



ISLAND TEXTILE MILLS LIMITED

**Condensed Interim Financial Statements
For The Six Months Ended December 31, 2020**

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COMPANY INFORMATION**BOARD OF DIRECTORS**

Mr. Mazhar Valjee - Chairman
Mr. Shahid Anwar Tata - Chief Executive
Mr. Bilal Shahid Tata - Executive Director
Mr. Adeel Shahid Tata - Non Executive Director
Miss Samar Shahid Tata – Non Executive Director
Mr. Farooq Advani - Independent Director
Mr. Muhammad Jawaid Iqbal - Independent Director

AUDIT COMMITTEE

Mr. Farooq Advani- Chairman
Mr. Adeel Shahid Tata – Member
Mr Jawaid Iqbal – Member
Mr. Ghazanfer Yaseen - Secretary

HR & REMUNERATION COMMITTEE

Mr. Mazhar Valjee - Chairman
Mr. Farooq Advani - Member
Mr. Adeel Shahid Tata - Member
Mr. Bilal Shahid Tata - Member
Miss Samar Shahid Tata- Member
Mr. Farooq Kasam - Secretary

CHIEF FINANCIAL OFFICER

Mr. Haseeb Hafeezuddeen

COMPANY SECRETARY

Mr. Muhammad Hussain

INTERNAL AUDITOR

Mr. Ghazanfer Yaseen

AUDITORS

M/s. 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
Summit Bank Limited
The Bank of Punjab
Pak Oman Investment Company Limited

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: itm.corporate@tatapakistan.com

FACTORY LOCATION

A/12, S.I.T.E. Kotri
District Jamshoro (Sindh)

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, 2020 is being presented to you in which the Company has made a Pre-Tax Profit of PKR 264.87 Million (HY19 Pre-Tax Loss of PKR 60.11 Million).

The current six months have been good for the Textile Industry of Pakistan and we expect that the coming six months will also remain strong, especially for the Spinning Sector. During the last few years we had seen an over-supply of Yarn, however, there has been a significant increase in demand for yarn during the last six months by the down-stream Industry. The increase in orders and capacity addition taking place in the down-stream textile sectors is balancing out the oversupply of Yarn and will help the Spinning sector going forward. Further, we have already made forward sales which will yield good profits in subsequent months.

With improved profitability, the liquidity position of the company has improved. The Company intends to plan for Balancing, Modernization and Replacement (BMR) at our Mills, which is necessary to maintain competitive position.

Raw Material

Pakistan's cotton crop final estimate for FY 20-21 is 5.5 Million bales which is the lowest since 1984 and this is a very distressing fact. The current crop is one third of the maximum that Pakistan has ever produced. Moreover, there has been a set-back in Cotton production globally as well and as per global forecast, the cotton is in short supply, which has resulted in increase in the price of Cotton.

Future Outlook

We faced many uncertainties worldwide owing to Covid'19 which brought upon us production shutdowns, low demand, recession, unemployment, price increase due to shortage of Cotton, Fiber and other commodities as well, so we are wondering how much demand destruction will take place with Cotton / Fiber prices at such high levels, which is our only concern at present, otherwise things are looking good.

Acknowledgement

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 the Management team.

On behalf of the Board of Directors



Adeel Shahid Tata
Director



Shahid Anwar Tata
Chief Executive

Karachi

Dated: February 25, 2021

◆ YOUSUF ADIL**Yousuf Adil**

Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan
Phone: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314
Web: www.yousufadil.com

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Island Textile Mills Limited
Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Island Textile Mills Limited (here-in-after referred to as "the Company") as at December 31, 2020, 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 the condensed 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 the condensed interim financial statements 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 the condensed 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 condensed interim financial statements as of and for the half year ended December 31, 2020 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting.

Emphasis of Matter

We draw attention to Note 1.2 of the condensed interim financial statements, which describes the amalgamation of the Company, Salfi Textile Mills Limited (SALT) and Tata Energy Limited (TEL) into Tata Textile Mills Limited (TATM). Our conclusion is not modified in respect of this matter.

