

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



**QUETTA**

**QUETTA TEXTILE MILLS LIMITED**



**QUETTA TEXTILE MILLS LIMITED**

## **QUARTERLY REPORT SEPTEMBER 30, 2020**

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## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

Mr. Tauqir Tariq  
Mr. Tariq Iqbal  
Mr. Asim Khalid  
Mr. Omer Khalid  
Mrs. Saima Asim  
Mrs. Tabbasum Tariq

Mr. Major Rtd. Muhammad Saeed

Chairman  
Chief Executive  
Director  
Director  
Director  
Director  
Director  
Mr. Major Rtd. Muhammad Saeed

### **AUDIT COMMITTEE**

Chairman  
Member  
Member

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

### **HUMAN RESOURCE & REMUNERATION COMMITTEE**

Chairman  
Member  
Member

Mrs. Tabbasum Tariq  
Mrs. Saima Asim  
Mrs. Sadaf Khalid

### **CHIEF FINANCIAL OFFICER**

### **COMPANY SECRETARY**

Mr. Nudrat Mund Khan

### **AUDITORS**

Mushtaq and Company  
Chartered Accountants

### **BANKERS**

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

### **REGISTERED OFFICE**

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

### **MILLS**

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

### **WEB SITE ADDRESS**

[www.quettagroup.com](http://www.quettagroup.com)



## **DIRECTORS' REPORT**

**Assalam-e-Alaikum**

Dear Shareholders:

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

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

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

On behalf of the Board of Directors,

**Tariq Iqbal**

A handwritten signature in black ink, appearing to read 'Tariq Iqbal'.

**Chief Executive Officer**

Karachi:

Dated: October 28, 2020



## QUETTA TEXTILE MILLS LIMITED

ڈائریکٹر ان کی رپورٹ  
اسلام علیکم

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

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

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

بحکم بورڈ آف ڈائریکٹرز

طارق اقبال  
چیف ایگزیکٹو آفیسر

کراچی مورخہ 28 ستمبر 2020

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

AS AT SEPTEMBER 2020

	Note	30 <sup>th</sup> Sept., 2020 Rupees (Un-Audited)	30 <sup>th</sup> June 2020 Rupees (Audited)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	2	5,671,095,345	5,720,860,458
Intangible assets		1,420,312	1,562,343
Long term deposits		33,649,014	33,649,014
		<b>5,706,164,671</b>	<b>5,756,071,815</b>
<b>CURRENT ASSETS</b>			
Stores and spares	3	408,897,219	409,450,434
Stock in trade		2,043,159,626	1,352,090,247
Trade debts		157,308,039	151,733,768
Other financial assets		90,768	67,194
Advances, deposits, prepayments and other receivable		106,474,141	97,339,367
Tax refund due from governments - Net		348,641,629	313,748,159
Cash and bank balances		93,891,506	81,810,653
		<b>3,158,462,928</b>	<b>2,406,239,822</b>
		<b>8,864,627,599</b>	<b>8,162,311,637</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
20,000,000 (June 30, 2020: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2020: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		<b>350,000,000</b>	<b>350,000,000</b>
Issued, subscribed and paid-up capital		130,000,000	130,000,000
Reserves		766,751,200	766,751,200
Equity portion of Loan from directors and others		212,728,470	212,728,470
Revaluation surplus on property, plant and equipment		2,208,650,955	2,228,537,931
Accumulated profit / (loss)		(3,347,052,941)	(3,237,318,480)
		<b>(28,922,316)</b>	<b>100,699,121</b>
<b>NON CURRENT LIABILITIES</b>			
Long term finances		294,279,686	332,600,041
Redeemable capital - Sukuk		-	-
Liabilities against assets subject to finance lease		-	-
Deferred liabilities		166,600,427	160,317,910
		<b>460,880,113</b>	<b>492,917,951</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,093,640,686	2,220,717,094
Accrued mark-up		1,062,056,095	1,051,197,043
Short term borrowings		2,412,528,260	2,413,564,208
Loan from directors and others		28,016,357	28,016,357
Current portion of			
Long term finances		1,206,767,742	1,173,247,387
Redeemable capital - Sukuk		611,335,643	611,335,643
Liabilities against assets subject to finance lease		18,288,552	18,288,552
Unclaimed dividend		36,467	36,467
Provision for taxation		-	52,291,814
		<b>8,432,669,802</b>	<b>7,568,694,565</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	4	<b>8,864,627,599</b>	<b>8,162,311,637</b>

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

Chief Executive

Director

Chief Financial Officer



## QUETTA TEXTILE MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

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

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

  
Chief Executive

  
Director

  
Chief Financial Officer



## QUETTA TEXTILE MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

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

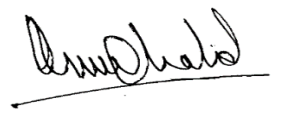
*The annexed notes from 1 to 8 form an integral part of these financial statements.*



