



TATA TEXTILE MILLS LIMITED

**Condensed Interim Financial Information
For The Six Months Ended December 31, 2018**

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COMPANY INFORMATION**BOARD OF DIRECTORS**

CHAIRMAN	Mr. Anwar Ahmed Tata
CHIEF EXECUTIVE	Mr. Shahid Anwar Tata
DIRECTORS	Mr. Adeel Shahid Tata Mr. Bilal Shahid Tata Mr. Farooq Advani Ms. Shahbano Hameed (NIT) Mr. Muhammad Naseem

AUDIT COMMITTEE

CHAIRMAN	Mr. Muhammad Naseem
MEMBERS	Mr. Farooq Advani Mr. Bilal Shahid Tata
SECRETARY	Mr. Ghulam Raza Hemani

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN	Mr. Muhammad Naseem
MEMBERS	Mr. Shahid Anwar Tata Mr. Bilal Shahid Tata Mr. Farooq Advani
SECRETARY	Mr. Muhammed Ali Mirza
CHIEF FINANCIAL OFFICER	Mr. Haseeb Hafeezuddeen

COMPANY SECRETARY

Mr. Muhammad Hussain

BANKERS

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

6th Floor Textile Plaza,
M.A Jinnah Road Karachi.
Tel# 32412955-3 Lines 32426761-2-4
Fax# 32417710

WEB SITE ADDRESSwww.tatapakistan.com**E- MAIL ADDRESS**ttn.corporate@tatapakistan.com**MILLS**

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

Directors' Report**Assalam-o-Alaikum**

The Financial Statements (Un-audited) of the Company for the Half Year ended, December 31, 2018 is being presented to you.

The Company has incurred a pre-tax profit of Rs.98.045 million for the Half Year Ended December 31, 2018 as compared to pre-tax profit of 66.819 million during the corresponding period of last year.

Textile Industry

After a wonderful year and a good first quarter, the second quarter has not been as profitable. One of the major reason for this is that Pakistan's yarn capacity is much higher than what is consumed domestically and the surplus yarn production of 30 to 40 thousand Tons has to be exported, primarily to China. So one of the reason for the loss is that China most of the time, during the quarter remained absent from the market, due to their ongoing trade conflict with America, as a result there was more pressure in the local market of yarn and consequently the Prices could not correspond with the Cost. However, the outlook remains a little positive as China has recently started lifting the quantity and the local market consumption is also showing some improvement.

Cotton Crop

Pakistan's export is primarily dependent on Cotton and its production. Unfortunately, this year, yet again, we had a third consecutive crop failure as the crop is much below the average and the targets. Poor quality cotton is another major concern, especially Punjab cotton, which lends itself only for production of average quality course counts.

There is an urgent need to improve both the cotton crop output and quality and for this the Pakistan Agriculture Department should endeavor to produce quality certified seeds, improve seed varieties and initiate awareness programs to train farmers on proper picking, storing and supply of cotton. Ginning should be modernized and upgraded to meet international standards.

Power Cost

We appreciate the Government's initiative for announcing subsidized gas supply at \$6.5 per MMBTU and electricity at 7.5 cents, effective from January 2019, with an aim to reduce cost of production, increase competitiveness and boost exports.

Going Forward

It is expected that after the Chinese new-year and favorable America/China trade talks will be positive for Pakistan Textile Spinning Industry, resulting in lifting of yarn by China, before end of third quarter.

Other sectors, like knitted Fabric, knitted Garments, Denim, Towel, Home Textile, Woven Garments and even Fabric, Dyed and Grey are all doing well. The only Sector under stress is Spinning Segment which presently has an overcapacity.

Acknowledgement

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

On behalf of the Board of Directors



Shahid Anwar Tata
Chief Executive

Karachi
Dated: February 27, 2019

Deloitte.

Deloitte 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.deloitte.com

INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of Tata Textile Mills Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of TATA TEXTILE MILLS LIMITED (the Company) as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the half year then ended (here-in-after referred to as "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 financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

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 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting.

