the criteria specified on clause 5.19.7 of CCG, certain Directors of the Company are exempted from the requirement of directors' training program as prescribed by the Code of Corporate Governance and the rest of the Directors are trained. All the Directors are fully conversant with their duties and responsibilities; they were further apprised through orientation courses during the year.

10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit earlier, including their remuneration and terms and conditions of employment. However, no new appointment has been made during the year.

11. The Director's Report for this year has been prepared in compliance with the requirements of the CCG and fully described the salient matters required to be disclosed.

12. The CEO and CFO duly endorsed the financial statements of the company before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of three members, all of them non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the Audit Committee were held once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed a Human Resource and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an executive director.

18. The Board has set-up an effective internal audit function.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programmer of the Institute of Chartered Accountants of Pakistan, that they are not aware of any instances where shares of the company are held by any of the partners of the firm, their spouses and minor children and that the firm and all its partners are compliant with International Federation of accountants (IFAC) guidelines on Code of ethics as adopted by the Institute of Chartered Accountants of Pakistan (ICAP).

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The "Closed Period", prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchange.

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23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in timely manner and maintained proper record including basis for inclusion or exclusion of names of persons form the said list.

24. We confirm that all other material principles contained in the CCG have been complied with.

For and on behalf of the Board

TARIQ IQBAL
Chief Executive

Karachi:
Dated: October 09, 2017

REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Quetta Textile Mills Limited for the year ended June 30, 2017 to comply with the Code contained in regulation No. 5.19 of the Rule book of Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirement of the Code. 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 Code.

As part of our audit of 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's statement on internal control covers all the risks and control or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee and upon recommendation of audit committee, places before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra
FCA

KARACHI:
Date: **October 09, 2017**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Quetta Textile Mills Limited** as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verifications, we report that;

a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

b) in our opinion;

 (i) the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

 (ii) the expenditure incurred during the year was for the purpose of the company's business; and

 (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

(e) Without qualifying our opinion, we draw attention to note 2.4 in the financial statements which indicates that the company incurred a net loss of Rupees 1,430.150 million during the year ended June 30, 2017 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 2,666.177 million. These conditions, along with other matters as explained in note 2.4.1 to 2.4.4 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. These financial statements, however, have been prepared on the going concern basis on the assumptions as detailed in aforesaid note

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra

KARACHI:
Date: **October 09, 2017**

QUETTA TEXTILE MILLS LIMITED

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	5,503,696,678	5,763,224,120
Long term deposits	7	70,467,715	67,437,881
		5,574,164,393	5,830,662,001
CURRENT ASSETS			
Stores, spare and loose tools	8	387,077,985	426,412,101
Stock in trade	9	1,117,749,453	2,545,850,401
Trade debts	10	168,042,069	120,166,185
Other financial assets	11	139,553	113,051
Loans and advances	12	74,618,163	65,390,375
Trade deposits and short term prepayments	13	9,894,734	25,545,997
Income tax and sales tax refundable	14	169,679,572	181,017,146
Cash and bank balances	15	59,396,240	61,097,161
		1,986,597,770	3,425,592,416
		7,560,762,163	**9,256,254,417**
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2016: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2016: 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	16	130,000,000	130,000,000
Reserves	17	(827,214,752)	391,548,584
		(697,214,752)	521,548,584
Surplus on revaluation of property, plant and equipment	18	1,407,091,643	1,461,795,244
		709,876,891	1,983,343,828
NON CURRENT LIABILITIES			
Long term finances	19	955,810,417	911,404,425
Redeemable capital - Sukuk	20	190,678,823	343,367,585
Loan from directors and others - subordinated	21	-	160,726,470
Liabilities against assets subject to finance lease	22	10,731,902	15,834,185
Deferred liabilities	23	729,300,150	783,387,531
		1,886,521,292	2,214,720,196
CURRENT LIABILITIES			
Trade and other payables	24	834,869,984	1,223,013,200
Accrued interest / mark-up	25	559,232,481	356,329,661
Short term borrowings	26	2,745,183,687	3,018,807,324
Loan from directors and others	27	25,816,588	11,416,168
Current portion of			
Long term finances	19	311,589,581	120,146,483
Redeemable capital - Sukuk	20	472,658,820	319,970,058
Liabilities against assets subject to finance lease	22	15,012,839	8,507,497
		4,964,363,980	5,058,190,391
CONTINGENCIES AND COMMITMENTS	28		
		7,560,762,163	**9,256,254,417**

The annexed notes from 1 to 52 form an integral part of these financial statements.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:
Dated: October 09, 2017

QUETTA TEXTILE MILLS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
Sales	**29**	5,280,635,128	5,280,152,958
Cost of sales	**30**	(6,292,162,522)	(6,439,717,661)
Gross (loss)		(1,011,527,394)	(1,159,564,703)
Distribution cost	**31**	(40,028,542)	(100,163,113)
Administrative expenses	**32**	(59,893,766)	(55,992,850)
Other operating expenses	**33**	-	(701,114)
Finance cost	**34**	(322,250,990)	(411,559,765)
		(422,173,299)	(568,416,841)
(Loss) from operations		(1,433,700,693)	(1,727,981,544)
Other income	**35**	350,206	3,166,261
(Loss) before taxation		(1,433,350,487)	(1,724,815,283)
Taxation	**36**	3,200,086	9,380,163
(Loss) after taxation		**(1,430,150,400)**	**(1,715,435,120)**
(Loss) per share - basic and diluted	**37**	**(110.01)**	**(131.96)**

The annexed notes from 1 to 52 form an integral part of these financial statements.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:
Dated: October 09, 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
(Loss) after taxation		(1,430,150,400)	(1,715,435,120)
Other comprehensive income			
Items that may not be reclassified subsequently to profit and loss:			
Loss on remeasurement of staff retirement benefits		(4,927,792)	(30,397,739)
Impact of deferred tax		884,785	3,119,538
Other comprehensive loss for the year		(4,043,007)	(27,278,201)
Total comprehensive(loss)/income for the year		**(1,434,193,407)**	**(1,742,713,321)**

The annexed notes from 1 to 52 form an integral part of these financial statements.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:
Dated: October 09, 2017

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	**38**	213,895,761	764,588,314
Long term loans and deposits		(3,029,834)	(36,057,457)
Interest paid		(31573707)	(243,200,812)
Gratuity paid		(31,121,549)	(34,168,836)
Workers' profit participation fund paid		(2,550)	(176,516)
Taxes paid		(27,112,204)	(21,185,807)
		(118,764,308)	(334,789,428)
Cash flows from operating activities		95,131,453	429,798,887
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(13,018,657)	(16,675,081)
Other financial assets		-	1,867,802
Proceeds from disposal of property, plant and equipment		-	6,900,000
Dividend received		7,352	11,027
Cash (used in) investing activities		(13,011,305)	(7,896,252)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances		148074626	873,593,268
Redeemable capital - Sukuk		-	(34,180,645)
Liabilities against assets subject to finance lease		1,403,059	(4,031,184)
Short term borrowings		(273,623,637)	(1,279,922,539)
Loans from directors & others		14,400,420	2,927,566
Dividend paid		-	(417,828)
		(83,821,069)	(442,031,362)
Net increase/(decrease) in cash and cash equivalents		(1,700,921)	(20,128,727)
Cash and cash equivalent at the beginning of the year		61,097,161	81,225,888
Cash and cash equivalent at the end of the year	**15**	59,396,240	61,097,161

The annexed notes from 1 to 52 form an integral part of these financial statements.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:
Dated: October 09, 2017

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Share Capital	Reserves					Unappropriated profit	Total equity
		Share premium	Capital reserve	General reserve	Loan fron directors and others	Sub total		
	Rupees							
Balance as at July 01, 2015	130,000,000	651,750,000	1,200	115,000,000	-	766,751,200	1,285,249,651	2,182,000,851
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	55,937,517	55,937,517
Total comprehensive income for the year ended June 30, 2016								
Profit after taxation for the year	-	-	-	-	-	-	(1,715,435,120)	(1,715,435,120)
Other comprehensive loss for the year	-	-	-	-	-	-	(27,278,201)	(27,278,201)
	-	-	-	-		-	(1,742,713,321)	(1,742,713,321)
Balance as at June 30, 2016	130,000,000	651,750,000	1,200	115,000,000	-	766,751,200	(375,202,616)	521,548,584
Balance as at July 01, 2016	130,000,000	651,750,000	1,200	115,000,000		766,751,200	(375,202,616)	521,548,584
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	54,703,601	54,703,601
Total comprehensive loss for the year ended June 30, 2017								
Transfer (note 17.1)					160,726,470	160,726,470	-	160,726,470
Loss after taxation for the year	-	-	-	-	-	-	(1,430,150,400)	(1,430,150,400)
Other comprehensive loss for the year	-	-	-	-	-	-	(4,043,007)	(4,043,007)
	-	-	-	-	-	-	(1,434,193,407)	(1,434,193,407)
Balance as at June 30, 2017	130,000,000	651,750,000	1,200	115,000,000	160,726,470	927,477,670	(1,754,692,422)	(697,214,752)

The annexed notes from 1 to 52 form an integral part of these financial statements.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:
Dated: October 09, 2017

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
For the year ended June 30, 2017

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 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the company is situated at ground floor Nadir House I.I Chundrigar road Karachi.

1.2 The company is principally engaged in manufacturing and sales of yarn and fabric. The production facilities are located at Kotri in the province of Sindh and 49 K.M Multan Road Bhai , District Kasur in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of The Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under The Companies Ordinance, 1984, provisions of and directives issued under The Companies Ordinance, 1984. Wherever the requirements of The Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS, the requirements of The Companies Ordinance, 1984 and the requirements of the said directives shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value and recognition of employee benefits at present value.

