

Annual Report 2015

For The Year Ended June 30,2015

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COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Director	Mr. Tariq Iqbal (Chief Executive)
Executive Director	Mr. Asim Khalid
Executive Director	Mr. Omer Khalid
Executive Director	Mr. Tauqir Tariq
Executive Director	Mrs. Saima Asim
Non-Executive Director	Mrs. Tabbasum Tariq
Non-Executive Director	Mrs. Sadaf Khalid
Non-Executive Director [Independent]	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. Tabbasum Tariq
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
Burj Bank Limited
Bank Islami (Pakistan) Limited
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
HBL Bank Limited
Habib Metropolitan 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 **52nd Annual General Meeting** of the Shareholders of **Quetta Textile Mills Limited** will be held on **Saturday, October 31, 2015 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:-

1. To confirm the minutes of the 51st General Meeting held on October 31, 2014.
2. To receive, consider and approve the report of the Directors, Auditors and Audited Accounts of the Company for the year ended June 30, 2015.
3. To appoint Auditors for the year 2015-2016 and fix their remuneration. The retiring auditors M/s. Mushtaq and Company, Chartered Accountants being eligible to offer themselves for appointment.
4. To transact any other ordinary business or business with the permission of the Chairman.

By order of the Board of Directors

MOHAMMAD SOHRAB GHANI
Company Secretary

Karachi:

Dated: October 09, 2015

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 25,2015 to October 31,2015 (both days inclusive) and 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, 2015.
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 NIC 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.



CHAIRMAN'S REVIEW

Assalam-o-Alaikum,

Dear Shareholders:

It is a pleasure to present the results of the company for the year ended June 30, 2015. Your company made a loss before tax of Rs. 323.527 (M) as compared profit to Rs. 214.911 (M) last year. Turnover for the year ended was Rs. 10.175 (B), as compared to Rs. 12.301 (B) in FY2014.

Textile Outlook:

Pakistan's textile industry is presently going through one of the toughest periods in decades. The global reduction in demand of yarns and fabrics has hit the global textile industry really hard. The country's exports have declined by around 20% in June '2015, as compared to June '2014. Around 25% of the textile industry in Punjab has already closed down. Hundreds of jobs have been laid-off due to fall in industrial production. This is not the only cause of concern. Serious external, internal and local issues continue to plague the spinning & weaving industry:

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 financial crisis in Europe, QTML fabric sales (export + local) have been very slow for the past 12 months. 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;
- Pakistan's general political instability & dispute causing economic isolation and worsening law & order situation.

Local Threats:

- Sudden and sharp appreciation of PKR Vs. US\$ by around 10%;
- 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 textile industry;
- Higher cotton prices;
- Increase in energy costs due to increase in gas/electric tariff rates. Increase in gas & electric load-shedding;
- More than 25% Working Capital has been stuck-up in the refund regime creating severe cash flow crunch.

Internal Threats:

- QTML's exports shrank to US\$54.4 (M), as compared to US\$65.8 (M) in the last year, and the basic reason for this decline is the reduction in demand of yarns and fabrics, which has intensified competition and has created a price war among spinners and weavers;
- Demand for yarns and fabrics has been continuously declining which has resulted in significant decrease in the selling price of yarns and fabrics in the local and international markets;



- Closure of value-added chain;
- Cost of doing business is amplifying day by day.

QTML had been successfully following the strategy of procuring imported cotton for the last several years due to its better quality and yield, but unfortunately, the prices of imported cotton dropped abruptly in this financial year. QTML had to purchase imported cotton at much higher prices due to high price contracts. This resulted in piling up of excessive high-priced imported cotton stock. Secondly, the reduction in turnover had created liquidity constraints, and the company has had to rely on short-term credit lines to fulfill its working capital needs.

- There is a Cost vs. Revenue mis-match that has resulted in operational issues and losses. Consumption of imported cotton is causing QTML cash losses;
- Due to this, the company has incurred a pre-tax loss and a reduction in turnover that has created liquidity constraints for the company and jeopardized its ability to pay off its financial obligations on time.

Way Forward:

1. QTML has requested for re-structuring of Sukuk debt of around Rs. 680 (M) with a grace of 2-years and a reduction of mark-up rate from existing 1.75% to 1% p.a. to minimize cash outflows. All the consortium banks have shown their support in this proposed re-structuring. The same should be finalized and executed by end-September '2015. This will help in cash flows of the company;
2. QTML will be consuming its high-priced imported cotton in 2 years to stretch out its imported cotton losses in 2 years.

The company has re-paid the following long-term debts during the periods mentioned below:

	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>TOTAL</u>
Amounts Re-Paid	Rs. 333 (M)	Rs. 356 (M)	Rs. 204 (M)	Rs. 893 (M)

The textile industry is the backbone of the country providing valuable foreign exchange and employment opportunities. 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.

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.

By order of the Board of Directors

TARIQ IQBAL
Chief Executive

Karachi:
Dated: October 09, 2015

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, 2015 along with Auditor's Report thereon|:

Financial Results

During the year, the Company suffered net loss of Rs. 392.014 million after charging costs, expenses and provisions for the year as compared to previous year's net profit of Rs. 70.699 million.

Financial Results	2015	2014
	(Rupees in '000)	
Pre-tax (loss)/profit for the year	(323.527)	214.911
Taxation	(68.487)	(144.212)
(Loss)/profit after taxation	(392.014)	70.699
Other Comprehensive Income	(8.438)	(14.418)
Accumulated Profit Brought Forward	1,591.285	1,528.182
Less: Dividend Paid	Nil	(19.500)
	1,190.833	1,564.963
Transfer from Surplus on Revaluation of Property Plant & Equipment	94.417	26.322
Accumulated Profit Carried Forward	1,285.250	1,591.285

The Company has suffered losses due to slowdown in demand for cotton yarns and fabrics in the international markets, sudden and sharp appreciation of PKR Vs. US\$ by around 10%, more than 25% Working Capital has been stuck-up in the refund regime creating severe cash flow crunch.

QTML's exports shrank to US\$54.4 (M), as compared to US\$65.8 (M) in the last year, and the basic reason for this decline is the reduction in demand of yarns and fabrics, which has intensified competition and has created a price war among spinners and weavers the prices of imported cotton dropped abruptly in this financial year. QTML had purchase imported cotton at much higher prices due to high price contracts.

There is a Cost vs. Revenue mis-match that has resulted in operational issues and losses. Consumption of imported cotton is causing QTML cash losses.

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.

Reservations in Auditor's Report

The auditor's report for the year carries the qualified opinion on the matter specified below:

Quote

Loan from Directors and Others of Rs. 160.726 million stated in note 22, as a long term loan and Rs. 8.489 million stated in note 28, as a short term loan. These have not been amortized which is against the provision of Para 9 of IAS 39.

Unquote

These are non-mark-up bearing loan and are unsecured. It is repayable after more than one year. The period is undefined and undeterminable. The directors are of the view that, the amortization of such loan is impracticable, due to subordination of loans with banks.



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 ful debts.

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, 2015, due to slowdown in demand for cotton yarn particularly in China, sudden and sharp appreciation of PKR against US\$ by around 10% and persistence energy crises in Punjab and Sindh.

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 to 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.

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, 2015 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 nine meetings of the Board of Directors were held during 12 months period from July 01, 2014 to June 30, 2015. Attendance at the Board Meetings by each Directors is as follows:

Name of Directors	Number of Meetings Attended
Mr. Tariq Iqbal	09
Mr. Asim Khalid	08
Mr. Omer Khalid	09
Mr. Tauqir Tariq	07
Mrs. Saima Asim	06
Mrs. Tabbasum Tariq	08
Mrs. Sadaf Khalid	05
Mr. Farhan Saleem	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 in fulfilling its oversight responsibilities. A total of four Board Audit Committee meetings were held during 12 months period from July 01, 2014 to June 30, 2015. 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. Farhan Saleem	04

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, 2015:

- 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 form is annexed.
- h) Outstanding duties, statutory charges and taxes if any, have been adequately disclosed in the annexed audited financial statements.

Conclusion

The Directors place on record their appreciation to the officers, members of the staff and workers for their efforts and hard work.

By order of the Board of Directors

TARIQ IQBAL
Chief Executive

Karachi:
Dated: October 09, 2015



KEY OPERATING AND FINANCIAL DATA

		2015	2014	2013	2012	2011	2010
OPERATING DATA							
Sales	Rs. '000'	10,175,476	12,301,405	12,967,979	11,141,096	14,343,553	9,334,111
Cost of Goods Sold	Rs. '000'	9,562,202	11,064,701	11,528,549	9,670,029	12,049,963	7,626,141
Gross Profit	Rs. '000'	613,274	1,236,704	1,439,430	1,471,067	2,293,590	1,707,970
Profit / (Loss) Before Taxation	Rs. '000'	(323,527)	214,911	267,252	157,549	773,468	375,591
Profit / (Loss) After Taxation	Rs. '000'	(392,014)	70,699	159,273	36,439	583,795	255,034
FINANCIAL DATA							
Equity Balance	Rs. '000'	2,182,001	2,488,036	2,424,932	2,238,689	2,192,119	1,536,724
Property, Plant & Equipment	Rs. '000'	6,038,998	5,008,146	5,056,794	5,081,501	5,133,307	4,911,251
Current Assets	Rs. '000'	5,068,859	5,128,633	4,402,188	4,426,786	4,483,901	3,552,358
Current Liabilities	Rs. '000'	6,014,082	5,532,754	4,702,127	4,855,243	4,551,382	4,069,031
PROFITABILITY RATIOS							
Gross Profit Margin	%	6.03	10.05	11.10	13.20	15.99	18.30
Operating Profit Margin	%	(3.42)	1.70	2.00	1.37	5.35	3.78
Net Profit Margin	%	(3.18)	1.75	2.06	1.41	5.39	4.02
LIQUIDITY RATIOS							
Current Ratio	Times	0.84	0.93	0.94	0.91	0.99	0.87
Quick Ratio	Times	0.11	0.15	0.18	0.14	0.24	0.20
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	11.98	12.19	11.68	11.00	16.75	20.49
Accounts Receivables Turnover	Times	27.31	29.79	34.54	22.41	24.26	13.23
Inventory Turnover	Times	(2.65)	3.20	3.61	3.12	4.62	3.39
Total Assets Turnover	Times	0.96	1.25	1.36	1.16	1.58	1.07
Return on Total Assets	%	(0.03)	0.02	0.03	0.02	0.09	0.04
Return on Equity	%	(0.15)	0.09	0.11	0.07	0.35	0.24
LEVERAGE RATIOS							
Long Term Debts to Equity	Times	0.78	0.71	0.64	0.57	0.58	0.47
Total Debts to Equity	Times	3.04	2.60	2.42	2.74	2.85	3.79
Long Term Debts to Total Assets	Times	0.15	0.17	0.22	0.23	0.26	0.31
Total Debts to Total Assets	Times	0.59	0.64	0.62	0.64	0.65	0.68
Equity to Total Assets	Times	0.20	0.24	0.26	0.23	0.23	0.18
Interest Coverage Ratio	Times	(0.52)	0.36	0.37	0.17	0.79	0.39
OTHERS							
Earning / (Loss) Per Share	Rs	(30.15)	5.44	12.25	2.80	44.91	28.26
Breakup Value of Share w/o Revaluation Surplus	Rs	167.85	191.39	186.53	172.21	168.62	118.21
Breakup Value of Share with Revaluation Surplus	Rs	283.22	244.41	240.87	227.90	225.78	176.95
Cash Dividend	%	NIL	NIL	15	NIL	15	20