Other matter

The figures for the quarters ended December 31, 2020 and December 31, 2019 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****Place: Karachi****Date: February 25, 2021****Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

| | | December 31, 2020 | June 30, 2020 |
|--|------|-------------------------------|------------------|
| | | (Unaudited) | (Audited) |
| | Note | ----- (Rupees in '000') ----- | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 5,294,138 | 5,406,861 |
| Intangible assets | | 2,874 | 3,254 |
| Long term deposits | | 1,434 | 1,434 |
| | | 5,298,446 | 5,411,549 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 37,824 | 29,321 |
| Stock-in-trade | 6 | 1,626,176 | 2,013,961 |
| Trade debts | | 742,754 | 593,025 |
| Loans and advances | | 293,429 | 253,998 |
| Short term prepayments | | 3,225 | 2,057 |
| Other receivables | | 4,608 | 6,656 |
| Other financial assets | | 246,972 | 46,972 |
| Sales tax refundable | | 67,786 | 67,450 |
| Cash and bank balances | | 65,544 | 84,140 |
| | | 3,088,318 | 3,097,580 |
| TOTAL ASSETS | | 8,386,764 | 8,509,129 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 7 | 5,000 | 5,000 |
| General reserves | | 900,591 | 900,591 |
| Unappropriated profit | | 788,899 | 503,796 |
| Surplus on revaluation of property plant and equipment | | 2,065,348 | 2,117,367 |
| | | 3,759,838 | 3,526,754 |
| NON-CURRENT LIABILITIES | | | |
| Deferred liabilities | | 164,627 | 165,944 |
| Long term finance | 8 | 1,704,976 | 1,784,978 |
| Deferred government grant | 9 | 3,545 | 1,853 |
| | | 1,873,148 | 1,952,775 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 744,528 | 837,475 |
| Unclaimed dividend | | 1,099 | 1,099 |
| Short term borrowings | | 1,722,949 | 1,966,301 |
| Interest accrued on borrowings | | 84,740 | 126,038 |
| Current portion of long term finance | | 141,722 | 13,428 |
| Current portion of deferred grant | | 8,422 | 3,410 |
| Provision for income tax | | 50,318 | 81,849 |
| | | 2,753,778 | 3,029,600 |
| TOTAL EQUITY AND LIABILITIES | | 8,386,764 | 8,509,129 |

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 HAFEEZUDDEN
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, 2020**

| | HALF YEAR ENDED | | QUARTER ENDED | | |
|---|------------------------------|-------------------|-------------------|-------------------|----------------|
| | December 31, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 | |
| Note | ----- (Rupees in '000) ----- | | | | |
| Revenue from contract with customers-net | 11 | 4,696,415 | 4,009,345 | 2,197,605 | 2,075,934 |
| Cost of goods sold | 12 | (4,115,512) | (3,645,859) | (1,857,539) | (1,889,775) |
| Gross profit | | 580,903 | 363,486 | 340,066 | 186,159 |
| Distribution cost | | (77,073) | (64,280) | (39,211) | (31,217) |
| Administrative expenses | | (62,198) | (68,328) | (33,387) | (35,659) |
| Other operating expenses | | (22,199) | (19,135) | (16,363) | 24,109 |
| Finance cost | | (171,978) | (269,587) | (82,047) | (128,394) |
| | | (333,448) | (421,330) | (171,008) | (171,161) |
| Share of loss from associates - net of tax | | - | (4,428) | - | - |
| Other income | | 17,413 | 2,165 | 17,177 | 1,937 |
| | | 17,413 | (2,263) | 17,177 | 1,937 |
| Profit / (loss) before taxation for the period | | 264,868 | (60,107) | 186,235 | 16,935 |
| Taxation | | (31,784) | (33,600) | (8,553) | (18,339) |
| Profit / (loss) after taxation for the period | | 233,084 | (93,707) | 177,682 | (1,404) |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income / (loss) for the period | | 233,084 | (93,707) | 177,682 | (1,404) |
| Earnings / (loss) per share - basic and diluted (Rupees) | | 466.17 | (187.41) | 355.36 | (2.81) |

