



SALFI 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. Adeel Shahid Tata - Chief Executive
Mr. Shahid Anwar Tata - Executive Director
Mr. Bilal Shahid Tata - Non Executive Director
Miss Samar Shahid Tata - Non Executive Director
Mr. Farooq Advani - Independent Director
Mr. Muhammad Waris Magoon - Independent Director

AUDIT COMMITTEE

Mr. Farooq Advani - Chairman
Mr. Bilal Shahid Tata - Member
Miss Samar Shahid Tata - Member
Mr. Ghulam Raza Hemani - Secretary

HR & REMUNERATION COMMITTEE

Mr. Farooq Advani - Chairman
Mr. Shahid Anwar Tata - Member
Mr. Bilal Shahid Tata - Member
Miss Samar Shahid - Member
Mr. M. 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
Bank Islami Pakistan Limited
Dubai Islamic Bank (Pakistan) 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

Ameen Bandukda & Co. Advocates

REGISTERED OFFICE

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

FACTORY LOCATION

HX-, Landhi Industria Area
Landhi, Karachi

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

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www.tatapakistan.com

Directors' Report

Assalam-o-Alaikum

The financial statements (unaudited) 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. 3.45 million (HY18 Profit Rs 35.71 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. 72 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. The Government's promise of Grid supply at U.S. Cents at 7.5 throughout Pakistan, 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. Moreover, SSGC is not supplying Gas on Sundays and during the day the Gas pressure is also reduced to 50%, therefore, we are compelled to use Grid at high tariff cost.

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



ADEEL SHAHID TATA
CHIEF EXECUTIVE



SHAHID ANWAR TATA
Director

Karachi

Dated: February 27, 2020



Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan
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To the members of Salfi Textile Mills Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position SALFI 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	5,493,312	5,330,656
	Intangible assets	790	902
	Long-term investments	731	16,902
	Long-term deposits	1,370	1,023
		5,496,203	5,349,483
Current assets			
	Stores, spares and loose tools	41,866	47,698
	Stock-in-trade	869,365	2,211,911
	Trade debts	497,859	418,506
	Loans and advances	390,643	310,330
	Short-term prepayments	3,006	1,535
	Other receivables	45,499	15,264
	Other financial assets	24,740	24,740
	Sales tax refundable	105,078	85,659
	Cash and bank balances	12,219	6,963
		1,990,275	3,122,606
	TOTAL ASSETS	7,486,478	8,472,090
EQUITY AND LIABILITIES			
Equity			
	Share capital	33,426	33,426
	Reserves	505,996	505,996
	Unappropriated profit	365,098	386,082
	Surplus on revaluation of property, plant and equipment	3,366,629	3,388,248
		4,271,149	4,313,752
Non-current liabilities			
	Long-term finance	411,834	216,844
	Deferred liabilities	210,750	200,728
		622,584	417,572
Current liabilities			
	Trade and other payables	419,480	467,398
	Unclaimed dividend	1,227	1,271
	Interest / mark-up accrued on borrowings	56,155	105,821
	Short-term borrowings	1,966,122	2,965,649
	Current portion of long-term finances	111,560	129,306
	Provision for income tax	38,201	71,321
		2,592,745	3,740,766
	TOTAL EQUITY AND LIABILITIES	7,486,478	8,472,090
CONINGENCIES AND COMMITMENTS			

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


ADEEL SHAHID TATA
 CHIEF EXECUTIVE


HASEEB HAFEEZUDEEN
 CHIEF FINANCIAL OFFICER


SHAHID ANWAR TATA
 DIRECTOR

**CONDENSED INTERIM PROFIT OR LOSS ACCOUNT AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**

		HALF YEAR ENDED		QUARTER ENDED	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Note		Rupees in 000			
Revenue from contract with customers - net	10	4,076,918	2,875,319	2,098,482	1,448,006
Cost of goods sold	11	(3,786,159)	(2,604,671)	(2,000,330)	(1,373,104)
Gross profit		290,759	270,648	98,152	74,902
Distribution cost		(78,668)	(42,711)	(42,470)	(21,958)
Administrative expenses		(69,305)	(61,253)	(36,474)	(33,612)
Other operating expenses		(17,507)	(4,173)	(2,621)	3,215
Finance cost		(204,823)	(133,297)	(86,571)	(77,562)
		(370,303)	(241,434)	(168,136)	(129,917)
		(79,544)	29,214	(69,984)	(55,015)
Other Income		76,093	6,494	75,380	1,642
(Loss) / Profit before taxation		(3,451)	35,708	5,396	(53,373)
Taxation	12	(39,152)	(29,552)	(21,049)	(14,415)
(Loss) / Profit for the period		(42,603)	6,156	(15,653)	(67,788)
Other comprehensive income					
Unrealised gain on re-measurement of investment available-for-sale		-	37	-	28
Total comprehensive income for the period		(42,603)	6,193	(15,653)	(67,760)
(Loss) / Earnings per share - Basic and diluted		(12.75)	1.84	(4.68)	(20.28)

