



ISLAND TEXTILE MILLS LIMITED

**Condensed Interim Financial Statements
For The Six Months Ended December 31, 2019**

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COMPANY INFORMATION**BOARD OF DIRECTORS**

Mr. Anwar Ahmed Tata - Chairman
Mr. Shahid Anwar Tata - Chief Executive
Mr. Bilal Shahid Tata - Executive Director
Mr. Adeel Shahid Tata - Non Executive Director
Miss Samar Shahid – Non Executive Director
Mr. Farooq Advani - Independent Director
Mr. M. Waris Magoon - Independent Director

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

Mr. Farooq Advani - Chairman
Mr. Shahid Anwar Tata - Member
Mr. Adeel Shahid Tata - Member
Miss Samar Shahid - Member
Mr. Muhammad Ali Mirza - Secretary

CHIEF FINANCIAL OFFICER

Mr. Haseeb Hafeezuddeen

COMPANY SECRETARY

Mr. Muhammad Hussain

INTERNAL AUDITOR

Mr. Ghulam Raza Hemani

AUDITORS

M/s. Deloitte Yousuf Adil
Chartered Accountants

BANKERS

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 Year ended December 31, 2019 is being presented to you.

The Company has incurred a Half Year Pre-Tax loss of Rs. 60 million (HY18 Profit Rs 218 million) mainly due to significant rise in Finance Cost on the back of increase in average KIBOR from 9.17% to 13.75% over last year despite efforts to reduce borrowing as much as possible impacting us by PKR. 76 million. However, if we remove the impact of interest hike then the half yearly accounts would show almost positive result.

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

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

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

Raw Material

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

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

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

Power Tariff

The Power tariff in Pakistan is exorbitantly high and we feel that the Power Sector can bring the whole Country's Industries to a stand-still. The Government's promise of Grid supply at U.S. Cents at 7.5 throughout Pakistan, which comes to around Rs. 11.62 was not kept. Instead many other surcharges were levied, bringing the present cost to about Rs.18/- per KWH. Moreover, SSGC is not supplying Gas on Sundays and during the day the Gas pressure is also reduced to 50%, therefore, we are compelled to use Grid at high tariff cost.

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

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

On behalf of the Board of Directors



Shahid Anwar Tata
Chief Executive



Adeel Shahid Tata
Director

Karachi

Dated: 27-February-2020



Deloitte Yousuf Adil
Chartered Accountants
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KCHSU, Sharea Faisal,
Karachi-75350
Pakistan
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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 ISLAND TEXTILE MILLS LIMITED (the Company) as at December 31, 2019, and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as condensed 'interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statement based on our review.

Scope of Review

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

Conclusion

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

Other matter

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

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

Chartered Accountants

Date: 27-February-2020
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

		Un-Audited December 31, 2019	Audited June 30, 2019
ASSETS			
	Note	----- (Rupees in 000) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	5	5,544,416	5,646,123
Intangible assets		694	797
Investments in associates	6	-	584,988
Long term investments		-	4,400
Long term deposits		1,434	1,434
		5,546,544	6,237,742
CURRENT ASSETS			
Stores, spares and loose tools		49,453	43,423
Stock-in-trade	7	1,133,446	2,229,105
Trade debts		665,036	868,462
Loans and advances		411,249	389,148
Short term prepayments		2,207	979
Other receivables		15,066	8,824
Other financial assets		34,341	34,341
Sales tax refundable		30,354	56,995
Cash and bank balances		83,243	21,119
		2,424,395	3,652,396
TOTAL ASSETS		7,970,939	9,890,138
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	5,000	5,000
Reserves		900,591	900,591
Unappropriated profit		716,454	889,738
Surplus on revaluation of property, plant and equipment		2,141,320	2,557,353
		3,763,365	4,352,682
NON-CURRENT LIABILITIES			
Deferred liabilities		222,165	305,593
Long term finance	9	1,397,331	1,697,331
		1,619,496	2,002,924
CURRENT LIABILITIES			
Trade and other payables		554,465	557,742
Unclaimed dividend		1,100	1,040
Short term borrowings		1,251,501	2,148,499
Interest / mark-up accrued on borrowings		142,594	155,041
Current portion of long term finance		600,000	600,000
Provision for income tax		38,418	72,210
		2,588,078	3,534,532
TOTAL EQUITY AND LIABILITIES		7,970,939	9,890,138