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 (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

| | Issued subscribed and paid up capital | | Revenue Reserve | | Capital Reserve | Total |
|--|---|--------------------|------------------|---|--------------------------|-----------|
| | Share Capital | General reserve | Other reserve | Company's share in other comprehensive income of associates | Unappropriated profit | |
| | (Rupees in '000') | | | | | |
| Balance at July 01, 2019 (Audited) | 5,000 | 900,000 | 591 | (1,189) | 890,927 | 2,557,353 |
| Total Comprehensive income for the half year ended December 31, 2019 | | | | | (93,707) | (93,707) |
| Loss after taxation for the period | | | | | | |
| Transfer from surplus on revaluation of property, plant and equipment on account of: | | | | | | |
| - Incremental depreciation-net of deferred tax | | | | | 51,721 | (51,721) |
| Transactions with owners | | | | | | |
| Final cash dividend for the year ended June 30, 2019 @ Rs.5 per share | | | | | (2,500) | (2,500) |
| Specie dividend : | | | | | | |
| - reversal of associates revaluation surplus | - | - | - | - | - | (364,312) |
| - disposal of investment in associates | - | - | - | 1,189 | (87,964) | (86,775) |
| - Changes in value of investment due to specie dividend | - | - | - | - | (42,024) | (42,024) |
| | - | - | - | 1,189 | (129,988) | (364,312) |
| Balance as at December 31, 2019 (unaudited) | 5,000 | 900,000 | 591 | - | 716,453 | 2,141,320 |
| | | | | | | 3,763,364 |

| | Issued | | Revenue Reserve | | Capital Reserve | | Total |
|--|---------------|-----------------|-----------------|---|-----------------------|--|-----------|
| | Share Capital | General reserve | Other reserve | Company's share in other comprehensive income of associates | Unappropriated profit | Surplus on revaluation of property plant and equipment | |
| subscribed and paid up capital | - | - | - | - | - | - | - |
| (Rupees in '000') | | | | | | | |
| Total Comprehensive loss for the half year ended June 30, 2020 | - | - | - | - | (266,929) | - | (266,929) |
| Loss after taxation for the period | - | - | - | - | (266,929) | - | (266,929) |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax | - | - | - | - | 51,721 | (51,721) | - |
| Add: Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate | - | - | - | - | - | 27,768 | 27,768 |
| Remeasurement gain of defined benefit plan - net of tax | - | - | - | - | 51,721 | (23,953) | 27,768 |
| Balance at June 30, 2020 (Audited) | 5,000 | 900,000 | 591 | - | 503,796 | 2,117,367 | 3,526,754 |
| Profit after taxation for the period | - | - | - | - | 233,084 | - | 233,084 |
| Transfer from surplus on revaluation of property, plant and equipment on account of: | - | - | - | - | - | - | - |
| - incremental depreciation-net of deferred tax | - | - | - | - | 52,019 | (52,019) | - |
| Balance as at December 31, 2020 (Unaudited) | 5,000 | 900,000 | 591 | - | 788,899 | 2,065,348 | 3,759,838 |

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


 SHAHID ANWAR TATA
 CHIEF EXECUTIVE


 HASEEB HAFEZUDDEN
 CHIEF FINANCIAL OFFICER


 ADEEL SHAHID TATA
 DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

| | Half Year Ended | |
|---|-------------------------------|----------------------|
| | December 31, 2020 | December 31, 2019 |
| | ----- (Rupees in '000') ----- | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit / (loss) before taxation | 264,868 | (60,107) |
| Adjustments for : | | |
| Depreciation | 137,305 | 144,784 |
| Amortisation | 379 | 103 |
| Provision for staff gratuity | 16,055 | 16,760 |
| (Reversal) / provision for compensated absences | (606) | 6,817 |
| Finance cost | 171,978 | 269,587 |
| Loss on disposal of property, plant and equipment | 2,073 | 7 |
| Share of loss from associates | - | 4,428 |
| | 592,052 | 382,379 |
| (Increase) / Decrease in current assets | | |
| Stores, spares and loose tools | (8,503) | (6,030) |
| Stock-in-trade | 387,785 | 1,095,659 |
| Trade debts | (149,729) | 203,426 |
| Loans and advances | (101,457) | (63,322) |
| Other receivables | 2,048 | (6,242) |
| Short term prepayments | (1,168) | (1,228) |
| Sales tax refundable | (336) | 26,641 |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | (92,947) | (3,277) |
| Cash generated from operations | 627,745 | 1,628,006 |
| Finance cost paid | (213,276) | (282,034) |
| Staff gratuity paid | (8,950) | (6,469) |
| Staff compensated absences paid | (1,313) | (5,760) |
| Income taxes paid | (7,791) | (33,499) |
| Net cash generated from operating activities | 396,415 | 1,300,244 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (29,783) | (43,088) |
| Proceeds from disposal of property, plant and equipment | 3,129 | 6 |
| (Investment in) / proceeds from other financial assets | (200,000) | 4,400 |
| Net cash used in investing activities | (226,654) | (38,682) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term finances obtained | 119,253 | - |
| Repayment of long term finances | (64,258) | (300,000) |
| Dividend paid | - | (2,440) |
| Decrease in short term borrowing | (522,789) | (1,131,540) |
| Net cash used in financing activities | (467,794) | (1,433,980) |
| Net decrease in cash and cash equivalents (A+B+C) | (298,033) | (172,418) |
| Cash and cash equivalents at the beginning of the period | (734,333) | (657,510) |
| Cash and cash equivalents at the end of the period | (1,032,366) | (829,928) |
| CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 65,544 | 83,243 |
| Short term running finance | (1,097,910) | (913,171) |
| | (1,032,366) | (829,928) |