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


ADEEL SHAHID TATA
CHIEF EXECUTIVE


HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER


SHAHID ANWAR TATA
DIRECTOR

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

	HALF YEAR ENDED	
	December 31, 2019	December 31, 2018
	----- (Rupees in 000) -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(3,451)	35,708
Adjustments for :		
Depreciation	93,051	75,853
Amortisation	112	132
Provision for staff gratuity	16,306	17,831
Provision for staff compensated absences	5,311	4,226
Finance cost	204,823	133,297
(Gain)/Loss on disposal of property, plant and equipment	(6,892)	716
Unrealized gain on financial contract	(36,136)	-
Unrealized gain on long term Investment	(229)	-
Operating cash flows before movements in working capital	272,895	267,763
Decrease / (increase) in current assets		
Stores, spares and loose tools	5,832	(3,089)
Stock-in-trade	1,342,546	(975,881)
Trade debts - considered good	(79,353)	146,459
Loans and advances	(153,493)	(64,031)
Short-term prepayments	(1,471)	114
Other receivables	5,902	3,048
Sales tax refundable	(19,419)	(16,215)
(Decrease) / Increase in current liabilities		
Trade and other payables	(47,918)	530,562
Cash generated from / (used in) operations	1,325,521	(111,270)
Finance cost paid	(254,489)	(111,230)
Income taxes refund / (paid)	1,146	(38,208)
Staff gratuity paid	(8,149)	(7,266)
Compensated absences paid	(3,685)	(3,669)
Net cash generated from / (used in) operating activities	1,060,344	(271,643)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(263,734)	(35,453)
Proceeds from disposal of property, plant and equipment	14,920	1,491
Purchase of intangible assets	-	(546)
Long-term deposit	(347)	200
Long-term investment	16,400	-
Net cash used in investing activities	(232,761)	(34,308)

HALF YEAR ENDED

December 31, 2019	December 31, 2018
----- (Rupees in 000) -----	

C. CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances Repayment	(73,431)	(121,379)
Long term finances obtained	250,674	-
Short-term borrowings repayments	(954,815)	(400,845)
Payment of dividend	(44)	(6,487)
Net cash used in financing activities	(777,616)	(528,711)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	49,967	(834,662)
Cash and cash equivalents at the beginning of the period	(1,556,606)	(1,332,483)
Cash and cash equivalents at the end of the period	(1,506,639)	(2,167,145)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	12,219	17,922
Short-term running finance	(1,518,858)	(2,185,067)
	(1,506,639)	(2,167,145)

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



ADEEL SHAHID TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDDEEN
CHIEF FINANCIAL OFFICER



SHAHID ANWAR TATA
DIRECTOR

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

[illegible]

(loss)/gain on re-measurement of:
investment classified available for sale
defined benefit plan
defined benefit liability

Total comprehensive income for the period

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

Impact of IFRS-9

Balance at July 01, 2019

Loss for the period

Other comprehensive income

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

Balance as at December 31, 2019 (Unaudited)

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



ADEEL SHAHID TAYA
CHIEF EXECUTIVE



HASEEB HAFEEZ UDDEEN
CHIEF FINANCIAL OFFICER



SHAHID ANWAR TAYA
DIRECTOR

REVENUE RESERVES					CAPITAL RESERVE	
Share Capital	General Reserve	Other reserve	Unrealized (loss) / gain on re-measurement of securities available for sale	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
(Rupees in 000)						
-	-	-	(37)	-	-	(37)
-	-	-	-	303	-	303
-	-	-	-	(29)	-	(29)
-	-	-	(37)	274	-	237
-	-	-	(37)	(92,798)	1,147,408	1,054,573
-	-	-	-	24,486	(24,486)	-
-	-	-	-	24,486	(24,486)	-
-	-	-	108	(108)	-	-
33,426	500,000	5,996	-	386,082	3,388,248	4,313,752
-	-	-	-	(42,603)	-	(42,603)
-	-	-	-	41,664	(1,575)	40,089
-	-	-	-	(20,045)	(20,044)	(40,089)
-	-	-	-	21,619	(21,619)	-
33,426	500,000	5,996	-	365,098	3,366,629	4,271,149

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

1 LEGAL STATUS AND NATURE OF BUSINESS

Salfi Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan on January 05, 1968 under the Companies Act, 1913 (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 Landhi Industrial Estate, Karachi in the Province of Sindh.

