



TATA TEXTILE MILLS LIMITED

**Condensed Interim Financial Statements
For The Half Year Ended December 31, 2019**

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COMPANY INFORMATION**BOARD OF DIRECTORS**

Mr. Anwar Ahmed Tata - Chairman
Mr. Shahid Anwar Tata - Chief Executive
Mr. Adeel Shahid Tata - Executive Director
Mr. Bilal Shahid Tata - Non Executive Director
Mr. Farooq Advani - Non Executive Director
Mr. Muhammad Naseem - Independent Director
Ms. Shahbano Hameed - Non Executive Director

AUDIT COMMITTEE

Mr. Muhammad Naseem - Chairman
Mr. Farooq Advani - Member
Mr. Bilal Shahid Tata - Member
Mr. Ghulam Raza Hemani - Secretary

HR & REMUNERATION COMMITTEE

Mr. Muhammad Naseem - Chairman
Mr. Shahid Anwar Tata - Member
Mr. Bilal Shahid Tata - Member
Mr. Farooq Advani - Member
Mr. Muhammad Ali Mirza - Secretary

CHIEF FINANCIAL OFFICER

Mr. Haseeb Hafeezuddeen

COMPANY SECRETARY

Mr. Muhammad Hussain

INTERNAL AUDITOR

Mr. Ghulam Raza Hemani

AUDITORS

M/s. Deloitte Yousuf Adil
Chartered Accountants

BANKERS

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Samba Bank Limited
The Bank of Punjab

LEGAL ADVISOR

Rajwana & Rajwana Advocates

REGISTERED OFFICE

6th Floor Textile Plaza,
M.A Jinnah Road Karachi.
Tel# 32412955-3 Lines 32426761-2-4
Fax# 32417710
Email: ttm.corporate@tatapakistan.com

FACTORY LOCATION

10th K.M. M.M. Road
Khanpur-Baggasher,
District Muzaffargarh

SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House, 99-B
Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi.
Tel# (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053

WEB

www.tatapakistan.com

Directors' Report

Assalam-o-Alaikum

The financial statements (un-audited) of the Company for the Half Yearly ended December 31, 2019 is being presented to you.

The Company has incurred a Half Year Pre-Tax loss of Rs. 39 million (HY18 Profit Rs 98 million) mainly due to significant rise in Finance Cost on the back of increase in average KIBOR from 9.17% to 13.75% over last year despite efforts to reduce borrowing as much as possible impacting us by PKR. 100 million. However, if we remove the impact of interest hike then the half yearly accounts would show positive result.

We are a Spinning Industry which is the most fundamental, essential and basic Sector for any Textile Industry. We are at the starting point for providing raw materials to all Textile Value added Chain, i.e. Knitted Garments, Woven Garments, Towels, Denim, Home Textile. Unfortunately, since many years the Spinning Industry is not treated at par with the other value added textile segments and have time and again faced a discriminatory attitude, as unlike the other sectors, the Spinning Industry is not provided with any support, Rebates or Export Refinance Facilities (ERF). On the contrary we have to bear the brunt of cotton crop failure as the Government instead of providing direct subsidy to the farmer is compelling us to pay a higher price through punitive duties on import of Cotton, during six months of the year.

The cost of doing business is skyrocketing due to high power and labor cost coupled with numerous taxes and confrontation with several tax authorities. The entire textile chain is paying advance sales tax on cotton at 10% which only gets adjusted when Yarn is sold. Even though, we get the Sales Tax adjustment after receiving payments from our customers, however our customers feel the pinch due to cash flow issue, as the Government has promised refunds due to them after 72 hours, after filing of Annexure-H, (stock statement) with FBR, but their refunds are not being released, which in turn affects our timely receivables, resulting in impact on our finance cost.

Another factor that has affected our result was the China-US trade war which caused the decline of Cotton prices globally. As we trade internationally (Imports/Exports) therefore we had planned our Import Cotton purchases well in advance, to be able to supply good quality yarn to our customers. Hence, we had lot of Cotton in the pipeline and the value of all that cotton which was in the pipeline reduced drastically due to China-US conflict.

