

# QUETTA TEXTILE MILLS LIMITED

## CORPORATE INFORMATION

### **BOARD OF DIRECTORS**

Mr. Tariq Iqbal (Chief Executive)  
Mr. Tauqir Tariq  
Mr. Asim Khalid  
Mr. Omer Khalid  
Mrs. Saima Asim  
Mrs. Tabbasum Tariq  
Mrs. Sadaf Khalid

### **AUDIT COMMITTEE**

Mr. Asim Khalid (Chairman)  
Mrs. Sadaf Khalid (Member)  
Mrs. Tabbasum Tariq (Member)

### **CHIEF FINANCIAL OFFICER**

Mr. Omer Khalid

### **COMPANY SECRETARY**

Mr. Muhammed 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  
MCB 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 my pleasure to present the financial results of the company for the nine months ended on March 31, 2012.

Your company earned profit before tax of Rs.137.665 (M), as compared to Rs.905.644 (M) in the corresponding period last year. Turnover for the nine months was Rs.8.262 (B), as compared to corresponding year's Rs.10.798 (B) in March 2011, showing a decrease of 23.5% due to decrease in cotton and yarn and fabric prices.

Non-availability of gas in Punjab has forced the mills to be run of Furnace Oil (HFO) to keep the mills in production. Electricity through gas generation costs Rs.7.3 per unit (WAPDA's present cost is around Rs.8.5 per unit), but the company's weaving unit does not have WAPDA connection, and has to run on HFO. With the current price of HFO at Rs.85,770 per ton, HFO generation costs is around Rs.23 per unit – more than 3 times the cost of normal gas generation. This has significantly increased our generation cost and wiped out the company's profitability. The company has paid around Rs.2.0 (M) per day as extra cost to the company through HFO generation to keep the mills running and in production. This has created a liquidity strain, as the company has paid an extra amount of Rs.140 (M) in just 2 months for purchasing HFO, besides approximately Rs.30 (M)~Rs.40 (M) per month prior to December 2011.

The company's fabric export sales have been heavily dependent on Europe. Major sales of fabrics have been high value articles for Europe. Due to financial crises in Europe, QTML fabric sales (export+local) have been very slow for the past 6 months. This has also hampered the inflows in weaving. We are in the process of developing the Chinese market for fabrics. Chinese market demands high volume and very short lead times. The company will be able to develop the Chinese market for fabrics in about 5-6 months, and will be able to sell a good quantity within 3-4 months.

Due to above-mentioned reasons, the company was not able to pay the Sukuk principal installment amount of Rs.69.25 (M) on March 26, 2012. However, the company paid the mark-up/profit of Rs.92.36 (M) to the Sukuk holders. The principal installment amount of Rs.34.2 (M) [out of Rs.69.25 (M)] has been paid on April 26, 2012. Balance amount of Rs.34.2 (M) will be paid within May '2012.

To overcome the problem of non-availability of gas and to keep our mills running, the company has decided to construct and install a Grid Station within our existing mill premises for getting supply from Lahore Electric Supply Company (LESCO). Electricity through Grid Station will cost us Rs.8.2 per unit, as per present tariff. The project cost of setting up Grid Station will be around Rs.140 (M).

The existing Sukuk loan is on a stepped-up repayment mechanism. Future repayments are heavy which will not be sustainable for the company. Due to the above-mentioned un-foreseen events/unavoidable circumstances and with the up-coming heavy repayment schedule, the company has already approached the lead financing banks and all the consortium banks/DFIs to re-profile the Sukuk loan for another 5 years for maturity in 2020. This re-profiling will give the company breathing space in the up-coming years.

I would like to thank all financial institutions for their continued support and confidence in the company. I would also like to extend my gratitude to the workers, staff and officers for their honesty and dedication to the company.