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 has been rounded off to the nearest thousand rupees.

2.3 These condensed interim financial statements are unaudited and all relevant compliance with Companies Act, 2017 has been ensured accordingly. The comparative condensed 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 unaudited. 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, ESTIMATES AND JUDGEMENTS

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.

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.

5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work in progress

December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
----- (Rupees in 000) -----	
5,435,770	5,287,733
57,542	42,923
5,493,312	5,330,656

5.1 Following addition / transfers and disposals in operating fixed assets were made.

	Additions/ Transfers	Disposal at book value	Sales Proceeds
	(Rupees in 000)		
During the period ended December 31,2019 (Unaudited)			
Building on leased hold land	44,881	-	-
Plant & Machinery	201,201	7,973	14,879
Factory Equipment	353	-	-
Furniture & Fixture	1,063	-	-
Office Equipment	1,617	35	27
Motor Vehicle	-	20	14
	249,115	8,028	14,920
During the period ended June 30,2019 (Audited)			
Buildings on leasehold land	3,617	-	-
Plant & Machinery	22,594	2,200	1,484
Electric Installation	-	214	-
Mill equipment	250	-	-
Furniture & Fixture	665	-	-
Office Equipment	2,789	18	15
Vehicles	-	1,521	3,335
	29,915	3,953	4,834

5.2 During the period, the addition to capital work in progress amounts to Rs. 14.619 million (June 30, 2019: Rs. 18.01 million).

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	Note	----- (Rupees in 000) -----	
6 LONG-TERM INVESTMENTS			
Fair value through profit and loss			
Listed shares - Samba Bank Limited	6.1	731	502
Amortised cost			
Government bonds		-	16,400
		731	16,902

6.1 This represents investment in the shares of Samba Bank Limited. The unrealised gain over fair value measurement of these equity instruments amounts to Rs. 0.23 million for the half year ended December 31, 2019.

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	----- (Rupees in 000) -----	
7 STOCK-IN-TRADE		
Raw material	686,558	1,842,166
Work-in-process	48,162	48,512
Finished goods	109,710	321,223
Waste	26,014	139
	870,444	2,212,041
Less: provision of written down of inventories to their net realisable value	(1,079)	(130)
	869,365	2,211,911

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	Note	----- (Rupees in 000) -----	
8 LONG-TERM FINANCE			
Banking companies - secured			
- Term Finance		522,994	345,184
- Car Finance	8.1	400	967
		523,394	346,151
Less : Current portion			
- Term Finance		(111,160)	(128,444)
- Car Finance		(400)	(863)
		(111,560)	(129,306)
	8.2	411,834	216,844

- 8.1** These finances are secured against first equitable mortgage on fixed assets and first specific charge over imported machinery of the Company, vehicles acquired from vehicle loans and guarantee of directors of the Company. These finances are subject to mark-up at the rates ranging from 3 - 6 month KIBOR plus 1% to 1.25% per annum (June 30, 2019: 3 - 6 month KIBOR plus 1% to 1.25% per annum).

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
		----- (Rupees in 000) -----	
8.2 Long term financing			
Balance at the beginning of period / year		346,151	587,502
Obtained during the period / year		250,674	-
Repayment during the period / year		(73,431)	(241,352)
Balance at end of the period / year		523,394	346,151
Less: current portion of long term financing		(111,560)	(129,306)
		411,834	216,844

9 CONTINGENCIES & COMMITMENTS

9.1 Contingencies

There is no contingency to report as at December 31, 2019 and June 30, 2019.

		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	Note	----- (Rupees in 000) -----	
9.2 Commitments			
i. Civil works		89	1,045
ii. Letters of credit for			
- Stores and spares		8,622	3,014
- Raw material		762,003	123,503
- Machinery		18,889	267,436
iii. Bank guarantees issued on behalf of the company	9.2.1	125,799	125,799
iv. Bills discounted			
- local		60,564	10,105
- export		996,395	1,256,129
v. Outstanding sales contract		113,623	115,797

- 9.2.1** This includes bank guarantee related to Sindh Development and maintenance of infrastructure cess amounting to Rs. 104.06 million (June 30, 2019: Rs.96.90 million).