Chief Executive



Director



Chief Financial Officer



**QUETTA TEXTILE MILLS LIMITED****CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

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

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

Chief Executive

Director

Chief Financial Officer



# QUETTA TEXTILE MILLS LIMITED

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

	Share Capital	Reserves			Equity portion of Loan from directors and others	Revaluation surplus on property, plant and equipment	Accumulated profit / (loss)	Total equity	
		Share premium	Capital reserve	General reserve					Sub total
	Rupees								
Balance as at June 30, 2019 - as previously reported (Audited)	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,287,989,493	(2,569,630,354)	827,838,809
Net (loss) for the quarter	-	-	-	-	-	-	-	(169,444,040)	(169,444,040)
Other comprehensive (loss) for the quarter	-	-	-	-	-	-	-	611,506	611,506
	-	-	-	-	-	-	-	(168,832,534)	(168,832,534)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(20,933,659)	20,933,659	-
Balance as at September 30, 2019 (Un-Audited)	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,267,055,834	(2,717,529,229)	659,006,275
Balance as at June 30, 2020 - as previously reported (Audited)	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,228,537,931	(3,237,318,480)	100,699,121
Net (loss) for the quarter	-	-	-	-	-	-	-	(132,877,652)	(132,877,652)
Other comprehensive (loss) for the quarter	-	-	-	-	-	-	-	3,256,215	3,256,215
	-	-	-	-	-	-	-	(129,621,437)	(129,621,437)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(19,886,976)	19,886,976	-
Balance as at September 30, 2020 (Un-Audited)	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,208,650,955	(3,347,052,941)	(28,922,316)

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

Chief Executive

Director

Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**
**1 SELECTED EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

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

**1.2 Geographical location and address of business units**

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

**1.3 Going concern assumptions**

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

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

**To substantiate its going concern assumption:**

- 1.3.1** The management has prepared five years future plan showing positive growth in operation and business of the company which is supported by increase in production of yarn during the year. Management believes that, company will be able to achieve satisfactory levels of profitability in the future based on the plans drawn up by the management for this purpose;
- 1.3.2** The company's weaving mills sales suffered due to adverse market conditions. However, the management continue operations to conversion by doing job work. Now we have orders and are continuing operations on mostly conversion basis. Based on the availability of conversion market and orders, management anticipates better operational efficiencies and plant utilization.
- 1.3.3** During the year and subsequent to the year end, the Directors and sponsors of the company have injected financial support. They have committed that they would also continue such support in future; and
- 1.3.4** The management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at various stages of implementation. Such steps include, but not limited to, rightsizing of the men power, resource conservation, close monitoring of other fixed cost etc. The management is certain to generate sufficient savings as consequences of adapting all such measures.
- The management anticipates that above steps will not only bring the Company out of the existing financial crisis but also contribute significantly towards the improvement of the company financial position in the foreseeable future.
- 1.4** These condensed interim financial information have been prepared in accordance with the International Financial Reporting Standards, International Accounting Standards (IAS) 34: Interim Financial Reporting as notified under the Companies Act, 2017 and the directives issued under the Act and in compliance with the requirement of section 237 of the Companies Act, 2017 and Rule Book of the Pakistan Stock Exchange
- 1.5** This condensed interim financial information has been prepared under 'historical cost convention' modified by:
- \* certain items of property, plant and equipment which have been included at revalued amount;
  - \* financial instruments at fair value; and
  - \* recognition of certain staff retirement benefits at present value
- 1.6** The accounting policies and methods of computation followed in the preparation of the 1st Quarterly financial statements are the same as those of the published annual financial statements for the year ended June 30, 2020.



# QUETTA TEXTILE MILLS LIMITED

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

### 2 PROPERTY, PLANT AND EQUIPMENT

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

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

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

### 3 STOCK IN TRADE

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

### 4 CONTINGENCIES AND COMMITMENTS

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

	(Un-audited)	(Audited)
	30 <sup>th</sup> Sept., 2020	30 <sup>th</sup> June 2020
	-----Rupees -----	----- Rupees -----

#### 4.1 Contingencies

Bank Guarantee issued by bank on behalf of the company

230,759,721      230,759,721

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

#### 4.2 Commitments

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



# QUETTA TEXTILE MILLS LIMITED

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

### 5 COST OF SALES

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

### 6 TRANSACTIONS WITH RELATED PARTIES

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

### 7 DATE OF AUTHORIZATION FOR ISSUE

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

### 8 GENERAL

Figures have been rounded off to the nearest rupees.

Chief Executive

Director

Chief Financial Officer