On behalf of the Board of Directors

Karachi: April 28, 2012

TARIQ IQBAL  
CHIEF EXECUTIVE

**QUETTA TEXTILE MILLS LTD**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**

**AS AT MARCH 31, 2012**

NOTE	31,MARCH 2012 RUPEES (UN-AUDITED)	30 JUNE 2011 RUPEES (AUDITED)
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised Capital		
	200,000,000	200,000,000
	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	116,019,707	114,674,209
Share premium reserve	651,750,000	651,750,000
Unappropriated profit	1,306,020,097	1,295,695,419
Shareholders equity	<u>2,203,789,804</u>	<u>2,192,119,628</u>
Surplus on revaluation of property , plant and equipment	728,730,514	743,015,956
<b><u>NON-CURRENT LIABILITIES</u></b>		
Loans from directors and associates-subordinated	34,224,000	78,776,000
Loans from financial institutions	239,732,146	255,208,177
Redeemable capital	923,333,333	1,177,250,000
Finance lease	112,933,393	187,010,286
Deferred liabilities	490,729,192	461,976,060
<b><u>CURRENT LIABILITIES</u></b>		
Short term borrowings	3,911,043,581	3,652,262,111
Current maturity of long term liabilities	542,533,958	369,835,442
Trade and other payables	791,822,642	360,935,227
Accrued mark-up on loans	198,039,197	168,349,923
	<u>5,443,439,378</u>	<u>4,551,382,703</u>
Contingencies and commitments	5	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>10,176,911,760</u>	<u>9,646,738,810</u>
<b><u>ASSETS</u></b>		
<b><u>NON-CURRENT ASSETS</u></b>		
Property, plant and equipment	5,051,918,077	5,090,266,750
Capital work in progress	44,613,167	43,041,260
	<u>5,096,531,244</u>	<u>5,133,308,010</u>
Long term investments	2,312,776	2,786,576
Long term deposits	41,686,053	26,742,702
<b><u>CURRENT ASSETS</u></b>		
Stores, spares, and loose tools	418,311,762	449,805,371
Stock in trade	3,903,593,026	2,947,780,363
Trade debts	428,203,204	658,397,688
Other financial assets	6,924,509	15,898,000
Loans and advances	62,730,477	192,394,294
Short term prepayments	9,042,878	6,450,130
Income Tax and Sales tax	182,818,850	188,514,029
Cash and bank balances	24,756,981	24,661,647
	<u>5,036,381,687</u>	<u>4,483,901,522</u>
<b>TOTAL ASSETS</b>	<u>10,176,911,760</u>	<u>9,646,738,810</u>

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

**TARIQ IQBAL**  
Chief Executive

**OMER KHALID**  
Director

**KARACHI:**  
April 28, 2012

**QUETTA TEXTILE MILLS LTD**  
**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2012**

	FOR THE QUARTER ENDED		FOR THE NINE MONTHS ENDED	
	MARCH 31, 2012 RUPEES	MARCH 31, 2011 RUPEES	MARCH 31, 2012 RUPEES	MARCH 31, 2011 RUPEES
Turnover	3,051,539,686	4,168,857,518	8,262,108,201	10,798,183,952
Less: cost of goods sold	2,599,673,533	3,319,879,794	7,108,381,906	8,847,373,944
<b>Gross profit</b>	451,866,153	848,977,724	1,153,726,295	1,950,810,008
<b>Operating expenses</b>				
Distribution cost	(89,702,618)	(71,719,694)	(270,930,875)	(226,087,917)
Administrative expenses	(9,570,836)	(8,911,079)	(27,426,139)	(24,749,903)
Other operating expenses	(807,273)	(44,506,663)	(10,145,493)	(125,342,783)
Other operating income	1,063,885	1,494,346	3,095,137	6,392,041
	(99,016,842)	(123,643,090)	(305,407,370)	(369,788,562)
<b>Operating profit</b>	352,849,311	725,334,634	848,318,925	1,581,021,446
Finance cost - net	(302,962,291)	(274,462,487)	(710,653,182)	(675,376,689)
<b>Net profit before taxation</b>	49,887,020	450,872,147	137,665,743	905,644,757
Taxation	(48,092,249)	(51,779,116)	(129,818,669)	(145,556,566)
<b>Net profit after taxation</b>	1,794,771	399,093,031	7,847,074	760,088,191
Earnings per share - basic and diluted	0.14	30.70	0.60	58.47