PATTERN OF SHAREHOLDING (FORM - A)

Pattern of holding of the shares held by the shareholders as at 30-06-2015 is given below :

No of Shareholders	Shareholding					Total Share Held
105	From	1	To	100	Shares	2,365
63	From	101	To	500	Shares	17,376
25	From	501	To	1,000	Shares	21,900
31	From	1,001	To	5,000	Shares	77,812
10	From	5,001	To	10,000	Shares	70,085
3	From	10,001	To	15,000	Shares	39,464
2	From	15,001	To	20,000	Shares	36,000
2	From	20,001	To	25,000	Shares	46,772
2	From	25,001	To	30,000	Shares	55,384
2	From	30,001	To	35,000	Shares	64,076
2	From	40,001	To	45,000	Shares	83,360
2	From	50,001	To	55,000	Shares	104,082
1	From	105,001	To	110,000	Shares	106,000
1	From	125,001	To	130,000	Shares	129,500
1	From	155,001	To	160,000	Shares	156,358
1	From	190,001	To	195,000	Shares	190,358
1	From	210,001	To	215,000	Shares	214,663
1	From	245,001	To	250,000	Shares	245,350
2	From	280,001	To	285,000	Shares	563,688
1	From	310,001	To	315,000	Shares	313,167
1	From	320,001	To	325,000	Shares	323,978
1	From	325,001	To	330,000	Shares	327,683
1	From	330,001	To	335,000	Shares	334,272
1	From	350,001	To	355,000	Shares	352,000
1	From	365,001	To	370,000	Shares	369,000
1	From	390,001	To	395,000	Shares	393,760
1	From	435,001	To	440,000	Shares	437,393
1	From	445,001	To	450,000	Shares	449,205
1	From	470,001	To	475,000	Shares	471,000
2	From	565,001	To	570,000	Shares	1,132,094
1	From	595,001	To	600,000	Shares	595,177
1	From	605,001	To	610,000	Shares	607,303
1	From	630,001	To	635,000	Shares	631,983
1	From	645,001	To	650,000	Shares	649,759
1	From	650,001	To	655,000	Shares	653,728
1	From	690,001	To	695,000	Shares	694,353
1	From	785,001	To	790,000	Shares	786,615
1	From	1,250,001	To	1,255,000	Shares	1,252,937
277	Total					13,000,000

Categories of Shareholders	No of Shareholders	Share Held	Percentage
Individuals	264	12,918,775	99.38
Investment Corporation of Pakistan	1	250	0.00
Insurance Companies	1	52,082	0.40
Joint Stock Companies	5	17,032	0.13
Financial Institutions	3	10,061	0.08
Others	3	1,800	0.01
Total	277	13,000,000	100.00



**DETAIL OF PATTERN OF SHAREHOLDING AS PER
REQUIREMENT OF CODE OF CORPORATE GOVERNANCE
AS AT 30TH JUNE 2015**

Name of shareholders		No of Shareholders	Share held	Percentage
1	ASSOCIATES COMPANIES		Nil	
2	NIT & ICP Investment Corporation of Pakistan	1	250	0.00
3	Directors, CEO their Spouse and Minor Children	9		
	Mr. Tariq Iqbal (Director & CEO)		566,059	4.35
	Mr. Asim Khalid (Director)		935,730	7.20
	Mr. Omer Khalid (Director)		959,303	7.38
	Mrs. Saima Asim (Director)		8,700	0.07
	Mrs. Sadaf Khalid (Director)		3,000	0.02
	Mrs. Tabbasum Tariq (Director)		694,353	5.34
	Mr. Tauqir Tariq (Director)		631,983	4.86
	Mr. Farhan Saleem (Director)		779	0.01
	Mrs. Tahmina Tauqir (w/o Mr. Tauqir Tariq)		465,205	3.58
4	Executive		Nil	
5	Public Sector Companies & Corporations		Nil	
6	Bank Development Finance Institution, Non-Banking Finance Institution, Insurance Companies, Modarabas & Mutual Fund	4		
	State Life Insurance Corporation of Pakistan		52,082	0.40
	National Industries Co-operate Finance Corporation Ltd		364	0.00
	National Bank Of Pakistan		9,697	0.07
7	Shareholders Holding 10% or More		Nil	
8	Individuals	255	8,653,663	66.57
9	Others	8	18832	0.14
Total		277	13,000,000	100.00



STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

This statement is being presented to comply with the Code of Corporate Governance ("Code") contained in Regulation 35 of the Listing Regulation of the Karachi 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 Code in the following manner |:

1. At the year ended June 30, 2015, the Board consists of the following Non-Executive, Independent and Executive Directors:

Non-Executive Director

Mrs. Tabbasum Tariq
Mrs. Sadaf Khalid

Executive Director

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

Independent Director

Mr. Farhan Saleem

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 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 prepared by the Management. 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.
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. 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.
9. In accordance with the Criteria specified on clause (Xi) of Code, the Certain Directors of the company are exempted from the requirement of director's training program and rest of the directors to be trained within specified time.
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 Code 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 Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of them non-executive directors including the Chairman.
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 Code. 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 within the Company.
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 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.
23. All transactions with related parties have been carried out on arm's length basis. Transactions with related parties have been placed before the audit committee and board of directors' meeting for their consideration and formal approval.
24. We confirm that all other material principles contained in the CCG have been complied with.

By order of the Board of Directors

TARIQ IQBAL
Chief Executive

Karachi:
Dated: October 09, 2015



QUETTA TEXTILE MILLS LIMITED

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

Branch Office: 501-B, City Towers, Main Boulevard, Lahore. Tel: 35788637-8 Fax: 35788626

Email Address: mushtaq_vohra@hotmail.com

Member of



Illinois, USA

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 (the Code) prepared by the Board of Directors of **Quetta Textile Mills Limited** for the year ended June 30, 2015 to comply with the requirements of regulations of the Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code 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 Statements of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with requirements 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 Code.

As part of our audit of the 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 of Directors' statement on internal control covers all risks and controls 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 the Audit Committee, place 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 this requirement to the extent of the approval of the 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, the nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respect, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

KARACHI:

Date: _____

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Mushtaq Ahmed Vohra

FCA



MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

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Illinois, USA

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Quetta Textile Mills Limited** as at June 30, 2015 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) Loan from Directors and Others of Rs. 160.726 million stated in note 22, as a long term loan and Rs. 8.489 million stated in note 28, as a short term loan. These have not been amortized which is against the provision of Para 9 of IAS 39.
 - (iii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iv) 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, except for the matter refereed in paragraph (b)(ii), 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, 2015 and of the loss, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

KARACHI:

Date: _____

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Mushtaq Ahmed Vohra

FCA



QUETTA TEXTILE MILLS LIMITED

BALANCE SHEET AS AT JUNE 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	6,038,998,248	5,008,146,385
Long term deposits	7	31,380,424	31,205,049
		6,070,378,672	5,039,351,434
CURRENT ASSETS			
Stores, spare and loose tools	8	479,376,236	529,949,869
Stock in trade	9	3,896,970,646	3,769,952,643
Trade debts	10	334,088,657	410,865,919
Other financial assets	11	1,174,249	3,227,989
Loans and advances	12	51,634,244	64,069,401
Trade deposits and short term prepayments	13	9,138,077	14,453,830
Others receivables	14	12,583,754	-
Income tax and sales tax refundable	15	202,667,637	289,977,522
Cash and bank balances	16	81,225,888	46,136,058
		5,068,859,388	5,128,633,231
		11,139,238,060	10,167,984,665
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2014: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2014: 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	17	130,000,000	130,000,000
Reserves	18	2,052,000,851	2,358,036,006
		2,182,000,851	2,488,036,006
Surplus on revaluation of property, plant and equipment	19	1,499,832,756	689,329,460
NON CURRENT LIABILITIES			
Long term finances	20	94,443,301	108,859,446
Redeemable capital - Sukuk	21	495,449,322	654,434,534
Loan from directors and others - subordinated	22	160,726,470	160,726,470
Liabilities against assets subject to finance lease	23	23,665,128	17,735,744
Deferred liabilities	24	829,764,943	516,109,062
		1,604,049,164	1,457,865,256
CURRENT LIABILITIES			
Trade and other payables	25	1,087,875,072	902,698,608
Accrued interest / mark-up	26	187,970,708	159,417,657
Short term borrowings	27	4,298,729,864	4,155,123,033
Loan from directors and others	28	8,488,602	7,468,930
Current portion of			
Long term finances	20	63,514,339	78,310,038
Redeemable capital - Sukuk	21	202,068,966	204,413,793
Liabilities against assets subject to finance lease	23	4,707,738	25,321,884
		5,853,355,289	5,532,753,943
CONTINGENCIES AND COMMITMENTS			
	29		
		11,139,238,060	10,167,984,665

The annexed notes from 1 to 53 form an integral part of these financial statements.


TARIQ IQBAL
Chief Executive


OMER KHALID
Director

Karachi:

Dated: October 09, 2015



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
Sales	30	10,175,475,651	12,301,405,336
Cost of sales	31	(9,562,201,718)	(11,064,701,431)
Gross profit		<u>613,273,933</u>	<u>1,236,703,905</u>
Distribution cost	32	(295,175,078)	(361,498,529)
Administrative expenses	33	(52,071,027)	(51,667,542)
Other operating expenses	34	(834,025)	(17,810,804)
Finance cost	35	(613,521,108)	(596,925,412)
		(961,601,238)	(1,027,902,287)
(Loss)/profit from operations		<u>(348,327,305)</u>	<u>208,801,618</u>
Other income	36	24,800,052	6,109,276
(Loss)/profit before taxation		<u>(323,527,253)</u>	<u>214,910,894</u>
Taxation	37	(68,486,914)	(144,212,303)
(Loss)/profit after taxation		<u><u>(392,014,167)</u></u>	<u><u>70,698,591</u></u>
(Loss)/earnings per share - basic and diluted	38	<u><u>(30.15)</u></u>	<u><u>5.44</u></u>

The annexed notes from 1 to 53 form an integral part of these financial statements.


TARIQ IQBAL
Chief Executive


OMER KHALID
Director

Karachi:

Dated: October 09, 2015



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
(Loss)/profit after taxation		(392,014,167)	70,698,591
Other comprehensive income			
Items that may not be reclassified subsequently to profit and loss:			
Loss on remeasurement of staff retirement benefits		(9,529,909)	(16,556,272)
Impact of deferred tax		1,091,746	2,138,660
Other comprehensive loss for the year		(8,438,163)	(14,417,612)
Total comprehensive(loss)/income for the year		(400,452,330)	56,280,979

The annexed notes from 1 to 53 form an integral part of these financial statements.