2.3 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 Pakistani Rupees has been rounded off to the nearest rupee.

2.4 Going concern assumptions

During the year, the Company incurred loss amounting to Rs. 1,430.150 million (June 30, 2016: Rs. 1,715.435 million) and has reported accumulated losses amounting to Rs. 1,754.692 million (June 30, 2016 : Rs. 375.203 million) at the year end: Accordingly, it resulted into negative equity of Rs. 697.215 million in current year (June 30, 2016: positive equity Rs. 521.548 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 2,666.176 million (June 30, 2016: Rs. 1,632.598 million) at the year end. The main reason of loss was due to operational break down because of short of working capial 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

2.4.1 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 negatiate on favorable terms with the banking companies and financial institutions in order release finance for working capital requirements to run operations smoothly.

2.4.2 The management has prepared five years future plan showing positive growth in operation and business of the company. 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;

2.4.3 Directors and sponsors of the company, have invested to Rs. 14.400 million during the period and they committed that they would also continue such support in future; and

2.4.4 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 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Property, plant and equipment

The Company reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Stock in trade and stores, spares and loose tools

The Company reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 24.4 to these financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Changes in these assumptions in future years may affect the liability under these schemes in those years.

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past.

Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgement (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

Trade debts and other receivables

The Company's management reviews its trade debtors on a continuous basis to identify receivables where collection of an amount is no longer probable. These estimates are based on historical experience and are subject to changes in conditions at the time of actual recovery.

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, amendments to approved accounting standards and interpretations that are effective in the current year and have not been early adopted by the company:

IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.

IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable to annual periods beginning on or after January 1, 2016, The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes- confirmation that the notes do not need to be presented in a particular order. Other comprehensive income(OCI) arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/ accounting policies are not required for these amendments. These amendments likely to only affects the disclosures in the Company's financial statements.

Amendments to IAS 38 Intangible Assets and IAS 16 Property, plant and equipment (effective for periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-baes methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are highly correlated, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 1, 2017. The amendment clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have a material impact on the Company's financial statements.

Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.

There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the company and therefore have not been presented here.

5 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.

5.1 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.

5.2 Employee benefits

5.2.1 Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post retirement benefits

5.2.2 Defined benefit plans

The company operates an unfunded gratuity scheme for its permanent employees as per terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The Company's obligation is determined through actuarial valuations carried out under the 'Projected Unit Credit Method'. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. Any change in past service cost is immediately recognized in profit or loss account.

The Company determines the net interest expense (income) on the net defined benefit liability(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.Net interest expense and current service costs are recognized in profit and loss account. The latest actuarial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

5.3 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.

5.3.1 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.

5.3.2 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.

5.4 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.

5.5 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.

5.6 Dividend

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

5.7 Property, plant and equipment and depreciation

Owned assets

Property, Plant and Equipment are stated at cost/ revalued amount less accumulated depreciation. Cost comprises of acquisition cost and other directly attributable cost.

Land, building and plant and machinery are stated at cost/revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluation are performed with sufficient regularity so that the fair value and carrying value don't differ materially at the end of reporting period.

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

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

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.

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Depreciation is charged on the same basis as used for owned assets.

Financial charges are allocated to accounting period in a manner so as to provide a constant rate of charge on outstanding liability.

5.8 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.

5.9 Investments

5.9.1 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.

5.9.2 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.

5.9.3 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.

5.9.4 Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuations techniques.

5.9.5 Available for sale

Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified as being available for sale are stated at fair value, with any resultant gain or loss being recognized directly in equity. Gains or losses on available for sale investments are recognised directly in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

5.10 Derivative financial instruments

The Company uses derivative financial instruments such as interest rate swaps and cross currency swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

5.11 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.

5.12 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.

5.13 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 or replacement cost which ever is lower
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost or net realisable value which ever is lower
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

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

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

5.14 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.

5.15 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.

5.16 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the buyer.

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

Dividend income is recognised when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

5.17 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.

5.18 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.

5.19 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.

5.20 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.

5.21 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.

5.22 Financial instruments

5.22.1 Financial assets

Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Held to maturity financial assets

These are securities with fixed or determinable payments and fixed maturity in respect of which the Company has the positive intent and ability to hold to maturity. There were no held to maturity investments as at balance sheet date.

d) Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose off within 12 months of the end of the reporting date.

5.22.2 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.

5.22.3 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.

5.22.4 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.

5.22.5 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.

5.22.6 Derivative financial instruments

The Company designates derivative financial instruments as either fair value hedge or cash flow hedge.

a) Cash flow Hedges

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account. Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect the profit and loss account.

b) Fair value hedge and other non-trading derivatives

Fair value hedge represents hedges of the fair value of recognized assets or liabilities or a firm commitment. Changes in the fair value of derivate that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly. When a derivative financial instrument is not designated in a qualifying hedge relationship, it is accounted for as held for trading and accordingly is categorized as 'financial asset at fair value through profit or loss'.

5.22.7 Financial liabilities

These are initially recognized at cost, which is the fair value of the consideration expected to be paid. All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the obliging instrument/ contract.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognizing of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

5.22.8 Earnings per share - basic and diluted

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.22.9 Related party transactions

All transactions with related parties are carried out by the Company at arms' length price using the method prescribed under the Companies Ordinance 1984.

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.

	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	5,501,197,768	5,760,725,210
Capital work in progress - at cost	6.2	2,498,910	2,498,910
		5,503,696,678	5,763,224,120

QUETTA TEXTILE MILLS LIMITED

6.1 Operating fixed assets

	Cost as at July 01, 2016	Additions / (deletions)	Revaluation	Cost as at June 30, 2017	Accumulated depreciation as at July 01, 2016	Depreciation charge / (deletion) for the year	Adjustments	Accumulated depreciation as at June 30, 2017	Book value as at June 30, 2017	Annual depreciation rate %
	2017									
	Rupees									
Owned Assets										
Spinning Units										
Freehold land	[illegible]			[illegible]					360,053,604	
Leasehold land	[illegible]			[illegible]	[illegible]	[illegible]		10,435,576	113,546,846	99 years
[illegible]	[illegible]			[illegible]	[illegible]	[illegible]		253,965,825	320,481,869	5%
[illegible]	386,0[illegible]			[illegible]	[illegible]	11,128,084		170,776,26[illegible]	215,233,594	5%
[illegible]	[illegible]			[illegible]	[illegible]	1,594,262		27,369,552	30,290,979	5%
[illegible]	83,028,[illegible]			[illegible]	[illegible]	[illegible]		30,450,244	52,578,480	5%
Plant and machinery	[illegible]			[illegible]	[illegible]	[illegible]		[illegible]	[illegible]73,691,121	5%
[illegible]	[illegible]			[illegible]	[illegible]	[illegible]		[illegible]	11,083,084	15%
[illegible]	[illegible]			22,874,[illegible]	[illegible]	[illegible]		[illegible]	2,776,965	15%
[illegible]	[illegible]			[illegible]	[illegible]	[illegible]		[illegible]	3,510,441	15%
Office equipment	[illegible]			21,447,788	[illegible]	[illegible]		18,455,330	2,992,458	15%
Furniture and fixtures	[illegible]			13,308,947	[illegible]	255,332		11,862,064	1,446,883	15%
Vehicles	[illegible]			51,767,833	40,008,0[illegible]	[illegible]		41,822,057	9,944,776	15%
	[illegible]			[illegible]	[illegible]	[illegible]64,261,272		2,837,357,749	3,600,631,10[illegible]	
Weaving Unit										
[illegible]	[illegible]			[illegible]	[illegible]	[illegible]		150,602,[illegible]	168,569,464	5%
[illegible]	[illegible]			[illegible]	[illegible]	[illegible]		3,662,356	17,879,627	5%
[illegible]	[illegible]			[illegible]	[illegible]	[illegible]		19,179,369	57,694,123	5%
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	34,546,0[illegible]		[illegible]	847,188,[illegible]	5%
[illegible]	[illegible]			[illegible]	[illegible]	[illegible]		[illegible]	20,509,612	[illegible]
[illegible]	[illegible]			[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	15%
[illegible]	[illegible]			[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	15%
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	369,053		[illegible]	[illegible]	15%
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	15%
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	421,[illegible]		[illegible]	[illegible]	15%
	[illegible]	[illegible]		[illegible]	[illegible]	65,992,[illegible]		[illegible]	[illegible]	
Power Plant										
[illegible]	[illegible]			[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	5%
[illegible]	[illegible]			[illegible]	17,049,450	[illegible]		[illegible]	[illegible]	5%
Plant and machinery	[illegible]	[illegible]		1,351,400,[illegible]	[illegible]	[illegible]		[illegible]	525,836,62[illegible]	5%
[illegible]	[illegible]			44,949,[illegible]	[illegible]	[illegible]		[illegible]	8,052,864	15%
[illegible]	[illegible]			7,168,574	5,683,051	222,828		[illegible]	[illegible]	15%
[illegible]				[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	15%
[illegible]	[illegible]	[illegible]		476,[illegible]	[illegible]	[illegible]		[illegible]	83,001	15%
[illegible]	[illegible]			[illegible]	[illegible]	[illegible]		[illegible]	35,077	15%
	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]		[illegible]	590,8[illegible]	
Leased Assets										
[illegible]	[illegible]			98,[illegible]	[illegible]	[illegible]		28,431,915	70,058,461	5%
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]		2,734,766	8,706,654	15%
	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]		31,[illegible]	78,765,11[illegible]	
Total - 2017	[illegible]	13,018,657		[illegible]	[illegible]	[illegible]		4,459,193,579	3,501,197,766	