**TARIQ IQBAL**  
Chief Executive

**OMER KHALID**  
Director

Karachi:  
April 28, 2012

# QUETTA TEXTILE MILLS LTD

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) AS AT MARCH 31, 2012

	For the Quarter Ended		For the Nine Monts Ended	
	31-Mar-12 Rupees	31-Mar-11 Rupees	31-Mar-12 Rupees	31-Mar-11 Rupees
<b>Profit for the period after taxation</b>	1,794,771	399,093,031	7,847,074	760,088,191
<b>Other comprehensive income:</b>				
Unrealized gain on remeasurement of available for sales investments	-	20,175,980	1,345,498	55,938,396
Transfer from surplus on revaluation of property, plant & equipment - incremental depreciation	7,325,868	7,497,909	21,977,603	23,709,606
<b>Other comprehensive income for the period</b>	7,325,868	27,673,889	23,323,101	79,648,002
<b>Total comprehensive income for the period</b>	9,120,639	426,766,920	31,170,175	839,736,193

**TARIQ Iqbal**  
Chief Executive

**OMER KHALID**  
Director

Karachi:  
April 28, 2012

QUETTA TEXTILE MILLS LIMITED  
CONDENSED INTERIM STATEMENT CASH FLOW (UN-AUDITED)  
FOR THE NINE MONTH ENDED MARCH 31, 2012

	Ended March - 31, 2012 RUPEES	Ended March - 31, 2011 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before taxation	137,665,743	905,644,757
<b>Adjustments for non cash charges and other items:</b>		
Depreciation	186,396,417	176,920,569
Finance cost - net	710,653,182	675,376,689
Dividend income	(696,000)	(664,669)
Gain on Sales of fixed assets	(71,463)	-
Provision for gratuity	10,776,358	22,373,353
Provision for Appreciation/ diminution in the value of investment	(341,284)	(3,306,398)
Provision for workers profit participation fund	6,865,448	52,340,595
	<u>913,582,658</u>	<u>923,040,139</u>
Profit before working capital changes	1,051,248,401	1,828,684,896
<b>Effects on cash flow due to working capital changes:</b>		
(Increase)/ decrease in current assets:		
Stocks, stores and spares	(924,319,054)	(1,488,052,452)
Trade debts	230,194,484	(198,997,480)
Loans, advances, short term prepayments and other receivables	131,240,605	(126,592,240)
	<u>(562,883,965)</u>	<u>(1,813,642,172)</u>
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	466,273,765	105,727,748
Cash generated from operations	<u>954,638,201</u>	<u>120,770,472</u>
<b>Payment for:</b>		
Taxes	(82,677,616)	(96,895,361)
Gratuity	(19,946,475)	(10,139,771)
Workers profit participation fund	(42,109,849)	(20,099,460)
Long term deposit	(14,943,351)	(6,002,640)
Finance cost - net	(680,963,908)	(670,605,816)
	<u>(840,641,199)</u>	<u>(803,743,048)</u>
<b>Net Cash Outflow From Operating Activities</b>	<b>113,997,002</b>	<b>(682,972,576)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividend received	696,000	664,669
Fixed capital expenditure	(150,122,908)	(334,090,793)
Sale Proceed of Fixed assets	525,500	
Long term investment	1,726,571	76,865,993
Short term investments	9,314,774	(3,594,951)
<b>Net Cash Outflow From Investing Activities</b>	<b>(137,860,063)</b>	<b>(260,155,082)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>		
Long term loans - net	(36,576,242)	(99,309,491)
Short term loan- net	258,781,470	1,144,664,938
Redeemable capital	(69,250,000)	(69,250,000)
Finance lease	(64,944,833)	(5,401,623)
Long term loans from directors and associates	(44,552,000)	-
Dividend paid	(19,500,000)	(26,000,000)
<b>Net Cash Inflow From Financing Activities</b>	<b>23,958,395</b>	<b>944,703,824</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>95,334</b>	<b>1,576,166</b>
Cash and cash equivalents at beginning of the period	24,661,647	3,218,580
<b>Cash and bank balances at the end of the period</b>	<b>24,756,981</b>	<b>4,794,746</b>

