

47th ANNUAL REPORT 2016



QUETTA

QUETTA TEXTILE MILLS LIMITED



Annual Report 2016

For The Year Ended June 30,2016

CONTENTS

Company Information	2
Vision & Mission Statements	3
Notice of Annual General Meeting	4
Chairman's Review	5
Director's Report to the Members	8
Key Operating & Financial Data	13
Pattern of Shareholding	14
Statement of Compliance with the Code of Corporate Governance	16
Review Report to the Members on Statement of Compliance with the Code of Corporate Governance	19
Auditor's Report to the Members	20
Balance Sheet	21
Profit and Loss Accounts	22
Statement of Comprehensive Income	23
Statement of Changes in Equity	24
Cash Flow Statement	25
Notes to the Financial Statements	32
Form of Proxy	61
Form of Proxy (Urdu)	62



COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

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 Metro Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited

REGISTERED OFFICE

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

MILLS

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

WEB SITE ADDRESS

www.quettagroup.com



QUETTA TEXTILE MILLS LIMITED

STATEMENT OF PURPOSE

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.



COMPANY INFORMATION

NOTICE OF MEETING

Notice is hereby given that the 53rd Annual General Meeting of the Shareholders of Quetta Textile Mills Limited will be held on Monday, October 31, 2016 at 09.00 A.M. at the registered office of the Company at Nadir House (Ground Floor), I.I. Chundrigar Road, Karachi to transact the following business: -

Ordinary Business:

1. To confirm the minutes of the 52nd General Meeting held on October 31, 2015.
2. To receive, consider and approve the report of the Directors, Auditors and Audited Accounts of the Company for the year ended June 30, 2016.
3. To appoint Auditors for the year 2016-2017 and fix their remuneration. The Board has recommended, as suggested by Audit committee, the appointment of M/s Mushtaq & Co, Chartered Accountant, the retiring auditors and being eligible to offer themselves for re-appointment.

Special Business:

4. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED that placing of the Company's Quarterly Account on its website instead of transmitting the same to its shareholders by post, be and is hereby approved."
5. To transact any other ordinary business or business with the permission of the Chairman.

By order of the Board of
Directors

MUHAMMAD SOHRAB
GHANI
Company Secretary

Karachi:

Dated: October 09, 2016

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 25,2016 to October 31,2016 (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, 2016.
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.

Statement Under Section 160 of the Companies Ordinance, 1984 (Item 04 of the Agenda)

The Securities and Exchange Commission of Pakistan vide its circular No 19 dated April 14, 2014 has allowed listed Companies to place their quarterly accounts on their website instead of sending the same to each shareholder by post, subject to fulfillment of a few conditions including seeking of consent of the members.

This will be a convenient and cost effective way for the company to transmit its quarterly accounts and ensure quick and easy access for the members to such accounts of the Company.



QUETTA TEXTILE MILLS LIMITED

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders:

It is a pleasure to present the results of the company for the year ended June 30, 2016. Your company made a loss before tax of Rs. 1,724.815 billion as compared to Rs. 323.527 million last year.

Textile Outlook:

Pakistan's textile industry is still going through one of the toughest periods in decades. This crisis has been experienced before also, but not to this scale and tenor. 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 18% in June '2016, as compared to June '2015. Around 25% of the textile industry in Punjab has already closed down, with an average of one textile mill closing down daily. 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 still continue to plague the spinning & weaving industry:

Raw Cotton:

- There has been a significant decrease in sowing and cultivating areas of cotton which has created a shortfall of 2-4 million bales. The consumption of cotton is more than production requirement, which has made cotton prices high vis-à-vis yarn prices. This has resulted in cotton being procured at import prices. The government has imposed duties on imported cotton, thus making cotton more expensive;
- Slowdown in demand for cotton yarns and fabrics in the international markets, particularly China;
- 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;
- There is an influx of foreign textile goods being imported and sold in the domestic market. India is still 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. 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;

Local Threats:

- Sudden and sharp appreciation of PKR Vs. US\$ by around 10%. Our neighboring countries have devalued their currencies between 3%--10% within '2013--'2015, thereby making it difficult for Pakistani textile industry to compete with them;
- Imposition of GIDC by the federal government;
- Increase in minimum wages/salaries of labour. Cost of labour is highest in Pakistan, as compared to India, Bangladesh, China and Vietnam. This has increased cost of doing business;
- No export incentives to down-stream industry (spinning & weaving), as compared to incentives given to the Indian and Vietnam textile industry;
- Increase in energy costs due to increase in gas/electric tariff rates. Increase in gas & electric load-shedding. Electricity tariff is the highest in Pakistan as compared to India, Bangladesh, China and Vietnam;
- More than 25% Working Capital has been stuck-up in the refund regime creating severe cash flow crunch.

Way Forward:



of QTML. To replenish working capital, we proposed to banks for release of cotton from pledge by converting the existing Cash Finance Facility into Term Loan (long-term). Progress and terms of re-structuring and re-arrangement with below-mentioned banks are as under:

Faysal Bank Limited (Re-structured): Faysal Bank Limited has re-structured the Cash Finance (Pledge) Facility of Rs.200 (M) on below-mentioned lines:

1. FBL released the pledged stocks valuing Rs. 200 (M);
2. QTML committed upfront payment of 10% under Cash Finance (Pledge) Facility;
3. FBL granted 1-year Grace Period;
4. FBL termed out balance 90% in 4-years with equal quarterly installments;
5. Frozen mark-up and accumulated mark-up will be paid during 6th year in 4 quarterly installments at tail-end;
6. FBL reduced mark-up rates from K + 2.5% to K + 0.5% on Term Loan and Running Finance (Hypothecation) Facilities.

Soneri Bank Limited (Re-structured): Soneri Bank Limited re-structured the Cash Finance (Pledge) Facility of Rs.400 (M) on below-mentioned lines:

1. Soneri Bank Limited released the pledged stocks valuing Rs. 400 (M);
2. QTML committed payment of two quarter mark-ups in arrears;
3. Soneri Bank Limited granted 1-year Grace Period;
4. Soneri Bank Limited termed out the facility in 5-years equal quarterly installments;
5. Frozen mark-up will be paid during 6th year in 4 quarterly installments at tail-end;
6. Soneri Bank Limited reduced mark-up rates from K + 2.5% to K + 0% on Term Loan Facility.

Habib Bank Limited (Re-structured): Habib Bank Limited re-structured the Cash Finance (Pledge) Facility of Rs.300 (M) on below-mentioned lines:

1. HBL released the pledged stocks valuing Rs.300 (M);
2. QTML committed upfront 10% of Cash Finance (Pledge) Facility;
3. HBL granted 1-year Grace Period;
4. HBL termed out balance 90% in 4-years equal quarterly installments;
5. Frozen mark-up and accumulated mark-up will be paid during 6th year in 4 quarterly installments at tail-end;
6. HBL reduced mark-up rates from K + 2.5% to K + 0% on Term Loan and Running Finance (Hypothecation) Facilities.

Allied Bank Limited (Under Process of Re-structuring):

Allied Bank Limited and QTML are working on daily basis on re-structuring, and we expect that ABL will take further 25-30 days for the finalization and implementation of re-structuring of Cash Finance (Pledge) Facility of Rs.250 (M). We expect that the same will also be re-structured on below-mentioned lines:

1. ABL will release pledged Stocks valuing of Rs. 250 (M);
2. QTML will commit for up-front payment at 10% of Cash Finance (Pledge) Facility;
3. ABL will grant 1-year Grace Period;
4. ABL will term out balance 90% in 5-years equal quarterly installments;
5. Frozen mark-up and accumulated mark-up will be paid during 7th and 8th year in 8 quarterly installments at tail-end;
6. ABL will also reduce the mark up rates from K + 2.5% to K + 0% on Term Loan and Running Finance (Hypothecation) Facility.



National Bank of Pakistan (Under Process of Re-structuring):

National Bank of Pakistan and QTML are working on daily basis on re-structuring, and we expect that NBP will take further 10-15 days for the finalization and implementation of re-structuring of Cash Finance (Pledge) Facility of Rs.170 (M). We expect that the same will also be re-structured on below-mentioned lines:

1. NBP will release pledged stocks valuing Rs.170 (M);
2. QTML will commit for up-front payment at 10% of Cash Finance (Pledge) Facility;
3. NBP will grant 1-year Grace Period;
4. NBP will term out balance 90% into a 5-years equal quarterly installments;
5. Frozen mark-up and accumulated mark-up will be paid during 7th and 8th year in 8 quarterly installments at tail-end;
6. NBP will also reduce mark-up rates from $K + 2.5\%$ to $K + 0\%$ on Term Loan and Running Finance (Hypothecation) Facility.

During our various meetings and correspondences with the above-mentioned banks, QTML's management has discussed in detail various available options. It is the consensus that QTML's management must operate the project at 90% plus production capacity to generate adequate cash flows to run the company and to be in a position at a later date to fulfill all our financial obligations. Hence, we approached banks and submitted our request for re-structuring and re-arrangement of our Cash Finance (pledge) facility and reduction of markup rates.

It will not be out of place to mention that all banks facilitated QTML during this time of crisis by conversion of Cash Finance (Pledge) Facilities into a Term Loan and by reducing the mark up rates on various facilities. From gradually release of cotton and yarns from banks to replenish working capital, QTML's operations have now started to take- off. From 40% production efficiency, the company has now achieved 80% production efficiency and production by utilizing the idle capacity. The management is determined to achieve the efficiency at 90% plus by utilizing the existing available capacity.

QTML will then focus on re-structuring of its Sukuk debt of around Rs. 680 (M) with new terms to further minimize cash outflows of the company. QTML will approach all the Sukuk holding banks/DFIs to re-structure its Sukuk debts on new terms

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

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.



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, 2016 along with Auditor's Report thereon]:

Financial Results

During the year, the Company suffered net loss of Rs. 1,724.815 million after charging costs, expenses and provisions for the year as compared to previous year's net loss of Rs. 323.527 million.

