



TATA TEXTILE MILLS LIMITED

**Condensed Interim Financial Information
(UNAUDITED)
for the 1st Quarter ended September 30, 2016**

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COMPANY INFORMATION**BOARD OF DIRECTORS**

CHAIRMAN:	Mr. Anwar Ahmed Tata
CHIEF EXECUTIVE:	Mr. Shahid Anwar Tata
DIRECTORS:	Mr. Adeel Shahid Anwar Tata Mr. Bilal Shahid Anwar Mr. Asif Saleem Mr. Muhammad Salman H. Chawala (NIT) Mr. Muhammad Naseem

AUDIT COMMITTEE

CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Asif Saleem Mr. Bilal Shahid Anwar
SECRETARY:	Mr. Owais Ahmed Abbasi

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Shahid Anwar Tata Mr. Bilal Shahid Anwar
SECRETARY:	Mr. Umar Khawajah

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:

Mr. Farooq Advani

BANKERS:

Faysal Bank Limited
Dubai Islamic Bank (Pakistan) Limited
Bank Alfalah Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
The Bank of Punjab
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Allied Bank Limited
Bank Islami Pakistan Limited
JS Bank Limited
Askari Bank Limited
Samba Bank Limited
NIB Bank Limited
Industrial Commercial Bank of China (ICBC) Limited

AUDITORS:

M/s. Deloitte Yousuf Adil
Chartered Accountants

LEGAL ADVISOR:

Rajwana & Rajwana Advocates

SHARE REGISTRAR:

Central Depository Company of Pakistan Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Tel# (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053

REGISTERED OFFICE:

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Tel# 32412955-3 Lines 32426761-2-4
Fax# 32417710

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Khanpur-Baggasher,
District Muzaffargarh

DIRECTORS' REPORT

Assalam-o-Alaikum

The Financial Statements of the Company for the first quarter, ended September 30th 2016, is being presented to you.

The Financial Results of your Company, for the 1st quarter continues to be remain discouraging. During the quarter under review, the Company incurred an after tax loss of Rs. 3.522 million as compared to an after tax loss of Rs. 36.526 million during the corresponding period of last year.

TEXTILE INDUSTRY

It is very unfortunate that since the last couple of years, the distressing scenario of Textile Industry remains unchanged and it is primarily due to the apathy of the Government towards the Manufacturing Sector, especially the Textile Export Sector and we the Spinning Sector are the most affected, mainly because of the following reasons:

1. COST OF RAW MATERIAL

Our Country, Pakistan is a Raw Material starved Country and for over a decade we have been a net importer of Cotton, however, the last two years have been exceptionally poor with regard to Cotton production in Pakistan. This year, the Cotton crop is estimated about 11 Million bales against our minimum requirement of 15 Million bales. This alone was a reason enough to escalate the cost of Cotton in the local market and now compounded with the fact that the Government has imposed an Import Duty of 4% on Cotton, the cost has further gone up, thus, Pakistani Cotton becoming the most expensive Cotton for its value. The levy of 4% Custom Duty on import of Cotton is very unreasonable especially in a Country where basic Raw Material is about 40% short of our requirement.

2. FIBRE

Similarly is the case with Fiber. The exorbitant rate of Duty imposed by the Government on the import of Fiber is only to protect the local Fiber industry which has been protected since last 35 to 40 years and continues to be protected and the cost of this liability is being borne by the Textile Sector.

3. COST OF LABOR & POWER

Our cost of production remains highest in the region, that is, Labor & Power, vis-à-vis Bangladesh, India, Sri Lanka, Vietnam and Indonesia.

4. FOREIGN EXCHANGE

The Exchange Control policy adopted by the Government has seriously affected the Country's exports. It is estimated that since the year 2015, the Pakistani Rupee is over-valued by more than 20%.

5. EXORBITANT TAXES

The revenue increase which the Government has been able to achieve is on the account of punitive measures and addition of Further Taxes. The Government has failed to add new Tax Payers to the System but instead it has heavily taxed the existing Tax Payers, in shape of Minimum Tax increase and Withholding Tax Rates, hence, an honest Tax Payer is further penalized.