10 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

Sales include sales made to local customers (including indirect exports) and direct exports amounting to Rs. 1,234 million (2018: 1,791 million) and Rs. 2,843 (Rs. 1,084 million) respectively.

		HALF YEAR ENDED		QUARTER ENDED		
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	
11	COST OF GOODS SOLD	Note----- (Rupees in 000) -----				
	Cost of goods manufactured	11.1	3,598,597	3,123,400	1,774,608	1,579,504
	Finished goods:					
	- Opening stock	11.2	321,232	137,477	360,367	449,806
	- Closing Stock	11.2	(134,645)	(656,206)	(134,645)	(656,206)
			186,587	(518,729)	225,722	(206,400)
	Cost of good sold		3,785,184	2,604,671	2,000,330	1,373,104
	Cost of raw material sold		975	-	-	-
			3,786,159	2,604,671	2,000,330	1,373,104
11.1	Cost of goods manufactured					
	Raw material consumed	11.1.1	2,940,332	2,559,036	1,449,291	1,294,463
	Packing material consumed		42,334	33,463	21,091	16,627
	Stores and spares consumed		53,186	44,345	25,949	23,209
	Salaries, wages and benefits		200,894	178,217	94,197	85,105
	Fuel and power		249,828	217,581	127,636	109,379
	Insurance		4,452	4,702	1,488	2,789
	Repairs and maintenance		3,734	2,227	2,296	1,461
	Depreciation		90,880	73,372	46,413	36,617
	Other overheads		12,607	17,130	3,037	9,831
			3,598,247	3,130,073	1,771,398	1,579,481
	Work-in-process					
	Opening stock		48,512	37,443	51,373	44,139
	Closing stock		(48,162)	(44,116)	(48,162)	(44,116)
			350	(6,673)	3,211	23
			3,598,597	3,123,400	1,774,608	1,579,504
11.1.1	Raw material consumed					
	- Opening stock		1,842,166	936,157	986,092	1,338,516
	- Raw material purchased		1,784,724	3,009,515	1,149,757	1,342,583
			3,626,890	3,945,672	2,135,849	2,681,099
	- Closing stock		(686,558)	(1,386,636)	(686,558)	(1,386,636)
			2,940,332	2,559,036	1,449,291	1,294,463

11.2 Net realizable value of finished goods was lower than its cost, which resulted in write down of Rs.1.079 million (December 31,2018: Rs. 0.08 million) charged to cost of sales.

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 and key management personnel. 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, December 31,

2019 2018

Unaudited

(Rupees in 000) -----

13.1 NATURE OF RELATIONSHIP

NATURE OF TRANSACTION

Associated undertakings	Share of expense received	2,485	1,282
	Share of expense paid	2,409	437
	Licensing Income	712	712
	Rent Income	300	300
	Purchase of power	235,222	213,012
	Purchase of store items	-	36
	Dividend paid	-	733
Directors	Remuneration	4,355	4,745
	Meeting fee	540	130
	Rent Expense	2,045	2,045
	Dividend paid	-	5,245
Key management personnel	Remuneration	33,766	29,510

13.2 OUTSTANDING BALANCES

December 31, June 30,

2019 2019

(Unaudited) (Audited)

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

Associated Undertakings	Other Receivables	1,474	719
	Trade & Other Payables	101,339	78,768

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

These condensed interim financial statement has been approved and authorised for issue on February 27, 2020 by the Board of Directors of the Company.



ADEEL SHAHID TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER



SHAHID ANWAR TATA
DIRECTOR

پاورٹیرف:

پاکستان میں پاورٹیرف انتہائی زیادہ ہے اور ہمیں لگتا ہے کہ پاورٹیرف پورے ملک کی صنعتوں کو مستحکم کر سکتا ہے۔ حکومت کی جانب سے 7.5 امریکی سینٹس پر گریڈ سہلانی کا وعدہ جو تقریباً 11.62 روپے ہوتا ہے، پورا نہیں کیا گیا۔ اس کے بجائے بہت سے دوسرے سرچارج لگانے لگے جس سے موجودہ لاگت 18 روپے فی ٹون ٹک پہنچ گئی۔ مزید یہ کہ سوئی سدرن گیس کمپنی اتوار کے روز گیس کی فراہمی نہیں کر رہی ہے اور دن کے وقت گیس پریشر کو بھی کم کر کے 50 فیصد کر دیا جاتا ہے۔ لہذا ہم زیادہ ٹیرف قیمت پر گریڈ استعمال کرنے پر مجبور ہیں۔