Financial Results	2016	2015
	(Rupees in '000)	
Pre-tax (loss) for the year	(1,724.815)	(323.527)
Taxation	9.380	(68.487)
(Loss) after taxation	(1,715.435)	(392.014)
Other Comprehensive Loss	(27.278)	(8.438)
Accumulated Profit Brought Forward	1,285.250	1,591.285
Less: Dividend Paid	Nil	Nil
	(457.463)	1,190.833
Transfer from Surplus on Revaluation of Property Plant & Equipment	82.261	94.417
Accumulated (loss)/profit Carried Forward	(375.202)	1,285.250

The Company has suffered huge losses due to import of raw materials, and the rates of stocks (raw cotton, yarn and grey fabric) considerably reduced by 35%, hence faced inventory losses on stocks that caused liquidity constraints during financial year 2015-16. The Company also faced operational breakdowns due to short of working capital which dropped the production operational efficiency and restricted to the extent 40% of available capacities. The QTML also suffered losses due to slowdown in demand for cotton yarns and fabrics in the international markets, sudden and sharp decline 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\$ 15.11 (M), as compared to US\$ 54.4 (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 has 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.

In order to fill the gap of working capital, the management approached to the banks for Re-structuring and Re-arrangement of Banking Facilities and banks supported the QTML during this time of need and crisis, and immediately converted Short Term - Cash Finance (Pledge) Facility into Term Loan with repayments 6 to 8 years and reduced the spread from 2.50% to 0% etc.



Reservation in Review Report to the Members

The review report to the members for the year carries the qualification opinion on the matter specified below:

Quote

the composition of company's Board of Directors were not in accordance with the requirement of Code of Corporate Governance.

Unquote

Election of the directors to be held on January 2017 in which the matter above referred will be discussed and it is decided that the restructuring of Board of Directors with Five Non- Executive Directors and three Executive Directors is to be approved in upcoming election of directors.

Quote

the company did not disseminate the information as regards to the restructuring of loan and default in repayment of loan to SECP and Stock Exchange

Unquote

Subsequently the management sent information along with facility offer letters to Stock Exchange under cc to SECP. Some clauses of offered facility letters remained under negotiations hence prolonged the signing that why the information delayed.

Financial Management

Cash flow Management

The Company has an effective Cash Flow Management system in Place whereby cash inflows and out flows is projected on regular basis. Working Capital requirements are planned to be financed through internal cash generation and short term borrowings from external resources where necessary.

Risk Mitigation

The Inherent risks and uncertainties in running a business directly affect the success of business. The management of Quetta Textile Mills Limited has identified its exposure to the potential risks. As a part of our policy to produced forward looking statement we are outlining the risks which may effect our business. This exercise also helps the management focus on a strategy to mitigate risk factors.

Credit Risk

All financial assets of the company except cash in hand are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk. Exposure is managed through application of credit limits to its customers secured by and on the base of past experience, sales volume, consideration of financial position, past track records and recoveries, economic conditions of particularly the textile sector and generally the industry. The company believes that it is prudent to provide Provision of doubt full debts.

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, 2016, 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 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.



OPERATING AND FINANCIAL DATA

Pattern of Share Holding

The pattern of shareholding as on June 30, 2016 is annexed to this report.

Summary of Financial Data

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

Board of Directors Meetings

A total of ten meetings of the Board of Directors were held during 12 months' period from July 01, 2015 to June 30, 2016. Attendance at the Board Meetings by each Director is as follows:

Name of Directors	Number of Meetings Attended
Mr. Tariq Iqbal	10
Mr. Asim Khalid	08
Mr. Omer Khalid	09
Mr. Tauqir Tariq	08
Mrs. Saima Asim	07
Mrs. Tabbasum Tariq	08
Mrs. Sadaf Khalid	06
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, 2015 to June 30, 2016. 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, 2016:

- 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 07, 2016

KEY OPERATING AND FINANCIAL DATA

		2016	2015	2014	2013	2012	2011
OPERATING DATA							
Sales	Rs. '000'	5,280,152	10,175,476	12,301,405	12,967,979	11,141,096	14,343,553
Cost of Goods Sold	Rs. '000'	6,439,717	9,562,202	11,064,701	11,528,549	9,670,029	12,049,963
Gross Profit	Rs. '000'	(1,159,565)	613,574	1,236,704	1,439,430	1,471,067	2,293,590
Profit / (Loss) Before Taxation	Rs. '000'	(1,724,815)	(323,527)	214,911	267,252	157,549	773,468
Profit / (Loss) After Taxation	Rs. '000'	(1,715,435)	(392,014)	70,699	159,273	36,439	583,795
FINANCIAL DATA							
Equity Balance	Rs. '000'	521,548	2,182,001	2,488,036	2,424,932	2,238,689	2,192,119
Property, Plant & Equipment	Rs. '000'	5,763,224	6,038,998	5,008,146	5,056,794	5,081,501	5,133,307
Current Assets	Rs. '000'	3,425,592	5,068,859	5,128,633	4,402,188	4,426,786	4,483,901
Current Liabilities	Rs. '000'	5,058,190	5,853,355	5,532,754	4,702,127	4,855,243	4,551,382
PROFITABILITY RATIOS							
Gross Profit Margin	%	(21.96)	6.03	10.05	11.10	13.20	15.99
Operating Profit Margin	%	(32.73)	(3.42)	1.70	2.00	1.37	5.35
Net Profit Margin	%	(32.67)	3.18	1.75	2.06	1.41	5.39
LIQUIDITY RATIOS							
Current Ratio	Times	0.68	0.87	0.93	0.94	0.91	0.99
Quick Ratio	Times	0.09	0.11	0.15	0.18	0.14	0.24
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	8.31	11.98	12.19	11.68	11.00	16.75
Accounts Receivables Turnover	Times	23.25	27.31	29.79	34.54	22.41	24.26
Inventory Turnover	Times	(1.64)	(2.65)	3.20	3.20	3.61	3.12
Total Assets Turnover	Times	0.52	0.96	1.25	1.36	1.16	1.58
Return on Total Assets	%	(0.19)	(0.03)	0.02	0.03	0.02	0.09
Return on Equity	%	(0.87)	(0.15)	0.09	0.11	0.07	0.35
LEVERAGE RATIOS							
Long Term Debts to Equity	Times	4.25	0.78	0.71	0.64	0.57	0.58
Total Debts to Equity	Times	13.94	3.04	2.60	2.42	2.74	2.85
Long Term Debts to Total Assets	Times	0.24	0.15	0.17	0.22	0.23	0.26
Total Debts to Total Assets	Times	0.65	0.59	0.64	0.62	0.64	0.65
Equity to Total Assets	Times	0.06	0.20	0.24	0.26	0.23	0.23
Interest Coverage Ratio	Times	(4.19)	(0.52)	0.36	0.37	0.17	0.79
OTHERS							
Earning / (Loss) Per Share	Rs	(131.96)	(30.15)	5.44	12.25	2.80	44.91
Breakup Value of Share w/o Revaluation Surplus	Rs	44.73	167.85	191.39	186.53	172.21	168.62
Breakup Value of Share with Revaluation Surplus	Rs	157.18	*283.22	244.41	240.87	227.90	225.78
Cash Dividend	%	NIL	NIL	NIL	15	NIL	15



PATTERN OF SHAREHOLDING (FORM - A)

Pattern of holding of the shares held by the shareholders as at 30-06-2016 is given below

No of Shareholders	Shareholding					Total Share Held	
105	From	1	To	100	Shares	2,147	
65	From	101	To	500	Shares	18,073	
24	From	501	To	1,000	Shares	20,421	
31	From	1,001	To	5,000	Shares	81,812	
10	From	5,001	To	10,000	Shares	75,085	
2	From	10,001	To	15,000	Shares	28,464	
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	54,884	
2	From	30,001	To	35,000	Shares	67,076	
3	From	40,001	To	45,000	Shares	125,820	
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	130,000	
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	
1	From	280,001	To	285,000	Shares	282,002	
1	From	310,001	To	315,000	Shares	313,167	
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	435,001	To	440,000	Shares	437,393	
1	From	445,001	To	450,000	Shares	449,205	
1	From	485,001	To	490,000	Shares	486,358	
1	From	560,001	To	565,000	Shares	560,013	
1	From	565,001	To	570,000	Shares	566,059	
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	675,001	To	680,000	Shares	675,446	
1	From	690,001	To	695,000	Shares	694,353	
1	From	785,001	To	790,000	Shares	786,615	
1	From	1,020,001	To	1,025,000	Shares	1,023,717	
1	From	1,250,001	To	1,255,000	Shares	1,252,937	
275	Total						13,000,000

Categories of Shareholders	No of Shareholders	Share Held	Percentage
Individuals	262	12,919,715	99.38
Investment Corporation of Pakistan	1	250	0.00
Insurance Companies	1	52,082	0.40
Joint Stock Companies	5	15,843	0.12
Financial Institutions	3	10,311	0.08
Others	3	1,799	0.01
Total	275	13,000,000	100.00



DETAIL OF PATTERN OF SHAREHOLDING AS PER
REQUIREMENT OF CODE OF CORPORATE GOVERNANCE
AS AT 30TH JUNE 2016

	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 Childern	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. Tauqeer Tariq (Director)		631,983	4.86
	Mr. Muhammad Saeed (Director)		521	0.00
	Mrs. Tahmina Tauqeer (w/o Mr. Tauqeer 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 Corpration Ltd		364	0.00
	National Bank Of Pakistan		9,697	0.07
7	ShareholdersHoding 10% or More		Nil	
8	Individuals	253	8,655,111	66.58
9	Others	8	17,642	0.14
	Total	275	13,000,000	100.00



STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance ("Code") contained in Regulation 35 of the Listing Regulation of the Pakistan Stock Exchange Limited for purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with best practices of corporate governance.

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

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

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

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

2. The directors have confirmed that none of the directors of the company are serving as a director in more than seven listed companies, including this company.
3. All the 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 NBFIs 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/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met once in every quarter. During the year four meetings of Board of Directors was held. 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.