Raw Material

Yet again Pakistan is facing an even more severe failure of cotton crop. The Cotton arrival figures are around 8.5 Mn bales which falls way behind the Government's estimated figure of 15 Mn. The Punjab province which was producing more than 11 Mn bales is now producing only 5 Mn bales which is less than half, therefore Pakistan will have to import around 6 Mn bales for local consumption. Moreover, there is not only shortage of yield but the quality of cotton crop has also deteriorated.

The Pakistan Government needs to take radical measures in development of quality seeds, through modern research technology and through monitoring of pesticides and fertilizers. Unless, our cotton seeds are upgraded, we do not foresee any enhancement in quality and quantity of cotton production.

Further, the Government has come up with an erratic policy that half of the year there will be duty on imported cotton and half the year import of cotton will be duty free. This policy takes away the opportunities for the Spinning Industry as Cotton is a commodity which brings in opportunities for forecasting and planning our consumption, so we have to remain in the international market all through the year, to take advantage of those opportunities.

Power Tariff

The Power tariff in Pakistan is exorbitantly high and we feel that the Power Sector can bring the whole Country's Industries to a stand-still. As per media, our circular debt has reached to PKR.1.9 Trillion and the Government now and then keeps increasing the Power Tariff. Although, the Textile Industry in Punjab was promised supply of Gas at US Dollar 6.5 per MMBTU and US Cents 7.5 per KWH for Electricity throughout Pakistan, however, availability of Gas during the Winter Season shrank and the Government's promise of Grid supply at U.S Cents 7.5 which comes to around Rs.11.62 was not kept. Instead many other surcharges were levied, bringing the present cost to about Rs.18/- per KWH.

The Textile Spinning Industry is a very important Industrial sector of the Country on whose basis other Textile segments rely upon and flourish, but unfortunately we are not given the due importance and support by the Government.

We acknowledge the contribution of each and every employee of the Company. We also like to express our thanks to our customers for the trust shown in our products and the bankers for their continued support to the Company. We are also grateful to our shareholders for their confidence in our Management.

On behalf of the Board of Directors



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ADEEL SHAHID TATA
DIRECTOR

Karachi

Dated: February 27, 2020

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan
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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Tata Textile Mills Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position **TATA TEXTILE MILLS LIMITED** (the Company) as at December 31, 2019, and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as condensed 'interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statement based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 – 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as of and for the half year ended December 31, 2019 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting.

Other matter

The figures for the quarters ended December 31, 2019 and December 31, 2018 in the condensed interim statement of profit or loss and other comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditors' review report is Hena Sadiq.



Chartered Accountants

Date: February 27, 2020
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
Note		Rupees in '000'.....	
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,605,547	4,681,700
Intangible assets		929	1,080
Long term investments		-	26,700
Long term deposits		2,882	2,852
		4,609,358	4,712,332
Current assets			
Stores, spares and loose tools		93,966	50,920
Stock-in-trade	6	2,129,880	2,039,035
Trade debts		828,471	615,002
Loans and advances		383,852	340,200
Short-term prepayments		1,519	1,774
Other receivables		40,710	59,950
Other financial assets		19,670	19,670
Sales tax refundable		49,199	96,015
Cash and bank balances		399,949	153,625
		3,947,216	3,376,191
TOTAL ASSETS		8,556,574	8,088,523
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	173,248	173,248
General reserve		1,000,000	1,000,000
Unappropriated profit		794,414	820,630
Revaluation reserve of property, plant and equipment		2,425,907	2,476,256
		4,393,569	4,470,134
Non-current liabilities			
Long-term finances	8	467,690	440,243
Deferred liabilities		499,647	493,193
		967,337	933,436
Current liabilities			
Trade and other payables		822,107	298,453
Interest / mark-up accrued on borrowings		81,615	60,654
Short-term borrowings		2,161,576	2,154,374
Current portion of long-term finances	8	89,241	96,174
Unclaimed dividend		4,489	4,396
Provision for income tax		36,640	70,902
		3,195,668	2,684,953
TOTAL EQUITY AND LIABILITIES		8,556,574	8,088,523