FUTURE OUTLOOK

Besides endeavoring on cost cutting, we are also striving on developing our Product Line and on improving the Cotton Procurement Mechanism.

For a very long time we have been hearing of a Textile Package, for which we are anxiously and eagerly awaiting but it is yet to be announced by the Federal Government. During the Meeting in Islamabad, between the Prime Minister (PM) and the delegation of All Pakistan Textile Mills Association, the PM made numerous promises and even agreed to withdraw the Import Duty on Cotton but sadly none of the promises have been fulfilled. However, we are looking forward to the Federal Government's announcement of the Textile Package and to see how it will change the fortune of the Textile Industry.

ACKNOWLEDGEMENT.

It is most important to mention the untiring endeavors of all our team members who are engaged in up-holding their commitment for the company's success and growth. We also thank our Bankers, Vendors and Clients for their consistent trust and support.

On behalf of the Board of Directors



Shahid Anwar Tata
Chief Executive

Karachi:

Dated: October 29, 2016

**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2016**

Un-Audited September 30, 2016	Audited June 30, 2016
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Note 'Rupees in 000.....'

ASSETS
NON-CURRENT ASSETS

Property, plant and equipment	2,863,493	2,891,141
Intangible assets	1,516	1,956
Long term deposits	2,077	2,077
	2,867,086	2,895,174

CURRENT ASSETS

Stores, spares and loose tools	49,531	50,533
Stock-in-trade	739,245	857,649
Trade debts	417,709	312,584
Loans and advances	308,714	229,348
Trade deposits and short-term prepayments	17,146	22,019
Other receivables	256	362
Other financial assets	14,852	14,852
Sales tax refundable	40,467	32,146
Cash and bank balances	42,786	60,364
	1,630,706	1,579,857

TOTAL ASSETS

	4,497,792	4,475,031
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EQUITY AND LIABILITIES
EQUITY

Share capital	173,248	173,248
General reserve	1,000,000	1,000,000
Unappropriated profit	299,776	287,262
	1,473,024	1,460,510
Surplus on revaluation of property, plant and equipment	1,341,477	1,357,456

NON-CURRENT LIABILITIES

Long-term finance	173,532	158,733
Deferred liabilities	179,549	165,302

CURRENT LIABILITIES

Trade and other payables	490,371	353,983
Interest / mark-up accrued on borrowings	8,238	12,482
Short-term borrowings	710,140	855,315
Current portion of long-term finance	64,374	64,394
Provision for income tax	57,087	46,856
	1,330,210	1,333,030

CONTINGENCIES AND COMMITMENTS

2

TOTAL EQUITY AND LIABILITIES

	4,497,792	4,475,031
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The annexed notes form an integral part of these condensed interim financial information


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


ANWAR AHMED TATA
 CHARIMAN / DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	September 30, 2016	September 30, 2015
Note	-----Rupees in 000-----	
Sales - net	1,186,341	1,160,088
Cost of goods sold	3 (1,093,314)	(1,086,532)
Gross profit	93,027	73,556
Distribution cost	(25,825)	(39,154)
Administrative expenses	(40,361)	(37,325)
Other operating expenses	(1,608)	(2,843)
Finance cost	(14,993)	(18,021)
	(82,787)	(97,343)
Other income	1,778	31
Profit / (loss) before taxation	12,018	(23,756)
Provision for taxation	(15,540)	(12,770)
Loss for the year	(3,522)	(36,526)
Other comprehensive income for the period	-	-
Total comprehensive income for the year	(3,522)	(36,526)
Earnings per share - basic and diluted	(0.20)	(2.11)

The annexed notes form an integral part of these condensed interim financial information