1. In accordance with the criteria specified on clause 5.19.7 of CCG, certain Directors of the Company are exempted from the requirement of directors' training program as prescribed by the Code of Corporate Governance and the rest of the Directors are trained. All the Directors are fully conversant with their duties and responsibilities, they were further apprised through orientation courses during the year.
2. 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.
3. The Director's Report for this year has been prepared in compliance with the requirements of the CCG and fully described the salient matters required to be disclosed.
4. The CEO and CFO duly endorsed the financial statements of the company before approval of the board.
5. 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.
6. The Company has complied with all the corporate and financial reporting requirements of the CCG.
7. The Board has formed an Audit Committee. It comprises of three members, all of them non-executive directors and the chairman of the committee is an independent director.
8. The meetings of the Audit Committee were held once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
9. 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.
10. The Board has set-up an effective internal audit function within the Company.
11. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programmer of the Institute of Chartered Accountants of Pakistan, that they are not aware of any instances where shares of the company are held by any of the partners of the firm, their spouses and minor children and that the firm and all its partners are compliant with International Federation of accountants (IFAC) guidelines on Code of ethics as adopted by the Institute of Chartered Accountants of Pakistan (ICAP).
12. 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.
13. 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.
14. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchange.



1. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
2. 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 07, 2016

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



leading edge alliance

innovation • quality • excellence

REVIEW REPORT TO THE MEMBERS

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

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Quetta Textile Mills Limited** for the year ended June 30, 2016 to comply with the Code contained in regulation No. 5.19 of the Rule book of Pakistan Stock Exchange Limited.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all the risks and control or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, except for the note No. 1 & 22 of non-compliances, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Further, we highlight below instance(s) of non-compliances with the requirement(s) of the Code as reflected in the note/paragraph reference where it is stated in the statement of Compliance:

- As disclosed in point No. 1 of the statement, the composition of company's Board of Directors were not in accordance with the requirement of Code of Corporate Governance.
- As disclosed in point No. 22 of the statement, the company did not disseminate the information as regards to the restructuring of loan and default in repayment of loan to SECP and Stock Exchange:

KARACHI:

Date: **October 07, 2016**

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

Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626

Email Address: mushtaq_vohra@hotmail.com



leading edge alliance

Innovation • quality • excellence

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Quetta Textile Mills Limited** as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
 - (i) the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KARACHI:

Date: **October 07, 2016**

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Mushtaq Ahmed Vohra

FCA



QUETTA TEXTILE MILLS LIMITED

BALANCE SHEET
AS AT JUNE 30, 2016

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	5,763,224,120	6,038,998,248
Long term deposits	7	67,437,881	31,380,424
		5,830,662,001	6,070,378,672
CURRENT ASSETS			
Stores, spare and loose tools	8	426,412,101	479,376,236
Stock in trade	9	2,545,850,401	3,896,970,646
Trade debts	10	120,166,185	334,088,657
Other financial assets	11	113,051	1,174,249
Loans and advances	12	65,390,375	51,634,244
Trade deposits and short term prepayments	13	25,545,997	9,138,077
Others receivables	14	-	12,583,754
Income tax and sales tax refundable	15	181,017,146	202,667,637
Cash and bank balances	16	61,097,161	81,225,888
		3,425,592,416	5,068,859,388
		9,256,254,417	11,139,238,060
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2015: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2015: 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	391,548,585	2,052,000,851
		521,548,585	2,182,000,851
Surplus on revaluation of property, plant and equipment	19	1,461,795,244	1,499,832,756
NON CURRENT LIABILITIES			
Long term finances	20	911,404,425	94,443,301
Redeemable capital - Sukuk	21	343,367,585	495,449,322
Loan from directors and others - subordinated	22	160,726,470	160,726,470
Liabilities against assets subject to finance lease	23	15,834,185	23,665,128
Deferred liabilities	24	783,387,531	829,764,943
		2,214,720,196	1,604,049,164
CURRENT LIABILITIES			
Trade and other payables	25	1,223,013,200	1,087,875,072
Accrued interest / mark-up	26	356,329,661	187,970,708
Short term borrowings	27	3,018,807,324	4,298,729,864
Loan from directors and others	28	11,416,168	8,488,602
Current portion of			
Long term finances	20	120,146,483	63,514,339
Redeemable capital - Sukuk	21	319,970,058	202,068,966
Liabilities against assets subject to finance lease	23	8,507,497	4,707,738
		5,058,190,391	5,853,355,289
CONTINGENCIES AND COMMITMENTS			
	29		
		9,256,254,417	11,139,238,060

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 07, 2016



**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
Sales	30	5,280,152,958	10,175,475,651
Cost of sales	31	(6,439,717,661)	(9,562,201,718)
Gross (loss) / profit		(1,159,564,703)	613,273,933
Distribution cost	32	(100,163,113)	(295,175,078)
Administrative expenses	33	(55,992,850)	(52,071,027)
Other operating expenses	34	(701,114)	(834,025)
Finance cost	35	(411,559,765)	(613,521,108)
		(568,416,841)	(961,601,238)
(Loss) from operations		(1,727,981,544)	(348,327,305)
Other income	36	3,166,261	24,800,052
(Loss) before taxation		(1,724,815,283)	(323,527,253)
Taxation	37	9,380,163	(68,486,914)
(Loss) after taxation		(1,715,435,120)	(392,014,167)
(Loss) per share - basic and diluted	38	(131.96)	(30.15)

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 07, 2016

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016**

	30 th June, 2016 Rupees	30 th June, 2015 Rupees
(Loss) after taxation	(1,715,435,120)	(392,014,167)
Other comprehensive income		
Items that may not be reclassified subsequently to profit and loss:		
Loss on remeasurement of staff retirement benefits	(30,397,739)	(9,529,909)
Impact of deferred tax	3,119,538	1,091,746
Other comprehensive loss for the year	(27,278,201)	(8,438,163)
Total comprehensive(loss)/income for the year	<u>(1,742,713,321)</u>	<u>(400,452,330)</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 07, 2016

**QUETTA TEXTILE MILLS LIMITED****STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016**

	Share Capital	Reserves			Sub total	Unappropriated profit	Total equity
		Share premium	Capital reserve	General reserve			
Rupees							
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 income for the year ended June 30, 2015							
Profit 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	130,000,000	651,750,000	1,200	115,000,000	766,751,200	1,285,249,651	2,182,000,851
Balance as at July 01, 2015	130,000,000	651,750,000	1,200	115,000,000	766,751,200	1,285,249,651	2,182,000,851
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	82,261,055	82,261,055
Total comprehensive loss for the year ended June 30, 2016							
Loss after taxation for the year	-	-	-	-	-	(1,715,435,120)	(1,715,435,120)
Other comprehensive loss for the year	-	-	-	-	-	(27,278,201)	(27,278,201)
	-	-	-	-	-	(1,742,713,321)	(1,742,713,321)
Balance as at June 30, 2016	130,000,000	651,750,000	1,200	115,000,000	766,751,200	(375,202,615)	521,548,585

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 07, 2016

CASH FLOW STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2016

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	764,588,314	871,773,914
Long term loans and deposits		(36,057,457)	(175,375)
Interest paid		(243,200,812)	(584,968,057)
Gratuity paid		(34,168,836)	(56,376,820)
Workers' profit participation fund paid		(176,516)	(12,057,940)
Taxes paid		(21,185,807)	(91,796,787)
		(334,789,428)	(745,374,979)
Cash flows from operating activities		429,798,887	126,398,935
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(16,675,081)	(54,267,286)
Other financial assets		1,867,802	1,219,713
Proceeds from disposal of property, plant and equipment		6,900,000	22,166,704
Dividend received		11,027	257,802
Cash (used in) investing activities		(7,896,252)	(30,623,067)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances		873,593,268	(29,211,844)
Redeemable capital - Sukuk		(34,180,645)	(161,330,039)
Liabilities against assets subject to finance lease		(4,031,184)	(14,684,762)
Short term borrowings		(1,279,922,540)	143,606,831
Loans from directors & others		2,927,566	1,019,672
Dividend paid		(417,828)	(85,896)
		(442,031,362)	(60,686,038)
Net increase/(decrease) in cash and cash equivalents		(20,128,727)	35,089,830
Cash and cash equivalent at the beginning of the year		81,225,888	46,136,058
Cash and cash equivalent at the end of the year	16	61,097,161	81,225,888

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 07, 2016



1 THE COMPANY AND ITS OPERATIONS

- 1.1** The Company was incorporated in Pakistan as a public limited Company in January 29, 1970 under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the company is situated at ground floor Nadir House I.I Chundrigar road Karachi.
- 1.2** The company is principally engaged in manufacturing and sales of yarn and fabric. The production facilities are located at Kotri in the province of Sindh and 49 K.M Multan Road Bhal, District Kasur in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupee.

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



4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year :

The following standards, amendments and interpretations of approved accounting standards will be effective for the accounting period beginning on or after 1 July 2015 and Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 is not likely to have any impact on the financial statements of the Company.

IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. IFRS 11 is not likely to have any impact on the financial statements of the Company.

IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.

IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard does not have material impact on Company's financial statements except for some disclosures.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

4.2 Standards, amendments to approved accounting standards and interpretations that are 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, 2018). IASB has published the complete version of IFRS 9, 'Financial Instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial

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

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

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

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

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

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



NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

5.2 Employee benefits

5.2.1 Compensated absences

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

Post retirement benefits

5.2.2 Defined benefit plans

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

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

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

5.3 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

5.3.1 Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

5.3.2 Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

5.4 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.5 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.



NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

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

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

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

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

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

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

5.8 Capital work in process

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for intended use.

5.9 Investments

5.9.1 Investments in associate - Equity Method

Investment in associates is accounted for using the equity method. These are entities in which the company has significant influence which is neither a subsidiary nor a joint venture of the company.

5.9.2 Derivative financial instruments

The Company uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with foreign currency borrowings and effects on cash flow of any fluctuations in interest rates. Such derivative financial instruments are stated at fair value.

5.9.3 Financial assets at fair value through profit or loss

Financial assets classified as held for trading and those designed as such are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near item. Gains or losses on such investments are recognized in profit and loss account.