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


HASEEB HAFEEZUDDEEN
 CHIEF FINANCIAL OFFICER


ADEEL SHAHID TATA
 DIRECTOR

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

		Half year ended		Quarter ended	
		December 31,	December 31,	December 31,	December 31,
		2019	2018	2019	2018
	Note	----- Rupees in '000' -----			
Revenue from contract with customers - net	10	3,847,972	2,962,939	2,076,544	1,417,046
Cost of goods sold	11	(3,515,243)	(2,652,291)	(1,906,479)	(1,349,407)
Gross profit		332,729	310,648	170,065	67,639
Distribution cost		(41,733)	(38,877)	(18,418)	(16,371)
Administrative expenses		(73,304)	(63,797)	(38,146)	(32,171)
Other operating expenses		(55,625)	(7,752)	3,616	1,124
Finance cost		(202,978)	(108,940)	(105,960)	(73,760)
		(373,640)	(219,366)	(158,908)	(121,178)
Other income		1,584	6,763	1,408	(3,118)
(Loss) / profit before taxation		(39,327)	98,045	12,565	(56,657)
Provision for taxation	12	(34,904)	(24,606)	(23,731)	(2,613)
(Loss) / profit for the period		(74,231)	73,439	(11,166)	(59,270)
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / income for the period		(74,231)	73,439	(11,166)	(59,270)
(Loss) / Earnings per share - Basic and diluted (Rupees)		(4.28)	4.24	(0.64)	(3.42)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


HASEEB HAFEEZUDEEN
 CHIEF FINANCIAL OFFICER


ADEEL SHAHID TATA
 DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	December 31, 2019	December 31, 2018
	----- (Rupees in '000) -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(39,327)	98,045
Adjustments for :		
Depreciation	115,233	96,585
Amortisation	151	183
Provision for staff gratuity	16,918	19,782
Provision for compensated absences	5,433	5,402
Provision for doubtful debts	-	(621)
Finance cost	202,978	108,940
Loss / (Gain) on disposal of property, plant and equipment	6	(4,429)
Operating cash flows before changes in working capital	301,392	323,887
(Increase) / decrease in current assets		
Stores, spares and loose tools	(43,046)	14,166
Stock-in-trade	(90,845)	(2,035,148)
Trade debts	(213,469)	360,225
Loans and advances	(122,045)	(612,820)
Short-term prepayments	255	(314)
Other receivables	19,240	974
Sales tax refundable	46,816	(26,383)
Increase / (Decrease) in current liabilities		
Trade and other payables	530,770	320,513
Cash generated from / (used) in operations	429,068	(1,654,900)
Finance cost paid	(182,017)	(72,632)
Income taxes refund/ (paid)	5,184	(29,079)
Staff gratuity paid	(8,792)	(6,635)
Staff compensated absences paid	(3,850)	(4,484)
Net cash generated from / (used in) operating activities	239,593	(1,767,730)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(39,118)	(105,143)
Proceeds from disposal of property and equipment	32	9,334
Purchase of intangible assets	-	(417)
Proceeds from long term investments	26,700	-
Long-term deposits	(30)	(14)
Net cash used in investing activities	(12,416)	(96,240)

December 31, December 31,
2019 2018

----- (Rupees in '000) -----

C. CASH FLOWS FROM FINANCING ACTIVITIES

Long-term finance obtained	71,277	72,317
Repayment of long-term finance	(50,763)	(51,070)
(Repayment) / obtained of short-term borrowings-net	(968,419)	764,329
Dividend paid	(8,569)	(16,317)
Net cash (used in) / generated from financing activities	(956,474)	769,259
Net decrease in cash and cash equivalents (A+B+C)	(729,297)	(1,094,711)
Cash and cash equivalents at the beginning of the period	(929,518)	(1,058,431)
Cash and cash equivalents at end of the period	(1,658,815)	(2,153,142)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	399,949	30,438
Running / cash finances	(2,058,764)	(2,183,580)
	(1,658,815)	(2,153,142)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDDEEN
CHIEF FINANCIAL OFFICER



ADEEL SHAHID TATA
DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Balance at June 30, 2018 (Audited)

Total comprehensive income for the half year ended December 31, 2018

Profit for the period
 Other comprehensive income - net of tax

Transferred from surplus on revaluation of property, plant and equipment on account of:
 - incremental depreciation
 - disposal of property, plant and equipment

Transactions with owners

Final cash dividend for the year ended June 30, 2018
 @ Re. 1 per share

Balance at December 31, 2018 (Unaudited)

Total comprehensive income for the half year ended June 30, 2019

Loss for the period

Surplus on revaluation of land, building, electric installation and plant and machinery - net of deferred tax