CONTINGENCIES AND COMMITMENTS

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


 SHAHID ANWAR TATA
 CHIEF EXECUTIVE


 HASEEB HAFEEZUDDEEN
 CHIEF FINANCIAL OFFICER


 ADEEL SHAHID TATA
 DIRECTOR

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


FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Half year ended		Quarter ended	
		December 31,	December 31,	December 31,	December 31,
		2019	2018	2019	2018
(Rupees in 000)					
Revenue from contract with customers - net	11	4,009,345	3,027,517	2,075,934	1,581,492
Cost of goods sold	12	(3,645,859)	(2,501,089)	(1,889,775)	(1,346,076)
Gross profit		363,486	526,428	186,159	235,416
Distribution cost		(64,280)	(50,696)	(31,217)	(25,469)
Administrative expenses		(68,328)	(62,998)	(35,659)	(33,124)
Other operating expenses		(19,135)	(16,207)	24,109	(5,548)
Finance cost		(269,587)	(193,649)	(128,394)	(108,231)
		(421,330)	(323,550)	(171,161)	(172,372)
Share of (Loss) / profit associates - net of tax		(4,428)	2,518	-	(8,917)
Other income		2,165	12,972	1,937	(864)
		(2,263)	15,490	1,937	(9,781)
(Loss) / profit before taxation		(60,107)	218,368	16,935	53,263
Taxation		(33,600)	(24,406)	(18,339)	(8,713)
(Loss) / profit for the period		(93,707)	193,962	(1,404)	44,550
Other comprehensive income					
<i>Item that will be reclassified subsequently through profit or loss</i>					
Company's share in unrealised gain on remeasurement of associates investment - net of deferred tax		-	3	-	2
Total comprehensive (loss) / income for the period		(93,707)	193,965	(1,404)	44,552
(Loss) / Earnings per share - basic and diluted (Rupees)		(187.41)	387.93	(2.81)	89.10

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 CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	December 31, 2019	December 31, 2018
	----- (Rupees in 000) -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(60,107)	218,368
Adjustments for :		
Depreciation	144,784	103,606
Amortisation	103	123
Provision for staff gratuity	16,760	15,791
Provision for compensated absences	6,817	5,492
Finance cost	269,587	193,649
Loss / (gain) on disposal of property, plant and equipment	7	(838)
Share of loss / (profit) from associates	4,428	(2,518)
Provision for doubtful debts	-	2,018
Operating cash flows before movements in working capital	382,379	535,691
(Increase) / decrease in current assets		
Stores, spares and loose tools	(6,030)	3,433
Stock-in-trade	1,095,659	(922,751)
Trade debts	203,426	166,124
Loans and advances	(63,322)	(5,952)
Other receivables	(6,242)	(18)
Short term prepayments	(1,228)	386
Sales tax refundable	26,641	(1,711)
(Decrease) / increase in current liabilities		
Trade and other payables	(3,277)	215,210
Cash generated from / (used in) operations	1,628,006	(9,588)
Finance cost paid	(282,034)	(167,232)
Staff gratuity paid	(6,469)	(7,341)
Staff compensated absences paid	(5,760)	(4,323)
Income taxes paid	(33,499)	(31,347)
Net cash generated from / (used in) operating activities	1,300,244	(219,831)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(43,088)	(7,889)
Proceeds from disposal of property, plant and equipment	6	1,497
Addition to intangible assets	-	(369)
Addition to other financial assets	-	(68)
Long term deposits paid	-	(115)
Proceeds from long term investment	4,400	-
Dividend received from associates	-	1,167
Net cash used in investing activities	(38,682)	(5,777)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances repaid	(300,000)	(62,798)
Dividend paid	(2,440)	(2,413)
Short-term borrowings (decrease) / Increase	(1,131,540)	103,939
Net cash (used in) / generated from financing activities	(1,433,980)	38,728
Net decrease in cash and cash equivalents (A+B+C)	(172,418)	(186,880)
Cash and cash equivalents at the beginning of the period	(657,510)	(786,026)
Cash and cash equivalents at the end of the period	(829,928)	(972,906)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	83,243	25,264
Short-term running finance	(913,171)	(998,170)
	(829,928)	(972,906)