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



SHAHID ANWAR TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDDEN
CHIEF FINANCIAL OFFICER



ADEEL SHAHID TATA
DIRECTOR

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Island Textile Mills Limited (the Company) was incorporated in Pakistan on May 20, 1970 as a public limited company under the Companies Act, 1913 (now Companies Act 2017) and is 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 Kotri Industrial Estate, Kotri in the province of Sindh.

1.2 Amalgamation of the Company, Saifi Textile Mills Limited (STML) and Tata Energy Limited (TEL) into Tata Textile Mills Limited (TATM)

All corporate requirements related to merger as disclosed in annual audited financial statement of the company for the year ended June 30, 2020, have been completed and approved by Creditors (in their meeting held on September 23, 2020) and Shareholders (in their meeting held on September 24, 2020) by more than three fourth majority and the Chairman Report of the same has been submitted with the Sindh High Court (SHC).

Due to post Covid rush and Judges winter vacation the case has not been heard by the SHC, the Company's legal counsel is now in the process of seeking a fixed date and time in March 2021 for obtaining merger approval. The Sponsors, Directors and management continue to be committed to the merger and view the Company as a going concern in line with the scheme of amalgamation filed with SHC.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements has 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 this condensed interim financial statements has been rounded off to the nearest thousand rupees.

2.3 These condensed interim financial statements is un-audited 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 audited financial statements for the year ended June 30, 2020; the comparative condensed interim statement of profit or loss and 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, 2019.

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, 2020. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2020, 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, 2020.

| | December 31, 2020 (Unaudited) | June 30, 2020 (Audited) |
|---|-------------------------------------|-------------------------------|
| | ----- (Rupees in '000') ----- | |
| 5. PROPERTY, PLANT AND EQUIPMENT | | |
| Operating fixed assets | 5,267,234 | 5,406,688 |
| Capital work-in-progress | 26,904 | 173 |
| | <u>5,294,138</u> | <u>5,406,861</u> |

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

| | Acquisitions / transfers from CWIP | Disposal (written down value) | Sale Proceeds |
|---|--|-------------------------------------|------------------|
| | ----- (Rupees in '000') ----- | | |
| During the Half year ended December 31, 2020 (Unaudited) | | | |
| Plant and machinery | 2,863 | 5,160 | 3,100 |
| Furniture and fixtures | 189 | - | - |
| Motor Vehicles | - | 42 | 29 |
| | <u>3,052</u> | <u>5,202</u> | <u>3,129</u> |
| During the financial year ended June 30, 2020 (Audited) | | | |
| Plant and machinery | 46,646 | - | - |
| Mills Equipment | 4,746 | - | - |
| Computer Equipment | 1,197 | 27 | 6 |
| Furniture and Fixture | 748 | - | - |
| | <u>53,337</u> | <u>27</u> | <u>6</u> |

5.2 During the period, the addition net of transfer to capital work in progress is amounting to Rs. 26.7 million. (June 30, 2020: Rs. (18.20) million).

| | December 31, 2020 (Unaudited) | June 30, 2020 (Audited) |
|---|-------------------------------------|-------------------------------|
| | ----- (Rupees in '000') ----- | |
| 6. STOCK-IN-TRADE | | |
| Raw material | 1,452,712 | 1,337,142 |
| Work-in-process | 43,131 | 64,366 |
| Finished goods | 74,576 | 602,895 |
| Waste stock | 57,354 | 24,213 |
| | <u>1,627,773</u> | <u>2,028,616</u> |
| Less: Provision for written down of inventories to their net realisable value | (1,597) | (14,655) |
| | <u>1,626,176</u> | <u>2,013,961</u> |