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


Chartered Accountants

Dated: February 27, 2019
Karachi

Member of
Deloitte Touche Tohmatsu Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

		December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
	Note	----- Rupees in '000' -----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,938,949	3,935,299
Intangible assets		1,238	1,004
Long-term deposits		2,684	2,670
		3,942,871	3,938,973
Current assets			
Stores, spares and loose tools		56,267	70,433
Stock-in-trade		3,125,022	1,089,874
Trade debts		418,379	777,983
Loans and advances		894,782	279,606
Trade deposits and short-term prepayments		1,592	1,278
Other receivables		94,750	95,724
Other financial assets		19,670	19,670
Sales tax refundable		142,815	116,432
Cash and bank balances		30,438	113,399
		4,783,715	2,564,399
TOTAL ASSETS		8,726,586	6,503,372
EQUITY AND LIABILITIES			
EQUITY			
Share capital		173,247	173,247
General reserve		1,000,000	1,000,000
Unappropriated profits		813,045	723,170
Surplus on revaluation of property, plant & equipment		1,807,286	1,841,047
		3,793,578	3,737,464
LIABILITIES			
Non-current liabilities			
Long-term finances	6	485,655	464,100
Deferred liabilities		382,679	365,863
		868,334	829,963
Current liabilities			
Trade and other payables		709,366	388,853
Accrued interest / mark-up on borrowings		63,750	27,442
Short-term borrowings		3,138,034	1,361,957
Current portion of long-term finances	6	118,059	118,367
Unclaimed dividend		5,901	4,893
Provision for income tax		29,564	34,433
		4,064,674	1,935,945
Contingencies and commitments	7		
TOTAL EQUITY AND LIABILITIES		8,726,586	6,503,372

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER



ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)**
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Note	Half year ended		Quarter ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
----- Rupees in '000' -----					
Sales - net	8	2,962,939	2,871,694	1,417,046	1,613,478
Cost of goods sold	9	(2,652,291)	(2,647,225)	(1,349,407)	(1,467,408)
Gross profit		310,648	224,469	67,639	146,070
Distribution cost		(38,877)	(49,669)	(16,371)	(27,857)
Administrative expenses		(63,797)	(61,915)	(32,171)	(31,633)
Other operating expenses		(7,752)	(23,321)	1,124	(8,244)
Finance cost		(108,940)	(63,316)	(73,760)	(36,997)
		(219,366)	(198,221)	(121,178)	(104,731)
Other income / (expense) - net		6,763	40,571	(3,118)	23,785
Profit / (loss) before taxation		98,045	66,819	(56,657)	65,123
Provision for taxation	10	(24,606)	(34,659)	(2,613)	(24,378)
Profit / (loss) for the period		73,439	32,160	(59,270)	40,745
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss) for the period		73,439	32,160	(59,270)	40,745
Earnings per share - basic and diluted (Rupees)		4.24	1.86	(3.42)	2.35