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


 SHAHID ANWAR TATA
 CHIEF EXECUTIVE


 HASEEB HAFEEZUDDIEN
 CHIEF FINANCIAL OFFICER


 ADEEL SHAHID TATA
 DIRECTOR

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

Note	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
	5,000	900,000	591	(1,321)	677,914	829,009	2,411,193
Balance at July 01, 2018							
Total Comprehensive income for the half year ended December 31, 2018							
Profit after taxation for the period	-	-	-	-	193,962	-	193,962
Other comprehensive income	-	-	-	3	-	-	3
Transfer from surplus on revaluation of property, plant and equipment on account of: - incremental depreciation-net of deferred tax	-	-	-	-	12,623	(12,623)	-
Share of associate's transfer from surplus on revaluation of property, plant and equipment on account of - incremental depreciation-net of deferred tax	-	-	-	-	2,923	(2,923)	-
Transactions with owners Final cash dividend for the year ended June 30, 2018	-	-	-	-	(2,500)	-	(2,500)
Balance as at December 31, 2018	5,000	900,000	591	(1,318)	884,922	813,463	2,602,658
Total comprehensive income for the period ended June 30, 2019							
Loss for the period							
Other comprehensive income							
Surplus on revaluation of land, building, electric installation and plant and machinery- net of tax					(9,233)	-	(9,233)
Company's share in associates on Surplus on leasehold land, building on leasehold land, and plant and machinery-net of tax						1,634,494	1,634,494
Transfer of unrealised loss on disposal of investment available-for-sale						122,177	122,177
Re-measurement gain of defined benefit - net of tax							
Company's share in re-measurement gain on associates' defined benefit plan - net of tax							
Total comprehensive income for the period	5,000	900,000	591	(1,189)	874,950	2,570,134	4,349,486

Note	Share Capital	Revenue Reserve			Capital Reserve	Total
		General reserve	Other reserve	Company's share in other comprehensive income of associates		
					Surplus on revaluation of property, plant and equipment	
					Rupees in 000.....	
Transferred from surplus on revaluation of property, plant and equipment on account of: Incremental depreciation and disposal - net of tax Add: Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate				12,774	(12,774)	-
Company's share in associates' surplus on revaluation of property plant and equipment on account of: Incremental depreciation and disposal - net of tax Add: Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate				3,204	(3,204)	(89)
	5,000	900,000	591	(1,189)	890,928	2,557,353
Balance at June 30, 2019 (Audited)						4,352,683
Total Comprehensive income for the half year ended December 31, 2019						
Loss after taxation for the period					(93,707)	
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	6	-	-	-	(364,312)	(364,312)
- disposal of investment in associates	6	-	-	1,189	(87,964)	(86,775)
- changes in value of investment due to specie dividend	6	-	-	-	(42,024)	(42,024)
				1,189	(129,988)	(493,111)
Balance as at December 31, 2019	5,000	900,000	591	-	716,454	2,141,320

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

1 LEGAL STATUS AND NATURE OF BUSINESS

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 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 Kotri Industrial Estate, Kotri in the province of Sindh.

2 BASIS OF PREPARATION

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

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

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

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

2.2 These condensed interim financial statements is presented in Pakistani Rupees which is also the Company's functional currency and figures presented in these condensed interim financial statements has been rounded off to These condensed interim financial statements are un-audited and all relevant compliance with Companies Act, the nearest thousand rupees.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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

4 FINANCIAL RISK MANAGEMENT

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

		December 31, 2019	June 30, 2019
		(Un-audited)	(Audited)
	Note	----- Rupees in '000' -----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	5,544,115	5,643,873
Capital work-in-progress		301	2,250
		5,544,416	5,646,123

- 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, 2019 (Un-audited)			
Plant and machinery	40,677		
Factory Equipment	3,141		
Computers	474	13	6
Furniture and fixtures	748	-	-
	45,040	13	6
During the year ended June 30, 2019 (Audited)			
Building - Mill	198	-	-
Plant and machinery	15,114	-	-
Mills Equipment	666	-	-
Computer Equipment	8,062	7	13
Furniture & Fixture	1,282	-	-
Vehicle	2,120	672	1,502
	27,442	679	1,515

6 INVESTMENT IN ASSOCIATES

During the period, the company distributed its investment in shares of its associate undertakings (i.e. Salfi Textile Mills Limited and Tata Textile Mills Limited) as specie dividend. The distribution was made in the ratio of 1000 : 732 and 1000 : 869 (i.e. for 1,000 of ITML, shareholders will get 732 shares of Salfi Textile Mills Limited and 869 shares of Tata Textile Mills Limited). The transaction do not fall under the scope of IFRIC 17 "Distribution of Non-cash Assets to Owners" as the control of the entity remains with the same parties before and after the distribution and the transaction has been recognised in the statement of changes in equity.

