

# QUETTA TEXTILE MILLS LIMITED

## CORPORATE INFORMATION

### **BOARD OF DIRECTORS**

Executive Director	Mr. Tariq Iqbal (Chief Executive)
Executive Director	Mr. Tauqir Tariq
Executive Director	Mr. Asim Khalid
Executive Director	Mr. Omer Khalid
Executive Director	Mrs. Saima Asim
Non-Executive Director	Mrs. Tabbasum Tariq
Non-Executive Director	Mrs. Sadaf Khalid
Non-Executive Independent Director	Mr. Farhan Saleem

### **AUDIT COMMITTEE**

Chairman	Mrs. Tabbasum Tariq
Member	Mrs. Sadaf Khalid
Member	Mr. Farhan Saleem

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

Chairman	Mr. Asim Khalid
Member	Mrs. Tabasum Tariq
Member	Mrs. Sadaf Khalid

### **CHIEF FINANCIAL OFFICER**

Mr. Omer Khalid

### **COMPANY SECRETARY**

Mr. Muhammad Sohrab Ghani

### **AUDITORS**

Mushtaq and Company  
Chartered Accountants  
407 / 4<sup>th</sup> Floor, Commerce Centre  
Hasrat Mohani Road, Karachi

### **BANKERS**

Allied Bank Limited  
Al-Baraka Bank (Pakistan) Limited  
Bank Alfalah Limited  
Burj Bank Limited  
Dubai Islamic Bank (Pakistan) Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
KASB 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

# QUETTA TEXTILE MILLS LIMITED

## CHIEF EXECUTIVE'S REVIEW

Dear Shareholders:

It is a pleasure to present the results of the company for the quarter ended September 30, 2014.

Your company earned a profit before tax of Rs.31.742 (M) as compared to the corresponding last year's quarter profit of Rs.101.451 (M). Turnover for this quarter was Rs.2.594 (B), as compared to corresponding last year's quarter amounting to Rs.3.381 (B), showing a decrease of 23% due to decrease in cotton, yarn and fabric prices. Electricity and gas shortages have also affected productions, sales and profitability.

Results for this quarter have remained subdued by the steep slowdown in the international textile markets and PKR appreciation against US\$. However, this has also brought raw cotton prices to a reasonable level, and it seems that cotton prices are expected to stay at the current levels due to a good cotton crop this year in Pakistan. We hope profitability will gradually start to improve from next quarter with the arrivals of raw cotton increasing.

The company has re-paid an approximate amount of Rs.40 (M) this quarter under long-term loans, thus reducing our financial cost by Rs.16.7 (M). The cash flows of the company are expected to improve with the reduced financial costs.

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.



**TARIQ IQBAL**

Chief Executive

Karachi: October 31, 2014

**QUETTA TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2014**

	Note	30-Sep-14 Rupees (Un - Audited)	30-Jun-14 Rupees (Audited)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	4,960,217,626	5,008,146,385
Long term deposits		31,205,049	31,205,049
		4,991,422,675	5,039,351,434
<b>CURRENT ASSETS</b>			
Stores, spare and loose tools		527,737,262	=529,949,869
Stock in trade	6	4,002,163,720	3,769,952,643
Trade debts		326,610,562	410,865,919
Other financial assets		3,645,057	3,227,989
Loans and advances		68,388,409	69,758,035
Trade deposits and short term prepayments		20,226,555	8,765,196
Income tax and sales tax refundable		230,019,824	289,977,522
Cash and bank balances		40,430,718	46,136,058
		5,219,222,107	5,128,633,231
<b>TOTAL ASSETS</b>		<u>10,210,644,782</u>	<u>10,167,984,665</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
20,000,000 (June 2014: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 2014: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up capital		130,000,000	130,000,000
Reserves		2,363,154,651	2,358,036,006
		2,493,154,651	2,488,036,006
Surplus on revaluation of property, plant and equipment		685,004,937	689,329,460
<b>NON CURRENT LIABILITIES</b>			
Long term finances		124,160,824	108,859,446
Redeemable capital - Sukuk		617,606,947	654,434,534
Loans from Directors and Other's -Subordinated		160,726,470	160,726,470
Liabilities against assets subject to finance lease		12,486,173	17,735,744
Deferred liabilities		509,021,402	516,109,062
		1,424,001,816	1,457,865,256
<b>CURRENT LIABILITIES</b>			
Trade and other payables		813,880,594	902,498,608
Accrued interest / mark-up		186,331,997	159,417,657
Short term borrowings		4,280,381,584	4,162,591,963
Current portion of			
Long term finances		82,100,708	78,310,038
Redeemable capital - Sukuk		220,000,001	204,413,793
Liabilities against assets subject to finance lease		25,788,494	25,321,884
	7	5,608,483,378	5,532,753,943
<b>Contingencies and Commitments</b>			
		<u>10,210,644,782</u>	<u>10,167,984,665</u>