TARIQ IQBAL
Chief Executive


OMER KHALID
Director

Karachi:

Dated: October 09, 2015



CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	871,773,914	589,655,155
Long term loans and deposits		(175,375)	9,275,891
Interest paid		(584,968,057)	(594,229,384)
Gratuity paid		(56,376,820)	(44,294,441)
Workers' profit participation fund paid		(12,057,940)	(14,809,098)
Taxes paid		(91,796,787)	(129,409,347)
		(745,374,979)	(773,466,379)
Cash flows from operating activities		126,398,935	(183,811,224)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(54,267,286)	(189,448,059)
Other financial assets		1,219,713	2,675,196
Proceeds from disposal of property, plant and equipment		22,166,704	60,000
Dividend received		257,802	404,000
Cash (used in) investing activities		(30,623,067)	(186,308,863)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances		(29,211,844)	(88,370,334)
Redeemable capital - Sukuk		(161,330,039)	(211,332,708)
Liabilities against assets subject to finance lease		(14,684,762)	(56,299,341)
Short term borrowings		143,606,831	741,169,292
Loans from directors & others		1,019,672	12,269,470
Dividend paid		(85,896)	(19,154,450)
		(60,686,038)	378,281,929
Net increase/(decrease) in cash and cash equivalents		35,089,830	8,161,842
Cash and cash equivalent at the beginning of the year		46,136,058	37,974,216
Cash and cash equivalent at the end of the year	16	81,225,888	46,136,058

The annexed notes from 1 to 53 form an integral part of these financial statements.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:

Dated: October 09, 2015

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015**

	Reserves					Unappropriated profit	Total equity
	Share Capital	Share premium	Capital reserve	General reserve	Sub total		
	Rupees						
Balance as at July 01, 2013	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 of property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	26,322,079	26,322,079
Final Dividend for the year ended June 30, 2013 @ Rs.1.5 per share	-	-	-	-	-	(19,500,000)	(19,500,000)
Total comprehensive income for the year ended June 30, 2014							
Profit after taxation for the year	-	-	-	-	-	70,698,591	70,698,591
Other comprehensive loss for the year	-	-	-	-	-	(14,417,612)	(14,417,612)
	-	-	-	-	-	56,280,979	56,280,979
Balance as at June 30, 2014	<u>130,000,000</u>	<u>651,750,000</u>	<u>1,200</u>	<u>115,000,000</u>	<u>766,751,200</u>	<u>1,591,284,806</u>	<u>2,488,036,006</u>
Balance as at July 01, 2014	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 of property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	94,417,175	94,417,175
Total comprehensive loss for the year ended June 30, 2015							
Loss after taxation for the year	-	-	-	-	-	(392,014,167)	(392,014,167)
Other comprehensive loss for the year	-	-	-	-	-	(8,438,163)	(8,438,163)
	-	-	-	-	-	(400,452,330)	(400,452,330)
Balance as at June 30, 2015	<u>130,000,000</u>	<u>651,750,000</u>	<u>1,200</u>	<u>115,000,000</u>	<u>766,751,200</u>	<u>1,285,249,651</u>	<u>2,182,000,851</u>

The annexed notes from 1 to 53 form an integral part of these financial statements.


TARIQ IQBAL
Chief Executive


OMER KHALID
Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

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 Karachi 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 Pakistan Rupees has been rounded off to the nearest rupee.

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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, amendments or interpretations which became effective during the year

Following are the amendments that are applicable for accounting periods beginning on or after July 1, 2014:

IAS 32, 'Financial Instruments: Presentation' (effective for the periods beginning on or after January 1, 2014). These amendments update the application guidance in IAS 32, 'Financial instruments: presentations', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Company's financial statements.

IAS 36 (Amendment) 'Impairment of Assets', is applicable on accounting periods beginning on or after January 01, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of these amendments has no material impact on the Company's financial statements.

4.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company

IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2015). IFRS 9 replaces the parts of IAS 39, 'Financial instruments: recognition and measurement' that relates to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the requirements of IAS 39. The Company is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Company's financial assets.

IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after January 01, 2015). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will not effect the determination of fair value and its related disclosures in the financial statements of the Company.

Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on the Company's financial statements.

Annual improvements 2014 applicable for annual periods beginning on or after January 1, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits', and IAS 34, 'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these amendments.

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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

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 the 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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

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 progress

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 term. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

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 At average manufacturing cost
Finished goods	At average manufacturing cost or net realisable value which ever is lower
Waste	Net realizable value

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

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	30 th June, 2015 Rupees	30 th June, 2014 Rupees
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	6,036,499,338	4,995,808,742
Capital work in progress - at cost	6.2	2,498,910	12,337,643
		6,038,998,248	5,008,146,385



6.1 Operating fixed assets

	2015									
	Cost as at July 01, 2014	Additions / (deletions)	Revaluation	Cost as at June 30, 2015	Accumulated depreciation as at July 01, 2014	Depreciation charge / (deletion) for the year	Adjustments	Accumulated depreciation as at June 30, 2015	Book value as at June 30, 2015	Annual depreciation rate %
Rupees										
Owned Assets										
Spinning Units :										
Freehold land	439,940,000	-	(73,886,396)	366,053,604	-	-	-	-	366,053,604	-
Leasehold land	94,740,279	(1,639,060)	33,287,321	126,388,540	8,090,093	906,147	-	8,996,240	117,392,300	99 years
Building on freehold land	489,276,672	12,337,643	72,836,379	574,450,694	201,590,326	17,755,803	-	219,346,129	355,104,565	5%
Building on leasehold land	404,515,383	-	(18,505,528)	386,009,855	134,867,613	12,656,266	-	147,523,879	238,485,976	5%
Labour colony on freehold land	51,652,180	-	6,008,351	57,660,531	22,350,551	1,746,568	-	24,097,119	33,563,412	5%
Labour colony on leasehold land	81,115,005	-	1,913,719	83,028,724	21,710,119	3,059,901	-	24,770,020	58,258,704	5%
Plant and machinery	3,557,970,960	44,377,536	1,056,054,345	4,658,402,841	1,780,953,685	139,540,493	-	1,920,494,178	2,737,908,663	5%
Electrical fitting	61,822,173	-	-	61,822,173	43,775,221	2,707,043	-	46,482,264	15,339,909	15%
Factory equipment	22,874,560	-	-	22,874,560	18,352,738	-678,272	-	19,031,010	3,843,550	15%
Office premises	22,120,321	(4,835,000)	-	17,285,321	15,899,955	857,425	-	12,426,579	4,858,742	15%
						(4,330,801)				
Office equipment	21,272,788	175,000	-	21,447,788	16,596,393	709,584	-	17,305,977	4,141,811	15%
Furniture and fixture	13,223,947	85,000	-	13,308,947	10,962,003	344,337	-	11,306,340	2,002,607	15%
Vehicles	53,166,353	(725,000)	-	52,441,353	36,160,073	2,500,288	-	38,273,059	14,168,294	15%
						(387,302)				
	5,313,690,621	49,776,119	1,077,708,191	6,441,174,931	2,311,308,770	178,744,024	-	2,490,052,794	3,951,122,137	
Weaving Unit :										
Building on freehold land	277,852,515	-	41,319,322	319,171,837	122,697,746	9,693,521	-	132,391,267	186,780,570	5%
Building on freehold land [Grid]	41,936,352	-	(20,394,369)	21,541,983	620,428	1,110,334	-	1,730,762	19,811,221	5%
Labour colony on freehold land	24,609,823	-	52,263,663	76,873,486	9,755,234	3,191,246	-	12,946,480	63,927,006	5%
Plant and machinery	1,383,887,011	3,660,277	163,550,237	1,551,097,525	569,035,207	48,455,704	-	617,490,911	933,606,614	5%
Plant and machinery [Grid]	122,544,717	180,000	19,648,172	142,372,889	1,812,500	6,965,251	-	8,777,751	133,595,138	5%
Electrical fitting	32,192,958	1,010,900	-	33,203,858	23,762,414	1,363,274	-	25,125,688	8,078,170	15%
Factory equipment	12,474,088	-	-	12,474,088	8,790,213	552,581	-	9,342,794	3,131,294	15%
Office equipment	4,018,673	-	-	4,018,673	1,891,518	319,073	-	2,210,591	1,808,082	15%
Furniture and fixture	2,154,066	49,900	-	2,203,966	1,444,901	110,538	-	1,555,439	648,527	15%
Vehicles	7,132,637	-	-	7,132,637	3,027,384	615,788	-	3,643,172	3,489,465	15%
	1,908,802,840	4,901,077	256,387,025	2,170,090,942	742,837,545	72,377,310	-	815,214,855	1,354,876,087	
Power Plant :										
Building on freehold land	89,391,861	-	4,476,114	93,867,975	33,692,484	2,994,672	-	36,687,156	57,180,819	5%
Building on leasehold land	32,202,356	-	6,198,377	38,400,733	26,840,920	558,462	-	27,399,382	11,001,351	5%
Plant and machinery	1,105,297,535	2,220,163	(71,636,130)	1,035,881,568	439,499,362	29,989,859	-	469,489,221	566,392,347	5%
Electrical fitting	44,949,933	-	-	44,949,933	31,837,188	1,966,912	-	33,804,100	11,145,833	15%
Factory equipment	7,168,574	-	-	7,168,574	5,112,487	308,413	-	5,420,900	1,747,674	15%
Office equipment	66,800	-	-	66,800	40,063	4,011	-	44,074	22,726	15%
Furniture and fixture	445,150	9,600	-	454,750	355,363	14,499	-	369,862	84,888	15%
Vehicles	940,725	-	-	940,725	883,607	8,568	-	892,175	48,550	15%
	1,280,462,934	2,229,763	(60,961,639)	1,221,731,058	538,261,474	35,845,396	-	574,106,870	647,624,188	
Leased Assets										
Plant and Machinery	98,500,396	-	-	98,500,396	16,775,992	4,086,220	-	20,862,212	77,638,184	5%
Vehicles	3,647,700	2,291,220	-	5,938,920	111,968	588,210	-	700,178	5,238,742	15%
	102,148,096	2,291,220	-	104,439,316	16,887,960	4,674,430	-	21,562,390	82,876,926	
Total - 30.06.2015	8,605,104,491	66,397,239	1,273,133,577	9,937,436,247	3,609,295,749	296,359,263	-	3,900,936,909	6,036,499,338	
		(7,199,060)				(4,718,103)				

(30)