| | December 31, 2020 (Unaudited) | June 30, 2020 (Audited) |
|---|-------------------------------------|-------------------------------|
| | ----- (Rupees in '000') ----- | |
| 7. SHARE CAPITAL | | |
| Authorized share capital | | |
| 1,000,000 ordinary shares of Rs.10 each | 10,000 | 10,000 |
| Issued, subscribed and paid-up capital | | |
| 500,000 ordinary shares of Rs.10 each | 5,000 | 5,000 |

| | | December 31, 2020 (Unaudited) | June 30, 2020 (Audited) |
|---|-----------|-------------------------------------|-------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 8. LONG TERM FINANCES | | | |
| Banking companies - secured | | | |
| Syndicate term finance | 8.1 & 8.5 | 1,364,161 | 1,364,161 |
| Syndicate long term finance facility-1 | 8.2 | 185,389 | 248,187 |
| Syndicate long term finance facility-1 | 8.3 | 65,807 | 65,807 |
| Syndicate long term finance facility-2 | 8.4 | 70,345 | 71,803 |
| SBP-Refinance scheme for salary payments | 8.6 | 145,947 | 48,448 |
| Term Finance-REEF-Askari Bank | 8.7 | 15,049 | - |
| | | 1,846,698 | 1,798,406 |
| Less: Current portion | | | |
| SBP-Refinance scheme for salary payments | | (69,082) | (13,428) |
| Syndicate Term Finance | | (72,640) | - |
| | | (141,722) | (13,428) |
| | 8.8 | 1,704,976 | 1,784,978 |
| 8.1 It represents amount utilized out of a term finance facility of Rs. 3,000 million obtained from a syndicate of commercial banks. It is secured against first pari passu charge on entire fixed assets of the Company and is subject to mark-up at the rates of 6 months KIBOR plus 1.4% per annum (June 30, 2020: 6 months KIBOR plus 1.4% per annum). It is repayable in 7 years. Mark up is payable semi annually in arrears and principal in equal semi annual installments from August 2017. | | | |
| 8.2 It represents amount utilized against facility obtained from the agent of the syndicate under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 8.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to markup at State Bank of Pakistan (SBP) refinance rate of 4.5% per annum plus bank spread i.e.1.4% (June 30,2020: 4.5% per annum plus bank spread i.e 1.4%). The facility is repayable in 7 years. | | | |
| 8.3 It represents amount utilized against facility obtained from the agent of the syndicate under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 8.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to markup at SBP refinance rate of 3% per annum plus Bank spread i.e.1.4% (June 30, 2020: 3% per annum plus Bank spread i.e.1.4%). The facility is repayable in 7 years. | | | |
| 8.4 It represents amount utilized against facility obtained from the agent of the syndicate under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 8.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to markup at SBP refinance rate of 2% per annum plus Bank spread i.e.1.5% (June 30, 2020: 2% per annum plus Bank spread i.e.1.5%). The facility is repayable in 7 years. | | | |
| 8.5 The payment of principal component of these facilities, payable within next 12 months, has been deferred for 1 year as per the directions of State Bank of Pakistan via its Circular Letter No.13 of 2020. However, the mark-up on these facilities is not deferred and payable as soon as its due to be paid. Consequently, the maturity date of these facilities have also been extended by 1 year. | | | |
| 8.6 It represents amount utilized against SBP term finance facility for payment of wages and salaries to the workers and employees and payable in eight equal quarterly installments with grace period of six months with SBP zero mark-up rate and banks spread from 1.50% to 2.00% per annum.(June 30, 2020: SBP zero mark-up rate and banks spread 2% per annum) | | | |
| 8.7 It represents SBP finance scheme for renewable energy (REEF) for Rs.125 million for solar project, it is payable quarterly within 10 years from date of disbursement with 3 months grace period, mark-up is payable on monthly basis @ SBP Rate i.e. 2% + Bank spread @ 2% per annum. | | | |
| 8.8 Reconciliation of liabilities arising from long-term financing activities | | | |
| | | December 31, 2020 (Unaudited) | June 30, 2020 (Audited) |
| | | ----- (Rupees in '000) ----- | |
| Balance as on July 01, | | 1,798,406 | 2,297,331 |
| Obtained during the period / year | | 119,253 | 53,711 |
| Impact of deferred grant | | (6,702) | (5,263) |
| Repayment during the period / year | | (64,258) | (547,373) |
| Balance as at period end | | 1,846,699 | 1,798,406 |
| Less: current portion of long-term financing | | (141,722) | (13,428) |
| | | 1,704,976 | 1,784,978 |