	2016									
	Cost as at July 01, 2015	Additions / (deletions)	Transfers in/(out)	Cost as at June 30, 2016	Accumulated depreciation as at July 01, 2015	Depreciation charge / (deletion) for the year	Transfers in/(out)	Accumulated depreciation as at June 30, 2016	Book value as at June 30, 2016	Annual depreciation rate %
	Rupees									
Owned Assets										
Spinning Units :										
Freehold land	366,053,604	-	-	366,053,604	-	-	-	-	366,053,604	-
Leasehold land	126,388,540	(5,416,118)	-	120,972,422	8,996,240	906,147 (382,958)	-	9,519,429	111,452,993	99 years
Building on freehold land	574,450,694	-	-	574,450,694	219,346,129	17,755,229	-	237,101,358	337,349,336	5%
Building on leasehold land	386,009,855	-	-	386,009,855	147,523,879	11,924,298	-	159,448,177	226,561,678	5%
Labour colony on freehold land	57,660,531	-	-	57,660,531	24,097,119	1,678,171	-	25,775,290	31,885,241	5%
Labour colony on leasehold land	83,028,724	-	-	83,028,724	24,770,020	2,912,936	-	27,682,956	55,345,768	5%
Plant and machinery	4,658,402,841	2,903,556	-	4,661,306,397	1,920,494,178	136,926,828	-	2,057,421,006	2,603,885,391	5%
Electrical fitting	61,822,173	-	-	61,822,173	46,482,264	2,300,987	-	48,783,251	13,038,922	15%
Factory equipment	22,874,560	-	-	22,874,560	19,031,010	576,532	-	19,607,542	3,267,018	15%
Office premises	17,285,321	-	-	17,285,321	12,426,579	728,811	-	13,155,390	4,129,931	15%
Office equipment	21,447,788	-	-	21,447,788	17,305,977	621,272	-	17,927,249	3,520,539	15%
Furniture and fixture	13,308,947	-	-	13,308,947	11,306,340	300,392	-	11,606,732	1,702,215	15%
Vehicles	52,441,353	(673,520) -	-	51,767,833	38,273,059	2,064,660 (269,622)	-	40,068,097	11,699,736	15%
	6,441,174,931	(3,186,082)	-	6,437,988,849	2,490,052,794	178,043,683	-	2,668,096,477	3,769,892,372	
Weaving Unit :										
Building on freehold land	319,171,837	-	-	319,171,837	132,391,267	9,339,029	-	141,730,296	177,441,541	5%
Building on freehold land [Grid]	21,541,983	-	-	21,541,983	1,730,762	990,561	-	2,721,323	18,820,660	5%
Labour colony on freehold land	76,873,486	-	-	76,873,486	12,946,480	3,196,350	-	16,142,830	60,730,656	5%
Plant and machinery	1,551,097,525	1,700,595	-	1,552,798,120	617,490,911	46,694,503	-	664,185,414	888,612,706	5%
Plant and machinery [Grid]	142,372,889	-	-	142,372,889	8,777,751	6,679,757	-	15,457,508	126,915,381	5%
Electrical fitting	33,203,858	-	-	33,203,858	25,125,688	1,211,726	-	26,337,414	6,866,444	15%
Factory equipment	12,474,088	-	-	12,474,088	9,342,794	469,694	-	9,812,488	2,661,600	15%
Office equipment	4,018,673	244,220	-	4,262,893	2,210,591	274,265	-	2,484,856	1,778,037	15%
Furniture and fixture	2,203,966	283,939	-	2,487,905	1,555,439	100,828	-	1,656,267	831,638	15%
Vehicles	7,132,637	(649,000)	-	6,483,637	3,643,172	491,708 (437,586)	-	3,697,294	2,786,343	15%
	2,170,090,942	1,579,754	-	2,171,670,696	815,214,855	69,010,835	-	884,225,690	1,287,445,006	
Power Plant :										
Building on freehold land	93,867,975	-	-	93,867,975	36,687,156	2,859,041	-	39,546,197	54,321,778	5%
Building on leasehold land	38,400,733	-	-	38,400,733	27,399,382	550,068	-	27,949,450	10,451,283	5%
Plant and machinery	1,035,881,568	9,670,271	-	1,045,551,839	469,489,221	28,551,554	-	498,040,775	547,511,064	5%
Electrical fitting	44,949,933	-	-	44,949,933	33,804,100	1,671,875	-	35,475,975	9,473,958	15%
Factory equipment	7,168,574	-	-	7,168,574	5,420,900	262,151	-	5,683,051	1,485,523	15%
Office equipment	66,800	-	-	66,800	44,074	3,409	-	47,483	19,317	15%
Furniture and fixture	454,750	-	-	454,750	369,862	12,734	-	382,596	72,154	15%
Vehicles	940,725	-	-	940,725	892,175	7,283	-	899,458	41,267	15%
	1,221,731,058	9,670,271	-	1,231,401,329	574,106,870	33,918,115	-	608,024,985	623,376,344	
Leased Assets										
Plant and machinery	98,500,396	-	-	98,500,396	20,862,212	3,881,909	-	24,744,121	73,756,275	5%
Vehicles	5,938,920	1,872,500	-	7,811,420	700,178	856,029	-	1,556,207	6,255,213	15%
	104,439,316	1,872,500	-	106,311,816	21,562,390	4,737,938	-	26,300,328	80,011,488	
Total - 30.06.2016	**9,937,436,247**	**16,675,081** **(6,089,638)**	- -	**9,947,372,690**	**3,900,936,909**	**286,800,737** **(269,622)**	- -	**4,186,647,480**	**5,760,725,210**	

6.1.1 Depreciation for the year has been allocated as under:

	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
Cost of sales - spinning	30	169,748,866	179,719,066
Cost of sales - weaving	30	57,926,247	60,911,302
		227,675,113	240,630,368
Cost of sales - power plant	30.3.1	39,713,143	41,588,433
Administrative expenses	32	5,157,843	4,581,936
		272,546,099	286,800,737

6.1.2 Had there been no revaluation the related figures of land, building and plant and machinery as at June 30, 2017 would have been as follows:

	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
Freehold Land		75,752,071	75,752,244
Leasehold land		4,152,099	4,152,099
Building on freehold land		311,117,016	327,491,596
Building on leasehold land		91,260,737	96,063,934
Building on freehold land [Grid]		35,423,241	37,287,622
Labour colony on freehold land		26,271,004	27,653,689
Labour colony on leasehold land		23,402,829	24,634,557
Plant and machinery		2,874,396,068	3,016,493,076
Plant and machinery [Grid]		103,667,891	109,124,096
		3,545,442,956	3,718,652,912

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
For the year ended June 30, 2017

		Note	30th June, 2017 Rupees	30th June, 2016 Rupees
6.2	**Capital work in progress - at cost**			
	Computer software		2,498,910	2,498,910
			2,498,910	2,498,910
	The movement in Capital work in progress is as follows:			
	Balance at the beginning of the year		2,498,910	2,498,910
	Addition during the year:			
	Plant and machinery		8,971,119	14,274,422
	Office equipment		59,500	244,220
	Furniture and fixture		229,038	283,939
			9,259,657	14,802,581
	Transfer to operating fixed assets:			
	Plant and machinery		8,971,119	14,274,422
	Office equipment		59,500	244,220
	Furniture and fixture		229,038	283,939
			9,259,657	14,802,581
	Balance at the end of the year		2,498,910	2,498,910
7	**LONG TERM DEPOSITS**			
	Security deposits:			
	WAPDA		7,893,190	7,893,190
	SSGCL		54,280,368	51,125,048
	Leasing companies SNGPL	22	6,797,725	6,630,475
	Others		1,496,432	1,789,168
			70,467,715	67,437,881
8	**STORES, SPARES AND LOOSE TOOLS**			
	Spinning :			
	Stores		50,315,716	65,108,716
	Spares and accessories		170,204,516	177,671,201
	Loose tools		6,596,660	8,489,794
			227,116,892	251,269,711
	Weaving :			
	Stores		37,620,818	42,707,823
	Power plant :			
	Oil and stores		122,340,275	132,434,567
			387,077,985	426,412,101

8.1 No item of stores, spares and loose tools is pledged as security as at reporting date.

		Note	30th June, 2017 Rupees	30th June, 2016 Rupees
9	**STOCK IN TRADE**			
	Spinning :			
	Raw material - in hand		455,291,217	871,366,845
	Work-in-process		33,741,852	99,169,355
	Finished goods		157,073,456	608,166,873
	Waste		15,249,391	104,699,262
			661,355,916	1,683,402,335
	Weaving :			
	Raw material		75,596,024	323,102,582
	Work-in-process		33,510,120	51,894,173
	Finished goods		347,287,393	487,451,311
			456,393,537	862,448,066
			1,117,749,453	2,545,850,401

9.1 The carrying value of Pledged stock is Rs. 110,614,224 /- (June 30, 2016: Rs. 907,500,500/-).

10	**TRADE DEBTS**			
	Considered good			
	Local debts - unsecured		168,042,069	120,166,185
			168,042,069	120,166,185
11	**OTHER FINANCIAL ASSETS**			
	Held for trading			
	In listed companies	11.1	100,545	100,545
	Revaluation reserve for investment		39,008	12,506
			139,553	113,051

11.1 Details are as under:

Name of securities	No. of shares	Cost	Fair value adjustments	Fair value
Askari Bank Limited	4,901	65,285	33,568	98,853
Dewan Salman Fibre Limited	10,000	35,260	5,440	40,700
Total - 30.06.2017		100,545	39,008	139,553
Total - 30.06.2016		100,545	12,506	113,051