	2014									
	Cost as at July 01, 2013	Additions / (deletions)	Transfers in/(out)	Cost as at June 30, 2014	Accumulated depreciation as at July 01, 2013	Depreciation charge / (deletion) for the year	Transfers in/(out)	Accumulated depreciation as at June 30, 2014	Book value as at June 30, 2014	Annual depreciation rate %
Rupees										
Owned Assets										
Spinning Units :										
Freehold land	439,940,000	-	-	439,940,000	-	-	-	-	439,940,000	-
Leasehold land	94,740,279	-	-	94,740,279	7,183,946	906,147	-	8,090,093	86,650,186	99 years
Building on freehold land	481,368,669	7,908,003	-	489,276,672	186,588,000	15,002,326	-	201,590,326	287,686,346	5%
Building on leasehold land	395,832,123	8,683,260	-	404,515,383	121,003,911	13,863,702	-	134,867,613	269,647,770	5%
Labour colony on freehold land	51,652,180	-	-	51,652,180	20,808,360	1,542,191	-	22,350,551	29,301,629	5%
Labour colony on leasehold land	81,115,005	-	-	81,115,005	18,583,546	3,126,573	-	21,710,119	59,404,886	5%
Plant and machinery	3,131,915,665	16,140,243	409,915,052	3,557,970,960	1,595,018,461	93,216,085	92,719,139	1,780,953,685	1,777,017,275	5%
Electrical fitting	61,635,133	187,040	-	61,822,173	40,595,842	3,179,379	-	43,775,221	18,046,952	15%
Factory equipment	22,734,560	140,000	-	22,874,560	17,560,591	792,147	-	18,352,738	4,521,822	15%
Office premises	22,120,321	-	-	22,120,321	14,802,243	1,097,712	-	15,899,955	6,220,366	15%
Office equipment	20,942,388	330,400	-	21,272,788	15,780,391	816,002	-	16,596,393	4,676,395	15%
Furniture and fixture	12,888,998	334,949	-	13,223,947	10,581,358	380,645	-	10,962,003	2,261,944	15%
Vehicles	49,680,128	4,225,225	-	53,166,353	34,278,699	2,577,093	-	36,160,073	17,006,280	15%
		(739,000)				(695,719)				
	4,866,565,449	37,210,120	409,915,052	5,313,690,621	2,082,785,348	135,804,283	92,719,139	2,311,308,770	3,002,381,851	
Weaving Unit :										
Building on freehold land	275,429,515	2,423,000	-	277,852,515	114,623,594	8,074,152	-	122,697,746	155,154,769	5%
Building on freehold land [Grid]	-	41,936,352	-	41,936,352	-	620,428	-	620,428	41,315,924	5%
Labour colony on freehold land	24,609,823	-	-	24,609,823	8,973,413	781,821	-	9,755,234	14,854,589	5%
Plant and machinery	1,368,463,962	6,786,287	8,636,762	1,383,887,011	524,499,200	42,647,189	1,888,818	569,035,207	814,851,804	5%
Plant and machinery [Grid]	-	122,544,717	-	122,544,717	-	1,812,500	-	1,812,500	120,732,217	5%
Electrical fitting	30,220,522	1,972,436	-	32,192,958	22,402,282	1,360,132	-	23,762,414	8,430,544	15%
Factory equipment	12,474,088	-	-	12,474,088	8,140,117	650,096	-	8,790,213	3,683,875	15%
Office equipment	3,913,173	105,500	-	4,018,673	1,519,811	371,707	-	1,891,518	2,127,155	15%
Furniture and fixture	1,995,653	158,413	-	2,154,066	1,332,016	112,885	-	1,444,901	709,165	15%
Vehicles	7,132,637	-	-	7,132,637	2,302,928	724,456	-	3,027,384	4,105,253	15%
	1,724,239,373	175,926,705	8,636,762	1,908,802,840	683,793,361	57,155,366	1,888,818	742,837,545	1,165,965,295	
Power Plant :										
Building on freehold land	89,391,861	-	-	89,391,861	30,760,938	2,931,546	-	33,692,484	55,699,377	5%
Building on leasehold land	32,202,356	-	-	32,202,356	26,558,739	282,181	-	26,840,920	5,361,436	5%
Plant and machinery	1,067,528,990	37,768,545	-	1,105,297,535	405,409,392	34,089,970	-	439,499,362	665,798,173	5%
Electrical fitting	44,783,117	166,816	-	44,949,933	29,550,219	2,286,969	-	31,837,188	13,112,745	15%
Factory equipment	7,168,574	-	-	7,168,574	4,749,648	362,839	-	5,112,487	2,056,087	15%
Office equipment	66,800	-	-	66,800	35,345	4,718	-	40,063	26,737	15%
Furniture and fixture	445,150	-	-	445,150	339,518	15,845	-	355,363	89,787	15%
Vehicles	940,725	-	-	940,725	873,527	10,080	-	883,607	57,118	15%
	1,242,527,573	37,935,361	-	1,280,462,934	498,277,326	39,984,148	-	538,261,474	742,201,460	
Leased Assets										
Plant and machinery	517,052,210	-	(418,551,814)	98,500,396	107,082,665	4,301,284	(94,607,957)	16,775,992	81,724,404	5%
Vehicles		3,647,700	-	3,647,700	-	111,968	-	111,968	3,535,732	15%
	517,052,210	3,647,700	(418,551,814)	102,148,096	107,082,665	4,413,252	(94,607,957)	16,887,960	85,260,136	
Total - 30.06.2014	8,350,384,605	255,458,886	418,551,814	8,605,104,491	3,371,938,700	238,052,768	94,607,957	3,609,295,749	4,995,808,742	
		(739,000)	(418,551,814)			(695,719)	(94,607,957)			

6.1.1 Depreciation for the year has been allocated as under:

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
Cost of sales - spinning	31	183,089,782	135,880,432
Cost of sales - weaving	31	63,303,257	55,995,719
		<u>246,393,039</u>	<u>191,876,151</u>
Cost of sales - power plant	31.3.1	43,920,981	39,984,148
Administrative expenses	33	6,045,243	6,192,469
		<u>296,359,263</u>	<u>238,052,768</u>

6.1.2 Disposal of property, plant and equipment:

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Particulars of buyer
Leasehold land							
Leasehold land	1,639,060	-	1,639,060	5,000,000	3,360,940	Negotiation	Mr. Sohail Ahmed, Karachi.
Office premises							
Office premises	4,835,000	4,330,801	504,199	16,816,704	16,312,505	Negotiation	Mr. Asim Saeed, Karachi.
	6,474,060	4,330,801	2,143,259	21,816,704	19,673,445		
Vehicles							
Toyota Corolla	725,000	387,302	337,698	350,000	12,302	Negotiation	Mr. M. Azeem, Sahiwal.
30-Jun-15	<u>7,199,060</u>	<u>4,718,103</u>	<u>2,480,957</u>	<u>22,166,704</u>	<u>19,685,747</u>		
30-Jun-14	<u>739,000</u>	<u>695,719</u>	<u>43,281</u>	<u>60,000</u>	<u>16,719</u>		

6.1.3 Had there been no revaluation the related figures of land, building and plant and machinery at June 30, 2015 would have been as follows:

Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
Freehold Land	75,752,417	75,752,590
Leasehold land	4,152,099	10,671,567
Building on freehold land	344,727,996	349,927,580
Building on leasehold land	101,119,930	106,442,031
Building on freehold land [Grid]	39,250,128	41,315,924
Labour colony on freehold land	29,109,146	30,641,207
Labour colony on leasehold land	25,931,113	27,295,908
Plant and machinery	3,159,938,056	3,274,738,146
Plant and machinery [Grid]	114,867,469	120,732,217
	<u>3,894,848,354</u>	<u>4,037,517,170</u>



NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
6.2 Capital work in progress - at cost			
Building [Civil Work]		-	12,337,643
Computer software		2,498,910	-
		<u>2,498,910</u>	<u>12,337,643</u>
The movement in Capital work in progress is as follows:			
Balance at the beginning of the year		12,337,643	78,348,470
Addition during the year:			
Building [Civil Work]		-	8,011,298
Building [Grid]		-	21,526,268
Plant and machinery		50,257,976	60,695,075
Plant and machinery [Grid]		180,000	75,609,296
Electric installation		1,010,900	-
Office equipment		175,000	-
Computer Software		2,498,910	-
Furniture and fixture		144,500	-
		54,267,286	165,841,937
Transfer to operating fixed assets:			
Building [Civil Work]		12,337,643	6,676,620
Plant and machinery		50,257,976	60,695,075
Building - grid station		-	41,936,352
Plant and machinery [Grid]		180,000	122,544,717
Electric installation		1,010,900	-
Office equipment		175,000	-
Furniture and fixture		144,500	-
		64,106,019	231,852,764
Balance at the end of the year		<u>2,498,910</u>	<u>12,337,643</u>
7 LONG TERM DEPOSITS			
Security deposits:			
WAPDA		7,893,190	7,893,190
SSGCL		13,066,676	13,066,676
Leasing companies	23	8,811,390	8,700,015
Others		1,609,168	1,545,168
		<u>31,380,424</u>	<u>31,205,049</u>
8 STORES, SPARES AND LOOSE TOOLS			
Spinning :			
Stores		68,312,515	75,452,101
Spares and accessories		199,706,012	204,402,315
Loose tools		9,431,313	18,343,700
		277,449,840	298,198,116
Weaving :			
Stores		55,335,195	64,018,176
Power plant :			
Oil and stores		146,591,201	167,733,577
		<u>479,376,236</u>	<u>529,949,869</u>

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



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees	
9 STOCK IN TRADE				
Spinning :				
Raw material - in hand		2,216,747,111	1,756,799,186	
Raw material - in transit		-	235,389,024	
Work-in-process		108,100,288	109,825,650	
Finished goods		321,988,858	359,790,390	
Waste		132,412,943	130,816,468	
		<u>2,779,249,200</u>	<u>2,592,620,718</u>	
Weaving :				
Raw material		356,846,961	389,155,171	
Work-in-process		116,456,100	115,926,108	
Finished goods		644,414,110	672,246,821	
Waste		4,275	3,825	
		<u>1,117,721,446</u>	<u>1,177,331,925</u>	
		<u><u>3,896,970,646</u></u>	<u><u>3,769,952,643</u></u>	
9.1	The carrying value of Pledged stock is Rs. 2,103,890,279/- (June 30, 2014: Rs. 1,840,391,856/-).			
10 TRADE DEBTS				
<i>Considered good</i>				
Export debts - secured		-	-	
Local debts - unsecured		334,088,657	410,865,919	
		<u>334,088,657</u>	<u>410,865,919</u>	
11 OTHER FINANCIAL ASSETS				
<i>Held for trading</i>				
In listed companies	11.1	1,968,347	3,188,060	
Revaluation reserve for investment		(794,098)	39,929	
		<u>1,174,249</u>	<u>3,227,989</u>	
11.1 Details are as under:				
Name of securities	No. of shares	Cost	Fair value adjustments	Fair value
Standard Chartered Leasing Limited	120,000	1,867,802	(823,803)	1,043,999
Askari Bank Limited	4,901	65,285	38,665	103,950
Dewan Salman Fibre Limited	10,000	35,260	(8,960)	26,300
Total - 30.06.2015		<u>1,968,347</u>	<u>(794,098)</u>	<u>1,174,249</u>
Total - 30.06.2014		<u>3,188,060</u>	<u>39,929</u>	<u>3,227,989</u>

**QUETTA TEXTILE MILLS LIMITED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

For the year ended June 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
12 LOANS AND ADVANCES			
Advances - considered good			
Employees		1,015,656	1,637,741
Suppliers		2,807,789	1,671,233
Collector of Customs		4,821,412	8,860,092
Margin with Banks		1,451,416	10,147,103
Others		41,537,971	41,753,232
		<u>51,634,244</u>	<u>64,069,401</u>
13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Letter of credit		783,690	5,688,634
Prepayments		8,354,387	8,765,196
		<u>9,138,077</u>	<u>14,453,830</u>
14 OTHER RECEIVABLES			
Receivable against sale of fixed assets		12,187,350	-
Insurance claim receivable		396,404	-
		<u>12,583,754</u>	<u>-</u>
15 INCOME AND SALES TAX REFUNDABLE			
Income tax refundable	15.1	61,606,904	72,673,378
Sales tax refundable		141,060,733	217,304,144
		<u>202,667,637</u>	<u>289,977,522</u>
15.1 Income tax refundable			
Income tax refundable		69,258,876	56,244,101
Advance income tax		90,825,352	134,759,007
		160,084,228	191,003,108
Provision for taxation - current year		(98,477,324)	(118,329,730)
		<u>61,606,904</u>	<u>72,673,378</u>
16 CASH AND BANK BALANCES			
With banks on:			
- current accounts		36,427,361	9,466,056
- term deposit account (TDA)	16.1	42,845,687	27,300,000
- saving accounts	16.2	1,236,164	7,310,357
		80,509,212	44,076,413
Cash in hand		716,676	2,059,645
		<u>81,225,888</u>	<u>46,136,058</u>
16.1			
Effective rates of profit on TDA, during the year, ranging from 4.9% to 7.2% (June 30, 2014: 6.5% to 7.4%) 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.			
16.2			
Effective rates of profit on deposit accounts, during the year, ranging from 6% to 8% (June 30, 2014: 7% to 8%) per annum.			