| | | December 31, 2020 (Unaudited) | June 30, 2020 (Audited) |
|---|------|-------------------------------------|-------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 9. DEFERRED GRANT | | | |
| Deferred grant against salary loans | 9.1 | 11,967 | 5,263 |
| Less: Current portion of deferred grant | | (8,422) | (3,410) |
| | | <u>3,545</u> | <u>1,853</u> |
| 9.1 Movement for the period | | | |
| As at the beginning of the period / year | | 5,263 | - |
| Add: Deferred grant recognised during the period / year | | 10,536 | 5,619 |
| | | <u>15,799</u> | <u>5,619</u> |
| Less: Amortisation for the year | | (3,832) | (356) |
| | | <u>11,967</u> | <u>5,263</u> |

9.2 Deferred grant relates to the difference between the fair value and actual proceeds of salary loan obtained under SBP's Refinance scheme for payment of salaries during the period and previous financial year 2020. It will be amortised over the period of next two and a half year with an amount equal to the difference between the finance cost charged to statement of profit or loss and the interest paid at SBP's defined rate as per the scheme. In subsequent periods, the grant will be amortised over the period of loan and amortisation will be recognised and presented as reduction of related interest expense.

| | | December 31, 2020 (Un-audited) | June 30, 2020 (Audited) |
|---|--------|--------------------------------------|-------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 10. CONTINGENCIES AND COMMITMENTS | | | |
| 10.1 Contingencies | | | |
| Estimated financial impact of labour and workmen compensation cases in court of law | | 465 | 465 |
| 10.2 Commitments | | | |
| Civil | | 2,749 | - |
| Letters of credit in respect of purchase of: | | | |
| - Raw material | | 879,850 | 497,183 |
| - Spares and Machinery | | 16,378 | 613 |
| | | <u>896,228</u> | <u>497,796</u> |
| Bank guarantees | 10.2.1 | 159,663 | 161,715 |
| Bills discounted | | 600,499 | 419,258 |
| Outstanding sales contracts | | 791,327 | 332,806 |
| 10.2.1 This includes bank guarantee related to Sindh Infrastructure Development Cess amounting to Rs. 136.80 million (June 30, 2020: Rs. 136.80 million). | | | |

11. REVENUE FROM CONTRACT WITH CUSTOMERS - NET

Revenue from contract with customers includes sales made to local customers (including indirect exports) and direct exports amounting to Rs. 3,703 million (December 31, 2019: 2,919 million) and Rs. 993 million (December 31, 2019: 1,090 million) respectively. The export are made to Asia Pacific region and Europe amounting to Rs. 985 million (December 31, 2019: Rs. 1,082 million) and Rs. 8 million (December 31, 2019: Rs. 8 million) respectively.

12. COST OF GOODS SOLD

| | | HALF YEAR ENDED | | QUARTER ENDED | |
|--|------|-------------------------------|----------------------|----------------------|----------------------|
| | | December 31, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 |
| | Note | ----- (Un-audited) ----- | | | |
| | | ----- (Rupees in '000') ----- | | | |
| Opening finished goods (including waste) | | 621,769 | 209,204 | 128,550 | 238,675 |
| Cost of goods manufactured | 12.1 | 3,522,756 | 3,644,709 | 1,848,348 | 1,859,295 |
| | | <u>4,144,525</u> | <u>3,853,913</u> | <u>1,976,898</u> | <u>2,097,970</u> |
| Closing finished goods (including waste) | 12.2 | (130,333) | (208,195) | (130,333) | (208,195) |
| Cost of finished goods sold | | 4,014,192 | 3,645,718 | 1,846,565 | 1,889,775 |
| Cost of raw material sold | | 101,320 | 141 | 10,974 | - |
| Cost of goods sold | | <u>4,115,512</u> | <u>3,645,859</u> | <u>1,857,539</u> | <u>1,889,775</u> |