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


ANWAR AHMED TATA
 CHARIMAN / DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	September 30, 2016	September 30, 2015
	-----Rupees in 000-----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,018	(23,756)
Adjustments for :		
Depreciation	35,495	28,529
Amortization of intangibles	440	436
Provision for staff gratuity and compensated absences	12,676	8,541
Finance cost	14,993	18,021
Gain on disposal of property, plant and equipment	-	(10)
Operating cash flows before changes in working capital	75,622	31,761
(Increase) / decrease in current assets		
Stores, spares and loose tools	1,002	(1,927)
Stock-in-trade	118,404	189,934
Trade debts	(105,125)	180,574
Loans and advances	(71,674)	(266)
Trade deposits and short-term prepayments	4,873	(7,728)
Other receivables	106	-
Sales tax refundable	(8,321)	20,184
Increase / (Decrease) in current liabilities		
Trade and other payables	136,388	95,725
Cash generated from operations	151,275	508,257
Finance cost paid	(19,237)	(25,826)
Income taxes paid	(7,692)	(14,207)
Staff gratuity and compensated absences paid	(3,674)	(3,135)
Net cash generated from operating activities	120,672	465,089
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,847)	(59,387)
Proceeds from disposal of property and equipment	-	47
Long-term deposits	-	(6,607)
Net cash used in investing activities	(7,847)	(65,947)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance obtained	31,650	44,668
Repayment of long-term finance	(16,871)	(17,671)
Short-term borrowings repaid-net	(224,563)	(496,252)
Net cash used in financing activities	(209,784)	(469,255)
Net decrease in cash and cash equivalents (A+B+C)	(96,959)	(70,113)
Cash and cash equivalents at July 01	(385,911)	(333,742)
Cash and cash equivalents at September 30	(482,870)	(403,855)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	42,786	56,574
Short - term running finance under markup arrangements	(525,656)	(460,429)
	(482,870)	(403,855)

The annexed notes form an integral part of these condensed interim financial information


SHAHID ANWAR TATA
CHIEF EXECUTIVE


ANWAR AHMED TATA
CHARIMAN / DIRECTOR

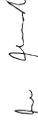
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Share Capital	General Reserve	Revenue reserve Unappropriated Profit	Total
Rupees in 000.....			
Balance at July 01, 2015	173,248	1,000,000	457,641	1,630,889
Comprehensive income				
Loss for the year	-	-	(36,526)	(36,526)
Other comprehensive income - net of tax	-	-	(36,526)	(36,526)
Transferred from surplus on revaluation of property, plant and equipment on account of: - incremental depreciation				
	-	-	9,452	9,452
Balance as at September 30, 2015	173,248	1,000,000	430,567	1,603,815
Balance at July 01, 2016	173,248	1,000,000	287,262	1,460,510
Comprehensive income				
Loss for the year	-	-	(3,522)	(3,522)
Other comprehensive income - net of tax	-	-	(3,522)	(3,522)
Transferred from surplus on revaluation of property, plant and equipment on account of: - incremental depreciation				
	-	-	16,036	16,036
Balance as at September 30, 2016	173,248	1,000,000	299,776	1,473,024

The annexed notes form an integral part of these condensed interim financial information



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHARIMAN / DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**
1. SELECTED EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

- 1.1 Tata Textile Mills Limited (the Company) was incorporated in Pakistan on April 15, 1987 as a public limited company under the Companies Ordinance, 1984 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 District Muzaffargarh, in the province of Punjab.
- 1.2 These condensed interim financial statements have been prepared under 'historical cost convention' except that certain property, plant and equipment have been included at the revalued amounts and certain employee retirement benefits are recognized at present value.
- 1.3 These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards, International Accounting Standard (IAS) 34: Interim Financial Reporting and in compliance with the requirement of section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Pakistan Stock Exchange Limited.
- 1.4 The accounting policies and methods of computation followed in the preparation of the 1st Quarterly financial statements are the same as those of the published annual financial statements for the period ended June 30, 2016.

2. CONTINGENCIES & COMMITMENTS
2.1 Contingencies

There is no contingency outstanding against the Company at period end.