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30 th June, 2015	30 th June, 2014		30 th June, 2015	30 th June, 2014
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
<u>13,000,000</u>	<u>13,000,000</u>		<u>130,000,000</u>	<u>130,000,000</u>

- 17.1 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	30 th June, 2015	30 th June, 2014
		Rupees	Rupees
18 RESERVES			
Reserves :			
Share premium		651,750,000	651,750,000
Capital reserve		1,200	1,200
General reserves		115,000,000	115,000,000
		766,751,200	766,751,200
Revenue :			
Unappropriated profit		1,285,249,651	1,591,284,806
		<u>2,052,000,851</u>	<u>2,358,036,006</u>

19 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance as at July 01,	856,684,552	873,793,903
Add: Surplus on revaluation of land, building and plant & machinery	1,273,133,577	-
Less: Transferred from surplus on revaluation of Property Plant Equipment on account of incremental depreciation charged in the current year - net of deferred tax	(64,203,679)	(17,109,351)
	2,065,614,450	856,684,552
Less: Related to deferred tax effect:		
Balance as at July 01,	167,355,092	176,567,820
Recognition of deferred tax liability due to the transfer of incremental depreciation to equity from surplus on revaluation	398,426,602	(9,212,728)
	565,781,694	167,355,092
Closing balance	<u>1,499,832,756</u>	<u>689,329,460</u>

- 19.1 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/-.

- 19.2 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/-.

- 19.3 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/-.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

- 19.4** 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/-.
- 19.5** 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	30 th June, 2015 Rupees	30 th June, 2014 Rupees
20 LONG TERM FINANCES			
Loans from banking companies - secured			
Askari Bank Limited	20.1	-	2,424,971
Al-Barka Bank (Pakistan) Limited	20.2	2,605,637	5,000,000
Faysal Bank Limited - [LTF]	20.3	-	597,000
Habib Bank Limited - [LTF]	20.4	2,231,000	3,348,000
Meezan Bank Limited - [Bai Muajjal]	20.5	61,341,493	32,026,751
National Bank of Pakistan	20.6	2,951,776	17,710,666
National Bank of Pakistan - [LTF]	20.7	63,434,000	63,434,000
Silk Bank Limited - [LTF]	20.8	343,734	2,394,580
Silk Bank Limited - [LTF]	20.9	-	653,000
Silk Bank Limited - [LTL]	20.10	64,000	2,023,000
Saudi Pak Ind, & Agri. Investment Company Limited - LTF	20.11	-	1,916,659
Soneri Bank Limited	20.12	-	3,250,000
Soneri Bank Limited - [LTF]	20.13	24,986,000	48,107,000
United Bank Limited	20.14	-	2,142,857
United Bank Limited- [LTF]	20.15	-	2,141,000
		157,957,640	187,169,484
Less: Current maturity shown under current liabilities		(63,514,339)	(78,310,038)
		94,443,301	108,859,446

- 20.1** First Parri Passu Charge of Rs. 50 (M) on Fixed Assets of the company. Facility amount was Rs. 24.579 (M) at a mark-up rate of 3MK + 2.5%. Loan was repayable in 24 monthly installments commencing from 31/5/12. However, loan has been settled in full, and NOCs for charge satisfaction/vacation have been obtained.
- 20.2** 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.
- 20.3** First Parri Passu Charge of Rs. 61.33 (M) over Fixed Assets of the company. Facility amount under LTFF was Rs. 46 (M) at a mark-up rate of SBP rate + 2%. Loan was repayable in 24 quarterly installments commencing from 14/9/07. However, loan has been settled in full.
- 20.4** First Parri Passu Charge of Rs. 420 (M) on Fixed Assets of the company. Facility amount under LTFF was Rs. 13.4 (M) at a mark-up rate of SBP rate + 2%. Loan is repayable in 12 semi-annual installments commencing from 24/5/09.
- 20.5** 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.
- 20.6** First Parri Passu Charge of Rs. 200 (M) on Fixed Assets of the company. Facility amount was Rs. 120 (M), out of which an amount of Rs. 63.434 was converted into LTF loan from 20/6/13. The remaining amount of Rs. 56.566 (M) is at a mark-up rate of 3MK + 3.5%. Loan is repayable in 9 quarterly installments commencing from 20/6/13.
- 20.7** Security is the same as mentioned in 20.6. Facility amount under LTFF is Rs. 63.434 (M) at a mark-up rate of SBP rate + 3%. Loan is repayable in 20 quarterly installments commencing from 20/6/13.



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

20.8 First Parri Passu Charge of Rs. 61.33 (M) over Fixed Assets of the company. Facility amount under LTFF was Rs. 46 (M) at a mark-up rate of SBP rate + 2%. Loan is repayable in 24 quarterly installments commencing from 14/9/07.

20.9 Ranking Charge of Rs. 80 (M) over Fixed Assets of the company. Facility amount under LTFF was Rs. 13.06 (M) at mark-up rate of SBP rate + 2.5%. Loan was repayable in 20 quarterly installments commencing from 20/9/09. However, loan has been settled in full.

Security is the same as mentioned in 20.9. Facility amount was Rs. 13.060 (M) at a mark-up rate of 3MK + 3%. Loan is repayable in 20 quarterly installments commencing from 22/8/09.

First Parri Passu Charge of Rs. 61.33 (M) over Fixed Assets of the company. Facility amount under LTFF was Rs. 46 (M) at a mark-up rate of SBP rate + 2%. Loan was repayable in 24 quarterly installments commencing from 14/9/07. However, loan has been settled in full.

Exclusive Charge of Rs. 26 (M) over specific Fixed Assets of the company. Facility amount was Rs. 26 (M) at a mark-up rate of 6MK + 3%. Loan was repayable in 8 semi-annual installments commencing from 3/5/11. However, loan has been settled in full.

First Charge of Rs. 155 (M) over specific Fixed Assets (imported machineries) of the company. Facility amount was Rs. 128.3 (M) at a mark-up rate of SBP rate + 2.5%. Loan is repayable in 14 quarterly installments commencing from 23/2/11.

First Equitable Mortgage Charge of Rs. 300 (M) over Fixed Assets of the company situated at Uni-1, P-3, SITE, Kotri. Facility amount was Rs. 30 (M) at a mark-up rate of 3MK + 2%. Loan was repayable in 14 quarterly installments commencing from 29/6/11. However, local has been settled in full.

Security is the same as mentioned in 20.14. Facility amount was Rs. 30 (M) at a mark-up rate of SBP rate + 2%. Loan was repayable in 14 quarterly installments commencing from 24/6/11. However, loan has been settled in full.

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
21 REDEEMABLE CAPITAL - SUKUK			
Diminishing musharaka Sukuk certificate		697,518,288	858,848,327
Less: Current portion shown under current liabilities		(202,068,966)	(204,413,793)
		<u>495,449,322</u>	<u>654,434,534</u>
21.1	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
21.2 Security			
	First Pari Passu charge of Rs. 1.846 billion (June 30, 2014: Rs. 1.846 billion) on all fixed assets of the company.		
22 LOAN FROM DIRECTORS AND OTHERS - SUBORDINATED			
Unsecured			
Due to directors		109,378,610	109,378,610
Due to others		51,347,860	51,347,860
		<u>160,726,470</u>	<u>160,726,470</u>
22.1	These are non mark-up bearing loan and are unsecured. It is repayable after more than one year. The loan upto Rs. 148,457,000/- (June 30, 2014: Rs. 148,457,000/-) is subordinated to bank loans.		



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
23 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Payable within one year		7,437,921	28,812,361
Payable after one year but not more than five years		18,196,930	10,133,864
		25,634,851	38,946,225
Less: deferred finance cost		(6,073,375)	(4,588,612)
		19,561,476	34,357,613
Add: security deposit	7	8,811,390	8,700,015
Less: Current portion shown under current liabilities		(4,707,738)	(25,321,884)
Present value of minimum lease payments		23,665,128	17,735,744
23.1	The Company has entered into lease agreement/ljarah 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.		
23.2	The lease is secured by ranking charge of Rs. NIL (June 30, 2014: Rs. NIL million) over immovable assets of the Company, personal guarantees of two directors and security deposit equivalent to 0.1% to 10% of the facility amount.		
23.3	Implicit rate of return on lease varies ranging from 10.71 % to 14.67 % (June 30, 2014: 11.09% to 15.44%) p.a.		
23.4	Taxes, repairs and maintenance, insurance and other cost relating to the lease assets are borne by the Company.		
	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
24 DEFERRED LIABILITIES			
Deferred taxation	24.1	214,174,799	245,256,955
Deferred tax on surplus on revaluation of property, plant and equipment		535,568,198	167,355,092
Staff retirement benefits - gratuity	24.3	80,021,946	103,497,015
		829,764,943	516,109,062
24.1 Deferred taxation			
Deferred tax credits / (debits) arising in respect of:			
Taxable temporary differences (deferred tax liabilities)			
Accelerated tax depreciation allowances		223,342,113	263,771,712
Deferred debit arising in respect of provisions, tax losses and refunds		(9,167,314)	(18,514,757)
	24.2	214,174,799	245,256,955
24.2 Deferred debit arising in respect of provisions, tax losses and refunds			
Opening balance		245,256,955	221,513,042
Closing balance of deferred tax liability reversal of differed tax liability		(214,174,799)	(245,256,955)
		31,082,156	(23,743,913)
24.3 Staff retirement benefits - gratuity			
Movement in the net liability recognized in the Balance sheet			
Opening net liability		103,497,015	104,110,471
Expense for the year in profit and loss account		23,371,842	27,124,713
Remeasurement recognized in other comprehensive income		9,529,909	16,556,272
		136,398,766	147,791,456
Benefits paid during the year		(56,376,820)	(44,294,441)
Closing net liability		80,021,946	103,497,015