		Note	30th June, 2017 Rupees	30th June, 2016 Rupees
12	**LOANS AND ADVANCES**			
	Advances - considered good			
	Employees - due from executives		1,269,955	987,273
	Suppliers		24,268,051	15,322,945
	Collector of Customs for Import and Export		4,110,486	4,110,486
	Margin with Banks against Guarantees		5,747,030	5,747,030
	Advance for Reservation Contract	28.2	39,222,641	39,222,641
			74,618,163	65,390,375
13	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Letter of credit		-	1,687,736
	Prepaid Insurance Premium		9,894,734	23,858,261
			9,894,734	25,545,997

		Note	30th June, 2017 Rupees	30th June, 2016 Rupees
14	**INCOME TAX AND SALES TAX REFUNDABLE**			
	Income tax refundable	14.1	40,207,355	65,519,508
	Sales tax refundable		129,472,217	115,497,638
			169,679,572	181,017,146
14.1	**Income tax refundable**			
	Opening		65,519,508	44,689,797
	Advance Income Tax			
			92,631,712	80,191,949
	Provision for taxation - current year		(52,424,357)	(14,672,441)
			40,207,355	65,519,508
15	**CASH AND BANK BALANCES**			
	With banks on:			
	- currents accounts		6,166,454	9,945,649
	- term deposit account (TDA)	15.1	50,421,687	50,221,687
	- saving accounts	15.2	50,335	49,312
			56,638,476	60,216,648
	Cash in hand		2,757,764	880,513
			59,396,240	61,097,161

15.1 Effective rates of profit on TDA, during the year, ranging from 3.75 % to 4.15 % (June 30, 2016: 3.75% to 4.5%) per annum. The maturity period of the TDA in one year from the date of original issue. This deposit is under bank's lien as security of bank guarantee issued on behalf of the Company.

15.2 Effective rates of profit on deposit accounts, during the year, ranging from 3.53 % to 3.365 % (June 30, 2016: 4% to 6%) per

16 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30th June, 2017	30th June, 2016		30th June, 2017	30th June, 2016
Number of shares			Rupees	Rupees
1,200,000	1,200,000	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	12,000,000	12,000,000
9,875,000	9,875,000	Ordinary shares of Rs. 10 each allotted as right shares	98,750,000	98,750,000
1,925,000	1,925,000	Ordinary shares of Rs. 10 each issued as bonus shares	19,250,000	19,250,000
13,000,000	13,000,000		130,000,000	130,000,000

16.1 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	30th June, 2017 Rupees	30th June, 2016 Rupees
17 RESERVES			
Reserves :			
Share premium		651,750,000	651,750,000
Capital reserve		1,200	1,200
General reserves		115,000,000	115,000,000
Long term loan from directors and others	17.1	160,726,470	-
		927,477,670	766,751,200
Revenue :			
Unappropriated profit		(1,754,692,422)	(375,202,616)
		(827,214,752)	391,548,584

17.1 During the year, company has revised terms and conditions of long term loan agreement with directors and others. Accordingly, loan is payable on discretion of company. In compliance with TR-32 Dated: Jan 25, 2016 issued by Institute of Chartered Accountant of Pakistan (ICAP), long term loan from directors and others is now become the part of equity.

18 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	30th June, 2017 Rupees	30th June, 2016 Rupees
Balance as at July 01,	2,009,676,933	2,091,937,987
Add: Surplus on revaluation of land, building and plant & machinery	-	-
Less: Transferred from surplus on revaluation of Property Plant Equipment on account of incremental depreciation	(54,703,601)	(55,937,517)
Less: Deferred Tax	(23,444,401)	(26,323,537)
	1,931,528,931	2,009,676,933
Less: Related to deferred tax effect:		
Balance as at July 01,	547,881,689	574,205,226
Recognition of deferred tax liability due to the transfer of incremental depreciation to equity from surplus on revaluation	(23,444,401)	(26,323,537)
	524,437,288	547,881,689
Closing balance	1,407,091,643	1,461,795,244

18.1 On July 10, 2014 and August 04, 2014, further revaluation was made of the Land, Building, Labour Colony, Grid station and Plant & machinery , by M/s. Joseph Lobo (Pvt.) Ltd., registered Valuers and Surveyors, on the basis of market value which resulted in net revaluation surplus of Rs. 1,273,133,577/-.

18.2 On March 31, 2009, further revaluation was made of the Land, Building and Labour Colony, by Asif Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value which resulted in net revaluation surplus of Rs. 622,057,842/-.

18.3 On November 13, 2006 and December 28, 2006, further revaluation was made of the Land, Building and Plant and Machinery, by Asif Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value and realizable values which resulted in net revaluation surplus of Rs. 154,291,391/-.

18.4 On May 27, 2005 and Jun 24, 2005 , Land was revalued by MYK Associate (Pvt) Ltd, registered surveyors and valuation consultants, on the basis of market value and realizable values which resulted in net revaluation surplus amounting to Rs. 119,794,763/-.

18.5 On July 16, 2003, revaluation was made of the land, building and machinery , by MYK Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value which resulted in net revaluation surplus of Rs. 20,750,716/-.

	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
19 LONG TERM FINANCES			
Loans from banking companies - secured			
Al-Barka Bank (Pakistan) Limited	19.1	889,840	889,840
Faysal Bank Limited - [LTF]	19.2	178,715,000	180,715,000
Habib Bank Limited - [LTF]	19.3	235,665,204	237,809,678
Accrued Interest [HBL-LTF]	19.3	14,228,379	
Habib Bank Limited - [LTF]	19.4	8,129,727	8,129,727
Meezan Bank Limited - [Bai Muajjal]	19.5	58,605,663	58,605,663
National Bank of Pakistan-[LTF-II Frozen Markup]	19.6	61,850,000	—
National Bank of Pakistan - [LTF]	19.7	50,746,000	63,434,000
National Bank of Pakistan - [LTF-I]	19.8	164,907,100	—
Accrued Interest [NBP-LTF-I]	19.8	11,696,085	
Soneri Bank Limited - [LTF]	19.9	481,967,000	481,967,000
		1,267,399,998	1,031,550,908
Less: Current maturity shown under current liabilities	19.10	(311,589,581)	(120,146,483)
		955,810,417	911,404,425

19.1 Equitable Mortgage of Rs. 94.4 (M) over property at Plot No. 7-8/A, Justice Sardar Iqbal Road, Off Zafar Ali Road, Gulberg V, Lahore. Facility amount was Rs. 5 (M) at a profit rate of 6MK + 1.5%. Loan is repayable in 6 quarterly installments commencing from 30/9/14.

19.2 First pari passu hypothecation charge over stock and receivables for PKR 130 Million, first pari passu charge over plant and machinery of the company for PKR 311.330 Million mortgage charge over land and building for PKR 75 Million facility amount was 162.643 Million at a markup rate of 3 months Kibor plus 0.50% per annum loan is payable within 5 years including 1 year grace period. Quarterly installments commencing from June 01, 2017.

19.3 Last year company had a restructuring agreement with bank to restructure outstanding principal of Rs. 287.809 million of different facilities upto date of Apr 10, 2016. The facility is payable in 29 installments. starting from Apr 22, 2016. The facility is secured against First pari passu Equitable Mortgage and hypothecation (each) charge for PKR 420 Million, on present and future fixed assets, post dated cheques and personal guarantees of directors of the company. The markup rate of 3 months Kibor per annum. Accrued interest will be payable in 4 equal quarterly installments starting from Sep 1, 2021.

19.4 Frozen markup for CF and FIM Facility Accrued from Jan 16 to 22 April 2016 to be clubbed in frozen markup payable in 4 equal quarterly installments commencing from 01-sept-2021.

19.5 Ranking Charge of Rs. 96 (M) on plant & machinery of the company. Facility amount was Rs. 72 (M) at a profit rate of 1-year GoP Ijarah Sukuk rate. Loan is repayable in 60 monthly installments commencing from 31/1/14.

19.6 During the period, company has entered into restructuring agreement with bank for conversion of frozen markup of RF, LTFF, cash finance and FIM facilities up to June 30, 2016 into Term Loan Facility-II. The facility is payable in 8 equal quarterly installments of Rs. 7.731 million each starting from Sep 30, 2022 to Jun 30, 2024. The facility is secured as mentioned in note 19.7.

19.7 Total facility amount under LTFF facility was Rs. 63.436 million payable in 20 quarterly installment from Sep 20, 2015 to Jun 20, 2020. During the period, company entered into restructuring agreement with bank along with mention in note 19.8, and restructured overdue amount Rs 12.688 million with security mentioned in 19.8. Markup rate is SBP+3%.

19.8 During the period, company has entered into restructuring agreement with bank for conversion of CF(Pledge), FIM and Overdue upto June 30, 2016 into Term Loan Facility-I. The facility is payable in 24 quarterly installments starting from Sep 30, 2016. The markup rate is 3 months kibor 1% and will be payable in 8 quarterly installments starting from Sep 30, 2022. The facility is secured against First Pari Passu charge on Land, Plant and Machinery of Rs. 310 million part of Rs. 428 million charge already held by bank.

19.9 First pari passu hypothecation charge over current assets for PKR 33.334 Million, ranking charge over Fixed Assets of the company for PKR 645 Million. Facility amount was 481.967 Million at a markup rate of 3 months Kibor per annum.loan is payable within 6 years including 1 year grace period. Quarterly installments commencing from April 01, 2017.

19.10 Current maturity includes Rs. 89.203 million in respect of overdue.

		Note	30th June, 2017 Rupees	30th June, 2016 Rupees
20	**REDEEMABLE CAPITAL - SUKUK**			
	Diminishing musharaka Sukuk certificate		663,337,643	663,337,643
	Less: Current portion shown under current liabilities	20.3	(472,658,820)	(319,970,058)
			190,678,823	343,367,585

20.1 The company has restructured the entire facility maturing on March 20, 2020. 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, 2016: Rs. 1.846 billion) on all fixed assets of the company.