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER



ANWAR AHMED TATA
CHAIRMAN/DIRECTOR


**CONDENSED INTERIM STATEMENT OF CASHFLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	December 31, 2018	December 31, 2017
	----- Rupees in '000' -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	98,045	66,819
Adjustments for		
Depreciation	96,585	73,136
Amortisation	183	63
Provision for gratuity	19,782	15,168
Provision for compensated absences	5,402	5,095
Reversal of provision of doubtful trade debts	(621)	(429)
Finance cost	108,940	63,316
(Gain) / loss on disposal of property, plant and equipment	(4,429)	18,032
Operating cash flows before working capital changes	323,887	241,200
Decrease / (increase) in current assets		
Stores, spares and loose tools	14,166	(5,537)
Stock-in-trade	(2,035,148)	(1,169,219)
Trade debts	360,225	49,595
Loans and advances	(612,820)	908
Trade deposits and short-term prepayments	(314)	9
Other receivables	974	(41,725)
Long-term deposits	(14)	132
Sales tax refundable	(26,383)	(34,819)
Increase in current liabilities		
Trade and other payables	320,513	285,932
Cash used in operations	(1,654,914)	(673,523)
Finance cost paid	(72,632)	(53,228)
Income tax paid	(29,079)	(20,017)
Staff gratuity paid	(6,635)	(17,160)
Staff compensated absences paid	(4,484)	-
Net cash used in operating activities	(1,767,744)	(763,928)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(105,143)	(373,714)
Proceeds from disposal of property, plant and equipment	9,334	12,643
Additions to intangible assets	(417)	-
Other financial assets	-	249,691
Net cash used in investing activities	(96,226)	(111,380)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term finance	(51,070)	(32,187)
Long-term finance obtained	72,317	347,483
Short-term borrowings obtained / (paid off) - net	764,329	(374,662)
Dividend paid	(16,317)	(18)
Net cash generated from / used in financing activities	769,259	(59,384)
Net decrease in cash and cash equivalents (A+B+C)	(1,094,711)	(934,692)
Cash and cash equivalents at beginning of the period	(1,058,431)	(1,053,071)
Cash and cash equivalents as at period end	(2,153,142)	(1,987,763)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	30,438	54,311
Short-term running finances	(2,183,580)	(2,042,074)
	(2,153,142)	(1,987,763)

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


SHAHID ANWAR TATA
CHIEF EXECUTIVE


HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER


ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2018


	Issued, subscribed and paid up capital	Revenue reserve		Capital reserves		Total
		General reserve	Unappropriated profits	Revaluation surplus		
		Rupees in '000'				
Balance at June 30, 2017 (Audited)	173,247	1,000,000	400,246	1,236,795		2,810,288
Total comprehensive income for the half year ended December 31, 2017						
Profit for the period	-	-	32,160	-	-	32,160
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	32,160	-	-	32,160
Transferred from surplus on revaluation of property, plant and equipment on account of						
- incremental depreciation - net of deferred tax	-	-	36,029	(36,029)	-	-
- disposal of property, plant and equipment	-	-	11,690	(11,690)	-	-
	-	-	47,719	(47,719)	-	-
Balance at December 31, 2017 (Unaudited)	173,247	1,000,000	480,125	1,189,076		2,842,448
Total comprehensive income for the half year ended June 30, 2018						
Profit for the period	-	-	213,944	-	-	213,944
Other comprehensive income						
Surplus on revaluation of land, building, electric installation and plant and machinery - net of deferred tax	-	-	-	697,000	-	697,000
Gain on remeasurement of defined benefit plan - net of deferred tax	-	-	554	-	-	554
Adjustment of surplus on revaluation of plant and machinery due to change in tax rate	-	-	-	(16,482)	-	(16,482)
Total comprehensive income for the period	-	-	214,498	680,518	-	895,016

	Revenue reserve		Capital reserves		Total
	Issued, subscribed and paid up capital	General reserve	Unappropriated profits	Revaluation surplus	
			Rupees in '000'		
	-	-	19,847	(19,847)	-
	-	-	8,701	(8,701)	-
	-	-	28,548	(28,548)	-
Balance at June 30, 2018 (Audited)	173,247	1,000,000	723,170	1,841,047	3,737,464
Total comprehensive income for the half year ended December 31, 2018					
Profit for the period	-	-	73,439	-	73,439
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	73,439	-	73,439
	-	-	27,102	(27,102)	-
	-	-	6,659	(6,659)	-
	-	-	33,761	(33,761)	-
Transaction with owners					
Final cash dividend for the year ended June 30, 2018 @ Re. 1 per share	-	-	(17,325)		(17,325)
Balance at December 31, 2018 (Unaudited)	173,247	1,000,000	813,045	1,807,286	3,793,578

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


HASEEB HAFEZUDDIEN
 CHIEF FINANCIAL OFFICER


ANWAR AHMED TATA
 CHAIRMAN/DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018****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 (now the 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 District Muzaffargarh in the province of Punjab.