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
		----- (Rupees in 000) -----	
7 STOCK-IN-TRADE			
Raw material		877,231	1,956,460
Work-in-process		48,020	63,441
Finished goods		175,535	202,661
Waste stock		34,761	6,864
		1,135,547	2,229,426
Less: Provision for written down of inventories to their net realisable value		(2,101)	(321)
		1,133,446	2,229,105
8 SHARE CAPITAL AND RESERVES			
<i>Authorized share capital</i>			
1,000,000 ordinary shares of Rs.10 each		10,000	10,000
<i>Issued, subscribed and paid-up capital</i>			
500,000 ordinary shares of Rs.10 each		5,000	5,000
9 LONG TERM FINANCES			
Banking companies - secured			
Syndicate term finance	9.1	1,591,521	1,818,882
Syndicate long term finance facility-1	9.2	392,689	388,422
Syndicate long term finance facility-2	9.3	13,121	90,027
		1,997,331	2,297,331
Less: Current portion shown under current liabilities			
Syndicate term finance		(454,720)	(454,720)
Syndicate long term finance facility-1		(142,364)	(125,598)
Syndicate long term finance facility-2		(2,916)	(19,682)
		(600,000)	(600,000)
	9.4	1,397,331	1,697,331

- 9.1** 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, 2019: 6 months KIBOR plus 1.4% per annum). It is repayable in eight years, including grace period of 36 months cumulative for principal repayment. Mark up is payable semi annually in arrears and principal in equal semi annual installments from August 2017.
- 9.2** 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 7.1 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 4.5% per annum plus bank spread i.e.1.4% (2018:4.5% per annum plus bank spread i.e. 1.4%) . The facility is repayable in 07 years. Mark up is payable quarterly payments in arrears and principal in equal semi annual installments from 28 November 2017.
- 9.3** 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 7.1 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 2.0% per annum plus Bank spread i.e.1.5%(2018: 2.0% per annum plus Bank spread i.e.1.5%) . The facility is repayable in 07 years. Mark up is payable quarterly payments in arrears and principal in equal semi annual installments from 30 November 2019.

9.4	LONG TERM FINANCING	Note	December 31,	June 30,
			2019	2019
			(Unaudited)	(Audited)
			----- Rupees in '000' -----	
	Balance as on July 01,		2,297,331	2,658,672
	Additions		-	-
	Repayment		(299,999)	(361,341)
	Balance as on		1,997,332	2,297,331
	Less: current portion of long-term financing		(600,000)	(600,000)
			1,397,331	1,697,331

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

Letters of credit for

- Raw material

805,309 75,067

- Spares and Machinery

16,365 19,495

Bank guarantees

10.2.1 161,715 148,084

Bills discounted

472,210 275,404

Outstanding sales contracts

521,407 358,117

- 10.2.1** This includes bank guarantee related to Sindh Infrastructure Development Cess amounting to Rs. 136.80 million (June 30, 2019: Rs.125.80 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. 2,919 million (December 31, 2018: 2,227 million) and Rs. 1,090 million (December 31, 2018: 800 million) respectively.

12 COST OF GOODS SOLD

Note	Half Year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
----- Un-audited -----				
----- (Rupees in 000) -----				
	209,204	190,883	238,675	584,395
Opening finished goods				
Cost of goods manufactured	12.1 3,644,709	3,055,354	1,859,295	1,510,573
	3,853,913	3,246,237	2,097,970	2,094,968
Closing finished goods	12.2 (208,195)	(748,892)	(208,195)	(748,892)
	3,645,718	2,497,345	1,889,775	1,346,076
Cost of raw material sold	141	3,744	-	-
Cost of goods sold	3,645,859	2,501,089	1,889,775	1,346,076

12.1 Cost of goods manufactured

	Note	Half Year ended		Quarter ended	
		December 31,	December 31,	December 31,	December 31,
		2019	2018	2019	2018
----- Un-audited -----					
----- Rupees in '000' -----					
Raw material consumed	12.1.1	2,890,608	2,439,714	1,485,193	1,207,065
Stores and spares		63,596	52,468	31,566	30,081
Packing material		44,195	39,048	23,369	18,830
Fuel and power		283,409	243,013	145,293	120,398
Salaries, wages and benefits		187,720	167,186	88,295	80,983
Depreciation		142,419	101,948	71,707	51,040
Insurance		8,785	6,497	5,364	3,119
Repairs and maintenance		2,839	1,599	2,107	1,008
Amortization		99	-	49	-
Other overheads		5,618	5,819	2,093	2,576
		3,629,288	3,057,292	1,855,036	1,515,100
Work-in-process					
Opening stock		63,441	48,217	52,279	45,628
Closing stock		(48,020)	(50,155)	(48,020)	(50,155)
		15,421	(1,938)	4,259	(4,527)
		3,644,709	3,055,354	1,859,295	1,510,573
12.1.1 RAW MATERIAL CONSUMED					
Opening stock		1,956,460	1,592,740	1,413,994	1,026,332
Purchases - net		1,811,379	2,802,519	948,430	2,136,278
		3,767,839	4,395,259	2,362,424	3,162,610
Closing stock		(877,231)	(1,955,545)	(877,231)	(1,955,545)
		2,890,608	2,439,714	1,485,193	1,207,065