20.3 Current maturity includes Rs. 319.831 million in respect of overdue.

		Note	30th June, 2017 Rupees	30th June, 2016 Rupees
21	**LOAN FROM DIRECTORS AND OTHERS - SUBORDINATED**			
	Unsecured-Opening			
	Due to directors		109,378,610	109,378,610
	Due to others	21.1	51,347,860	51,347,860
			160,726,470	160,726,470
	Less: Transfer to Equity	17.1	(160,726,470)	-
	Closing		-	160,726,470

21.1 During the year, the terms and conditions of loan agreement has been revised and mentioned in note 17.1. Further, the loan upto Rs. 148,457,000/- (June 30, 2016: Rs. 148,457,000/-) is subordinated to bank loans.

		Note	30th June, 2017 Rupees	30th June, 2016 Rupees
22	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**			
	Payable within one year		18,569,118	11,395,598
	Payable after one year but not more than five years		4,342,959	10,187,745
			22,912,077	21,583,343
	Less: deferred finance cost		(3,965,061)	(3,872,136)
			18,947,016	17,711,207
	Add: security deposit	7	6,797,725	6,630,475
	Less: Current portion shown under current liabilities		(15,012,839)	(8,507,497)
	Present value of minimum lease payments		10,731,902	15,834,185

22.1 The Company has entered into lease agreement/Ijarah 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.

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

22.3 Implicit rate of return on lease varies ranging from 8.40 % to 10.26 % (June 30, 2016: 8.75% to 11.81%) p.a.

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

22.5 Current maturity includes Rs. 7.035 million in respect of overdue.

		Note	30th June, 2017 Rupees	30th June, 2016 Rupees
23	**DEFERRED LIABILITIES**			
	Deferred taxation	**23.1**	621,838,083	678,347,311
	Staff retirement benefits - gratuity	**23.3**	107,462,067	105,040,220
			729,300,150	783,387,531
23.1	**Deferred taxation**			
	Deferred tax credits / (debits) arising in respect of:			
	Taxable/(Deductible) temporary differences (deferred tax liabilities)			
	Deferred Tax		314,600,825	130,465,622
	Revaluation surplus		524,437,288	547,881,689
	Deferred debit arising in respect of provisions, tax losses and refunds		(217,200,030)	10,779,648
		23.2	621,838,083	678,347,311
23.2	**Deferred debit arising in respect of provisions, tax losses and refunds**			
	Opening balance		678,347,311	654,294,707
	Closing balance of deferred tax liability reversal of differed tax liability		(621,838,083)	(678,347,311)
			56,509,228	24,052,604
23.3	**Staff retirement benefits - gratuity**			
	Movement in the net liability recognized in the Balance sheet			
	Opening net liability		105,040,220	80,021,946
	Expense for the year in profit and loss account		28,615,604	28,789,371
	Remeasurement recognized in other comprehensive income		4,927,792	30,397,739
			138,583,616	139,209,056
	Benefits paid during the year		(31,121,549)	(34,168,836)
	Closing net liability		107,462,067	105,040,220
23.4	**Expense for the year in profit and loss account**			
	Current service cost		22,583,850	22,437,675
	Interest cost		6,031,754	6,351,696
			28,615,604	28,789,371

23.5 Historical information

	2017	2016	2015	2014	2013
Present value of defined benefit obligation	107,462,067	105,040,220	80,021,946	103,497,015	104,110,471

23.6 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	30th June, 2017 Rupees	30th June, 2016 Rupees
23.7	**Principal actuarial assumption**			
	Following are a few important actuarial assumption used in the valuation.			
			%	%
	Discount rate		7.65	8.33
	Expected rate of increase in salary		7.00	7.00

23.8 Expected gratuity expenses for the year ending June 30, 2017 works out Rs. 30,390,078/-.

		Note	30th June, 2017 Rupees	30th June, 2016 Rupees
24	**TRADE AND OTHER PAYABLES**			
	Trade Creditors		642,579,501	978,549,406
	Accrued liabilities		188,163,859	240,819,536
	Workers' profit participation fund	24.1	-	2,550
	Unclaimed dividend		36,467	36,467
	Others		4,090,157	3,605,241
			834,869,984	1,223,013,200
24.1	**Workers' profit participation fund**			
	Balance at the beginning of the year		2,550	179,066
	Allocation for the year		-	-
	Interest on fund utilized in the Company's business	24.2.1	-	-
			-	-
			2,550	179,066
	Less: Payments during the year		(2,550)	(176,516)
	Balance at the end of the year		-	2,550

24.2.1 Interest on workers' profit participation fund has been provided @ Nil (June 30, 2016: NIL) per annum.

		Note	30th June, 2017 Rupees	30th June, 2016 Rupees
25	**ACCRUED INTEREST / MARK-UP**			
	Accrued interest / mark-up on secured:			
	- long term finances		43,765,789	15,599,007
	- redeemable capital - Sukuk		112,628,432	60,118,379
	- short term borrowings		402,838,260	280,612,274
			559,232,481	356,329,661
26	**SHORT TERM BORROWINGS**			
	Secured - Banking companies			
	Finances under mark-up arrangement	26.1	2,707,715,613	2,981,349,984
	Unsecured			
	Book overdraft	26.2	37,468,074	37,457,340
			2,745,183,687	3,018,807,324

26.1 Aggregate facilities amounting to Rs. 2.740 billion (June 30, 2016: Rs. 3.192 billion) were available to the Company from banking companies. These are secured against hypothecation charge and pledge of stock in trade, book debts, plant & machinery, export bills under collection. These loans carry mark up at the rate ranging from 6.36 % to 9.61% (June 30, 2016: 6.74% to 9.9%) per annum payable quarterly and on the maturity dates. The above facilities are expiring on various dates and renewable annually.

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

		Note	30th June, 2017 Rupees	30th June, 2016 Rupees
27	**LOAN FROM DIRECTORS AND OTHERS**			
	Unsecured			
	Due to directors		20,103,546	5,691,972
	Due to others		5,713,042	5,724,196
			25,816,588	11,416,168

27.1 These are non mark up bearing and unsecured. These are renewable and due on various dates within one year.

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

Guarantees issued by banks on behalf of the Company	259,690,796	257,255,245

28.2 Company has filed a suit No. 202 of 2011 against Enshaa NLC Development (Pvt) Limited before the Honourable Sindh High Court, Sindh seeking declarations, possession, permanent injunction and/or recession and damage in respect of the reservation contract followed by an agreement executed between parties whereby the defendants are liable to construct the project. The matter is pending for hearing and opinion of the legal advisor of the company is favourable and there is no likelihood of unfavourable outcome or any potential loss.

28.3 The Company has filed petition under W.P.No. 2420 of 2011 against the recovery of Electricity Duty on self generation of electricity and obtained stay order from Honourable Lahore High Court and opinion of the legal advisor of the company is favourable and there is no likelihood of unfavourable outcome or any potential loss.

28.4 The Company has filed petition under Suit No. 1718 of 2015 against Gas Infrastructure Development Cess (GIDC) Act. 2015 on Gas Bill has been challenged and filed suit in Honourable Karachi High Court and opinion of the legal advisor of the company is favourable and there is no likelihood of unfavourable outcome or any potential loss.

28.5 The Company has filed petition under W.P.No. 4665 of 2016 against Gas Traiff Difference recovery on OGRA decision on Gas Bills has been challenged and obtained stay order from Honourable Lahore High Court and opinion of the legal advisor of the company is favourable and there is no likelihood of unfavourable outcome or any potential loss.

28.6 Commitments

Civil work	-	-
Confirmed letter of credit in respect of:		
- raw material	-	-
- Stores and spares	-	7,201,904
	-	7,201,904

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
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29 SALES

	Export Sales		Local Sales		Total	
	2017	2016	2017	2016	2017	2016
	Rupees					
Yarn	138,035,949	592,250,753	3,788,661,840	2,466,100,387	3,926,697,790	3,058,351,140
Fabric	262,097,394	985,523,221	751,686,680	1,048,240,569	1,013,784,074	2,033,763,790
Waste	-	-	54,277,198	26,598,626	54,277,198	26,598,626
Raw Cotton & material	-	-	7,563,607	79,009,092	7,563,607	79,009,092
Processing	-	-	278,312,459	182,022,779	278,312,459	182,022,779
	400,133,344	1,577,773,974	4,880,501,784	3,801,971,453	5,280,635,128	5,379,745,427
Sales tax	-	-	-	(99,592,470)	-	(99,592,470)
	400,133,344	1,577,773,974	4,880,501,784	3,702,378,983	5,280,635,128	5,280,152,957

30 COST OF SALES

	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
Raw material consumed	30.1	3,638,491,059	4,066,610,194
Salaries, wages and benefits	30.2	599,330,928	752,219,498
Stores and spares consumed		191,503,012	254,229,242
Fuel, power and water	30.3	840,886,871	978,040,169
Rent, rates and taxes		3,863,362	3,230,015
Insurance expenses		21,899,450	24,401,113
Repairs and maintenance		6,130,403	5,310,818
Vehicle running and maintenance		7,608,196	9,075,732
Entertainment expenses		2,337,131	3,643,843
Communication expenses		1,274,985	1,394,488
Other expenses		2,928,712	4,254,211
Processing charges		482,885	21,835,850
Depreciation expenses	6.1.1	227,675,113	240,630,368
		5,544,412,108	6,364,875,541
Work in process			
Opening stock		151,063,528	224,556,388
Closing stock		(67,251,972)	(151,063,528)
		83,811,556	73,492,860
Cost of goods manufactured		5,628,223,664	6,438,368,401
Cost of Raw cotton & material		8,803,728	95,492,819
Cost of other material sold		-	-
		5,637,027,392	6,533,861,220
Finished goods			
Opening balance		1,095,618,184	966,407,243
Goods purchase:			
Other material purchase		-	-
Yarn Purchase		63,877,795	35,067,382
		63,877,795	35,067,382
Closing stock		(504,360,849)	(1,095,618,184)
		6,292,162,522	6,439,717,661

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
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	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
30.1 Raw material consumed			
Opening balance		1,299,168,689	2,706,007,015
Purchases		2,894,262,730	2,755,264,686
		4,193,431,419	5,461,271,701
Less: Cost of Raw cotton & material		(8,803,728)	(95,492,819)
Closing stock		(546,136,632)	(1,299,168,689)
		3,638,491,059	4,066,610,194

30.2 Salaries, wages and benefits include Rs. 25,785,236/- (June 30, 2016: Rs. 54,532,935/-) in respect of staff retirement benefits.