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
24.4 Expense for the year in profit and loss account			
Current service cost		15,882,133	16,655,626
Interest cost		7,489,709	10,469,087
		<u>23,371,842</u>	<u>27,124,713</u>
24.5 Historical information			
		2015	2014
		2013	2012
		2011	
Present value of defined benefit obligation		<u>80,021,946</u>	<u>103,497,015</u>
		<u>104,110,471</u>	<u>77,734,605</u>
			<u>87,414,829</u>
24.6 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	30 th June, 2015 Rupees	30 th June, 2014 Rupees
24.7 Principal actuarial assumption			
Following are a few important actuarial assumption used in the valuation.			
		%	%
Discount rate		9.75	12.50
Expected rate of increase in salary		10.00	10.00
24.8	Expected gratuity expenses for the year ending June 30, 2015 works out Rs. 25,709,026/-.		
25 TRADE AND OTHER PAYABLES			
Trade creditors		793,161,531	621,779,909
Accrued liabilities		290,260,264	261,341,875
Workers' profit participation fund	25.1	179,066	11,777,087
Workers' welfare fund		2,600,762	6,986,699
Unclaimed dividend		454,295	540,191
Others		1,219,154	272,847
		<u>1,087,875,072</u>	<u>902,698,608</u>
25.1 Workers' profit participation fund			
Balance at the beginning of the year		11,777,087	14,532,295
Allocation for the year	34	-	11,541,939
Interest on fund utilized in the Company's business	25.2.1	459,919	511,951
		459,919	12,053,890
		<u>12,237,006</u>	<u>26,586,185</u>
Less: Payments during the year		(12,057,940)	(14,809,098)
Balance at the end of the year		<u>179,066</u>	<u>11,777,087</u>
25.2.1	Interest on workers' profit participation fund has been provided @ 9.00% (June 30, 2014: 11.09%) per annum.		
26 ACCRUED INTEREST / MARK-UP			
Accrued interest / mark-up on secured:			
- long term finances		3,245,455	3,993,111
- redeemable capital - Sukuk		26,435,138	39,152,888
- short term borrowings		158,290,115	116,271,658
		<u>187,970,708</u>	<u>159,417,657</u>



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
27 SHORT TERM BORROWINGS			
Secured - Banking companies			
Finances under mark-up arrangement	27.1	4,298,729,864	4,155,123,033
		<u>4,298,729,864</u>	<u>4,155,123,033</u>
27.1	Aggregate facilities amounting to Rs. 4,737 billion (June 30, 2014: Rs. 4.712 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 9.33% to 13.67% (June 30, 2014: 11.02% to 13.67%) per annum payable quarterly and on the maturity dates. The above facilities are expiring on various dates and renewable annually.		
28 LOAN FROM DIRECTORS AND OTHERS			
Unsecured			
Due to directors		5,749,006	4,835,318
Due to others		2,739,596	2,633,612
		<u>8,488,602</u>	<u>7,468,930</u>
28.1	These are non mark up bearing and unsecured. These are renewable and due on various dates within one year.		
29 CONTINGENCIES AND COMMITMENTS			
29.1 Contingencies			
Guarantees issued by banks on behalf of the Company		<u>281,755,246</u>	<u>277,255,245</u>
29.2	Company has filed a suit No. 202 of 2011 against Enshaa NLC Development (Pvt) Limited before the Honorable 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 favorable and there is no likelihood of unfavorable outcome or any potential loss.		
29.3	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 Honorable Lahore High Court and opinion of the legal advisor of the company is favorable and there is no likelihood of unfavorable outcome or any potential loss.		
29.4	The Company has filed I.C.A No. 430 of 2013 against Gas Infrastructure Development Cess (GIDC) on Gas Bills has been challenged and obtained stay order from Honorable Islamabad High Court and opinion of the legal advisor of the company is favorable and there is no likelihood of unfavorable outcome or any potential loss.		
29.5	The Company has filed petition under W.P.No. 16893 of 2011 against imposition of EQ Surcharge on the consumption of electricity has been challenged and obtained stay order from Honorable Lahore High Court and opinion of the legal advisor of the company is favorable and there is no likelihood of unfavorable outcome or any potential loss.		
29.6 Commitments			
Civil work		<u>-</u>	<u>101,000,000</u>
Confirmed letter of credit in respect of:			
- Raw material		32,530,787	503,653,164
- Stores and spares		4,451,544	18,624,231
		<u>36,982,331</u>	<u>522,277,395</u>

**QUETTA TEXTILE MILLS LIMITED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

For the year ended June 30, 2015

30 SALES

	Export Sales		Local Sales		Total	
	2015	2014	2015	2014	2015	2014
	Rupees					
Yarn	3,100,964,116	3,969,135,468	3,347,295,987	4,159,469,470	6,448,260,103	8,128,604,938
Fabric	2,381,988,707	2,848,162,622	1,220,413,443	1,349,351,244	3,602,402,150	4,197,513,866
Waste	-	-	44,027,178	90,544,978	44,027,178	90,544,978
Cotton	-	-	176,924,553	-	176,924,553	-
Other	-	-	4,938,965	3,323,810	4,938,965	3,323,810
	<u>5,482,952,823</u>	<u>6,817,298,090</u>	<u>4,793,600,126</u>	<u>5,602,689,502</u>	<u>10,276,552,949</u>	<u>12,419,987,592</u>
Sales tax	-	-	(101,077,298)	(118,582,256)	(101,077,298)	(118,582,256)
	<u>5,482,952,823</u>	<u>6,817,298,090</u>	<u>4,692,522,828</u>	<u>5,484,107,246</u>	<u>10,175,475,651</u>	<u>12,301,405,336</u>

30.1 Exchange loss due to currency rate fluctuations relating to export sales amounts to Rs. NIL/- (June 30, 2014: Rs. 173/exchange gain) has been included in export sales.

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
31 COST OF SALES			
Raw material consumed	31.1	6,447,933,520	7,765,512,738
Salaries, wages and benefits	31.2	860,472,758	898,139,305
Stores and spares consumed		415,091,094	459,489,092
Fuel, power and water	31.3	1,191,308,588	1,363,539,034
Rent, rates and taxes		967,834	705,471
Insurance expenses		26,322,403	30,534,235
Repairs and maintenance		14,240,554	33,584,038
Vehicle running and maintenance		15,911,360	19,284,105
Entertainment expenses		5,237,467	5,436,470
Communication expenses		1,962,002	2,094,388
Other expenses		6,889,247	11,735,935
Processing charges		36,329,503	62,733,731
Depreciation expenses	6.1.1	246,393,039	191,876,151
		<u>9,269,059,369</u>	<u>10,844,664,693</u>
Work in process			
Opening stock		225,751,758	233,790,074
Closing stock		(224,556,388)	(225,751,758)
		<u>1,195,370</u>	<u>8,038,316</u>
Cost of goods manufactured		<u>9,270,254,739</u>	<u>10,852,703,009</u>
Cost of cotton sold		204,978,681	-
Cost of other material sold		(4,938,965)	(3,323,810)
		<u>9,470,294,455</u>	<u>10,849,379,199</u>
Finished goods			
Opening balance		1,162,857,504	1,279,596,001
Goods purchased:			
Other material purchases		4,938,965	3,323,810
Yarn Purchased		22,930,980	94,618,900
Fabric purchased		-	641,025
		<u>27,869,945</u>	<u>98,583,735</u>
Closing stock		(1,098,820,186)	(1,162,857,504)
		<u>9,562,201,718</u>	<u>11,064,701,431</u>



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
31.1 Raw material consumed			
Opening balance		2,145,954,357	1,538,772,038
Purchases		7,080,551,916	8,372,695,057
		<u>9,226,506,273</u>	<u>9,911,467,095</u>
Less: Cost of cotton sold		(204,978,681)	-
Closing stock		(2,573,594,072)	(2,145,954,357)
		<u>6,447,933,520</u>	<u>7,765,512,738</u>
31.2 Salaries, wages and benefits include Rs. 30,881,394/- (June 30, 2014: Rs. 26,047,827/-) in respect of staff retirement benefits.			
31.3 Fuel, power and water			
Electricity purchase from WAPDA		508,870,176	407,944,855
Electricity produced by self	31.3.1	667,842,139	944,075,213
Water charges		3,987,563	3,578,200
Gas charges		10,608,710	7,940,766
		<u>1,191,308,588</u>	<u>1,363,539,034</u>
31.3.1 Electricity produced by self			
Salaries and wages	31.3.2	21,190,366	20,620,373
Fuel and store consumed		597,024,866	874,830,057
Repair and maintenance		2,162,500	5,793,503
Other expenses		3,543,426	2,847,132
Depreciation	6.1.1	43,920,981	39,984,148
		<u>667,842,139</u>	<u>944,075,213</u>
31.3.2 Salaries, wages and benefits include Rs. 846,096/- (June 30, 2014: Rs. 486,893/-) in respect of staff retirement benefits.			
32 DISTRIBUTION COST			
On export sales			
Export development surcharges		13,384,375	16,068,303
Freight		92,332,443	119,395,839
Commission		77,320,111	88,492,294
Clearing and forwarding		55,116,573	75,014,598
		<u>238,153,502</u>	<u>298,971,034</u>
On local sales			
Freight		20,640,195	20,223,803
Commission		36,381,381	42,303,692
		<u>57,021,576</u>	<u>62,527,495</u>
		<u>295,175,078</u>	<u>361,498,529</u>

**QUETTA TEXTILE MILLS LIMITED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

For the year ended June 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
33 ADMINISTRATIVE EXPENSES			
Director's remuneration		5,297,584	3,899,749
Salaries and benefits	33.1	21,267,714	17,821,954
Printing and stationery		2,808,730	3,815,909
Communication		1,240,964	1,254,646
Traveling and conveyance		5,856,275	8,663,407
Legal and professional charges		605,000	1,076,000
Auditors' remuneration	33.2	1,777,430	1,687,400
Rent, rates and taxes		1,684,619	1,859,965
Entertainment		994,699	977,359
Electricity, gas and water charges		2,115,759	2,016,717
Fees and subscription		1,922,634	1,654,545
Repairs and maintenance		254,376	177,423
Charity and donation	33.3	200,000	570,000
Depreciation	6.1.1	6,045,243	6,192,468
		<u>52,071,027</u>	<u>51,667,542</u>
33.1 Salaries, wages and benefits include Rs. 1,174,260/- (June 30, 2014: Rs. 589,992/-) in respect of staff retirement benefits.			
33.2 Auditors' remuneration			
Audit fee		1,537,300	1,464,100
Half yearly review fee		185,130	168,300
Code of corporate governance review fee		30,000	30,000
Out of pocket expenses		25,000	25,000
		<u>1,777,430</u>	<u>1,687,400</u>
33.3 Directors and their spouse have no interest in the donees.			
34 OTHER OPERATING EXPENSES			
Diminution in the fair value of investment		834,025	-
Loss on sale of shares		-	1,882,928
Workers' profit participation fund	25.1	-	11,541,939
Workers' welfare fund		-	4,385,937
		<u>834,025</u>	<u>17,810,804</u>
35 FINANCE COST			
Interest / mark-up on			
- short term finances		497,426,653	459,307,263
- long term loans		108,496,232	124,296,401
- lease		2,272,398	2,744,617
- workers' profit participation fund		459,919	511,951
Bank charges, commission and others charges		8,584,701	11,882,623
		617,239,903	598,742,855
Less: Finance income			
- on saving accounts & TDA		3,718,795	1,817,443
		<u>613,521,108</u>	<u>596,925,412</u>
36 OTHER INCOME			
Capital gain on sale of shares		957,645	-
Commission Income		497,116	962,329
Profit on sale of Vehicle	6.1.2	12,302	16,719
Profit on sale of property	6.1.2	19,673,445	-
Rental income		3,401,742	3,333,267
Dividend income		257,802	404,000
Appreciation in the fair value of investment		-	1,392,961
		<u>24,800,052</u>	<u>6,109,276</u>