TARIQ IQBAL  
Chief Executive

OMER KHALID  
Director

KARACHI:  
April 28, 2012

**QUETTA TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTH ENDED MARCH 31,2012**

	RESERVES					Un-appropriated	Total	
	Paid-up Capital	Share Premium Reserve.	Capital Reserves	Unrealised gain/(loss) in value of securities available for sale	General reserves	Sub Total		Profit
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as at June 30, 2010	130,000,000	651,750,000	1,200	(66,313,574)	115,000,000	700,437,626	706,287,162	1,536,724,788
Total comprehensive income for the Nine month ended March 31, 2011	-	-	-	55,938,396	-	55,938,396	783,797,797	839,736,193
Dividend Paid		-	-	-	-	-	(26,000,000)	(26,000,000)
<b>Balance as at March 31, 2011</b>	<b>130,000,000</b>	<b>651,750,000</b>	<b>1,200</b>	<b>(10,375,178)</b>	<b>115,000,000</b>	<b>756,376,022</b>	<b>1,464,084,959</b>	<b>2,350,460,981</b>
<b>Balance as at June 30, 2011</b>	130,000,000	651,750,000	1,200	(326,991)	115,000,000	766,424,209	1,295,695,419	2,192,119,628
Total comprehensive income for the Nine month ended March 31, 2012	-	-	-	1,345,498	-	1,345,498	29,824,677	31,170,175
Dividend Paid		-	-	-	-	-	(19,500,000)	(19,500,000)
<b>Balance as at March 31, 2012</b>	<b>130,000,000</b>	<b>651,750,000</b>	<b>1,200</b>	<b>1,018,507</b>	<b>115,000,000</b>	<b>767,769,707</b>	<b>1,306,020,096</b>	<b>2,203,789,804</b>

TARIQ IQBAL  
Chief Executive

OMER KHALID  
Director

KARACHI:  
April 28, 2012

# QUETTA TEXTILE MILLS LIMITED

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

FOR THE NINE MONTH ENDED MARCH 31, 2012

### 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. The registered address of the company is Nadi

### 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 interi

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 statement of financial position, condensed interim income statement, condensed

interim statement of comprehensive income, condensed interim statement of cash flow and condensed int

### 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, 2011

### 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 a

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, 2011.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2011.

### 5. CONTINGENCIES AND COMMITMENTS

#### Contingencies

There has been no significant changes in contingencies as disclosed in the audited financial statement for the year ended June 30, 2011.

	31-Mar 2012	31-Mar 2011
<b>Commitments</b>		
<b>Capital commitment</b>		
Civil works	60,000,000	85,000,000
Plant and Machinery under Letter of Credit	-	30,000,000
<b>Other commitment</b>	60,000,000	115,000,000
Stores, spares and packing material under letter of credit	103,755,992	15,616,003
	<u>163,755,992</u>	<u>130,616,003</u>



6. ACQUISITION AND DISPOSAL OF FIXED ASSETS - (AT COST)

	MARCH R 31, 2012		MARCH R 31, 2011		
	ADDITIONS	DISPOSALS	ADDITIONS	DISPOSAL	
	RUPEES		RUPEES		
Land			-		-
Building lese hold	6,536,872	-	8,594,513		-
Plant and machinery	127,996,769		200,601,403		-
Electrical fitting	10,237,561		2,505,435		-
Factory equipment			1,553,570		-
Office equipment	843,944		1,428,805		-
Furniture and fixture	55,015		262,100		-
Vehicles	2,880,840	(1,847,500)	2,932,000		-
	<u>148,551,001</u>	<u>(1,847,500)</u>	<u>217,877,826</u>		<u>-</u>

7. STOCK IN TRADE

The carrying value of pledge stock amount to Rs. 1,661,251,059

8. CYCLICALITY OF OPERATIONS

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

9. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 28, 2012 by Board of Directors of the Company.

10. GENERAL

Figures have been rounded off to the nearest rupee.

**TARIQ IQBAL**  
Chief Executive

**OMER KHALID**  
Director

**KARACHI:**

April 28, 2012