2. BASIS OF PREPARATION**2.1 Statement of compliance**

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

- IAS 34 for interim financial reporting issued by the International Accounting Standards Board (IASB) as is notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017

Where provisions of or directives issued under the Companies Act, 2017 differ from the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Securities and Exchange Commission of Pakistan (SECP), through SRO 1007(I)/2017, dated October 4, 2017, had notified IFRS 9 "Financial Instruments", replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018 which has further been deferred for the half year ended December 31, 2018, through SRO 229 (I)/2019 dated February 14, 2019. Accordingly the requirements of IFRS 9 have not been considered in the preparation of these condensed interim financial statements.

2.2 These condensed interim financial statements is presented in Pak Rupees which is also the Company's functional and presentation currency and figures presented in this condensed interim financial statements have been rounded off to the nearest thousand rupee unless otherwise stated.

2.3 These condensed interim financial statements are unaudited. However, a limited scope review of these condensed interim financial statements has been performed by the external auditors of the Company in accordance with the requirements required by section 237 of the Companies Act 2017.

2.4 The comparative statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2018 whereas comparative condensed interim profit and loss account, condensed interim statement of cash flows and condensed interim statements of changes in equity are taken from the unaudited condensed interim financial statements for the half year ended December 31, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2018, except for the application of IFRS -15 "Revenue from Contracts with Customers" disclosed in note 3.4.

3.2 The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial statements, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018.

3.3 There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 01, 2018, The management is currently considering the effect of these on the Company's operations and therefore not detailed in these condensed interim financial statements.

3.4 Adoption of new standards

IFRS 15 - Revenue from contracts with customers replaced IAS 18 - Revenue, IAS 11 - Construction contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognized when or as those performance obligations in a contract are satisfied. The changes laid down by this standard do not have any significant impact on these condensed interim financial statements of the Company.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2018.

	Notes	December 31, 2018 (Unaudited) ----- Rupees in '000' -----	June 30, 2018 (Audited)
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets		3,874,789	3,920,330
Capital work-in-progress	5.2	64,160	14,969
		3,938,949	3,935,299

5.1	Following additions, transfers in and disposals from operating assets were made:	Additions/ transfers from CWIP	Disposals (written down value)	Sale proceeds
----- Rupees in '000' -----				

During the period ended December 31, 2018 (Unaudited)

Plant and machinery	36,814	2,479	1,762
Factory and workshop equipment	7,541	-	-
Furniture and fixtures	183	-	-
Office equipment	4,290	-	-
Vehicles	7,124	2,426	7,572
	55,952	4,905	9,334

During the year ended June 30, 2018 (Audited)

Building on freehold land	100,512	11,678	7,578
Plant and machinery	339,284	20,707	5,400
Factory and workshop equipment	120	57	-
Electric installations	680	-	-
Furniture and fixtures	4,039	-	-
Office equipment	5,010	26	-
Vehicles	2,430	975	1,617
	452,075	33,443	14,595

5.2 During the period addition to capital work in progress are Rs 105 million .

	Note	December 31, 2018 (Unaudited) ----- Rupees in '000' -----	June 30, 2018 (Audited)
6 LONG-TERM FINANCES			
Banking companies - secured			
Demand finances		16,534	33,067
Term finances		139,097	157,848
SBP-LTF		440,176	380,482
Diminishing musharka		7,907	11,070
		603,714	582,467
Less: current portion shown under current liabilities			
Demand finances		16,534	33,067
Term finances		37,502	37,502
SBP-LTF		57,697	41,472
Diminishing musharka		6,326	6,326
		118,059	118,367
	6.1 & 6.2	485,655	464,100

6.1 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 rates ranging from 3.52 % to 11.5 % per annum (June 30, 2018: 3.5 % to 7.57% per annum).