5.9.4 Held-to-maturity investments

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

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

5.9.5 Available for sale

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

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

5.10 Derivative financial instruments

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

5.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently. Financial assets are stated at their nominal value as reduced by the appropriate allowances for estimating irrecoverable amount. Mark up bearing financial liabilities are recorded at the gross proceeds received. Other financial liabilities are stated at their nominal value.

5.12 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

5.13 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows:

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

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

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

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

5.14 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

5.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow

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.



5.20 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

5.21 Segment reporting

Segment reporting is based on the operating (business) segments of the company. An operating segment is a component of the company that engages in a business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

5.22 Financial instruments

5.22.1 Financial assets

Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Held to maturity financial assets

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

d) Available-for-sale financial assets

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

5.22.2 Recognition

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. All financial assets are initially recognized at fair value plus transaction costs except for those financial assets which are designated as 'financial assets at fair value through profit or loss'. 'Financial assets carried at fair value through profit or loss' are initially recognized at fair value and transaction costs are charged to the profit and loss account. Financial assets are derecognized when the right to receive cash flows from such assets has expired or have been transferred and the Company has transferred substantially all risks and rewards, incidental to the ownership of such financial assets.

Dividend income from 'financial assets at fair value through profit or loss' and 'available-for-sale financial assets' is recognized in the profit and loss account when the Company's right to receive payments is established.

Equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured or determined are stated at cost.

5.22.3 Measurement

'Available-for-sale financial assets' and 'financial assets at fair value through profit or loss' are subsequently measured at fair value whereas 'held to maturity financial assets' and 'loans and receivables' are subsequently measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognized in the profit and loss account in the period in which they arise.

Changes in the fair value of 'available-for-sale financial assets' are recognized in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulative fair value adjustments recognized in other comprehensive income till the time of disposal or impairment are charged to the profit and loss account.



5.22.4 Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If such evidence is identified to exist, the said financial asset or group of financial assets are impaired and an impairment loss is recognized in the profit and loss account for the amount by which the assets' carrying amount exceed their recoverable amount. Impairment losses of equity instruments, once recognized, are not reversed through the profit and loss account.

5.22.5 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

5.22.6 Derivative financial Instruments

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

a) Cash flow Hedges

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

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

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

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

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, 2016 Rupees	30 th June, 2015 Rupees
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	5,760,725,210	6,036,499,338
Capital work in progress - at cost	6.2	2,498,910	2,498,910
		<u>5,763,224,120</u>	<u>6,038,998,248</u>

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
 For the year ended June 30, 2016

6.1 Operating fixed assets

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



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

	2015									
	Cost as at July 01, 2014	Additions / (deletions)	Transfers in/(out)	Cost as at June 30, 2015	Accumulated depreciation as at July 01, 2014	Depreciation charge / (deletion) for the year	Transfers in/(out)	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)				



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

6.1.1 Depreciation for the year has been allocated as under:

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
Cost of sales - spinning	31	179,719,066	183,089,782
Cost of sales - weaving	31	60,911,302	63,303,257
		<u>240,630,368</u>	<u>246,393,039</u>
Cost of sales - power plant	31.3.1	41,588,433	43,920,981
Administrative expenses	33	4,581,936	6,045,243
		<u>286,800,737</u>	<u>296,359,263</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	5,416,118	382,958	5,033,160	6,300,000	1,266,840	Negotiation	Mr. M. Usman, Karachi.
	<u>5,416,118</u>	<u>382,958</u>	<u>5,033,160</u>	<u>6,300,000</u>	<u>1,266,840</u>		
Vehicles							
Hyundai Santro	649,000	437,586	211,414	250,000	38,586	Negotiation	Mr. M. Ashraf, Lahore.
Suzuki Mehran	673,520	269,622	403,898	350,000	(53,898)	Negotiation	Mr. M. Hanif, Karachi.
30-Jun-16	<u>6,738,638</u>	<u>1,090,166</u>	<u>5,648,472</u>	<u>6,900,000</u>	<u>1,251,528</u>		
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>		

6.1.3 Had there been no revaluation the related figures of land, building and plant and machinery as at June 30, 2016 would have been as follows:

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
Freehold Land		75,752,244	75,752,417
Leasehold land		4,152,099	4,152,099
Building on freehold land		327,491,596	344,727,996
Building on leasehold land		96,063,934	101,119,930
Building on freehold land [Grid]		37,287,622	39,250,128
Labour colony on freehold land		27,653,689	29,109,146
Labour colony on leasehold land		24,634,557	25,931,113
Plant and machinery		3,016,493,076	3,159,938,056
Plant and machinery [Grid]		109,124,096	114,867,469
		<u>3,718,652,912</u>	<u>3,894,848,354</u>

**QUETTA TEXTILE MILLS LIMITED**

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
For the year ended June 30, 2016

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
6.2 Capital work in progress - at cost			
Computer software		2,498,910	2,498,910
		<u>2,498,910</u>	<u>2,498,910</u>
The movement in Capital work in progress is as follows:			
Balance at the beginning of the year		2,498,910	12,337,643
Addition during the year:			
Plant and machinery		14,274,422	50,257,976
Plant and machinery [Grid]		-	180,000
Electric installation		-	1,010,900
Office equipment		244,220	175,000
Computer Software		-	2,498,910
Furniture and fixture		283,939	144,500
		14,802,581	54,267,286
Transfer to operating fixed assets:			
Building [Civil Work]		-	12,337,643
Plant and machinery		14,274,422	50,257,976
Plant and machinery [Grid]		-	180,000
Electric installation		-	1,010,900
Office equipment		244,220	175,000
Furniture and fixture		283,939	144,500
		14,802,581	64,106,019
Balance at the end of the year		<u>2,498,910</u>	<u>2,498,910</u>
7 LONG TERM DEPOSITS			
Security deposits:			
WAPDA		7,893,190	7,893,190
SSGCL		51,125,048	13,066,676
Leasing companies	23	6,630,475	8,811,390
Others		1,789,168	1,609,168
		<u>67,437,881</u>	<u>31,380,424</u>
8 STORES, SPARES AND LOOSE TOOLS			
Spinning :			
Stores		65,108,716	68,312,515
Spares and accessories		177,671,201	199,706,012
Loose tools		8,489,794	9,431,313
		251,269,711	277,449,840
Weaving :			
Stores		42,707,823	55,335,195
Power plant :			
Oil and stores		132,434,567	146,591,201
		<u>426,412,101</u>	<u>479,376,236</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 THE FINANCIAL STATEMENTS
For the year ended June 30, 2016

30th June, 2016 30th June, 2015
Rupees Rupees

9 STOCK IN TRADE

Spinning :

Raw material - in hand	871,366,845	2,216,747,111
Work-in-process	99,169,355	108,100,288
Finished goods	608,166,873	321,988,858
Waste	104,699,262	132,412,943
	<u>1,683,402,335</u>	<u>2,779,249,200</u>

Weaving :

Raw material	323,102,582	356,846,961
Work-in-process	51,894,173	116,456,100
Finished goods	487,451,311	644,414,110
Waste	-	4,275
	<u>862,448,066</u>	<u>1,117,721,446</u>
	<u>2,545,850,401</u>	<u>3,896,970,646</u>

9.1 The carrying value of Pledged stock is Rs.907,500,500/- (June 30, 2015: Rs. 2,103,890,279/-).

10 TRADE DEBTS

Considered good

Local debts - unsecured	120,166,185	334,088,657
	<u>120,166,185</u>	<u>334,088,657</u>

11 OTHER FINANCIAL ASSETS

Held for trading

In listed companies	11.1	100,545	1,968,347
Revaluation reserve for investment		12,506	(794,098)
		<u>113,051</u>	<u>1,174,249</u>

11.1 Details are as under:

Name of securities	No. of shares	Cost	Fair value adjustments	Fair value
Askari Bank Limited	4,901	65,285	26,266	91,551
Dewan Salman Fibre Limited	10,000	35,260	(13,760)	21,500
Total - 30.06.2016		<u>100,545</u>	<u>12,506</u>	<u>113,051</u>
Total - 30.06.2015		<u>1,968,347</u>	<u>(794,098)</u>	<u>1,174,249</u>

Note 30th June, 2016 30th June, 2015
Rupees Rupees

12 LOANS AND ADVANCES

Advances - considered good

Employees executives	987,273	1,015,656
Suppliers	15,322,945	2,807,789
Collector of Customs	4,110,486	4,821,412
Margin with Banks	5,747,030	1,451,416
Others	39,222,641	41,537,971
	<u>65,390,375</u>	<u>51,634,244</u>

13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Letter of credit	1,687,736	783,690
Prepayments	23,858,261	8,354,387
	<u>25,545,997</u>	<u>9,138,077</u>

**QUETTA TEXTILE MILLS LIMITED**

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
For the year ended June 30, 2016

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
14 OTHER RECEIVABLES			
Receivable against sale of fixed assets		-	12,187,350
Insurance claim receivable		-	396,404
		<u>-</u>	<u>12,583,754</u>
15 INCOME AND SALES TAX REFUNDABLE			
Income tax refundable	15.1	65,519,508	61,606,904
Sales tax refundable		115,497,638	141,060,733
		<u>181,017,146</u>	<u>202,667,637</u>
15.1 Income tax refundable			
Income tax refundable		44,689,797	69,258,876
Advance income tax		35,502,152	90,825,352
		80,191,949	160,084,228
Provision for taxation - current year		(14,672,441)	(98,477,324)
		<u>65,519,508</u>	<u>61,606,904</u>
16 CASH AND BANK BALANCES			
With banks on:			
- current accounts		9,926,543	36,427,361
- term deposit account (TDA)	16.1	50,240,793	42,845,687
- saving accounts	16.2	49,312	1,236,164
		60,216,648	80,509,212
Cash in hand		880,513	716,676
		<u>61,097,161</u>	<u>81,225,888</u>
16.1	Effective rates of profit on TDA, during the year, ranging from 3.75% to 4.5% (June 30, 2015: 4.9% to 7.2%) 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 4% to 6% (June 30, 2015: 6% to 8%) per annum.		



NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30 th June, 2016	30 th June, 2015		30 th June, 2016	30 th June, 2015
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, 2016	30 th June, 2015
		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		(375,202,615)	1,285,249,651
		<u>391,548,585</u>	<u>2,052,000,851</u>

19 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance as at July 01,	2,065,614,450	856,684,552
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	(55,937,517)	(64,203,679)
	2,009,676,933	2,065,614,450
Less: Related to deferred tax effect:		
Balance as at July 01,	565,781,694	167,355,092
Recognition of deferred tax liability due to the transfer of incremental depreciation to equity from surplus on revaluation	(17,900,005)	398,426,602
	547,881,689	565,781,694
Closing balance	<u>1,461,795,244</u>	<u>1,499,832,756</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/-.



- 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.

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
20 LONG TERM FINANCES			
Loans from banking companies - secured			
Al-Barka Bank (Pakistan) Limited	20.1	889,840	2,605,637
Faysal Bank Limited - [LTF]	20.2	180,715,000	-
Habib Bank Limited - [LTF]	20.3	237,809,678	2,231,000
Habib Bank Limited - [LTF]	20.4	8,129,727	-
Meezan Bank Limited - [Bai Muajjal]	20.5	58,605,663	61,341,493
National Bank of Pakistan	20.6	-	2,951,776
National Bank of Pakistan - [LTF]	20.7	63,434,000	63,434,000
Silk Bank Limited - [LTF]	20.8	-	343,734
Silk Bank Limited - [LTL]	20.9	-	64,000
Soneri Bank Limited - [LTF]		481,967,000	24,986,000
		20.10	157,957,640
		1,031,550,908	157,957,640
Less: Current maturity shown under current liabilities	21.11	(120,146,483)	(63,514,339)
		911,404,425	94,443,301

- 20.1 Equitable Mortgage of Rs. 94.4 (M) over property at Plot No. 7-8/A, Justice Sardar Iqbal Road, Off Zafar Ali Road, Gulberg V, Lahore. Facility amount was Rs. 5 (M) at a profit rate of 6MK + 1.5%. Loan is repayable in 6 quarterly installments commencing from 30/9/14.
- 20.2 First pari passu hypothecation charge over stock and receivables for PKR 130 Million, first pari passu charge over plant and machinery of the company for PKR 311.330 Million mortgage charge over land and building for PKR 75 Million facility amount was 162.643 Million at a markup rate of 3 months Kibor plus 0.50% per annum. loan is payable within 5 years including 1 year grace period. Quarterly installments commencing from June 01, 2016.
- 20.3 First pari passu Equitable Mortgage and hypothecation (each) charge for PKR 420 Million, on present and future fixed assets of the company. facility amount was 287.809 Million at a markup rate of 3 months Kibor plus 0.00% per annum. loan is payable within 5 years including 1 year for repayment of mark up under the facility commencing from July 01, 2016.
- 20.4 Frozen markup for CF and FIM Facility Accrued from Jan 16 to 22 April 2016 to be clubbed in frozen markup payable in 4 equal quarterly installments commencing from 01-sept-2021.
- 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 LTFF 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 20.5. 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.
- 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.
- First pari passu hypothecation charge over current assets for PKR 33.334 Million, ranking charge over Fixed Assets of the company for PKR 645 Million. Facility amount was 481.967 Million at a markup rate of 3 months Kibor per annum. loan is payable within 6 years including 1 year grace period. Quarterly installments commencing from April 01, 2017.
- 20.10
- 21.11 Current maturity includes Rs. 49.587 million in respect of overdue. The Company has applied to all lending Banks for restructuring of outstanding loan liabilities.

**NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS**
For the year ended June 30, 2016

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
21 REDEEMABLE CAPITAL - SUKUK			
Diminishing musharaka Sukuk certificate		663,337,643	697,518,288
Less: Current portion shown under current liabilities	21.3	(319,970,058)	(202,068,966)
		<u>343,367,585</u>	<u>495,449,322</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, 2015: Rs. 1.846 billion) on all fixed assets of the company.		
21.3	Current maturity includes Rs. 167.142 million in respect of overdue. The Company has applied to all lending Banks for restructuring of outstanding loan liabilities.		
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, 2015: Rs. 148,457,000/-) is subordinated to bank loans.		
	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
23 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Payable within one year		11,395,598	7,437,921
Payable after one year but not more than five years		10,187,745	18,195,930
		21,583,343	25,634,851
Less: deferred finance cost		(3,872,136)	(6,073,375)
		<u>17,711,207</u>	<u>19,561,476</u>
Add: security deposit	7	6,630,475	8,811,390
Less: Current portion shown under current liabilities	23.5	(8,507,497)	(4,707,738)
Present value of minimum lease payments		<u>15,834,185</u>	<u>23,665,128</u>
23.1	The Company has entered into lease agreement/ijarah for Plant & Machinery and Vehicles with various leasing companies and financial institutions on monthly, quarterly and half yearly payment basis. The lease contains bargain purchase option.		
23.2	The lease is secured by ranking charge of Rs. NIL (June 30, 2015: 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 8.75 % to 11.81 % (June 30, 2015: 10.71% to 14.67%) p.a.		
23.4	Taxes, repairs and maintenance, insurance and other cost relating to the lease assets are borne by the Company.		
23.5	Current maturity includes Rs. 1.364 million in respect of overdue. The Company has applied to all lending Banks for restructuring of outstanding loan liabilities.		



	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees			
24 DEFERRED LIABILITIES						
Deferred taxation	24.1	187,002,657	214,174,799			
Deferred tax on surplus on revaluation of property, plant and equipment		491,344,654	535,568,198			
Staff retirement benefits - gratuity	24.3	105,040,220	80,021,946			
		<u>783,387,531</u>	<u>829,764,943</u>			
24.1 Deferred taxation						
Deferred tax credits / (debits) arising in respect of:						
Taxable temporary differences (deferred tax liabilities)						
Accelerated tax depreciation allowances		176,223,009	223,342,113			
Deferred debit arising in respect of provisions, tax losses and refunds		10,779,648	(9,167,314)			
	24.2	<u>187,002,657</u>	<u>214,174,799</u>			
24.2 Deferred debit arising in respect of provisions, tax losses and refunds						
Opening balance		214,174,799	245,256,955			
Closing balance of deferred tax liability reversal of differed tax liability		(187,002,657)	(214,174,799)			
		<u>27,172,142</u>	<u>31,082,156</u>			
24.3 Staff retirement benefits - gratuity						
Movement in the net liability recognized in the Balance sheet						
Opening net liability		80,021,946	103,497,015			
Expense for the year in profit and loss account		28,789,371	23,371,842			
Remeasurement recognized in other comprehensive income		30,397,739	9,529,909			
		<u>139,209,056</u>	<u>136,398,766</u>			
Benefits paid during the year		(34,168,836)	(56,376,820)			
Closing net liability		<u>105,040,220</u>	<u>80,021,946</u>			
24.4 Expense for the year in profit and loss account						
Current service cost		22,437,675	15,882,133			
Interest cost		6,351,696	7,489,709			
		<u>28,789,371</u>	<u>23,371,842</u>			
24.5 Historical information						
		2016	2015	2014	2013	2012
Present value of defined benefit obligation		<u>105,040,220</u>	<u>80,021,946</u>	<u>103,497,015</u>	<u>104,110,471</u>	<u>77,734,605</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, 2016 Rupees	30 th June, 2015 Rupees			
24.7 Principal actuarial assumption						
Following are a few important actuarial assumption used in the valuation.						
		%	%			
Discount rate		8.33	9.75			
Expected rate of increase in salary		7.00	10.00			
24.8	Expected gratuity expenses for the year ending June 30, 2017 works out Rs. 30,894,004/-.					



NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
For the year ended June 30, 2016

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
25 TRADE AND OTHER PAYABLES			
Trade Creditors		978,549,406	793,161,531
Accrued liabilities		240,819,536	290,260,264
Workers' profit participation fund	25.1	2,550	179,066
Workers' welfare fund		-	2,600,762
Unclaimed dividend		36,467	454,295
Others		3,605,241	1,219,154
		<u>1,223,013,200</u>	<u>1,087,875,072</u>
25.1 Workers' profit participation fund			
Balance at the beginning of the year		179,066	11,777,087
Allocation for the year	34	-	-
Interest on fund utilized in the Company's business	25.2.1	-	459,919
		-	459,919
		179,066	12,237,006
Less: Payments during the year		(176,516)	(12,057,940)
Balance at the end of the year		<u>2,550</u>	<u>179,066</u>
25.2.1 Interest on workers' profit participation fund has been provided @ Nil (June 30, 2015: 9.00%) per annum.			
26 ACCRUED INTEREST / MARK-UP			
Accrued interest / mark-up on secured:			
- long term finances		15,599,007	3,245,455
- redeemable capital - Sukuk		60,118,379	26,435,138
- short term borrowings		280,612,274	158,290,115
		<u>356,329,661</u>	<u>187,970,708</u>
27 SHORT TERM BORROWINGS			
Secured - Banking companies			
Finances under mark-up arrangement	27.1	2,981,349,984	4,298,729,864
Unsecured			
Book overdraft	27.2	37,457,340	-
		<u>3,018,807,324</u>	<u>4,298,729,864</u>
27.1 Aggregate facilities amounting to Rs. 3,192 billion (June 30, 2015: Rs. 4.737 billion) were available to the Company from banking companies. These are secured against hypothecation charge and pledge of stock in trade, book debts, plant & machinery, export bills under collection. These loans carry mark up at the rate ranging from 6.74% to 9.90% (June 30, 2015: 9.33% to 13.67%) per annum payable quarterly and on the maturity dates. The above facilities are expiring on various dates and renewable annually.			
27.2 This represents cheques issued in excess of bank balance. Since there was no banking facility, this has been grouped under Book overdraft.			
28 LOAN FROM DIRECTORS AND OTHERS			
Unsecured			
Due to directors		5,691,972	5,749,006
Due to others		5,724,196	2,739,596
		<u>11,416,168</u>	<u>8,488,602</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 257,255,245 281,755