	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
30.3 Fuel, power and water			
Electricity purchase from out-side		83,213,310	399,988,945
Electricity produced by self	30.3.1	736,865,107	559,946,866
Water charges		3,539,110	3,374,650
Gas charges		17,269,344	14,729,708
		840,886,871	978,040,169
30.3.1 Electricity produced by self			
Salaries and wages	30.3.2	15,894,571	18,754,872
Fuel and store consumed		674,311,781	494,943,526
Repair and maintenance		930,450	724,200
Other expenses		6,015,163	3,935,835
Depreciation	6.1.1	39,713,143	41,588,433
		736,865,107	559,946,866

30.3.2 Salaries, wages and benefits include Rs. 1,185,250/- (June 30, 2016: Rs. 1,399,581/-) in respect of staff retirement benefits.

	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
31 DISTRIBUTION COST			
On export sales			
Export development surcharges		1,024,269	3,922,293
Freight		5,185,756	24,119,686
Commission		10,290,959	18,827,812
Clearing and forwarding		10,591,612	13,886,044
		27,092,597	60,755,835
On local sales			
Freight		8,741,156	20,140,334
Commission		4,194,789	19,266,943
		12,935,945	39,407,277
		40,028,542	100,163,113

		Note	30th June, 2017 Rupees	30th June, 2016 Rupees
32	**ADMINISTRATIVE EXPENSES**			
	Director's remuneration		7,670,838	5,484,807
	Salaries and benefits	32.1	27,373,612	20,444,938
	Printing and stationery		1,002,059	2,897,366
	Communication		2,174,062	2,237,793
	Traveling and conveyance		6,381,380	6,752,941
	Legal and professional charges		772,000	1,463,600
	Auditors' remuneration	32.2	1,777,430	1,777,430
	Rent, rates and taxes		556,218	2,300,492
	Entertainment		1,648,596	1,603,781
	Electricity, gas and water charges		1,759,964	2,494,118
	Fees and subscription		2,626,557	3,804,261
	Repairs and maintenance		993,208	149,387
	Depreciation	6.1.1	5,157,843	4,581,936
			59,893,766	55,992,850

32.1 Salaries, wages and benefits include Rs. 1,645,118/- (June 30, 2016: Rs. 3,254,594/-) 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
	1,777,430	1,777,430

33 OTHER OPERATING EXPENSES

Loss on sale of shares	-	685,802
Loss on sales of vehicle	-	15,312
	-	701,114

34 FINANCE COST

Interest / mark-up on		
- short term finances	231,071,077	329,348,029
- long term loans	86,297,665	72,680,785
- lease	2,611,525	2,459,123
- workers' profit participation fund		
Bank charges, commission and others charges	4,480,535	10,020,853
	324,460,801	414,508,790
Less: Finance income		
- on saving accounts & TDA	2,209,811	2,949,026
	322,250,990	411,559,765

35 OTHER INCOME

From financial assets		
Dividend income	7,352	11,027
From other than financial assets		
Commission Income	-	253,245
Profit on sale of property	-	1,266,840
Rental income	316,353	828,544
Appreciation in the fair value of investment	26,501	806,605
	350,206	3,166,261

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
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	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
36 TAXATION			
Current			
- for the year		52,424,357	14,672,441
Deferred		(55,624,443)	(24,052,604)
		(3,200,086)	(9,380,163)
37 (LOSS) PER SHARES			
(Loss) after taxation		(1,430,150,400)	(1,715,435,118)
		Number of shares	
Weighted average number of ordinary shares		13,000,000	13,000,000
		(Rupees)	
(Loss) per share - basic and diluted		(110.01)	(131.96)

37.1 There is no dilutive effect on basic earnings per share.

		30th June, 2017 Rupees	30th June, 2016 Rupees
38 CASH GENERATED FROM OPERATIONS			
(Loss) before taxation		(1,433,350,487)	(1,724,815,283)
Adjustment for items involving non movement of fund			
Depreciation		272,546,099	286,800,737
Financial charges		322,250,990	411,559,765
Loss / (gain) on sale of Vehicle		-	15,312
(Gain) on sale of property		-	(1,266,840)
Dividend income		(7,352)	(11,027)
Provision for gratuity		28,615,604	28,789,371
Provision for diminuition/ (appreciation) in the value of investment		(26,504)	(806,605)
		623,378,837	725,080,713
Profit before working capital changes		(809,971,649)	(999,734,570)
(Increase)/decrease in current assets			
Stocks, stores and spares		1,467,435,064	1,404,084,380
Trade debts		(47,875,884)	213,922,472
Loans and advances, prepayments, sales tax and		(7,551,104)	(4,600,956)
other receivables		-	12,583,754
		602,036,426	626,255,080
Increase in current liabilities			
Creditors, accrued and other liabilities		(388,140,665)	138,333,234
		213,895,761	764,588,314

39 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	
	2017	2016	2017	2016	2017	2016
Remuneration	2,363,984	1,227,145	5,306,854	4,257,662	36,559,898	30,542,847
	2,363,984	1,227,145	5,306,854	4,257,662	36,559,898	30,542,847
Number of persons	1	1	4	4	38	33

39.1 Chief executive, four directors and certain executives of the Company are provided with free maintained vehicle.

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
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40 FINANCIAL INSTRUMENTS

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

40.1 - Credit risk
40.2 - Liquidity risk
40.3 - 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.

40.1 Credit risk

40.1.1 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. 382.558 million (June 30, 2016: Rs. 339.751 million), financial assets which are subject to credit risk aggregate to Rs. 379.801 million (June 30, 2016: Rs. 338.870 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
Long term deposits		70,467,715	67,437,881
Trade debts		168,042,069	120,166,185
Other financial assets		139,553	113,051
Loans and advances		74,618,163	65,390,375
Trade deposits and short term prepayments		9,894,734	25,545,997
Cash and bank balances		59,396,240	61,097,161
		382,558,474	339,750,649

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

Domestic	168,042,069	120,166,185
	168,042,069	120,166,185

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

Yarn	103,730,592	69,781,361
Fabric	64,311,476	50,384,824
	168,042,068	120,166,185

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

Not past due	83,974,424	57,646,438
Past due 0 - 30 days	41,392,832	32,003,166
Past due 31 - 90 days	36,224,876	25,904,258
Past due 91 - 1 year	6,449,938	4,612,324
More than one year	-	-
	168,042,070	120,166,185

40.2 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 trough an adequate amount of committed credits facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credits lines.

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

	2017				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	1,267,399,998	1,583,061,575	422,740,561	1,160,321,015	-
Redeemable capital - Sukuk	663,337,643	958,129,245	498,860,657	299,890,543	159,378,045
Loan from directors and others - subordinated	-	-	-	-	-
Finance lease	25,744,741	29,709,802	18,569,118	11,140,684	-
Trade and other payables	834,869,984	834,869,984	834,869,984	-	-
Accrued interest / mark-up	559,232,481	559,232,481	559,232,481	-	-
Short term borrowings	2,745,183,687	2,973,582,970	2,973,582,970	-	-
	6,095,768,534	6,938,586,057	5,307,855,771	1,471,352,241	159,378,045

	2016				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	1,031,550,908	917,840,101	104,519,156	813,320,945	-
Redeemable capital - Sukuk	663,337,643	881,183,348	421,914,760	459,268,588	-
Loan from directors and others - subordinated	160,726,470	160,726,470	-	160,726,470	-
Finance lease	24,341,682	28,213,818	11,395,598	16,818,220	-
Trade and other payables	1,223,013,200	1,223,013,200	1,223,013,200	-	-
Accrued interest / mark-up	356,329,662	356,329,662	356,329,662	-	-
Short term borrowings	3,018,807,324	3,269,972,094	3,269,972,094	-	-
	6,478,106,889	6,837,278,692	5,387,144,469	1,450,134,223	-

40.2.2 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.

40.3 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.

40.3.1 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 2017	-	-	-	-
Trade debts 2016	-	-	-	-

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2017	2016	2017	2016
US Dollar to Rupee	104.49	104.40	104.80	104.70

40.3.2 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	30th June, 2017 Rupees	30th June, 2016 Rupees
US Dollar		-	-

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

40.3.3 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	
	30th June, 2017 Rupees	30th June, 2016 Rupees
Fixed rate instruments		
Financial assets	50,421,687	50,221,687
Financial liabilities	1,930,737,641	1,694,888,551
Variable rate instruments		
Financial assets	-	-
Financial liabilities	2,770,928,428	3,043,149,006

40.4 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.

40.5 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, 2017.