December 31, June 30,
2018 2018
(Unaudited) (Audited)
----- Rupees in '000' -----

6.2 The movement in long term finance is as follows:

Balance as on July 01	582,467	296,858
Additions	72,317	347,483
Repayment	(51,070)	(61,874)
Balance as on December 31	603,714	582,467
Less: current portion of long term financing	(118,059)	(118,367)
	485,655	464,100

7. CONTINGENCIES AND COMMITMENTS

7.1 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 has also ultra vires to constitute 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 and therefore there is no need to record any further provision in these condensed interim financial statements.

7.2 Commitments

	Note	December 31, 2018 (Unaudited) ----- Rupees in '000' -----	June 30, 2018 (Audited)
(i) Civil works		15,500	14,855
(ii) Letters of credit			
- plant and machinery		-	30,360
- stores and spares		47,372	12,357
- raw material		-	9,411
(iii) Bank guarantees issued on behalf of the Company	7.2.1	184,158	178,628
(iv) Bills discounted with recourse			
- Export		256,485	264,634
- Local		2,235	29,053
		258,720	293,687
(v) Rentals under ijara finance agreements	7.2.2		
- Not later than one year		42,388	48,346
- Later than one year but not later than five years		83,610	103,943
		125,998	152,289
(vi) Outstanding sales contract		105,202	194,588

7.2.1 This includes bank guarantee for Sindh Development Infrastructure Cess amounting to Rs. 68.20 million (June 30, 2018: Rs. 58.70 million) for which provision amounting to Rs. 87.39 million (June 30, 2018 : Rs. 78.28 million) has been made in these condensed interim financial statements.

7.2.2 The commitment represents ijara agreements entered into with an Islamic Bank in respect of machinery. Total future ijara payments under agreements are Rs. 125.99 million (June 30, 2018: Rs. 152.29 million) and are payable in quarterly installments latest by June 2022. These commitments are secured against the exclusive ownership of machinery and third ranking charge against property, plant and equipment with 25% margin.

8. Sales

8.1 Sales include sales made to local customers (including indirect exports) and direct exports amounting to Rs. 2,192 million (2017: 1,915 million) and Rs. 770 million (2017: 957 million) respectively. The export are made to Asia Pacific region and Europe amounting to Rs. 755 million (2017: 930 million) and Rs. 15.6 million (2017: 27.1 million)

9. COST OF GOODS SOLD

	Note	Half year ended		Quarter ended	
		December 31,	December 31,	December 31,	December 31,
		2018	2017	2018	2017
		(Unaudited)			
		Rupees in '000'			
Opening finished goods		180,933	271,814	407,116	322,801
Cost of goods manufactured	9.1	3,038,936	2,554,394	1,509,869	1,323,590
		3,219,869	2,826,208	1,916,985	1,646,391
Closing finished goods	9.2	(567,578)	(200,250)	(567,578)	(200,250)
Cost of manufactured goods sold		2,652,291	2,625,958	1,349,407	1,446,141
Cost of raw material sold		-	21,267	-	21,267
		2,652,291	2,647,225	1,349,407	1,467,408
9.1 Cost of goods manufactured					
Raw material	9.1.1	2,371,147	1,953,772	1,162,772	1,021,634
Stores and spares		48,870	44,509	22,436	22,189
Packing material		39,583	37,854	18,918	20,197
Power and fuel		265,993	229,638	148,334	119,763
Salaries, wages and benefits		187,610	173,175	88,862	81,248
Depreciation		93,349	69,847	46,474	34,349
Insurance		5,287	4,490	2,640	2,443
Repairs and maintenance		2,538	2,219	1,237	1,175
Ijara rentals		28,872	30,442	13,528	15,278
Other overheads		4,409	3,834	2,301	2,195
		3,047,658	2,549,780	1,507,502	1,320,471
Work-in-process					
Opening stock		47,895	51,824	58,984	50,329
Closing stock		(56,617)	(47,210)	(56,617)	(47,210)
		(8,722)	4,614	2,367	3,119
		3,038,936	2,554,394	1,509,869	1,323,590
9.1.1 Raw material consumed					
Opening stock		861,045	791,266	1,209,337	670,575
Purchases - net		4,010,930	3,199,167	2,454,263	2,387,720
		4,871,975	3,990,433	3,663,600	3,058,295
Closing stock		(2,500,828)	(2,036,661)	(2,500,828)	(2,036,661)
		2,371,147	1,953,772	1,162,772	1,021,634

9.2 Net realizable value of finished goods was lower than its cost, resulting in a write-down of Rs. 9.25 million (December 31, 2017: Rs. 3.02 million) charged to cost of goods sold.