Other comprehensive income

Gain on remeasurement of defined benefit plan - net of deferred tax

Adjustment of surplus on revaluation of property, plant & equipment due to change in tax rate

Total comprehensive income for the period

Share	Revenue reserve		Capital reserve	Total
Capital	General reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	
(Rupees in '000')				
173,248	1,000,000	723,170	1,841,046	3,737,464
-	-	73,439	-	73,439
-	-	-	-	-
-	-	73,439	-	73,439
-	-	-	-	-
-	-	27,102	(27,102)	-
-	-	6,659	(6,659)	-
-	-	33,761	(33,761)	-
-	-	(17,325)	-	(17,325)
173,248	1,000,000	813,045	1,807,285	3,793,578
-	-	(40,629)	-	(40,629)
-	-	-	722,519	722,519
-	-	4,971	-	4,971
-	-	-	(10,305)	(10,305)
-	-	(35,658)	712,214	676,556

Transferred from surplus on revaluation of property, plant and equipment on account of:

- incremental depreciation
- disposal of property, plant and equipment

Balance at June 30, 2019 (Audited)

Total comprehensive income for the half year ended December 31, 2019

Loss for the period

Other comprehensive income - net of tax

Transferred from surplus on revaluation of property, plant and equipment on account of:

- incremental depreciation
- adjustment in revaluation surplus
- disposal of property, plant and equipment

Transactions with owners

Final cash dividend for the year ended June 30, 2019
@ Re. 0.50 per share

Balance as at December 31, 2019 (Unaudited)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDDEEN
CHIEF FINANCIAL OFFICER



ADEEL SHAHID TATA
DIRECTOR

Share	Revenue reserve	Capital reserve	Total
Capital	General reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment
-	-	46,073	(46,073)
-	-	(2,830)	2,830
-	-	43,243	(43,243)
(Rupees in '000')			
173,248	1,000,000	820,630	2,476,256
			4,470,134
-	-	(74,231)	-
-	-	-	-
-	-	(74,231)	-
			(74,231)
-	-	56,677	(56,677)
-	-	-	6,328
-	-	-	-
-	-	56,677	(50,349)
			6,328
-	-	(8,662)	-
			(8,662)
173,248	1,000,000	794,414	2,425,907
			4,393,569

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

Tata Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan on April 15, 1987 under the Companies Ordinance, 1984 (repealed) (now The Companies' Act 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6th floor, Textile Plaza, M.A. Jinnah Road, Karachi, in the province of Sindh. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facilities are located at District Muzaffargarh, in the province of Punjab.

2 BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements is presented in Pakistani Rupees which is also the Company's functional currency and figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees.

2.3 These condensed interim financial statements are un-audited and all relevant compliance with Companies Act, 2017 has been ensured accordingly. The comparative condensed interim statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2019; the comparative condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity of the Company have been extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2018.

2.4 These condensed interim financial statements are un-audited. However, a limited scope review of these condensed interim financial statements have been performed by the external auditors of the Company in accordance with the requirement of Section 237 of the Companies Act, 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2019. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2019, which do not have any impact on the Company's financial reporting and therefore have not been detailed in these condensed interim financial statements. The accounting policies adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2019.

4 FINANCIAL RISK MANAGEMENT

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2019.

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
		----- (Rupees in '000) -----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	4,572,550	4,660,235
Capital work-in-progress	5.2	32,997	21,465
		<u>4,605,547</u>	<u>4,681,700</u>

5.1 Following additions, transfers and disposals in operating assets were made:

	Additions / transfers from CWIP	Disposals (written- down value)	Sale proceeds
	----- Rupees in '000' -----		
During the period ended December 31, 2019 (Unaudited)			
Plant and machinery	18,564	-	-
Equipment & Electrical Appliances	254	-	-
Office equipment	938	38	32
Vehicles	7,830	-	-
	<u>27,586</u>	<u>38</u>	<u>32</u>

	Additions/ transfers from CWIP	Disposals (written down value)	Sale proceeds
	Rupees in '000'		
During the year ended June 30, 2019 (Audited)			
Building on freehold land	22,372	4,309	-
Plant and machinery	90,398	2,479	1,762
Factory and workshop equipment	8,698	-	-
Furniture and fixtures	1,445	-	-
Office equipment	4,616	82	69
Vehicles	7,124	4,154	12,682
	134,653	11,024	14,513