2.2 Commitments

Letter of credit for store, machinery & raw material	804,178	417,743
Bank guarantees issued on behalf of the Company.	162,956	162,956
Bills discounted	187,380	498,216
Rental under Ijarah Finance Agreements		
- Not later than one year	57,282	57,282
- Later than one year and not later than 5 years	184,120	188,134
- Later than 5 years	11,098	21,424

September 30, June 30,
2016 2016
----- Rupees in '000' -----

3. COST OF GOODS SOLD

Cost of goods manufactured (3.2)	1,156,940	1,164,789
Finished goods		
Opening stock - (3.1)	301,423	442,592
Closing stock - (3.1)	(397,463)	(521,395)
	(96,040)	(78,803)
Cost of goods manufactured sold	1,060,900	1,085,986
Cost of Cotton Sold	32,414	546
	1,093,314	1,086,532

September 30, September 30,
2016 2015
----- Rupees in '000' -----

- 3.1 Finished goods stock also includes waste stock carried at net realizable value.

	September 30, 2016	September 30, 2015
	----- Rupees in '000' -----	
3.2 Cost of goods manufactured		
Raw material consumed (3.2.1)	859,647	853,244
Packing material consumed	15,272	25,204
Stores and spares consumed	18,515	18,976
Salaries, wages and benefits	89,863	81,082
Fuel and power	119,776	129,250
Insurance	5,034	6,603
Repairs and maintenance	638	2,752
Depreciation	34,035	26,549
Ijarah Rental	15,260	14,281
Other overheads	2,773	2,364
	1,160,813	1,160,306
Work-in-process		
Opening stock	41,589	42,238
Closing stock	(45,462)	(37,755)
	(3,873)	4,483
	1,156,940	1,164,789
3.2.1 Raw material consumed		
Opening stock	1,153,464	555,405
Purchases - net	2,502	588,991
	1,155,966	1,144,396
Closing stock	(296,319)	(291,152)
	859,647	853,244
4. TRANSACTIONS WITH RELATED PARTIES		
4.1 Associates		
Purchase of Goods	37,725	-
Sale of Goods	376	-
Share of expense received	485	521
Share of expense paid	127	618
4.2 Transactions with key management personnel		
Short-term benefits	27,201	20,902
Rent	776	776
5. APPROVAL OF FINANCIAL STATEMENTS		
The financial statements were authorized for issue on October 29, 2016 by the Board of Directors of the Company.		
6. Figures have been rounded off to nearest thousand rupee.		



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHARIMAN / DIRECTOR

پہلی سرمایہ کیلئے آپ کی کھینچی کے مالیاتی نتائج مجسمتقل طور پر حوصلہ شکن ہیں۔ زیر نظر جائزہ سرمایہ کے دوران کھینچی نے بعد از ٹیکس مبلغ 3.522 ملین روپے کا خسارہ برداشت کیا جس کا موازنہ گزشتہ سال اسی مدت کے دوران خسارہ بعد از ٹیکس مبلغ 36.526 ملین روپے سے کیا جاسکتا ہے۔

ٹیکسٹائل کی صنعت:

حیرت انگیز بات یہ ہے کہ گزشتہ دو سالوں سے ٹیکسٹائل کی صنعت میں دباؤ کی وجہ سے کوئی تبدیلی دیکھنے میں نہیں آئی اور یہ حکومت کی جانب سے پیداواری سیکٹرز پر عدم توجہی ہے بالخصوص کپڑے کی برآمدات میں، اور ہم اسٹیٹ بینک سے تعلق رکھنے والے حد خسارے میں ہیں جس کی وجوہات درج ذیل ہیں:-

1- خام مال کی لاگت:

ہمارا ملک پاکستان جو کہ عالمی مال کے حوالے سے اہم حیثیت رکھتا ہے اور ایک دہائی سے زائد عرصہ سے ہم کائون کے واحد درآمد کنندہ ہیں لیکن گزشتہ دو سالوں میں پاکستان میں کائون کی پیداوار غیر معمولی طور پر بہت کم رہی۔ اس سال کائون کی فصل کا تخمینہ تقریباً 11 ملین بیلازے ہے جبکہ ہماری کم از کم ضرورت 15 ملین بیلازے ہے۔ یہ ایک واحد وجہ ہے جس کی وجہ سے کائون کی لاگت کافی حد تک بڑھ گئی ہے اور مزید برآں اب یہ حقیقت ہے کہ حکومت نے کائون کی درآمدات پر 4% ڈیوٹی عائد کر دی ہے اس وجہ سے اخراجات مزید بڑھ گئے ہیں، اسی وجہ سے پاکستانی کائون اپنی ویلیو کے حساب سے بے حد مہنگا ہو گیا ہے۔ کائون کی درآمدات پر 4% کسٹم ڈیوٹی غیر مناسب ہے بالخصوص اس ملک میں جہاں پر بنیادی خام مال ہماری ضروریات کے برعکس تقریباً 40% کم ہے۔