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

  
**TARIQ IQBAL**  
 Chief Executive

  
**OMER KHALID**  
 Director

Karachi:  
 Dated : October 31, 2014

**QUETTA TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	For the Quarter 30-Sep-14	For the Quarter 30-Sep-13
	Rupees	Rupees
Sales	2,593,550,338	3,381,295,290
Cost of sales	(2,308,970,060)	(2,997,499,794)
<b>Gross profit</b>	<b>284,580,278</b>	<b>383,795,496</b>
Distribution Cost	(77,786,953)	(86,877,125)
Administrative expenses	(14,200,410)	(12,372,483)
Other operating expenses	(2,453,011)	(7,703,671)
Finance cost	(159,561,876)	(176,287,305)
	(254,002,250)	(283,240,584)
<b>Profit from operations</b>	<b>30,578,028</b>	<b>100,554,912</b>
Other income	1,164,554	896,268
<b>Profit before taxation</b>	<b>31,742,582</b>	<b>101,451,180</b>
Taxation	(30,850,645)	(50,200,174)
<b>Profit after taxation</b>	<b>891,937</b>	<b>51,251,006</b>
<b>Earnings per share - basic and diluted</b>	<b>0.07</b>	<b>3.94</b>

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

  
**TARIQ IQBAL**  
 Chief Executive

  
**OMER KHALID**  
 Director

Karachi:  
 Dated : October 31, 2014

# QUETTA TEXTILE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	For the Quarter 30-Sep-14 Rupees	For the Quarter 30-Sep-13 Rupees
Profit after taxation	891,937	51,251,006
<b>Other comprehensive income:</b>		
Loss on remeasurement of staff retirement benefit	(2,528,168)	-
Impact of deferred tax	300,364	-
	(2,227,804)	-
<b>Total comprehensive (loss)/ income for the period</b>	<b>(1,335,867)</b>	<b>51,251,006</b>

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



**TARIQ IQBAL**  
Chief Executive



**OMER KHALID**  
Director

Karachi:

Dated : October 31, 2014

**QUETTA TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	For Quarter ended Sep - 30, 2014 RUPEES	For Quarter ended Sep - 30, 2013 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before taxation	31,742,582	101,451,180
<b>Adjustment for non cash charges and other items:</b>		
Depreciation	58,490,489	58,445,322
Financial charges - net	159,561,876	176,287,305
Provision for gratuity	6,653,075	7,097,535
Provision for appreciation in the value of investment	(417,069)	(234,138)
Workers profit participation fund	1,704,757	5,448,506
Worker Welfare Fund	647,808	2,070,432
	<u>226,640,936</u>	<u>249,114,962</u>
Profit before working capital changes	258,383,518	350,566,142
<b>Effects on cash flow due to working capital changes:</b>		
(Increase)/decrease in current assets:		
Stocks, stores and spares	(229,998,470)	(405,249,760)
Trade debts	84,255,357	73,347,369
Loans, advances, short term prepayments and other receivables	49,073,461	(34,279,994)
	<u>(96,669,652)</u>	<u>(366,182,385)</u>
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	(93,668,079)	28,411,025
Cash generated from operations	68,045,787	12,794,782
<b>Payment for:</b>		
Taxes	(25,101,442)	(34,581,960)
Gratuity	(16,297,747)	(8,721,347)
Financial charges - net	(132,647,536)	(139,637,032)
	<u>(174,046,725)</u>	<u>(182,940,339)</u>
<b>Net Cash Outflow From Operating Activities</b>	<u>(106,000,938)</u>	<u>(170,145,557)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Fixed capital expenditure	(10,561,731)	(27,347,455)
Short term investments		
<b>Net Cash Outflow From Investing Activities</b>	<u>(10,561,731)</u>	<u>(27,347,455)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Long term loans - net	(2,149,331)	(72,731,278)
Dividend paid	-	(108,745)
Short term loans - net	117,789,621	290,990,353
Lease Liability - Paid	(4,782,961)	(22,792,606)
<b>Net Cash Inflow From Financing Activities</b>	<u>110,857,329</u>	<u>195,357,724</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(5,705,340)</u>	<u>(2,135,288)</u>
Cash and cash equivalents at beginning of the period	46,136,058	37,974,217
<b>CASH AND BANK BALANCES AT END OF THE QUARTER</b>	<u>40,430,718</u>	<u>35,838,929</u>

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

Karachi:  
Dated : October 31, 2014

(5)