5.2 During the half year addition to capital work in progress is Rs. 11.53 million (June 30, 2019: Rs. 6.50 million).

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
Note	----- (Rupees in '000') -----	
6 STOCK-IN-TRADE		
Raw material	1,892,300	1,661,510
Work-in-process	63,949	60,210
Finished goods	130,043	284,658
Waste stock	49,642	34,307
	2,135,934	2,040,685
Less: provision for written-down of inventories to their net realisable value	(6,054)	(1,650)
	2,129,880	2,039,035
7 SHARE CAPITAL AND RESERVES		
<i>Authorized share capital</i>		
20,000,000 ordinary shares of Rs.10 each	200,000	200,000
<i>Issued, subscribed and paid-up capital</i>		
17,324,750 ordinary shares of Rs.10 each	173,248	173,248

8 LONG TERM FINANCES

Banking companies - secured

Term finances	172,871	120,346
SBP-LTFF	382,479	411,327
Diminishing musharka	1,581	4,744
	556,931	536,417
Less: current portion shown under current liabilities		
Term finances	29,963	33,733
SBP-LTFF	57,697	57,697
Diminishing musharka	1,581	4,744
	89,241	96,174
8.1 & 8.2	467,690	440,243

8.1 These finances are secured against first pari passu charge on all present and future fixed assets including land, building, plant and equipment of the Company, specific charge over new machinery and personal guarantee of directors. These finances are subject to mark-up at the rate 3 and 6 months' average KIBOR plus 1% and 1.75% per annum. (June 30, 2019: 3 and 6 months' average KIBOR plus 1% and 1.75% per annum).

December 31, 2019
(Unaudited)
----- (Rupees in '000') -----

June 30, 2019
(Audited)

8.2	Balance as on July 01
	Additions
	Repayment
	Balance as on
	Less:current portion of long term financing

536,417	582,467
71,277	72,317
(50,763)	(118,367)
556,931	536,417
(89,241)	(96,174)
467,690	440,243

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

The Company filed a suit before the High Court of Sindh, challenging the applicability of Gas Infrastructure Development Cess (GIDC) Act, 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GIDC over and above Rs.13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GIDC as a tax was not levied in accordance with the Constitution and hence not valid.

In September 2014, the Federal Government promulgated GIDC Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the ground that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the said Ordinance was approved in the Parliament and became an Act. Since the GIDC Act 2015 is also ultra vires to constitution and issue is being faced by all industry at large, management is confident based on the discussion with lawyer that the decision of the case will be in the favour of company. However, the Company on prudent basis, recognized provision for GIDC as at December 31, 2019 amounting to Rs. 24.50 million (2019: Rs. 24.50 million) in these condensed interim financial statements.

December 31, 2019
(Unaudited)
----- (Rupees in '000') -----

June 30, 2019
(Audited)

9.2 Commitments

	Note		
(i)	Civil Works	-	1,568
(ii)	Letters of credit		
	- plant and machinery	111,541	-
	- stores and spares	12,535	42,867
	- raw material	305,265	-
(iii)	Bank guarantees issued on behalf of the Company	207,663	193,295
(iv)	Bills discounted with recourse		
	- Export	95,999	264,405
	- Local	90,036	-
		186,035	264,405
(v)	Rentals under ijara finance agreements		
	- Not later than one year	40,162	40,893
	- Later than one year but not later than five years	40,768	62,089
	- Later than five years	-	-
		80,930	102,982
(vi)	Outstanding sales contract	698,875	411,186

9.2.1 This includes bank guarantee related to Sindh Development Infrastructure Cess amounting to Rs.85.20 million (2019: Rs. 77.20 million).

9.2.2 Represents two ijara agreements entered into with an Islamic Bank in respect of machineries. Total future ijara payments under agreements are Rs. 80.93 million (2019: Rs. 102.98 million) and are payable in quarterly installments latest by June, 2022. These commitments are secured against the exclusive ownership of machineries and third ranking charge against property, plant and equipment with 25% margin.

10 REVENUE FROM CONTRACT WITH CUSTOMERS - NET

Sales include sales made to local customers (including indirect exports) and direct exports amounting to Rs. 3,241 million (2018: 2,192 million) and Rs. 607 million (Rs.770 million) respectively.