2- فائبر:

اسی طرح دباؤ کا معاملہ ہے۔ گورنمنٹ نے فائبر کی مقامی صنعت کو تحفظ دینے کیلئے فائبر کی درآمدات پر ڈیوٹی میں حد سے زیادہ اضافہ کیا ہے جسے گزشتہ 35/40 سال سے تحفظ دیا جا رہا ہے۔ جس کی وجہ سے ٹیکسٹائل کی صنعت پر شدید دباؤ پڑا ہے۔

3- مزدور اور بجلی کی لاگت:

خط میں ہمارے پیداواری اخراجات زیادہ ہیں یعنی مزدوری اور بجلی، جس کا موازنہ بنگلہ دیش، انڈیا، سری لنکا، ویتنام اور ٹائیوان سے کیا جاسکتا ہے۔

3- روپے کی قدر دانی:

حکومت کی جانب سے ایکنجی کنٹرول کی اپنائی گئی پالیسی نے ملک کی برآمدات پر شدید اثر ڈالا ہے۔ ایک تخمینہ کے مطابق سال 2015ء سے پاکستان روپے کی قیمت 20% سے زائد ہے۔

5- حد سے زیادہ محصولات:

حکومت کی آمدنی میں اضافے کی بڑی وجہ تاہی اقدامات اور مزید محصولات میں اضافہ ہے۔ حکومت سسٹم میں نئے ٹیکس کنندگان کا اضافہ کرنے میں ناکام رہی ہے۔ بجائے موجودہ ٹیکس کنندگان پر ٹیکس کا بھاری بوجھ عائد کیا گیا ہے جو کہ کم سے کم ٹیکس اور دوہولہ ٹیکس کے ریش میں اضافہ کی صورت میں ہے اور صحیح معنوں میں ایماٹار ٹیکس کنندہ کو ٹیکس دینے کی سزا دی جا رہی ہے۔

مستقبل پر نظر:

اخراجات میں کوئی کمی کوشش کے باوجود ہم اپنی پروڈکٹ کی اڈن کو مستحکم کرنے کی جدوجہد کر رہے ہیں اور کائون کے حصول کے ٹیکٹوں میں بہتری لارہے ہیں۔

کافی عرصہ سے ہم ٹیکسٹائل سیکٹر کے بارے میں سن رہے ہیں جس کا ہمیں شدت سے انتظار ہے لیکن دفاعی حکومت کی جانب سے ابھی تک اس بارے میں کوئی اعلان نہیں کیا گیا۔ وزیراعظم اور آل پاکستان ٹیکسٹائل ٹرانڈینوی ایشن کے وفد کے درمیان اسلام آباد میں مشفقہ بینک کے دوران وزیراعظم نے کئی وعدے کئے اور اس بات پر بھی متفق ہوئے کہ کائون پر درآمداتی ڈیوٹی واپس لے لی جائے گی لیکن افسوس کوئی وعدہ پورا نہیں کیا گیا اور ہم اب تک ٹیکسٹائل سیکٹر کے بارے میں دفاعی حکومت کے اعلان کے منتظر ہیں اور ہم یہ دیکھنا چاہتے ہیں کہ وہ کس طرح ٹیکسٹائل کی صنعت کے مستقبل کو تبدیل کریں گے۔

اظہار تشکر:

یہاں یہ کہنا بہت ضروری ہے کہ ہمارے ہم مہراں جو کہ کھینچی کی کامیابی اور بہتری کیلئے اپنا کردار کر رہے ہیں، ہم ہمارے ٹیکر، خریداران اور صارفین کا بھی کھینچی پر اہتمام اور حمایت کرنے پر بے حد مشکور ہیں۔

محمد سعید

شاہد انور خان
چیف ایگزیکٹو

کراچی

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