	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2017	27,709,284	(27,709,284)	-	-
Cash flow sensitivity - variable rate instruments 2016	30,431,490	(30,431,490)	-	-

40.6 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, 2017 other financial assets was categorized in level 1.

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

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	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
40.7 Off balance sheet items			
Bank guarantees issued in ordinary course of business		259,690,796	257,255,245
Civil work		-	-
Letters of credit for raw material		-	-
Letters of credit for stores and spares		-	7,201,904

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

40.8 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.

		30th June, 2017 Rupees	30th June, 2016 Rupees
Borrowings	Rupees	4,701,666,069	4,738,037,557
Less: Cash and bank balances		(59,396,240)	(61,097,161)
Net Debts		4,642,269,829	4,676,940,397
Total equity	Rupees	(697,214,752)	521,548,584
Total capital employed	Rupees	3,945,055,076	5,198,488,981
Gearing ratio	Percentage	**1.18**	**0.90**

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41 SEGMENT ANALYSIS

The segment information for the reportable segments for the year ended June 30, 2017 is as follows:

41.1 Operating results

	Note	Spinning		Weaving		Power Generation		Company	
		30th June, 2017 Rupees	30th June, 2016 Rupees	30th June, 2017 Rupees	30th June, 2016 Rupees	30th June, 2017 Rupees	30th June, 2016 Rupees	30th June, 2017 Rupees	30th June, 2016 Rupees
SALES									
Export		138,035,949	592,250,753	262,097,394	985,523,221	-	-	400,133,344	1,577,773,974
Local		3,788,661,840	2,466,100,387	751,686,680	1,048,240,569	-	-	4,540,348,520	3,514,340,956
Waste		42,812,746	24,628,161	11,464,452	1,970,465	-	-	54,277,198	26,598,626
Raw Cotton & material		7,563,607	79,009,092	-	-	-	-	7,563,607	79,009,092
Processing		7,764,195	172,982,957	270,548,264	9,039,822	-	-	278,312,459	182,022,779
		3,984,838,337	3,334,971,350	1,295,796,790	2,044,774,078	-	-	5,280,635,128	5,379,745,428
Inter - segment sales		93,663,712	224,724,633	-	-	736,865,107	559,946,866	830,528,819	784,671,499
Sales tax		-	(68,724,097)	-	(30,868,373)	-	-	-	(99,592,470)
Total sales		4,078,502,049	3,490,971,886	1,295,796,790	2,013,905,705	736,865,107	559,946,866	6,111,163,947	6,064,824,457
Cost of sales	43	(4,610,228,337)	(4,604,365,093)	(1,775,597,896)	(2,060,077,201)	(736,865,107)	(559,946,866)	7,122,691,341)	(7,224,389,160)
Gross profit		(531,726,288)	(1,113,393,206)	(479,801,106)	(46,171,496)	-	-	(1,011,527,394)	(1,159,564,703)
Distribution cost	44	(16,906,148)	(42,150,800)	(23,122,394)	(58,012,313)	-	-	(40,028,542)	(100,163 113)
Administrative expenses	45	(48,395,273)	(34,825,263)	(11,498,492)	(21,167,586)	-	-	(59,893,766)	(55,992,850)
		(65,301,422)	(76,976,063)	(34,620,886)	(79,179,899)	-	-	(99,922,308)	(156,155,962)
Operating Results		(597,027,710)	(1,190,369,269)	(514,421,992)	(125,351,396)	-	-	(1,111,449,702)	(1,315,720,665)
41.2 Segment assets		4,674,198,526	5,856,856,177	1,783,206,282	2,242,985,719	719,161,377	755,810,911	7,176,566,185	8,855,652,807
41.3 Unallocated assets								384,195,977	400,601,610
								7,560,762,162	9,256,254,417
41.4 Segment liabilities		696,287,963	1,006,499,908	100,212,712	114,808,912	38,369,309	101,704,380	834,869,984	1,223,013,200
41.5 Unallocated liabilities								6,016,015,288	6,049,897,388
								6,850,885,272	7,272,910,587
41.6 Depreciation		169,748,866	179,719,066	57,926,247	60,911,302	39,713,143	41,588,433	267,388,256	282,218,801

41.7 Inter-segment pricing

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

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

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
For the year ended June 30, 2017

	Note	30th June, 2017 Rupees	30th June, 2016 Rupees
42 RECONCILIATIONS OF REPORTABLE SEGMENTS SALES, COST OF SALES, ASSETS AND LIABILITIES			
42.1 Sales			
Total sales for reportable segment	41.1	6,111,163,947	6,064,824,457
Elimination of inter-segment	41.1	(830,528,819)	(784,671,499)
Total sales		5,280,635,128	5,280,152,958
42.2 Cost of sales			
Total cost of sales for reportable segment	43	7,122,691,341	7,224,389,160
Elimination of inter-segment	43.1	(830,528,819)	(784,671,499)
Total cost of sales		6,292,162,521	6,439,717,661
42.3 Assets			
Total assets for reportable segments	41.2	7,176,566,185	8,855,652,807
Long term deposits	7	70,467,715	67,437,881
Other financial assets	11	139,553	113,051
Loans and advances	12	74,618,163	65,390,375
Trade deposits and short term prepayments	13	9,894,734	25,545,997
Income tax and sales tax refundable	14	169,679,572	181,017,146
Cash and bank balances	15	59,396,240	61,097,161
Unallocated assets	41.3	384,195,977	400,601,610
		7,560,762,162	9,256,254,417
42.4 Liabilities			
Total liabilities for reportable segments	41.4	834,869,984	1,223,013,200
Long term finances	19	1,267,399,998	1,031,550,908
Redeemable capital - Sukuk	20	663,337,643	663,337,643
Loan from directors and others	21	-	160,726,470
Liabilities against assets subject to finance lease	22	25,744,741	24,341,682
Deferred liabilities	23	729,300,150	783,387,531
Accrued interest / mark-up	25	559,232,481	356,329,661
Short term borrowings	26	2,745,183,687	3,018,807,324
Loan from directors and others	27	25,816,588	11,416,168
Unallocated liabilities	41.5	6,016,015,288	6,049,897,388
		6,850,885,272	7,272,910,587

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	Spinning		Weaving		Power Generation		Company	
		30th June, 2017	30th June, 2016	30th June, 2017	30th June, 2016	30th June, 2017	30th June, 2016	30th June, 2017	30th June, 2016
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
43 COST OF SALES									
Raw material consumed	43.1	2,742,365,328	3,119,558,525	989,789,443	1,171,776,301	-	-	3,732,154,771	4,291,334,826
Stores and spares consumed		105,564,611	154,883,707	85,938,401	99,345,534	674,311,781	494,943,526	865,814,793	749,172,767
Processing Charges		-	-	482,885	21,835,850		-	482,885	21,835,850
Salaries, wages and benefits		453,760,662	598,255,986	145,570,266	153,963,512	15,894,571	18,754,872	615,225,499	770,974,370
Fuel, power and water.									
Inter-segment		440,249,371	402,046,274	288,135,212	150,230,275	-	-	728,384,582	552,276,549
Others		74,335,701	257,410,800	38,166,588	168,352,821	-	-	112,502,289	425,763,621
Repairs and maintenance		4,800,761	3,585,348	1,329,642	1,725,470	930,450	724,200	7,060,853	6,035,018
Insurance expenses		16,758,285	17,997,892	5,141,165	6,403,221	-	-	21,899,450	24,401,113
Rent, rates and taxes		3,273,862	3,230,015	589,500	-	-	-	3,863,362	3,230,015
Vehicle running and maintenance		5,100,441	7,013,177	2,507,755	2,062,555	-	-	7,608,196	9,075,732
Entertainment expenses		1,544,878	2,572,967	792,253	1,070,876	-	-	2,337,131	3,643,843
Communication expenses		1,061,876	1,110,899	213,109	283,589	-	-	1,274,985	1,394,488
Other expenses		2,461,252	3,667,316	467,460	586,894	6,015,163	3,935,835	8,943,875	8,190,045
Depreciation expenses		169,748,866	179,719,066	57,926,247	60,911,302	39,713,143	41,588,433	267,388,256	282,218,801
		4,021,025,894	4,751,051,974	1,617,049,925	1,838,548,200	736,865,107	559,946,866	6,374,940,927	7,149,547,040
Work in process									
Opening stock		99,169,355	108,100,288	51,894,173	116,456,100	-	-	151,063,528	224,556,388
Closing stock		(33,741,852)	(99,169,355)	(33,510,120)	(51,894,173)	-	-	(67,251,972)	(151,063,528)
		65,427,503	8,930,933	18,384,053	64,561,927	-	-	83,811,556	73,492,860
Cost of goods manufactured		4,086,453,397	4,759,982,907	1,635,433,978	1,903,110,127	736,865,107	559,946,866	6,458,752,483	7,223,039,900
Cost of Raw cotton & material		8,803,728	95,492,819	-	-	-	-	8,803,728	95,492,819
Cost of other material sold		-	-	-	-	-	-	-	-
		4,095,257,125	4,855,475,726	1,635,433,978	1,903,110,127	736,865,107	559,946,866	6,467,556,211	7,318,532,719
Finished goods									
Opening balance		608,166,873	321,988,858	487,451,311	644,418,385	-	-	1,095,618,184	966,407,243
Finished goods purchase:									
Purchase		-	-	-	-	-	-	-	-
Yarn purchase		63,877,795	35,067,382	-	-	-	-	63,877,795	35,067,382
		63,877,795	35,067,382	-	-	-	-	63,877,795	35,067,382
Closing stock		(157,073,456)	(608,166,873)	(347,287,393)	(487,451,311)	-	-	(504,360,849)	(1,095,618,184)
		4,610,228,337	4,604,365,093	1,775,597,896	2,060,077,201	736,865,107	559,946,866	7,122,691,341	7,224,389,160