		Half year ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		----- (Unaudited) -----			
Note		----- (Rupees in '000') -----			
11 COST OF GOODS SOLD					
Opening finished goods		317,315	180,933	284,487	407,116
Cost of goods manufactured	11.1	3,194,713	3,038,936	1,618,776	1,509,869
		3,512,027	3,219,869	1,903,263	1,916,985
Closing finished goods	11.2	(173,631)	(567,578)	(173,631)	(567,578)
		3,338,396	2,652,291	1,729,632	1,349,407
Cost of manufactured goods sold		176,847	-	176,847	-
Cost of raw material sold		3,515,243	2,652,291	1,906,479	1,349,407
11.1 Cost of goods manufactured					
Raw material	11.1.1	2,478,962	2,371,147	1,262,521	1,162,772
Stores and spares		52,824	48,870	31,884	22,436
Packing material		36,576	39,583	17,536	18,918
Power and fuel		279,142	265,993	134,169	148,334
Salaries, wages and benefits		203,105	187,610	97,949	88,862
Depreciation		112,470	93,349	56,390	46,474
Insurance		5,547	5,287	2,278	2,640
Repairs and maintenance		3,142	2,538	960	1,237
Ijara rentals		23,891	28,872	12,615	13,528
Other overheads		2,792	4,409	630	2,301
		3,198,451	3,047,658	1,616,932	1,507,502
Work-in-process					
Opening stock		60,210	47,895	65,793	58,984
Closing stock		(63,949)	(56,617)	(63,949)	(56,617)
		(3,739)	(8,722)	1,844	2,367
		3,194,713	3,038,936	1,618,776	1,509,869
11.1.1 Raw material consumed					
Opening stock		1,661,510	861,045	1,485,971	1,209,337
Purchases - net		2,709,752	4,010,930	1,668,850	2,454,263
		4,371,262	4,871,975	3,154,821	3,663,600
Closing stock		(1,892,300)	(2,500,828)	(1,892,300)	(2,500,828)
		2,478,962	2,371,147	1,262,521	1,162,772

- 11.2** Net realizable value of finished goods was lower than its cost, resulting in a write-down of Rs. 6.05 million (December 31, 2018: Rs. 9.25 million) charged to cost of goods sold.

12 TAXATION

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. After considering, the effects on deferred taxation on the portion of income subject to final tax regime.

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors, key management personnel and their relatives. The transactions between the Company and the related parties are carried out as per agreed terms. Significant transactions with related parties are as follows:

		Half year ended	
		December 31, 2019	December 31, 2018
		----- (Unaudited) -----	
		----- (Rupees in '000') -----	
Relationship with the party	Nature of transactions		
Associated undertakings	Share of expenses received	1,953	1,057
	Share of expenses paid	5,106	1,285
	Purchase of Store	260	260
	Sale of Store	-	36
	Sale of Cotton	120,354	-
	Dividend paid	217	435
Key management personnel	Remuneration	59,661	36,152
Directors	Remuneration	6,871	7,088
	Meetings fee	580	195
	Rent expense		
	- godown	120	120
	- office premises	2,045	2,045
	Dividend paid	5,107	10,214

14 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 27, 2020 by the Board of Directors of the Company.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDDEEN
CHIEF FINANCIAL OFFICER



ADEEL SHAHID TATA
DIRECTOR

پاورٹیرف :

پاکستان میں پاورٹیرف انتہائی زیادہ ہے اور ہمیں لگتا ہے کہ پاورٹیکسٹورے ملک کی صنعتوں کو مستحکم کر سکتا ہے۔ ذرائع ابلاغ کے مطابق ہمارا سرکلر قرض مبلغ 1.9 ٹریلین پاکستانی روپے اور حکومت اب بھی بجلی کے نرخوں میں اضافہ کرتی رہتی ہے۔ اگرچہ پنجاب میں ٹیکسٹائل انڈسٹری کو پورے پاکستان میں بجلی کیلئے 16.5 امریکی ڈالر فی MMBTU کیس اور 7.5 امریکی سینٹس فی کلو واٹ بجلی کی فراہمی کا وعدہ کیا گیا تھا۔ تاہم موسم سرما میں گیس کی دستیابی کم ہو گئی اور حکومت کی جانب سے 7.5 امریکی سینٹس پر گڑ سپلائی کا وعدہ جو تقریباً 11.62 روپے ہوتا ہے، پورا نہیں کیا گیا۔ اس کے بجائے بہت سے دوسرے سرچارج لگائے گئے جس سے موجودہ لاگت 18 روپے فی کلو واٹ تک پہنچ گئی۔