10. 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 balance sheet 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.

11. 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. Name of associated companies and undertaking are same as disclosed in annual audited financial statement of June 30, 2018. Significant transactions with related parties are as follows:

		Half year ended	
		December 31, 2018	December 31, 2017
		----- (Unaudited) -----	
		----- Rupees in '000' -----	
Relationship with the party	Nature of transactions		
Associated undertakings	Share of expenses received	1,057	1,108
	Share of expenses paid	1,285	1,792
	Purchase of stores	260	270
	Sales of property, plant and equipment	-	5,000
	Sale of goods	36	20,000
	Dividend paid	435	-
Key management personnel	Remuneration	36,152	24,992
Directors	Remuneration	9,250	5,865
	Meetings fee	195	160
	Rent expense		
	-godown	120	120
	-office premises	2,045	2,045
	Dividend paid	10,214	-

12. FAIR VALUE HIERARCHY

The Company's free hold land, building, electric installations and plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent impairment losses, if any. The fair value measurements of the Company's free hold land, building and plant and machinery were carried out as at June 30, 2018, all by Iqbal A. Nanjee & Company (Private) Limited (valuer) on the basis of market value or depreciated replacement values as applicable. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in valuation of properties, plant and machinery.

Levels of fair value are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities ;

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ;

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable

The fair value measurements for Details of Company's free hold land, building, plant and machinery and electric installations are classified into different levels as follows:


	Level 1	Level 2	Level 3	Total
	----- Rupees '000' -----			
As at December 31, 2018 (Unaudited)				
Free hold land	-	317,400	-	317,400
Building on free hold land	-	662,874	-	662,874
Plant and machinery	-	2,744,873	-	2,744,873
Electric installations	-	67,878	-	67,878
	-	3,793,025	-	3,793,025
As at June 30, 2018 (Audited)				
Free hold land	-	317,400	-	317,400
Building on free hold land	-	679,871	-	679,871
Plant and machinery	-	2,780,169	-	2,780,169
Electric installations	-	71,450	-	71,450
	-	3,848,890	-	3,848,890


There were no transfers between levels of fair value hierarchy during the period.

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements was authorized for issue on February 27, 2019 by the Board of Directors of the Company.


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


HASEEB HAFEEZUDEEN
 CHIEF FINANCIAL OFFICER


ANWAR AHMED TATA
 CHAIRMAN/DIRECTOR

ڈاٹریکٹرز رپورٹ

السلام و علیکم

31 دسمبر 2018ء کو ختم ہونے والی ششماہی کیلئے کمپنی کے (غیر آڈٹ شدہ) مالیاتی حسابات آپ کو پیش کئے جا رہے ہیں۔

کمپنی نے 31 دسمبر 2018ء کو ختم ہونے والی ششماہی میں قبل از ٹیکس منافع مبلغ 98.045 ملین روپے حاصل کیا ہے جس کا موازنہ گزشتہ سال کی اسی مدت کے دوران قبل از ٹیکس منافع مبلغ 66.819 ملین روپے سے کیا جاسکتا ہے۔

ٹیکسٹائل کی صنعت :