12.1 Cost of goods manufactured

| | Note | HALF YEAR ENDED | | QUARTER ENDED | |
|------------------------------|--------|------------------|------------------|------------------|------------------|
| | | December 31, | December 31, | December 31, | December 31, |
| | | 2020 | 2019 | 2020 | 2019 |
| (Un-audited) | | | | | |
| (Rupees in '000') | | | | | |
| Raw material consumed | 12.1.1 | 2,801,505 | 2,890,608 | 1,488,254 | 1,485,193 |
| Stores and spares | | 55,249 | 63,596 | 26,162 | 31,566 |
| Packing material | | 47,483 | 44,195 | 24,667 | 23,369 |
| Fuel and power | | 278,008 | 283,409 | 137,762 | 145,293 |
| Salaries, wages and benefits | | 169,710 | 187,720 | 77,258 | 88,295 |
| Depreciation | | 135,900 | 142,419 | 67,928 | 71,707 |
| Insurance | | 6,320 | 8,785 | 2,936 | 5,364 |
| Repairs and maintenance | | 2,540 | 2,839 | 1,991 | 2,107 |
| Amortization | | 379 | 99 | 189 | 49 |
| Other overheads | | 4,427 | 5,618 | 2,283 | 2,093 |
| | | 3,501,521 | 3,629,288 | 1,829,430 | 1,855,036 |
| Work-in-process | | | | | |
| Opening stock | | 64,366 | 63,441 | 62,049 | 52,279 |
| Closing stock | | (43,131) | (48,020) | (43,131) | (48,020) |
| | | 21,235 | 15,421 | 18,918 | 4,259 |
| | | 3,522,756 | 3,644,709 | 1,848,348 | 1,859,295 |

12.1.1 Raw material consumed

| | | | | |
|-----------------|------------------|------------------|------------------|------------------|
| Opening stock | 1,327,826 | 1,956,460 | 875,571 | 1,413,994 |
| Purchases - net | 2,926,391 | 1,811,379 | 2,065,395 | 948,430 |
| | 4,254,217 | 3,767,839 | 2,940,966 | 2,362,424 |
| Closing stock | (1,452,712) | (877,231) | (1,452,712) | (877,231) |
| | 2,801,505 | 2,890,608 | 1,488,254 | 1,485,193 |

12.2 Net realisable value of finished goods excluding waste was lower than its cost, resulting in a write-down of Rs 1.597 million (December 31, 2019: Rs. 2.101 million) charged to cost of goods sold.

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors, key management personnel and their relatives. The Company carries out transactions with various related parties at agreed terms. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with them, other than those which have been disclosed elsewhere in this condensed interim financial statements, are as follows:

Associated Companies due to common directorship & common management

- Salfi Textile Mills Limited
- TATA Textile Mills Limited
- TATA Energy Limited
- TATA Best Foods Limited
- Karam Ceramics Limited
- Textile Institute of Pakistan

| | | HALF YEAR ENDED | |
|------------------------------------|--------------------------------|-------------------------------|----------------------|
| | | December 31, 2020 | December 31, 2019 |
| | | ----- (Un-audited) ----- | |
| | | ----- (Rupees in '000') ----- | |
| Relationship with the party | Nature of transactions | | |
| Associated undertakings | Share of expense received | 3,991 | 2,515 |
| | Share of expense paid | 2,067 | 1,734 |
| | Purchase of electricity | 241,017 | 285,323 |
| | Purchase of cotton | - | 120,354 |
| | Sale of store items | 60 | - |
| | Dividend received | - | 217 |
| | Rent expense | 300 | 300 |
| Key management personnel | Remuneration | 32,150 | 30,083 |
| Directors | Remuneration | 6,014 | 6,150 |
| | Directors meeting fee | 655 | 520 |
| | Rent expense | 2,645 | 2,645 |
| | Dividend paid | - | 1,639 |
| | Non-cash dividend (Net assets) | - | 380,557 |
| | | December 31, 2020 | June 30, 2020 |
| | | (Unaudited) | (Audited) |
| | | ----- (Rupees in '000') ----- | |
| Relationship with the party | Outstanding balance | | |
| Associated undertakings | Trade Creditors | 169,506 | 91,789 |

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 AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been approved and authorized for issue on February 25, 2021 by the Board of Directors of the Company.