ٹیکسٹائل اسپننگ انڈسٹری ملک کا ایک بہت اہم صنعتی شعبہ ہے جس کی بنیاد پر دیگر ٹیکسٹائل طبقات پر انحصار کیا جاتا ہے لیکن بد قسمتی سے ہمیں حکومت کی طرف سے مناسب اہمیت اور تعاون فراہم نہیں کیا گیا۔

ہم کمپنی کے سر ملازم کی شمولیت کا شکریہ ادا کرتے ہیں اس کے علاوہ ہمارے کسٹمرز جو کہ ہماری پروڈکٹس پر اعتماد کرتے ہیں اور ہمارے ٹیکسٹورز جو کہ مستقل طور پر کمپنی کو سپورٹ کر رہے ہیں ان کے بھی مشکور ہیں اس کے علاوہ ہماری انتظامیہ شینز بولڈرز کے مکمل اعتماد پر بھی مشکور ہیں۔

ہورڈ آف ڈائریکٹرز کی جانب سے



عدیل شاہد انوار
ڈائریکٹر



شاہد انوار انار
چیف ایگزیکٹو

کراچی

مورخہ 27 فروری 2020ء

ڈائریکٹر رپورٹ

السلام علیکم،

31 دسمبر 2019ء کی اختتامی ششماہی کیلئے کمپنی کے مالیاتی حسابات (غیر آڈٹ شدہ) آپ کے سامنے پیش کئے جا رہے ہیں۔

کمپنی کو اس ششماہی میں مبلغ 39 ملین روپے کا قبل از ٹیکس خسارہ ہوا ہے (ششماہی 2018ء، منافع مبلغ 98 ملین روپے) جس کی بنیادی وجہ پچھلے سال کے مقابلے میں فنانس لاگت میں اوسط KIBOR میں 9.17% سے 13.75% اضافہ ہے اور فنانس لاگت میں نمایاں اضافے کی وجہ سے قرضوں کو کم کرنے کی کوشش کے باوجود ہم پر 100 ملین پاکستانی روپے کا اثر پڑ رہا ہے۔ تاہم اگر ہم سود میں اضافہ کے اثرات کو نظر انداز کرتے ہیں تو پھر ششماہی کھاتوں کا مثبت نتیجہ سامنے آجائے گا۔

ہم ایک اسپننگ انڈسٹری ہیں جو کسی بھی ٹیکسٹائل انڈسٹری کے لئے سب سے اہم بنیادی اور ضروری شعبہ ہے۔ ہمارا ابتدائی پہلو تمام ٹیکسٹائل ویلیو ایڈ میں چین کو خام مال جیسا کہ ٹیکسٹائل گارمنٹس، دوپٹے، ڈینیم، گھریلو ٹیکسٹائل فراہم کرنا ہے۔ بد قسمتی سے کئی سالوں سے اسپننگ انڈسٹری کے ساتھ دوسری ویلیو ایڈ ٹیکسٹائل طبقات برابری کا سلوک نہیں کرتی ہیں اور اسے دوسرے شعبوں کے برخلاف بار بار امتیازی سلوک کا سامنا کرنا پڑتا ہے، اسپننگ انڈسٹری کو کوئی معاونت، چھوٹ یا ایکسپورٹ ری فنانس فلیٹیلیئر (ERF) فراہم نہیں کی جاتی ہیں۔ اس کے برعکس ہمیں کمپاس کی فصل کی ناکامی کا خیرازہ بھگتنا پڑتا ہے کیونکہ حکومت کسان کو براہ راست سبسڈی دینے کی بجائے سال کے چھ مہینوں کے دوران کمپاس کی درآمد پر سخت ڈیوٹیز کے ذریعے زیادہ قیمت ادا کرنے پر مجبور کرتی ہے۔