ایک بہترین سال اور ایک اچھی پہلی سہ ماہی کے بعد دوسری سہ ماہی منافع بخش نہیں رہی، اس کی اہم وجہ یہ ہے کہ پاکستان کے یارن کی پیداوار اس کی کھپت کے کہیں زیادہ ہے لہذا 30 سے 40 ہزار ٹن بنیادی طور پر چائنا کو برآمد کرنا ناگزیر ہے۔ نقصان کی ایک بنیادی وجہ چائنا اور امریکہ کے درمیان تنازعہ کی وجہ سے چائنا موجودہ ششماہی کے زیادہ تر وقت مارکیٹ سے غیر حاضر رہا۔ جس کے نتیجے میں یارن کی مقامی مارکیٹ میں کافی دباؤ تھا اور اس کے نتیجے میں قیمت کو لاگت سے مطابقت نہیں مل سکی۔ تاہم صورتحال تھوڑی مثبت رہی ہے کیونکہ چین نے حال ہی میں مال اٹھانا شروع کر دیا ہے اور مقامی مارکیٹ کی کھپت میں بھی کچھ بہتری دکھائی دے رہی ہے۔

کپاس کی فصل:

پاکستان کی برآمدات کا دارومدار بنیادی طور پر کپاس اور اس کی پیداوار پر منحصر ہے۔ بد قسمتی سے اس سال ایک بار پھر یعنی تیسری بار میں فصل ناکامی ہوئی کیونکہ فصل اوسط اور ہدف سے زیادہ ہے۔ غیر معیاری کپاس بالخصوص پنجاب کی کپاس ایک اہم تنویش ہے جو خود کو صرف اوسط معیاری یارن کی پیداوار تک محدود کرتا ہے۔

کپاس کی فصل کی پیداوار اور معیار کو بہتر بنانے کی اشد ضرورت ہے اور اس کے لئے پاکستان ایگریکلچر ڈیپارٹمنٹ کو قصد دینا ضروری ہے۔ بجوں کی قسموں کو بہتر بنانے کی کوشش کرنی چاہئے اور کپاس کا مناسب انتخاب، ذخیرہ کرنے اور فراہم کرنے کیلئے کسانوں کو تربیت دینے کے سلسلے میں پروگرام شروع کرنے چاہئیں۔ جنگل کو جدید اور بین الاقوامی معیار کے مطابق اپگرڈ کیا جانا چاہئے۔

بجلی کے اخراجات:

ہم حکومت کی جانب سے پیداوار کی لاگت کو کم کرنے، مسابقت بڑھانے اور برآمدات کو فروغ دینے کے مقصد کے ساتھ گیس کی سپلائی 6.5 ڈالرنی MMBTU اور بجلی پر 7.5 سینٹس سویڈ انڈیکس کرنے کے اعلان کا خیر مقدم کرتے ہیں جو کہ جنوری 2019ء سے مؤثر ہوگا۔

اگلا قدم :

امید ہے کہ چین کے نئے سال کے اختتام پر امریکہ/چائنا مثبت تجارتی مذاکرات پاکستان ٹیکسٹائل اسپننگ انڈسٹری کے لئے مثبت ثابت ہو گئے جس کے نتیجے میں تیسری سہ ماہی کے اختتام سے پہلے چین کی طرف سے یارن کی ترسیل شروع ہو جائے گی۔

دیگر شعبے جیسا کہ ہینڈ فیبرک، ہینڈ گارمنٹس، ڈینیم، تولیہ، ہوم ٹیکسٹائل، ووڈ اینڈ گارمنٹس اور یہاں تک کہ فیبرک، ڈائری اور گے بہتر کام کر رہے ہیں۔ صرف اسپننگ کا شعبہ اضافی صلاحیت کی وجہ سے دباؤ کا شکار ہے۔

اظہار تشکر:

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 بینکر جو کہ مستقل طور پر کمپنی کو سپورٹ کر رہے ہیں ان کے بھی مشکور ہیں اس کے علاوہ ہماری انتظامیہ شیئرز جو ہولڈرز کے مکمل اعتماد پر بھی مشکور ہیں۔

شاہد انوار مانا



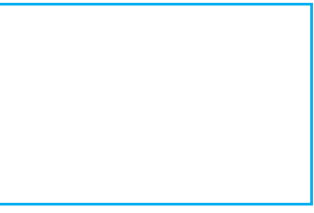
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