 SHAHID ANWAR TATA
 CHIEF EXECUTIVE


 HASEEB HAFEEZUDEEN
 CHIEF FINANCIAL OFFICER


 ADEEL SHAHID TATA
 DIRECTOR

ڈائریکٹرز رپورٹ

السلام و علیکم،

31 دسمبر 2020ء کی اختتامی ششماہی کیلئے کمپنی کے مالیاتی حسابات (غیر آڈٹ شدہ) آپ کے سامنے پیش کئے جا رہے ہیں جس میں کمپنی نے مبلغ 264.8 ملین روپے کا قبل از ٹیکس منافع حاصل کیا ہے جبکہ سال 2019ء کی ششماہی میں قبل از ٹیکس خسارہ مبلغ 60.11 ملین روپے تھا۔

حالیہ چھ ماہ پاکستان کی ٹیکسٹائل انڈسٹری کے لئے بہتر رہے ہیں اور ہم آئندہ چھ ماہ بھی بالخصوص اسپننگ سیکٹر کے لئے بہتری کی توقع کرتے ہیں۔ گذشتہ کچھ سالوں کے دوران ہم نے یارن کی ضرورت سے زیادہ سپلائی دیکھی تھی، تاہم، ڈاؤن اسٹریم انڈسٹری کے زیر گذشتہ چھ ماہ کے دوران یارن کی طلب میں نمایاں اضافہ ہوا ہے۔ ڈاؤن اسٹریم ٹیکسٹائل سیکٹرز میں آرڈرز اور صلاحیت میں اضافے کا عمل جاری ہے جس سے یارن کی حد سے زیادہ فراہمی میں توازن پیدا ہو رہا ہے اور اسپننگ سیکٹر کو آگے بڑھنے میں مدد فراہم کرے گا۔ مزید یہ کہ ہم پہلے ہی آگے فروخت کر چکے ہیں جس کے نتیجے میں آنے والے مہینوں میں اچھا منافع ہونے کی توقع ہے۔

بہتر منافع کے ساتھ، کمپنی کی لیکویڈیٹی پوزیشن بھی بہتر ہوئی ہے۔ کمپنی ملز میں توازن، جدید کاری اور تبدیلی (بی ایم آر) کے منصوبہ کارادہ رکھتی ہے جو مسابقتی پوزیشن برقرار رکھنے کے لئے ضروری ہے۔

غام مال :

مالیاتی سال 2020-21 کے لئے پاکستان کی کپاس کی فصل کا حتمی تخمینہ 5.5 ملین گانٹھیں ہے جو کہ سال 1984ء کے بعد سب سے کم ہے اور یہ ایک انتہائی پریشان کن حقیقت ہے۔ موجودہ فصل پاکستان میں اب تک پیدا ہونے والی زیادہ سے زیادہ فصل کا ایک تہائی ہے۔ حالانکہ، عالمی سطح پر کپاس کی پیداوار میں خاصی تیزی آئی ہے جبکہ عالمی توقع کے مطابق، کپاس کی ترسیل بہت کم ہے جس کے نتیجے میں کپاس کی قیمت میں اضافہ متوقع ہے۔

مستقبل کا نظریہ :

ہمیں کورونا دباؤ کے باعث دنیا بھر میں بہت سی لمبے نشیبی کا سامنا کرنا پڑا جس کی وجہ سے ہمارے پیداواری عمل کی بندش، کم مانگ، کساد بازاری، بے روزگاری، کپاس، فائبر اور دیگر اشیاء کی قلت کے سبب قیمتوں میں اضافہ ہوا۔ لہذا ہم حیرت زدہ ہیں کہ کٹان / فائبر کی بلند سطح پر قیمتوں کے ساتھ مانگ میں کتنی کمی واقع ہوگی جو فی الحال ہماری واحد تنویش ہے، بصورت دیگر سب اچھا لگ رہا ہے۔

اظہار تشکر :

ہم کمپنی کے ہر ملازم کی شمولیت کا تشکر یہ ادا کرتے ہیں اس کے علاوہ ہمارے کسٹمرز جو کہ ہماری پروڈکٹس پر اعتماد کرتے ہیں اور ہمارے بیکنرز جو کہ مستقل طور پر کمپنی کو سپورٹ کر رہے ہیں ان کے بھی مشکور ہیں اس کے علاوہ ہماری انتظامیہ شیئرز ہولڈرز کے مکمل اعتماد پر بھی مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



عدیل شاہ نواز

ڈائریکٹر



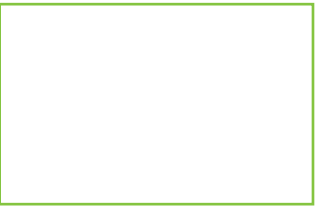
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چیف ایگزیکٹو

کراچی مورخہ 25 فروری 2021ء

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