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
37 TAXATION			
Current			
- for the year		98,477,324	118,329,730
Deferred		(29,990,410)	25,882,573
		<u>68,486,914</u>	<u>144,212,303</u>
38 (LOSS)/EARNINGS PER SHARES			
(Loss) / profit after taxation		<u>(392,014,167)</u>	<u>70,698,591</u>
		Number of shares	
Weighted average number of ordinary shares		<u>13,000,000</u>	<u>13,000,000</u>
		(Rupees)	
(Loss)/earnings per share - basic and diluted		<u>(30.15)</u>	<u>5.44</u>
38.1 There is no dilutive effect on basic earnings per share.			
39 CASH GENERATED FROM OPERATIONS			
(Loss)/profit before taxation		(323,527,253)	214,910,894
Adjustment for items involving non movement of fund			
Depreciation		296,359,263	238,052,768
Financial charges		613,521,108	596,925,412
(Gain) on sale of Vehicle		(12,302)	(16,719)
(Gain) on sale of property		(19,673,445)	-
Dividend income		(257,802)	(404,000)
Provision for gratuity		23,371,842	27,124,713
Provision for diminution/ (appreciation) in the value of investment		-	(1,392,961)
Provision for workers' welfare fund		-	4,385,937
Provision for workers' profit participation fund		-	11,541,939
		<u>913,308,664</u>	<u>876,217,089</u>
Profit before working capital changes		<u>589,781,411</u>	<u>1,091,127,983</u>
(Increase)/decrease in current assets			
Stocks, stores and spares		(76,444,370)	(721,604,453)
Trade debts		76,777,262	4,185,693
Loans and advances, prepayments, sales tax and other receivables		93,994,321	8,933,315
		(12,583,754)	-
		<u>671,524,870</u>	<u>382,642,538</u>
Increase in current liabilities			
Creditors, accrued and other liabilities		200,249,044	207,012,617
		<u>871,773,914</u>	<u>589,655,155</u>

40 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	
	2015	2014	2015	2014	2015	2014
Remuneration	1,160,134	953,020	4,137,450	2,946,731	44,392,827	30,202,935
	<u>1,160,134</u>	<u>953,020</u>	<u>4,137,450</u>	<u>2,946,731</u>	<u>44,392,827</u>	<u>30,202,935</u>
Number of persons	<u>1</u>	<u>1</u>	<u>4</u>	<u>4</u>	<u>48</u>	<u>33</u>

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



41 FINANCIAL INSTRUMENTS

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

- 41.1 - Credit risk
- 41.2 - Liquidity risk
- 41.3 - 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.

41.1 Credit risk

41.1.1 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. 521.226 million (June 30, 2014: Rs. 569.958 million), financial assets which are subject to credit risk aggregate to Rs. 520.509 million (June 30, 2014: Rs. 567.899 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	30 th June, 2015 Rupees	30 th June, 2014 Rupees
Long term deposits	31,380,424	31,205,049
Trade debts	334,088,657	410,865,919
Other financial assets	1,174,249	3,227,989
Loans and advances	51,634,244	64,069,401
Trade deposits and short term prepayments	9,138,077	14,453,830
Others receivables	12,583,754	-
Cash and bank balances	81,225,888	46,136,058
	<u>521,225,293</u>	<u>569,958,246</u>

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

Domestic	334,088,657	410,865,919
Export	-	-
	<u>334,088,657</u>	<u>410,865,919</u>

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

Yarn	228,453,463	281,251,237
Fabric	105,635,194	129,614,682
	<u>334,088,657</u>	<u>410,865,919</u>

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

Not past due	153,588,115	180,667,041
Past due 0 - 30 days	95,657,675	125,858,183
Past due 31 - 90 days	72,019,583	88,570,478
Past due 91 - 1 year	12,823,285	15,770,217
More than one year	-	-
	<u>334,088,657</u>	<u>410,865,919</u>

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



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

	2015				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	157,957,640	236,585,903	81,268,778	155,317,126	-
Redeemable capital - Sukuk	697,518,288	1,415,240,276	246,622,947	1,004,651,248	163,966,081
Loan from directors and others - subordinated	160,726,470	160,726,470	-	160,726,470	-
Finance lease	28,372,866	34,446,241	7,437,921	27,008,320	-
Trade and other payables	1,087,875,072	1,087,875,072	1,087,875,072	-	-
Accrued interest / mark-up	187,970,708	187,970,708	187,970,708	-	-
Short term borrowings	4,298,729,864	4,863,797,905	4,863,797,905	-	-
	<u>6,619,150,908</u>	<u>7,986,642,575</u>	<u>6,474,973,330</u>	<u>1,347,703,164</u>	<u>163,966,081</u>
	2014				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	187,169,484	266,122,419	99,347,888	166,774,531	-
Redeemable capital - Sukuk	858,848,327	1,594,432,379	259,272,730	1,168,617,329	166,542,320
Loan from directors and others - subordinated	160,726,470	160,726,470	-	160,726,470	-
Finance lease	43,057,628	47,646,240	10,133,864	37,512,376	-
Trade and other payables	902,698,608	902,698,608	902,698,608	-	-
Accrued interest / mark-up	159,417,657	159,417,657	159,417,657	-	-
Short term borrowings	4,155,123,033	4,709,764,677	4,709,764,677	-	-
	<u>6,467,041,207</u>	<u>7,840,808,449</u>	<u>6,140,635,423</u>	<u>1,533,630,706</u>	<u>166,542,320</u>

41.2.2 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.

41.3 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.

41.3.1 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 2015	-	-	-	-
Trade debts 2014	-	-	-	-

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2015	2014	2015	2014
US Dollar to Rupee	101.09	99.12	113.50	98.10

41.3.2 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.



QUETTA TEXTILE MILLS LIMITED

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For the year ended June 30, 2015

Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
US Dollar	-	-

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

41.3.3 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	
	30 th June, 2015 Rupees	30 th June, 2014 Rupees
Fixed rate instruments		
Financial assets	42,845,687	27,300,000
Financial liabilities	855,475,928	1,046,017,811
Variable rate instruments		
Financial assets	-	-
Financial liabilities	4,327,102,730	4,198,180,661

41.4 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.

41.5 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, 2014

	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2015	43,271,027	(43,271,027)	-	-
Cash flow sensitivity - variable rate instruments 2014	41,981,807	(41,981,807)	-	-

41.6 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, 2015 other financial assets was categorized in level 1.

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



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
41.7 Off balance sheet items			
Bank guarantees issued in ordinary course of business		281,755,246	277,255,245
Civil work		-	101,000,000
Letters of credit for raw material		32,530,787	503,653,164
Letters of credit for stores and spares		4,451,544	18,624,231

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

41.8 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.

		30 th June, 2015 Rupees	30 th June, 2014 Rupees
Borrowings	Rupees	5,182,578,658	5,244,198,472
Total equity	Rupees	2,182,000,851	2,488,036,006
Total capital employed	Rupees	7,364,579,509	7,732,234,478
Gearing ratio	Percentage	70.37	67.82



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

42 SEGMENT ANALYSIS

The segment information for the reportable segments for the year ended June 30, 2015 is as follows:

42.1 Operating results

Note	Spinning		Weaving		Power Generation		Company	
	30 th June, 2015 Rupees	30 th June, 2014 Rupees	30 th June, 2015 Rupees	30 th June, 2014 Rupees	30 th June, 2015 Rupees	30 th June, 2014 Rupees	30 th June, 2015 Rupees	30 th June, 2014 Rupees
SALES								
Export	3,100,964,116	3,969,135,468	2,381,988,707	2,848,162,622	-	-	5,482,952,823	6,817,298,090
Local	3,347,295,987	4,159,469,470	1,220,413,443	1,349,351,244	-	-	4,567,709,430	5,508,820,714
Waste	44,027,178	90,544,978	-	-	-	-	44,027,178	90,544,978
Cotton	176,924,553	-	-	-	-	-	176,924,553	-
Other	4,938,965	3,323,810	-	-	-	-	4,938,965	3,323,810
	6,674,150,799	8,222,473,726	3,602,402,150	4,197,513,866	-	-	10,276,552,949	12,419,987,592
Inter - segment sales	908,103,355	879,515,609	-	-	667,842,139	944,075,213	1,575,945,494	1,823,590,822
Sales tax	(65,564,889)	(82,034,978)	(35,512,409)	(36,547,278)	-	-	(101,077,298)	(118,582,256)
Total sales	7,516,689,265	9,019,954,357	3,566,889,741	4,160,966,588	667,842,139	944,075,213	11,751,421,145	14,124,996,158
Cost of sales	44 (7,121,877,197)	(8,198,482,227)	(3,348,427,876)	(3,745,734,813)	(667,842,139)	(944,075,213)	(11,138,147,212)	(12,888,292,253)
Gross profit	394,812,068	821,472,130	218,461,865	415,231,775	-	-	613,273,933	1,236,703,905
Distribution cost	45 (169,445,950)	(225,213,739)	(125,729,128)	(136,284,790)	-	-	(295,175,078)	(361,498,529)
Administrative expenses	46 (33,817,749)	(34,205,482)	(18,253,277)	(17,462,060)	-	-	(52,071,027)	(51,667,542)
	(203,263,699)	(259,419,221)	(143,982,405)	(153,746,850)	-	-	(347,246,105)	(413,166,071)
Operating Results	191,548,369	562,052,909	74,479,460	261,484,925	-	-	266,027,828	823,537,834
42.2 Segment assets	7,321,650,476	6,272,049,701	2,633,567,922	2,536,930,078	794,215,389	909,935,037	10,749,433,787	9,718,914,816
42.3 Unallocated assets							389,804,273	449,069,849
							11,139,238,060	10,167,984,665
42.4 Segment liabilities	773,318,923	661,205,504	204,581,405	181,811,181	109,974,744	59,681,923	1,087,875,072	902,698,608
42.5 Unallocated liabilities							6,369,529,381	6,087,920,591
							7,457,404,453	6,990,619,199
42.6 Depreciation	183,089,782	135,880,432	63,303,257	55,995,719	43,920,981	39,984,148	290,314,020	231,860,299
42.7 Inter-segment pricing								

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

42.8 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 FINANCIAL STATEMENTS

For the year ended June 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
43 RECONCILIATIONS OF REPORTABLE SEGMENTS SALES, COST OF SALES, ASSETS AND LIABILITIES			
43.1 Sales			
Total sales for reportable segment	42.1	11,751,421,145	14,124,996,158
Elimination of inter-segment	42.1	(1,575,945,494)	(1,823,590,822)
Total sales		<u>10,175,475,651</u>	<u>12,301,405,336</u>
43.2 Cost of sales			
Total cost of sales for reportable segment	44	11,138,147,212	12,888,292,253
Elimination of inter-segment	44.1	(1,575,945,494)	(1,823,590,822)
Total cost of sales		<u>9,562,201,718</u>	<u>11,064,701,431</u>
43.3 Assets			
Total assets for reportable segments	42.2	10,749,433,787	9,718,914,816
Long term deposits	7	31,380,424	31,205,049
Other financial assets	11	1,174,249	3,227,989
Loans and advances	12	51,634,244	64,069,401
Trade deposits and short term prepayments	13	9,138,077	14,453,830
Others receivables	14	12,583,754	-
Income tax and sales tax refundable	15	202,667,637	289,977,522
Cash and bank balances	16	81,225,888	46,136,058
Unallocated assets	42.3	389,804,273	449,069,849
		<u>11,139,238,060</u>	<u>10,167,984,665</u>
43.4 Liabilities			
Total liabilities for reportable segments	42.4	1,087,875,072	902,698,608
Long term finances	20	157,957,640	187,169,484
Redeemable capital - Sukuk	21	697,518,288	858,848,327
Loan from directors and others	22	160,726,470	160,726,470
Liabilities against assets subject to finance lease	23	28,372,866	43,057,628
Deferred liabilities	24	829,764,943	516,109,062
Accrued interest / mark-up	26	187,970,708	159,417,657
Short term borrowings	27	4,298,729,864	4,155,123,033
Loan from directors and others	28	8,488,602	7,468,930
Unallocated liabilities	42.5	6,369,529,381	6,087,920,591
		<u>7,457,404,453</u>	<u>6,990,619,199</u>