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

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

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

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

29.6 Commitments

Civil work

Confirmed letter of credit in respect of:

- Raw material	-	32,530
- Stores and spares	7,201,904	4,451
	<u>7,201,904</u>	<u>36,982</u>



30 SALES

	Export Sales		Local Sales		Total	
	2016	2015	2016	2015	2016	2015
	Rupees					
Yarn	592,250,753	3,100,964,116	2,466,100,387	3,347,295,987	3,058,351,140	6,448,260,103
Fabric	985,523,221	2,381,988,707	1,048,240,569	1,220,413,443	2,033,763,790	3,602,402,150
Waste	-	-	26,598,626	44,027,178	26,598,626	44,027,178
Raw Cotton & material	-	-	79,009,092	176,924,553	79,009,092	176,924,553
Other	-	-	-	4,938,965	-	4,938,965
Processing	-	-	182,022,779	-	182,022,779	-
	<u>1,577,773,975</u>	<u>5,482,952,823</u>	<u>3,801,971,454</u>	<u>4,793,600,126</u>	<u>5,379,745,428</u>	<u>10,276,552,949</u>
Sales tax	-	-	(99,592,470)	(101,077,298)	(99,592,470)	(101,077,298)
	<u>1,577,773,975</u>	<u>5,482,952,823</u>	<u>3,702,378,984</u>	<u>4,692,522,828</u>	<u>5,280,152,958</u>	<u>10,175,475,651</u>

30.1 Exchange loss due to currency rate fluctuations relating to export sales amounts to Rs. NIL/- (June 30, 2015: Rs. NIL/exchange gain) has been included in export sales.

31 COST OF SALES

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
Raw material consumed	31.1	4,066,610,194	6,446,337,045
Salaries, wages and benefits	31.2	752,219,498	860,472,758
Stores and spares consumed		254,229,242	415,091,094
Fuel, power and water	31.3	978,040,169	1,191,308,588
Rent, rates and taxes		3,230,015	967,834
Insurance expenses		24,401,113	26,322,403
Repairs and maintenance		5,310,818	14,240,554
Vehicle running and maintenance		9,075,732	15,911,360
Entertainment expenses		3,643,843	5,237,467
Communication expenses		1,394,488	1,962,002
Other expenses		4,254,211	6,889,247
Processing charges		21,835,850	36,329,503
Depreciation expenses	6.1.1	240,630,368	246,393,039
		<u>6,364,875,541</u>	<u>9,267,462,894</u>
Work in process			
Opening stock		224,556,388	225,751,758
Closing stock		(151,063,528)	(224,556,388)
		<u>73,492,860</u>	<u>1,195,370</u>
Cost of goods manufactured		<u>6,438,368,401</u>	<u>9,268,658,264</u>
Cost of Raw cotton & material		95,492,819	204,978,681
Cost of other material sold		-	(4,938,965)
		<u>6,533,861,220</u>	<u>9,468,697,980</u>
Finished goods			
Opening balance		966,407,243	1,032,041,036
Goods purchase:			
Other material purchase		-	4,938,965
Yarn Purchase		35,067,382	22,930,980
		<u>35,067,382</u>	<u>27,869,945</u>
Closing stock		(1,095,618,184)	(966,407,243)
		<u>6,439,717,661</u>	<u>9,562,201,718</u>



	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
31.1 Raw material consumed			
Opening balance		2,706,007,015	2,276,770,825
Purchases		2,755,264,686	7,080,551,916
		<u>5,461,271,701</u>	<u>9,357,322,741</u>
Less: Cost of Raw cotton & material		(95,492,819)	(204,978,681)
Closing stock		(1,299,168,689)	(2,706,007,015)
		<u>4,066,610,194</u>	<u>6,446,337,045</u>
31.2 Salaries, wages and benefits include Rs. 54,532,935/- (June 30, 2015: Rs. 30,881,394/-) in respect of staff retirement benefits.			
31.3 Fuel, power and water			
Electricity purchase from out-side		399,988,945	508,870,176
Electricity produced by self	31.3.1	559,946,866	667,842,139
Water charges		3,374,650	3,987,563
Gas charges		14,729,708	10,608,710
		<u>978,040,169</u>	<u>1,191,308,588</u>
31.3.1 Electricity produced by self			
Salaries and wages	31.3.2	18,754,872	21,190,366
Fuel and store consumed		494,943,526	597,024,866
Repair and maintenance		724,200	2,162,500
Other expenses		3,935,835	3,543,426
Depreciation	6.1.1	41,588,433	43,920,981
		<u>559,946,866</u>	<u>667,842,139</u>
31.3.2 Salaries, wages and benefits include Rs. 1,399,981/- (June 30, 2015: Rs. 846,096/-) in respect of staff retirement benefits.			
32 DISTRIBUTION COST			
On export sales			
Export development surcharges		3,922,293	13,384,375
Freight		24,119,686	92,332,443
Commission		18,827,812	77,320,111
Clearing and forwarding		13,886,044	55,116,573
		<u>60,755,835</u>	<u>238,153,502</u>
On local sales			
Freight		20,140,334	20,640,195
Commission		19,266,943	36,381,381
		<u>39,407,277</u>	<u>57,021,576</u>
		<u>100,163,113</u>	<u>295,175,078</u>

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
33 ADMINISTRATIVE EXPENSES			
Director's remuneration		5,484,807	5,297,584
Salaries and benefits	33.1	20,444,938	21,267,714
Printing and stationery		2,897,366	2,808,730
Communication		2,237,793	1,240,964
Traveling and conveyance		6,752,941	5,856,275
Legal and professional charges		1,463,600	605,000
Auditors' remuneration	33.2	1,777,430	1,777,430
Rent, rates and taxes		2,300,492	1,684,619
Entertainment		1,603,781	994,699
Electricity, gas and water charges		2,494,118	2,115,759
Fees and subscription		3,804,261	1,922,634
Repairs and maintenance		149,387	254,376
Charity and donation	33.3	-	200,000
Depreciation	6.1.1	4,581,936	6,045,243
		<u>55,992,850</u>	<u>52,071,027</u>
33.1 Salaries, wages and benefits include Rs. 3,254,594/- (June 30, 2015: Rs. 1,174,260/-) in respect of staff retirement benefits.			
33.2 Auditors' remuneration			
Audit fee		1,537,300	1,537,300
Half yearly review fee		185,130	185,130
Code of corporate governance review fee		30,000	30,000
Out of pocket expenses		25,000	25,000
		<u>1,777,430</u>	<u>1,777,430</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		685,802	-
Loss on sales of vehicle		15,312	-
		<u>701,114</u>	<u>834,025</u>
35 FINANCE COST			
Interest / mark-up on			
- short term finances		329,348,029	497,426,653
- long term loans		72,680,785	108,496,232
- lease		2,459,123	2,272,398
- workers' profit participation fund		-	459,919
Bank charges, commission and others charges		10,020,853	8,584,701
		414,508,791	617,239,903
Less: Finance income			
- on saving accounts & TDA		2,949,026	3,718,795
		<u>411,559,765</u>	<u>613,521,108</u>
36 OTHER INCOME			
From financial assets			
Dividend income		11,027	257,802
From other than financial assets			
Capital gain on sale of shares		-	957,645
Commission Income		253,245	497,116
Profit on sale of Vehicle	6.1.2	-	12,302
Profit on sale of property	6.1.2	1,266,840	19,673,445
Rental income		828,544	3,401,742
Appreciation in the fair value of investment		806,605	-
		<u>3,166,261</u>	<u>24,800,052</u>



NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
For the year ended June 30, 2016

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
37 TAXATION			
Current			
- for the year		14,672,441	98,477,324
Deferred		(24,052,604)	(29,990,410)
		<u>(9,380,163)</u>	<u>68,486,914</u>
38 (LOSS)/EARNINGS PER SHARES			
(Loss) / profit after taxation		<u>(1,715,435,120)</u>	<u>(392,014,167)</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>(131.96)</u>	<u>(30.15)</u>
38.1 There is no dilutive effect on basic earnings per share.			
39 CASH GENERATED FROM OPERATIONS			
(Loss) before taxation		(1,724,815,283)	(323,527,253)
Adjustment for items involving non movement of fund			
Depreciation		286,800,737	296,359,263
Financial charges		411,559,765	613,521,108
Loss / (gain) on sale of Vehicle		15,312	(12,302)
(Gain) on sale of property		(1,266,840)	(19,673,445)
Dividend income		(11,027)	(257,802)
Provision for gratuity		28,789,371	23,371,842
Provision for diminution/ (appreciation) in the value of investment		(806,605)	-
		<u>725,080,713</u>	<u>913,308,664</u>
Profit before working capital changes		(999,734,570)	589,781,411
(Increase)/decrease in current assets			
Stocks, stores and spares		1,404,084,380	(76,444,370)
Trade debts		213,922,472	76,777,262
Loans and advances, prepayments, sales tax and other receivables		(4,600,956)	93,994,321
		<u>12,583,754</u>	<u>(12,583,754)</u>
		<u>626,255,081</u>	<u>671,524,870</u>
Increase in current liabilities			
Creditors, accrued and other liabilities		138,333,234	200,249,044
		<u>764,588,314</u>	<u>871,773,914</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	
	2016	2015	2016	2015	2016	2015
Remuneration	1,227,145	1,160,134	4,257,662	4,137,450	30,542,847	44,392,827
	<u>1,227,145</u>	<u>1,160,134</u>	<u>4,257,662</u>	<u>4,137,450</u>	<u>30,542,847</u>	<u>44,392,827</u>
Number of persons	1	1	4	4	33	48

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



NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

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. 341.798 million (June 30, 2015: Rs. 521.226 million), financial assets which are subject to credit risk aggregate to Rs. 340.918 million (June 30, 2015: Rs. 520.509 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, 2016 Rupees	30 th June, 2015 Rupees
Long term deposits	67,437,881	31,380,424
Trade debts	120,166,185	334,088,657
Other financial assets	113,051	1,174,249
Loans and advances	65,390,375	51,634,244
Trade deposits and short term prepayments	25,545,997	9,138,077
Others receivables	-	12,583,754
Cash and bank balances	61,097,161	81,225,888
	<u>339,750,649</u>	<u>521,225,293</u>

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

Domestic	120,166,185	334,088,657
Export	-	-
	<u>120,166,185</u>	<u>334,088,657</u>

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

Yarn	69,781,361	228,453,463
Fabric	50,384,824	105,635,194
	<u>120,166,185</u>	<u>334,088,657</u>

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

Not past due	57,646,438	153,588,115
Past due 0 - 30 days	32,003,166	95,657,675
Past due 31 - 90 days	25,904,258	72,019,583
Past due 91 - 1 year	4,612,324	12,823,285
More than one year	-	-
	<u>120,166,186</u>	<u>334,088,657</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 committed credits lines.