ٹیکسٹائل ایپنگ 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 ہر ملازم کی شمولیت کا شکریہ ادا کرتے ہیں اس کے علاوہ ہمارے کسٹمرز جو کہ ہماری پروڈکٹس پر اعتماد کرتے ہیں اور ہمارے بینکرز جو کہ مستقل طور پر کمپنی کو سپورٹ کر رہے ہیں ان کے بھی مشکور ہیں اس کے علاوہ ہماری انتظامیہ شیز بولڈرز کے مکمل اعتماد پر بھی مشکور ہیں۔

پورڈ آف ڈائریکٹرز کی جانب سے



شاہد انوار ٹاٹا
ڈائریکٹر



عدیل شاہد ٹاٹا
چیف ایگزیکٹو

کراچی

مورخہ 27 فروری 2020ء

ڈاٹر ایکٹرز رپورٹ

السلام و 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 3.45 ملین روپے کا قبل از ٹیکس خسارہ ہوا ہے (ششماہی 2018ء منافع مبلغ 35.74 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 72 ملین پاکستانی روپے کا اثر پڑ رہا ہے۔ تاہم اگر ہم وہیں اضافہ کے اثرات کو نظر انداز کرتے ہیں تو پھر ششماہی کھاتوں کا مثبت نتیجہ سامنے آجائے گا۔

ہم ایک اسپننگ اینڈ سٹری ہیں جو کسی بھی ٹیکسٹائل اینڈ سٹری کے لئے سب سے اہم بنیادی اور ضروری شعبہ ہے۔ ہمارا ابتدائی پہلو تمام ٹیکسٹائل ویلیو ایڈڈ چین کو خام مال جیسا کہ جینڈ گاؤنٹس، دوہین گاؤنٹس، تولے، ڈینم، گھریلو ٹیکسٹائل فراہم کرنا ہے۔ بد قسمتی سے کئی سالوں سے اسپننگ اینڈ سٹری کے ساتھ دوسری ویلیو ایڈڈ ٹیکسٹائل طبقات برابری کا سلوک نہیں کرتی ہیں اور اسے دوسرے شعبوں کے برخلاف بار بار امتیازی سلوک کا سامنا کرنا پڑتا ہے، اسپننگ اینڈ سٹری کو کوئی معاونت، چھوٹ یا ایکسپورٹ ری فنانس فیسلٹیئر (ERF) فراہم نہیں کی جاتی ہیں۔ اس کے برعکس ہمیں کمپاس کی فصل کی ناکامی کا خمیازہ 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 مجاز آرائی، بجلی اور مزدوری کی لاگت کے باعث کاروبار کرنے کی لاگت آسمان کی سطح پر ہے۔ پوری ٹیکسٹائل چین کاٹن پر 10 فیصد ایڈوائس سٹریٹیکس ادا کر رہی ہے جو صرف یارن پیچنے پر ایڈجسٹ ہوتی ہے۔ اگرچہ ہم اپنے صارفین سے ادائیگی کی وصولی کے بعد سٹریٹیکس ایڈجسٹمنٹ حاصل کرتے ہیں۔ تاہم ہمارے صارفین کو کمیشن فلو کے مسئلے کی وجہ سے پریشانی کا سامنا کرنا پڑتا ہے، چونکہ حکومت نے منسلک H، (اسٹاک اسٹینڈنٹ) 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 بار پھر پاکستان کو کمپاس کی فصل کے سلسلے میں شدید ناکامی کا سامنا ہے۔ کمپاس کی آمد کے اعداد و شمار تقریباً 8.5 ملین گانٹھیں ہیں جو حکومت کے تخمینے والے 15 ملین کے اعداد و شمار سے بالکل پیچھے ہیں۔ صوبہ پنجاب جو 11 ملین سے زائد گانٹھیں تیار کر رہا تھا وہ صرف 5 ملین گانٹھیں تیار کر رہا ہے جو نصف سے بھی کم ہے۔ لہذا پاکستان کو مقامی استعمال کے لئے 6 ملین گانٹھوں 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 کڑے مارڈوائس 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 اپ گریڈ نہیں کیا جاتا۔ ہم کمپاس کی پیداوار کے معیار اور مقدار میں کسی 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 اینڈ سٹری 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 رہنا ہے۔

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