زیادہ ٹیکس اور متعدد ٹیکس حکام کے ساتھ جھڑپا آرائی، بجلی اور مزدوری کی لاگت کے باعث کاروبار کرنے کی لاگت آسمان کی سطح پر ہے۔ پوری ٹیکسٹائل چین کاٹن پر 10 فیصد ایڈوانس سلیڈ ٹیکس ادا کر رہی ہے جو صرف یارن پیچنے پر ایڈ جسٹ ہوتی ہے۔ اگرچہ ہم اپنے صارفین سے ادائیگی کی وصولی کے بعد سلیڈ ٹیکس ایڈ جسٹمنٹ حاصل کرتے ہیں۔ تاہم ہمارے صارفین کو کٹش فلو کے مسئلے کی وجہ سے پریشانی کا سامنا کرنا پڑتا ہے، کیونکہ حکومت نے منسلک H، (اسٹاک اسٹیٹمنٹ) بمعہ FBR فائل کرنے کے 72 گھنٹوں کے بعد ان کی رقم کی واپسی کا وعدہ کیا ہے لیکن ان کی رقم کی واپسی نہیں کی جارہی ہے جس کے نتیجے میں ہمارے بروقت قابل وصولی پر اثر پڑ رہا ہے اور اس کے نتیجے میں ہماری مالیات کی لاگت بھی متاثر ہو رہی ہے۔

ایک اور پہلو جس نے ہمارے نتائج کو متاثر کیا وہ چین امریکہ تجارتی جنگ ہے جس کی وجہ سے عالمی سطح پر کمپاس کی قیمتوں میں کمی واقع ہوئی۔ چونکہ ہم بین الاقوامی سطح پر تجارت (درآمدات/برآمدات) کرتے ہیں، لہذا ہم نے اپنی درآمد کردہ کمپاس کی خریداری کا منصوبہ پہلے سے تیار کر لیا تھا تاکہ اپنے صارفین کو معیاری یارن فراہم کر سکیں۔ لہذا ہمارے پاس کافی مقدار میں کمپاس کا ذخیرہ تھا اور یہ تمام ذخیرہ درآمد کردہ کمپاس کی قیمت چین امریکہ تنازعہ کے باعث بہت کم ہو گئی۔

خام مال :

ایک باہر پھر پاکستان کو کمپاس کی فصل کے سلسلے میں شدید نقصان کا سامنا ہے۔ کمپاس کی آمد کے اعداد و شمار تقریباً 8.5 ملین کانٹھیں ہیں جو حکومت کے تخمینے والے 15 ملین کے اعداد و شمار سے بالکل پیچھے ہیں۔ صوبہ پنجاب میں 11 ملین سے زائد کانٹھیں تیار کر رہا تھا وہ اب صرف 5 ملین کانٹھیں تیار کر رہا ہے جو نصف سے بھی کم ہے۔ لہذا پاکستان کو مقامی استعمال کے لئے 6 ملین کانٹھوں درآمد کرنا پڑیں گی۔ مزید یہ کہ نہ صرف پیداوار کی قلت ہے بلکہ کمپاس کی فصل کا معیار بھی خراب ہوا ہے۔

حکومت پاکستان کو جدید تحقیقاتی ٹیکنالوجی کے ذریعے اور کیڑے مار دواؤں اور کھادوں کی نگرانی کے ذریعے معیاری بیجوں کی نشوونما کے سلسلے میں بنیادی اقدامات اٹھانے کی ضرورت ہے جب تک کہ ہمارے کمپاس کے بیجوں کو آپ گریڈ نہیں کیا جاتا۔ ہم کمپاس کی پیداوار کے معیار اور مقدار میں کئی اضافے کا امکان نہیں رکھتے ہیں۔

مزید یہ کہ حکومت نے ایک غلط پالیسی بنائی ہے کہ درآمد شدہ کمپاس پر نصف سال کی ڈیوٹی ہوگی اور نصف سال کمپاس کی درآمد ڈیوٹی فری ہوگی۔ یہ پالیسی اسپننگ انڈسٹری کے مواقع کو کم کرتی ہے کیونکہ کمپاس ایک ایسی شے ہے جو ہمارے استعمال کی نشاندہی اور منصوبہ بندی کے مواقع لاتی ہے۔ لہذا ہمیں ان مواقعوں سے فائدہ اٹھانے کیلئے پورے سال بین الاقوامی مارکیٹ میں رجھنا ہے۔

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