  
**TARIQ IQBAL**  
Chief Executive

  
**OMER KHALID**  
Director

**QUETTA TEXTILE MILLS LIMITED**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**

**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	R E S E R V E S					Un-appropriated profit Rupees	Total Rupees
	Paid-up Capital Rupees	Share premium Reserve Rupees	Capital Reserve Rupees	General Reserves Rupees	Sub- Total Rupees		
Balance as at June 30, 2013 - (AUDITED)	130,000,000	651,750,000	1,200	115,000,000	766,751,200	1,528,181,748	2,424,932,948
Transfer from Surplus on revaluation on property, Plant and equipment -( Incremental Depreciation ) net of deferred tax	-	-	-	-	-	6,068,038	6,068,038
Profit after taxation for the Period	-	-	-	-	-	51,251,006	51,251,006
Total comprehensive income for the period	-	-	-	-	-	51,251,006	51,251,006
<b>Balance as at September 30, 2013</b>	<b>130,000,000</b>	<b>651,750,000</b>	<b>1,200</b>	<b>115,000,000</b>	<b>766,751,200</b>	<b>1,585,500,792</b>	<b>2,482,251,992</b>
Balance as at June 30, 2014 - (AUDITED)	130,000,000	651,750,000	1,200	115,000,000	766,751,200	1,591,284,806	2,488,036,006
Transfer from Surplus on revaluation on property, Plant and equipment -( Incremental Depreciation ) net of deferred tax	-	-	-	-	-	6,454,512	6,454,512
Profit after taxation for the period	-	-	-	-	-	891,937	891,937
Total comprehensive loss for the period	-	-	-	-	-	(2,227,804)	(2,227,804)
	-	-	-	-	-	(1,335,867)	(1,335,867)
<b>Balance as at September 30, 2014</b>	<b>130,000,000</b>	<b>651,750,000</b>	<b>1,200</b>	<b>115,000,000</b>	<b>766,751,200</b>	<b>1,596,403,451</b>	<b>2,493,154,651</b>

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

Karachi:  
Dated : October 31, 2014

  
**TARIQ IQBAL**  
Chief Executive

  
**OMER KHALID**  
Director

# QUETTA TEXTILE MILLS LIMITED

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

### FOR THE QUARTER ENDED SEPTEMBER 30, 2014

#### 1. THE COMPANY AND ITS OPERATIONS

The company was incorporated as a public limited company on January 29, 1970. Its shares are quoted on the Karachi Stock Exchange. The main business of the company is manufacturing and sale of yarn and fabric.

#### 2. BASIS OF PREPARATION

##### 2.1 Statement of Compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Finance Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2014.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim Balance Sheet, condensed interim Profit and Loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the selected notes for the quarter ended September 30, 2014.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June, 2014.

#### 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgements and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June, 2014.

#### 5. ACQUISITION AND DISPOSAL OF PROPERTY PLANT AND EQUIPMENT

	FOR THE QUARTER ENDED		FOR THE YEAR ENDED	
	30-Sep-14		30-Jun-14	
	ADDITIONS	DISPOSAL	ADDITIONS	DISPOSAL
<b>Building</b>				
Building - Lease hold	-	-	8,683,260	-
Building - Freehold Land	-	-	52,267,355	-
Plant and machinery	10,561,731	-	183,239,792	-
Electrical fittings	-	-	2,326,292	-
Factory equipments	-	-	140,000	-
Office equipments	-	-	435,900	-
Furniture and fixtures	-	-	493,362	-
Vehicles	-	-	7,872,925	(739,000)
	<u>10,561,731</u>	<u>-</u>	<u>255,458,886</u>	<u>(739,000)</u>

#### 6. STOCK IN TRADE

The carrying value of pledge stock amounts to Rs. 1,689,442,803 (June 14 Rs. 1,840,391,856)



**7 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 7.1 below:

	30-Sep-14	30-Jun-14
<b>7.1 COMMITMENT</b>	10,000,000	10,000,000
Civil work		
Confirmed letter of credit in respect of:	495,125,634	503,653,164
- Raw material	16,542,896	18,624,231
- Stores and spares	511,668,530	522,277,395

**8 EARNINGS PER SHARES**

Profit after taxation

	30-Sep-14	30-Sep-13
	891,937	51,251,006
<b>Number of shares</b>		
	13,000,000	13,000,000
<b>(Rupees)</b>		
	0.07	3.94

Weighted average number of ordinary shares

Earnings per share - basic and diluted

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

**9 TRANSACTIONS WITH RELATED PARTIES**

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

Nature of transaction	Relationship		
Loan received/(paid) - net	Key management personnel		
Salaries and other benefits	Key management personnel	1,368,063	1,067,579

**10 CYCLICALITY OF OPERATIONS**

The textile business is an all year business however, major raw material purchases i.e. cotton, take place during the four months from October to January. This leads to higher figures in respect of stocks, bank borrowings and sales tax refundable being reflected during these periods.

**11 DATE OF AUTHORIZATION FOR ISSUE**


These financial statements have been authorized for issue on **October 31, 2014** by Board of Directors of the Company.

**12 RECLASSIFICATION**

There is no reclassification of items as compare to previous year.

**14 GENERAL**

Figures have been rounded off to the nearest rupees.

  
**TARIQ IQBAL**  
Chief Executive

  
**OMER KHALID**  
Director

Karachi:

Dated : October 31, 2014