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

	2016				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	1,031,550,908	917,840,101	104,519,156	813,320,945	-
Redeemable capital - Sukuk	663,337,643	881,183,348	421,914,760	459,268,588	-
Loan from directors and others - subordinated	160,726,470	160,726,470	-	160,726,470	-
Finance lease	24,341,682	28,213,818	11,395,598	16,818,220	-
Trade and other payables	1,223,013,200	1,223,013,200	1,223,013,200	-	-
Accrued interest / mark-up	356,329,661	356,329,661	356,329,661	-	-
Short term borrowings	3,018,807,324	3,269,972,094	3,269,972,094	-	-
	<u>6,478,106,888</u>	<u>6,837,278,691</u>	<u>5,387,144,468</u>	<u>1,450,134,223</u>	<u>-</u>
	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>7,986,642,574</u>	<u>6,474,973,330</u>	<u>1,347,703,164</u>	<u>163,966,081</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

	US Dollar	Euro	Others	Rupees
Trade debts 2016	-	-	-	-
Trade debts 2015	-	-	-	-

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2016	2015	2016	2015
US Dollar to Rupee	104.40	100.50	104.70	101.70

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.

Note	30 th June, 2016 Rupees	30 th June, 2015 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, 2016 Rupees	30 th June, 2015 Rupees
Fixed rate instruments		
Financial assets	50,240,793	42,845,687
Financial liabilities	1,694,888,551	855,475,928
Variable rate Instruments		
Financial assets	-	-
Financial liabilities	3,043,149,006	4,327,102,730

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, 2016.

	Profit and loss		Equity	
	100 bps Increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2016	30,431,490	(30,431,490)	-	-
Cash flow sensitivity - variable rate instruments 2015	43,271,027.30	(43,271,027)	-	-

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, 2016 other financial assets was categorized in level 1.

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



	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
41.7 Off balance sheet items			
Bank guarantees issued in ordinary course of business		<u>257,255,245</u>	<u>281,755,246</u>
Civil work		<u>-</u>	<u>-</u>
Letters of credit for raw material		<u>-</u>	<u>32,530,787</u>
Letters of credit for stores and spares		<u>7,201,904</u>	<u>4,451,544</u>

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

		30 th June, 2016 Rupees	30 th June, 2015 Rupees
Borrowings	Rupees	4,738,037,557	5,182,578,658
Less: Cash and bank balances		<u>(61,097,161)</u>	<u>(81,225,888)</u>
Net Debts		4,676,940,397	5,101,352,770
Total equity	Rupees	521,548,585	2,182,000,851
Total capital employed	Rupees	<u>5,198,488,982</u>	<u>7,283,353,621</u>
Gearing ratio	Percentage	<u>0.90</u>	<u>0.70</u>



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

42 SEGMENT ANALYSIS

The segment information for the reportable segments for the year ended June 30, 2016 is as follows:

42.1 Operating results

Note	Spinning		Weaving		Power Generation		Company	
	30 th June, 2016 Rupees	30 th June, 2015 Rupees	30 th June, 2016 Rupees	30 th June, 2015 Rupees	30 th June, 2016 Rupees	30 th June, 2015 Rupees	30 th June, 2016 Rupees	30 th June, 2015 Rupees
SALES								
Export	592,250,753	3,100,964,116	985,523,221	2,381,988,707	-	-	1,577,773,975	5,482,952,823
Local	2,466,100,387	3,347,295,987	1,048,240,569	1,220,413,443	-	-	3,514,340,956	4,567,709,430
Waste	24,628,161	44,027,178	1,970,465	-	-	-	26,598,626	44,027,178
Raw Cotton & material	79,009,092	176,924,553	-	-	-	-	79,009,092	176,924,553
Processing	172,982,957	-	9,039,822	-	-	-	182,022,779	-
Other	-	4,938,965	-	-	-	-	-	4,938,965
	<u>3,334,971,350</u>	<u>6,674,150,799</u>	<u>2,044,774,078</u>	<u>3,602,402,150</u>	<u>-</u>	<u>-</u>	<u>5,379,745,428</u>	<u>10,276,552,949</u>
Inter - segment sales	224,724,633	908,103,355	-	-	559,946,866	667,842,139	784,671,499	1,575,945,494
Sales tax	(68,724,097)	(65,564,889)	(30,868,373)	(35,512,409)	-	-	(99,592,470)	(101,077,298)
Total sales	<u>3,490,971,886</u>	<u>7,516,689,265</u>	<u>2,013,905,705</u>	<u>3,566,889,741</u>	<u>559,946,866</u>	<u>667,842,139</u>	<u>6,064,824,457</u>	<u>11,751,421,145</u>
Cost of sales	44 (4,604,365,093)	(7,121,877,197)	(2,060,077,201)	(3,348,427,876)	(559,946,866)	(667,842,139)	(7,224,389,160)	(11,138,147,212)
Gross profit	<u>(1,113,393,206)</u>	<u>394,812,068</u>	<u>(46,171,496)</u>	<u>218,461,865</u>	<u>-</u>	<u>-</u>	<u>(1,159,564,703)</u>	<u>613,273,933</u>
Distribution cost	45 (42,150,800)	(169,445,950)	(58,012,313)	(125,729,128)	-	-	(100,163,113)	(295,175,078)
Administrative expenses	46 (34,825,263)	(33,817,749)	(21,167,586)	(18,253,277)	-	-	(55,992,850)	(52,071,027)
	<u>(76,976,063)</u>	<u>(203,263,699)</u>	<u>(79,179,899)</u>	<u>(143,982,405)</u>	<u>-</u>	<u>-</u>	<u>(156,155,962)</u>	<u>(347,246,105)</u>
Operating Results	<u>(1,190,369,269)</u>	<u>191,548,369</u>	<u>(125,351,396)</u>	<u>74,479,460</u>	<u>-</u>	<u>-</u>	<u>(1,315,720,665)</u>	<u>266,027,828</u>
42.2 Segment assets	<u>5,856,856,177</u>	<u>7,321,650,476</u>	<u>2,242,985,719</u>	<u>2,633,567,922</u>	<u>755,810,911</u>	<u>794,215,389</u>	<u>8,855,652,807</u>	<u>10,749,433,787</u>
42.3 Unallocated assets							<u>400,601,610</u>	<u>389,804,273</u>
							<u>9,256,254,417</u>	<u>11,139,238,060</u>
42.4 Segment liabilities	<u>1,006,499,908</u>	<u>773,318,923</u>	<u>114,808,912</u>	<u>204,581,405</u>	<u>101,704,380</u>	<u>109,974,744</u>	<u>1,223,013,200</u>	<u>1,087,875,072</u>
42.5 Unallocated liabilities							<u>6,049,897,388</u>	<u>6,369,529,381</u>
							<u>7,272,910,587</u>	<u>7,457,404,453</u>
42.6 Depreciation	<u>179,719,066</u>	<u>183,089,782</u>	<u>60,911,302</u>	<u>63,303,257</u>	<u>41,588,433</u>	<u>43,920,981</u>	<u>282,218,801</u>	<u>290,314,020</u>
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.



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
For the year ended June 30, 2016

	Note	30 th June, 2016 Rupees	30 th June, 2015 Rupees
43 RECONCILIATIONS OF REPORTABLE SEGMENTS SALES, COST OF SALES, ASSETS AND LIABILITIES			
43.1 Sales			
Total sales for reportable segment	42.1	6,064,824,457	11,751,421,145
Elimination of inter-segment	42.1	(784,671,499)	(1,575,945,494)
Total sales		5,280,152,958	10,175,475,651
43.2 Cost of sales			
Total cost of sales for reportable segment	44	7,224,389,160	11,138,147,212
Elimination of inter-segment	44.1	(784,671,499)	(1,575,945,494)
Total cost of sales		6,439,717,661	9,562,201,718
43.3 Assets			
Total assets for reportable segments	42.2	8,855,652,807	10,749,433,787
Long term deposits	7	67,437,881	31,380,424
Other financial assets	11	113,051	1,174,249
Loans and advances	12	65,390,375	51,634,244
Trade deposits and short term prepayments	13	25,545,997	9,138,077
Others receivables	14	-	12,583,754
Income tax and sales tax refundable	15	181,017,146	202,667,637
Cash and bank balances	16	61,097,161	81,225,888
Unallocated assets	42.3	400,601,610	389,804,273
		9,256,254,417	11,139,238,060
43.4 Liabilities			
Total liabilities for reportable segments	42.4	1,223,013,200	1,087,875,072
Long term finances	20	1,031,550,908	157,957,640
Redeemable capital - Sukuk	21	663,337,643	697,518,288
Loan from directors and others	22	160,726,470	160,726,470
Liabilities against assets subject to finance lease	23	24,341,682	28,372,866
Deferred liabilities	24	783,387,531	829,764,943
Accrued interest / mark-up	26	356,329,661	187,970,708
Short term borrowings	27	3,018,807,324	4,298,729,864
Loan from directors and others	28	11,416,168	8,488,602
Unallocated liabilities	42.5	6,049,897,388	6,369,529,381
		7,272,910,587	7,457,404,453



NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

Note	Spinning		Weaving		Power Generation		Company	
	30 th June, 2016	30 th June, 2015	30 th June, 2016	30 th June, 2015	30 th June, 2016	30 th June, 2015	30 th June, 2016	30 th June, 2015
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
44 COST OF SALES								
Raw material consumed	3,119,558,526	4,903,828,594	1,171,776,301	2,450,611,806	-	-	4,291,334,827	7,354,440,400
Stores and spares consumed	154,883,707	235,599,053	99,345,534	179,492,041	494,943,526	597,024,866	749,172,767	1,012,115,960
Processing Charges	-	-	21,835,850	36,329,503	-	-	21,835,850	36,329,503
Salaries, wages and benefits	598,255,986	675,333,855	153,963,512	185,138,903	18,754,872	21,190,366	770,974,370	881,663,124
Fuel, power and water:								
Inter-segment	402,046,274	531,659,993	150,230,275	136,182,146	-	-	552,276,550	667,842,139
Others	257,410,800	274,504,046	168,352,821	248,962,403	-	-	425,763,621	523,466,449
Repairs and maintenance	3,585,348	9,969,521	1,725,470	4,271,033	724,200	2,162,500	6,035,018	16,403,054
Insurance expenses	17,997,892	19,403,021	6,403,221	6,919,382	-	-	24,401,113	26,322,403
Rent, rates and taxes	3,230,015	967,834	-	-	-	-	3,230,015	967,834
Vehicle running and maintenance	7,013,177	11,896,734	2,062,555	4,014,626	-	-	9,075,732	15,911,360
Entertainment expenses	2,572,967	4,028,159	1,070,876	1,209,308	-	-	3,643,843	5,237,467
Communication expenses	1,110,899	1,410,387	283,589	551,616	-	-	1,394,488	1,962,003
Other expenses	3,667,316	2,749,663	586,894	4,139,583	3,935,835	3,543,426	8,190,045	10,432,672
Depreciation expenses	179,719,066	183,089,782	60,911,302	63,303,257	41,588,433	43,920,981	282,218,801	290,314,020
	4,751,051,974	6,854,440,642	1,838,548,200	3,321,125,607	559,946,866	667,842,139	7,149,547,040	10,843,408,388
Work in process								
Opening stock	108,100,288	109,825,650	116,456,100	115,926,108	-	-	224,556,388	225,751,758
Closing stock	(99,169,355)	(108,100,288)	(51,894,173)	(116,456,100)	-	-	(151,063,528)	(224,556,388)
	8,930,933	1,725,362	64,561,927	(529,992)	-	-	73,492,860	1,195,370
Cost of goods manufactured	4,759,982,907	6,856,166,004	1,903,110,127	3,320,595,615	559,946,866	667,842,139	7,223,039,900	10,844,603,758
Cost of Raw cotton & material	95,492,819	204,978,681	-	-	-	-	95,492,819	204,978,681
Cost of other material sold	-	(4,938,965)	-	-	-	-	-	(4,938,965)
	4,855,475,726	7,056,205,720	1,903,110,127	3,320,595,615	559,946,866	667,842,139	7,318,532,719	11,044,643,474
Finished goods								
Opening balance	321,988,858	359,790,390	644,418,385	672,250,646	-	-	966,407,243	1,032,041,036
Finished goods purchase:								
Purchase	-	4,938,965	-	-	-	-	-	4,938,965
Yarn purchase	35,067,382	22,930,980	-	-	-	-	35,067,382	22,930,980
	35,067,382	27,869,945	-	-	-	-	35,067,382	27,869,945
Closing stock	(608,166,873)	(321,988,858)	(487,451,311)	(644,418,385)	-	-	(1,095,618,184)	(966,407,243)
	4,604,365,093	7,121,877,197	2,060,077,201	3,348,427,876	559,946,866	667,842,139	7,224,389,160	11,138,147,212



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended June 30, 2016

	Spinning		Weaving			Power Generation		Company	
	30 th June, 2016 Rupees	30 th June, 2015 Rupees	30 th June, 2016 Rupees	30 th June, 2015 Rupees	30 th June, 2016 Rupees	30 th June, 2015 Rupees	30 th June, 2016 Rupees	30 th June, 2015 Rupees	
44.1 Raw material consumed									
Opening balance	2,349,160,054	1,887,615,654	356,846,961	389,155,171	-	-	2,706,007,015	2,276,770,825	
Purchases:									
Inter-segment	1,841,957,397	5,570,351,675	224,724,633	908,103,355	-	-	224,724,633	908,103,355	
Other	-	-	913,307,289	1,510,200,241	-	-	2,755,264,686	7,080,551,916	
Cost of Raw cotton & material	1,841,957,397	5,570,351,675	1,138,031,922	2,418,303,596	-	-	2,979,989,319	7,988,655,271	
Closing stock	(95,492,819)	(204,978,681)	(323,102,582)	(356,846,961)	-	-	(95,492,819)	(204,978,681)	
	(976,066,107)	(2,349,160,054)	(323,102,582)	(356,846,961)	-	-	(1,299,168,689)	(2,706,007,015)	
	3,119,558,526	4,903,828,594	1,171,776,301	2,450,611,806	-	-	4,291,334,827	7,354,440,400	
45 DISTRIBUTION COST									
On export sales									
Export development surcharge	1,449,413	7,487,214	2,472,880	5,897,161	-	-	3,922,293	13,384,375	
Freight	8,459,574	50,468,210	15,660,112	41,864,233	-	-	24,119,686	92,332,443	
Commission	2,719,431	27,469,375	16,108,381	49,850,736	-	-	18,827,812	77,320,111	
Clearing and forwarding	5,186,326	34,961,847	8,699,718	20,154,726	-	-	13,886,044	55,116,573	
	17,814,745	120,386,646	42,941,091	117,766,856	-	-	60,755,835	238,153,502	
On local sales									
Freight	13,527,783	20,222,895	6,612,551	417,300	-	-	20,140,334	20,640,195	
Commission	10,808,272	28,836,409	8,458,671	7,544,972	-	-	19,266,943	36,381,381	
	24,336,055	49,059,304	15,071,222	7,962,272	-	-	39,407,277	57,021,576	
	42,150,800	169,445,950	58,012,313	125,729,128	-	-	100,163,113	295,175,078	

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
 For the year ended June 30, 2016

Note	Spinning		Weaving		Power Generation		Company	
	30 th June, 2016 Rupees	30 th June, 2015 Rupees	30 th June, 2016 Rupees	30 th June, 2015 Rupees	30 th June, 2016 Rupees	30 th June, 2015 Rupees	30 th June, 2016 Rupees	30 th June, 2015 Rupees
46 ADMINISTRATIVE EXPENSES								
Director's remuneration	3,411,326	3,440,538	2,073,481	1,857,046	-	-	5,484,807	5,297,584
Salaries and benefits	12,715,915	13,812,407	7,729,023	7,455,307	-	-	20,444,938	21,267,714
Printing and stationery	1,802,043	1,824,142	1,095,323	984,588	-	-	2,897,366	2,808,730
Communication	1,391,816	805,949	845,977	435,015	-	-	2,237,793	1,240,964
Traveling and conveyance	4,200,053	3,803,383	2,552,888	2,052,892	-	-	6,752,941	5,856,275
Legal and professional charges	910,299	392,920	553,301	212,080	-	-	1,463,600	605,000
Auditors' remuneration	1,105,489	1,154,359	671,941	623,071	-	-	1,777,430	1,777,430
Rent, rates and taxes	1,430,812	1,094,083	869,680	590,536	-	-	2,300,492	1,684,619
Entertainment	997,486	646,041	606,295	348,688	-	-	1,603,781	994,699
Electricity, gas and water charges	1,551,239	1,374,089	942,879	741,670	-	-	2,494,118	2,115,759
Fees and subscription	2,366,095	1,248,663	1,438,166	673,971	-	-	3,804,261	1,922,634
Repairs and maintenance	92,913	165,206	56,474	89,170	-	-	149,387	254,376
Charity and donation	-	129,891	-	70,109	-	-	-	200,000
Depreciation	2,849,777	3,926,109	1,732,159	2,119,134	-	-	4,581,936	6,045,243
	34,825,263	33,817,749	21,167,586	18,253,277	-	-	55,992,850	52,071,027



QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

Note	30 th June, 2016 Rupees	30 th June, 2015 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	2,927,566	1,019,672
Salaries and other benefits	Key management personnel	5,484,807	5,297,584

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		66,189	70,119
Average no of rotors worked		897	897
Numbers of shift worked per day		3	3
Capacity of industrial unit after conversion into 20/s count - KGS		29,438,125	29,438,125
Actual production after conversion into 20/s count - KGS		17,345,148	20,629,784

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		42,922,451	60,131,267
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	71.38	71.74

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, 2016 of Rs. NIL /- (June 30, 2015: Rs. NIL) per ordinary share amounting to Rs. NIL /- (June 30, 2015: Rs. NIL) at their meeting held on **October 07, 2016** for approval of the members at the Annual General meeting to be held on **October 31, 2016**. These financial statements don't reflect this impact.



50 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison, the effects of which are not material.

51 NUMBER OF EMPLOYEES


	30 th June, 2016	30 th June, 2015
Total number of employees as at	3,279	3,471
Average number of employees worked during the year	3,216	3,439

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 07, 2016.


TARIQ IQBAL
Chief Executive


OMER KHALID
Director

Karachi:

Dated: October 07, 2016



Form of Proxy

I/We _____ of _____, being a Member of Quetta Textile Mills Limited, holder of _____, Ordinary Share(s) as per Register Folio No. _____ hereby Appoint Mr. _____, having CNIC No. _____ as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf at the Annual General Meeting of the company to be held on October 31, 2016 and at 09:00 am at any adjournment thereof.

Signed this _____ day of _____ 2016.

Signature across Rs.5 Revenue Stamp

Witness 1 _____

Witness 2 _____

Signature _____

Signature _____

Name _____

Name _____

CNIC # _____

CNIC # _____

NOTES:

1. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as proxy who is not member of the company qualified to vote except that a corporation being a member may appoint a person who is not a member.
2. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.
3. CDC Shareholders or their Proxies should bring their original CNICs or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detail procedure is given in Notes to the Notice of AGM.