QUETTA TEXTILE MILLS LIMITED

QUETTA

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	Spinning		Weaving		Power Generation		Company	
		30th June, 2017 Rupees	30th June, 2016 Rupees	30th June, 2017 Rupees	30th June, 2016 Rupees	30th June, 2017 Rupees	30th June, 2016 Rupees	30th June, 2017 Rupees	30th June, 2016 Rupees
43.1 Raw material consumed									
Opening balance		976,066,107	2,349,160,054	323,102,582	356,846,961	-	-	1,299,168,689	2,706,007,015
Purchases:									
Inter-segment		-	-	93,663,712	224,724,633	-	-	93,663,712	224,724,633
Other		2,245,643,557	1,841,957,397	648,619,173	913,307,289	-	-	2,894,262,730	2,755,264,686
		2,245,643,557	1,841,957,397	742,282,885	1,138,031,922	-	-	2,987,926,442	2,979,989,319
Cost of Raw cotton & material		(8,803,728)	(95,492,819)	-	-	-	-	(8,803,728)	(95,492,819)
Closing stock		(470,540,608)	(976,066,107)	(75,596,024)	(323,102,582)	-	-	(546,136,632)	(1,299,168,689)
		2,742,365,328	3,119,558,525	989,789,443	1,171,776,301	-	-	3,732,154,771	4,291,334,827
44 DISTRIBUTION COST									
On export sales									
Export development surcharge		341,272	1,449,413	682,997	2,472,880	-	-	1,024,269	3,922,293
Freight		1,833,284	8,459,574	3,352,472	15,660,112	-	-	5,185,756	24,119,686
Commission		163,893	2,719,431	10,127,066	16,108,381	-	-	10,290,959	18,827,812
Clearing and forwarding		8,967,400	5,186,326	1,624,212	8,699,718	-	-	10,591,612	13,886,044
		11,305,849	17,814,744	15,786,747	42,941,091	-	-	27,092,596	60,755,835
On local sales									
Freight		3,959,773	13,527,783	4,781,383	6,612,551	-	-	8,741,156	20,140,334
Commission		1,640,526	10,808,272	2,554,264	8,458,671	-	-	4,194,790	19,266,943
		5,600,299	24,336,055	7,335,647	15,071,222	-	-	12,935,946	39,407,277
		16,906,148	42,150,799	23,122,394	58,012,313	-	-	40,028,542	100,163,113

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
For the year ended June 30, 2017

	Note	Spinning		Weaving		Power Generation		Company	
		30th June, 2017 Rupees	30th June, 2016 Rupees	30th June, 2017 Rupees	30th June, 2016 Rupees	30th June, 2017 Rupees	30th June, 2016 Rupees	30th June, 2017 Rupees	30th June, 2016 Rupees
45 ADMINISTRATIVE EXPENSES									
Director's remuneration		6,198,179	3,411,326	1,472,659	2,073,481	-	-	7,670,838	5,484,807
Salaries and benefits		22,118,385	12,715,915	5,255,226	7,729,023	-	-	27,373,612	20,444,938
Printing and stationery		809,682	1,802,043	192,377	1,095,323	-	-	1,002,059	2,897,366
Communication		1,756,682	1,391,816	417,380	845,977	-	-	2,174,062	2,237,793
Traveling and conveyance		5,156,273	4,200,053	1,225,107	2,552,888	-	-	6,381,380	6,752,941
Legal and professional charges		623,790	910,299	148,210	553,301	-	-	772,000	1,463,600
Auditors' remuneration		1,436,196	1,105,489	341,234	671,941	-	-	1,777,430	1,777,430
Rent, rates and taxes		449,434	1,430,812	106,784	869,680	-	-	556,218	2,300,492
Entertainment		1,332,096	997,486	316,500	606,295	-	-	1,648,596	1,603,781
Electricity, gas and water charges		1,422,084	1,551,239	337,880	942,879	-	-	1,759,964	2,494,118
Fees and subscription		2,122,307	2,366,095	504,250	1,438,166	-	-	2,626,557	3,804,261
Repairs and maintenance		802,530	92,913	190,678	56,474	-	-	993,208	149,387
Depreciation		4,167,632	2,849,777	990,210	1,732,159	-	-	5,157,843	4,581,936
		48,395,273	34,825,263	11,498,492	21,167,586	-	-	59,893,766	55,992,850

		Note	30th June, 2017 Rupees	30th June, 2016 Rupees

46 TRANSACTIONS WITH RELATED PARTIES

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

Nature of transaction	Relationship	30th June, 2017	30th June, 2016
Loan received/(paid) - net	Key management personnel	14,400,420	2,927,566
Salaries and other benefits	Key management personnel	7,670,838	5,484,807

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.

47 PLANT CAPACITY AND PRODUCTION

Spinning

	30th June, 2017	30th June, 2016
Total no of spindles installed	73,488	73,488
Total no of rotors installed	1,104	1,104
Average no of spindles worked	67,302	66,189
Average no of rotors worked	905	897
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	19,751,669	17,345,148

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

Weaving

	30th June, 2017	30th June, 2016
Rated capacity converted into 60 picks - Square meters	70,763,414	70,763,414
Actual production converted to 60 picks - Square meters	42,198,991	42,922,451
Total numbers of looms worked	234	234
Number of shifts worked per day	3	3

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

Power Plant

		30th June, 2017	30th June, 2016
Installed capacity	MW	36.2	36.2
Installed capacity per hour per day	MWH	317.112	317.112
Prime capacity	MW	20	20
Stand by	MW	16.2	16.2
Installed prime capacity per hour per day	MWH	175.2	175.2
Actual generated per hour per day	MWH	84.94	71.38

Reason for Short Fall if Any

The installed capacity includes the stand by generation which is only used case of emergency shutdown of the prime engines, due to Unavailability of Gas.

48 SUBSEQUENT EVENTS

There is no subsequent event after balance sheet date.

49 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.

50 NUMBER OF EMPLOYEES

	30th June, 2017	30th June, 2016
Total number of employees as at	2,825	3,279
Average number of employees worked during the year	2,910	3,216

51 GENERAL

The figures have been rounded off to the nearest Rupee.

52 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on **October 09, 2017.**

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:
Dated: October 09, 2017

Form of Proxy

I/We ______________________________ of ______________________________, being a Member of Tata Textile Mills Limited, holder of ____________________, Ordinary Share(s) as per Register Folio No. __________________ hereby Appoint Mr.______________________, having CNIC No. ______________ ________________ as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf at the Annual General Meeting of the company to be held on October 31, 2017 and at any adjournment thereof.

Signed this __________ day of __________2017..

Signature across Rs.5
Revenue Stamp

Witness 1 ______________________	Witness 2 ______________________
Signature ______________________	Signature ______________________
Name ______________________	Name ______________________
CNIC # ______________________	CNIC # ______________________

NOTES:

1. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as proxy who is not member of the company qualified to vote except that a corporation being a member may appoint a person who is not a member.

2. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.

3. CDC Shareholders or their Proxies should bring their original CNICs or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detail procedure is given in Notes to the Notice of AGM.

پراکسی فارم (مختار نامہ)

میں/ہم---------------------------------کا/کی--

بحیثیت رکن کوئٹہ ٹیکسٹائل ملز لمیٹڈ اور حامل----------------عام حصص بمطابق رجسٹرڈ فولیو نمبر--------------------------------

بذریعہ ہذا محترم/محترمہ------------------------------کمپیوٹرائزڈ قومی شناختی کارڈ نمبر-----------------------------------

مورخہ 31 اکتوبر 2017ء کو صبح 9:00 بجے

کو اپنے/ ہمارے ایماء پر:
منعقد ہونے والے کمپنی کے غیر معمولی اجلاسِ عام میں حقِ رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور مختار نامہ (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز.........بتاریخ.........2017 کو میرے/ ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

ممبر کے دستخط
ریونیو کی مہر 5 روپے

گواھان	گواھان
1۔	2۔
دستخط:------------------------------	دستخط:------------------------------
نام:------------------------------	نام:------------------------------
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:--------------------	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:--------------------

نوٹ:

1۔ پراکسی تقرری کے آلات تقرر کرنے والے کے دستخط یا اس کے باقاعدہ بااختیار وکیل کے تحریری اجازت نامہ، یا اگر تقرر کرنے والا کارپوریشن ہے تو عام مہر یا ایک آفیشل دستخط کے تحت یا ایسے بااختیار وکیل کے دستخط ہوں گے۔ جو کمپنی کا رکن نہیں ہے اسے پراکسی مقرر نہیں کیا جائے گا سوائے ایک کارپوریشن کے جو ووٹ ڈالنے کے لئے ایک غیر رکن شخص کو پراکسی مقرر کرسکتی ہے۔

2۔ پراکسی اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی نوٹریلی مصدقہ کاپی، کمپنی کے دفتر میں کم از کم 48 (اڑتالیس) گھنٹے قبل اجلاس جس میں ووٹ دینے کے مقاصد کے لئے انسٹرومنٹ میں نامزد شخص کی جمع کروایا جائے گا، بصورت دیگر پراکسی کا انسٹرومنٹ کارآمد تصور نہ ہوگا۔

3۔ سی ڈی سی حصص یافتگان یا ان کے پراکسیز کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ معہ پارٹیسپنٹ (شرکت) آئی ڈی نمبر اور اکاؤنٹ نمبر اپنی شناخت کی سہولت کے لئے اپنے ہمراہ لانا چاہئے۔ تفصیلی طریقہ کار نوٹس EOGM کے نوٹ میں دیا گیا ہے۔

Quetta Textile Mills Limited

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