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

Note	Spinning		Weaving		Power Generation		Company	
	30 th June, 2015 Rupees	30 th June, 2014 Rupees	30 th June, 2015 Rupees	30 th June, 2014 Rupees	30 th June, 2015 Rupees	30 th June, 2014 Rupees	30 th June, 2015 Rupees	30 th June, 2014 Rupees
44 COST OF SALES								
Raw material consumed	4,905,425,069	5,928,545,045	2,450,611,806	2,716,483,302	-	-	7,356,036,875	8,645,028,347
Stores and spares consumed	235,599,053	279,849,888	179,492,041	179,639,204	597,024,866	874,830,057	1,012,115,960	1,334,319,149
Processing Charges	-	960,548	36,329,503	61,773,183	-	-	36,329,503	62,733,731
Salaries, wages and benefits	675,333,855	727,511,317	185,138,903	170,627,989	21,190,366	20,620,373	881,663,124	918,759,679
Fuel, power and water:								
Inter-segment	531,659,993	557,413,750	136,182,146	386,661,463	-	-	667,842,139	944,075,213
Others	274,504,046	324,098,942	248,962,403	95,364,879	-	-	523,466,449	419,463,821
Repairs and maintenance	9,969,521	17,283,335	4,271,033	16,300,703	2,162,500	5,793,503	16,403,054	39,377,541
Insurance expenses	19,403,021	24,574,273	6,919,382	5,959,962	-	-	26,322,403	30,534,235
Rent, rates and taxes	967,834	705,471	-	-	-	-	967,834	705,471
Vehicle running and maintenance	11,896,734	15,844,161	4,014,626	3,439,944	-	-	15,911,360	19,284,105
Entertainment expenses	4,028,159	3,931,931	1,209,308	1,504,540	-	-	5,237,467	5,436,471
Communication expenses	1,410,387	1,406,846	551,616	687,542	-	-	1,962,003	2,094,388
Other expenses	2,749,663	2,946,024	4,139,583	8,789,909	3,543,426	2,847,132	10,432,672	14,583,065
Depreciation expenses	183,089,782	135,880,432	63,303,257	55,995,719	43,920,981	39,984,148	290,314,020	231,860,299
	6,856,037,117	8,020,951,963	3,321,125,607	3,703,228,339	667,842,139	944,075,213	10,845,004,863	12,668,255,515
Work in process								
Opening stock	109,825,650	105,343,028	115,926,108	128,447,046	-	-	225,751,758	233,790,074
Closing stock	(108,100,288)	(109,825,650)	(116,456,100)	(115,926,108)	-	-	(224,556,388)	(225,751,758)
	1,725,362	(4,482,622)	(529,992)	12,520,938	-	-	1,195,370	8,038,316
Cost of goods manufactured	6,857,762,479	8,016,469,341	3,320,595,615	3,715,749,277	667,842,139	944,075,213	10,846,200,233	12,676,293,831
Cost of cotton sold	204,978,681	-	-	-	-	-	204,978,681	-
Cost of other material sold	(4,938,965)	(3,323,810)	-	-	-	-	(4,938,965)	(3,323,810)
	7,057,802,195	8,013,145,531	3,320,595,615	3,715,749,277	667,842,139	944,075,213	11,046,239,949	12,672,970,021
Finished goods								
Opening balance	490,606,858	578,000,844	672,250,646	701,595,157	-	-	1,162,857,504	1,279,596,001
Finished goods purchased:								
Cost of other material sold	4,938,965	3,323,810	-	-	-	-	4,938,965	3,323,810
Yarn	22,930,980	94,618,900	-	641,025	-	-	22,930,980	95,259,925
	27,869,945	97,942,710	-	641,025	-	-	27,869,945	98,583,735
Closing stock	(454,401,801)	(490,606,858)	(644,418,385)	(672,250,646)	-	-	(1,098,820,186)	(1,162,857,504)
	7,121,877,197	8,198,482,227	3,348,427,876	3,745,734,813	667,842,139	944,075,213	11,138,147,212	12,888,292,253

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QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

Note	Spinning		Weaving		Power Generation		Company	
	30 th June, 2015 Rupees	30 th June, 2014 Rupees	30 th June, 2015 Rupees	30 th June, 2014 Rupees	30 th June, 2015 Rupees	30 th June, 2014 Rupees	30 th June, 2015 Rupees	30 th June, 2014 Rupees
44.1 Raw material consumed								
Opening balance	1,756,799,186	1,147,045,197	389,155,171	391,726,841	-	-	2,145,954,357	1,538,772,038
Purchases:								
Inter-segment	-	-	908,103,355	879,515,609	-	-	908,103,355	879,515,609
Other	5,570,351,675	6,538,299,034	1,510,200,241	1,834,396,023	-	-	7,080,551,916	8,372,695,057
	5,570,351,675	6,538,299,034	2,418,303,596	2,713,911,632	-	-	7,988,655,271	9,252,210,666
Cost of cotton sold	(204,978,681)	-	-	-	-	-	(204,978,681)	-
Closing stock	(2,216,747,111)	(1,756,799,186)	(356,846,961)	(389,155,171)	-	-	(2,573,594,072)	(2,145,954,357)
	<u>4,905,425,069</u>	<u>5,928,545,045</u>	<u>2,450,611,806</u>	<u>2,716,483,302</u>	<u>-</u>	<u>-</u>	<u>7,356,036,875</u>	<u>8,645,028,347</u>
45 DISTRIBUTION COST								
On export sales								
Export development surcharge	7,487,214	9,231,834	5,897,161	6,836,469	-	-	13,384,375	16,068,303
Freight	50,468,210	65,512,283	41,864,233	53,883,556	-	-	92,332,443	119,395,839
Commission	27,469,375	37,795,802	49,850,736	50,696,492	-	-	77,320,111	88,492,294
Clearing and forwarding	34,961,847	56,275,173	20,154,726	18,739,425	-	-	55,116,573	75,014,598
	120,386,646	168,815,092	117,766,856	130,155,942	-	-	238,153,502	298,971,034
On local sales								
Freight	20,222,895	20,064,303	417,300	159,500	-	-	20,640,195	20,223,803
Commission	28,836,409	36,334,344	7,544,972	5,969,348	-	-	36,381,381	42,303,692
	49,059,304	56,398,647	7,962,272	6,128,848	-	-	57,021,576	62,527,495
	<u>169,445,950</u>	<u>225,213,739</u>	<u>125,729,128</u>	<u>136,284,790</u>	<u>-</u>	<u>-</u>	<u>295,175,078</u>	<u>361,498,529</u>



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

Note	Spinning		Weaving		Power Generation		Company	
	30 th June, 2015 Rupees	30 th June, 2014 Rupees	30 th June, 2015 Rupees	30 th June, 2014 Rupees	30 th June, 2015 Rupees	30 th June, 2014 Rupees	30 th June, 2015 Rupees	30 th June, 2014 Rupees
46 ADMINISTRATIVE EXPENSES								
Director's remuneration	3,440,538	2,581,752	1,857,046	1,317,997	-	-	5,297,584	3,899,749
Salaries and benefits	13,812,407	11,798,675	7,455,307	6,023,279	-	-	21,267,714	17,821,954
Printing and stationery	1,824,142	2,526,248	984,588	1,289,661	-	-	2,808,730	3,815,909
Communication	805,949	830,614	435,015	424,032	-	-	1,240,964	1,254,646
Traveling and conveyance	3,803,383	5,735,439	2,052,892	2,927,968	-	-	5,856,275	8,663,407
Legal and professional charges	392,920	712,345	212,080	363,655	-	-	605,000	1,076,000
Auditors' remuneration	1,154,359	1,117,110	623,071	570,290	-	-	1,777,430	1,687,400
Rent, rates and taxes	1,094,083	1,231,353	590,536	628,612	-	-	1,684,619	1,859,965
Entertainment	646,011	647,041	348,688	330,318	-	-	994,699	977,359
Electricity, gas and water charges	1,374,089	1,335,128	741,670	681,589	-	-	2,115,759	2,016,717
Fees and subscription	1,248,663	1,095,359	673,971	559,186	-	-	1,922,634	1,654,545
Repairs and maintenance	165,206	117,459	89,170	59,964	-	-	254,376	177,423
Charity and donation	129,891	377,357	70,109	192,643	-	-	200,000	570,000
Depreciation	3,926,109	4,099,602	2,119,134	2,092,866	-	-	6,045,243	6,192,468
	33,817,749	34,205,482	18,253,277	17,462,060	-	-	52,071,027	51,667,542



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

50 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. There have been no significant re-arrangements or reclassifications to be disclosed in these financial statements except as follows:

Note	Reclassification from component	Note	Reclassification to component	Rupees
12	Store suppliers and others	12	Suppliers	1,671,233
			Collector of Customs	8,860,092
			Margin with Banks	10,147,103
12	Loans and advances	13	Trade deposits and short term prepayments	
	Letter of credits		Letter of credits	5,688,634
16	Current accounts	16	Saving accounts	7,310,357
27	Short term borrowings	28	Loan from directors and others	7,468,930

51 NUMBER OF EMPLOYEES

	30 th June, 2015	30 th June, 2014
Total number of employees as at	3,471	4,278
Average number of employees worked during the year	3,439	4,259

52 GENERAL

The figures have been rounded off to the nearest Rupee.

53 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on **October 09, 2015**.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:

Dated: October 09, 2015



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

	Note	30 th June, 2015 Rupees	30 th June, 2014 Rupees
47 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	1,019,672	12,269,470
Salaries and other benefits	Key management personnel	5,297,584	3,899,751

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.

48 PLANT CAPACITY AND PRODUCTION

Spinning

Total no of spindles installed	73,488	73,488
Total no of rotors installed	1,104	1,104
Average no of spindles worked	70,119	72,560
Average no of rotors worked	897	1,064
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	20,629,784	22,482,266

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

Rated capacity converted into 60 picks - Square meters	70,763,414	70,763,414
Actual production converted to 60 picks - Square meters	60,131,267	56,933,450
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

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	71.74	93.594

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.

49 NON ADJUSTING EVENT AFTER BALANCE SHEET

The Board of Directors have proposed a final cash dividend for the year ended June 30, 2015 of Rs. NIL /- (June 30, 2014: Rs. NIL) per ordinary share amounting to Rs. NIL /- (June 30, 2014: Rs. NIL) at their meeting held on **October 09, 2015** for approval of the members at the Annual General meeting to be held on **October 31, 2015**. These financial statements don't reflect this impact.