12.2 Net realisable value of finished goods was lower than its cost, resulting in a write-down of Rs 2.101 million (December 31, 2018: Rs. 0.496 million) charged to cost of goods sold.

13 TRANSACTIONS WITH RELATED PARTIES

Details of significant transactions with related parties, other than those which have been disclosed elsewhere in these condensed interim unconsolidated financial status, are as follows:

Relationship with the party	Nature of transactions	Half year ended	
		December 31,	December 31,
		2019	2018
----- Un-audited -----			
----- (Rupees in 000) -----			
Associated undertakings	Share of expense received	2,515	1,031
	Share of expense paid	1,734	1,649
	Purchase of electricity	285,323	215,684
	Purchase of cotton	120,354	-
	Dividend received	217	1,167
	Rent expense	300	300
Key management personnel	Remuneration	30,083	27,909
Directors	Remuneration	6,150	5,870
	Directors meeting fee	520	130
	Rent expense	2,645	2,645
	Cash dividend	1,639	1,627
	Non-cash dividend (Net assets)	380,557	-

Relationship with the party	Outstanding balance	Un-audited	Audited
		December 31, 2019 ----- (Rupees in 000) -----	June 30, 2019
Associated undertakings	Trade Creditors	83,150	69,548

14 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

15 DATE OF AUTHORISATION FOR ISSUE

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



SHAHID ANWAR TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER



ADEEL SHAHID TATA
DIRECTOR

پاورٹیرف:

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

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

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

یورڈ آف ڈائریکٹرز کی جانب سے



عدیل شاہ نانا
ڈائریکٹر



شاہد انوار نانا
چیف ایگزیکٹو

کراچی

مورخہ 27 فروری 2020ء

ڈاٹریکٹرز رپورٹ

السلام علیکم،

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

کینی کو اس ششماہی میں مبلغ 60 ملین روپے کا قبل از ٹیکس خسارہ ہوا ہے (ششماہی 2018ء منافع مبلغ 218 ملین روپے) جس کی بنیادی وجہ پچھلے سال کے مقابلے میں فنانس لاگت میں اوسطاً KIBOR میں 9.17% سے 13.75% اضافہ ہے اور فنانس لاگت میں نمایاں اضافے کی وجہ سے قرضوں کو کم کرنے کی کوشش کے باوجود ہم پر 76 ملین پاکستانی روپے کا اثر پڑ رہا ہے۔ تاہم اگر ہم دوسری اہلکار کے اثرات کو نظر انداز کرتے ہیں تو پھر ششماہی کھاتوں کا مثبت نتیجہ سامنے آجائے گا۔

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

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

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

خام مال :

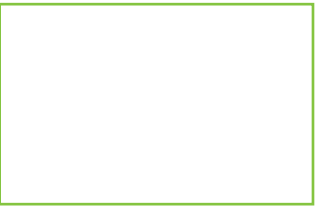
ایک بار پھر پاکستان کو کپاس کی فصل کے سلسلے میں شدید ناکامی کا سامنا ہے۔ کپاس کی آمد کے اعداد و شمار تقریباً 8.5 ملین گانٹھیں ہیں جو حکومت کے تخمینے والے 15 ملین کے اعداد و شمار سے بالکل پیچھے ہیں۔ صوبہ پنجاب جو 11 ملین سے زائد گانٹھیں تیار کر رہا تھا وہ اب صرف 5 ملین گانٹھیں تیار کر رہا ہے جو نصف سے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

حکومت پاکستان کو جدید تحقیقاتی ٹیکنالوجی کے ذریعے اور کپڑے مارڈوائس اور کھادوں کی نگرانی کے ذریعے معیاری بیجوں کی نشوونما کے سلسلے میں بنیادی اقدامات اٹھانے کی ضرورت ہے جب تک کہ ہمارے کپاس کے بیجوں کو اپ گریڈ نہیں کیا جاتا۔ ہم کپاس کی پیداوار کے معیار اور مقدار میں کسی اضافے کا امکان نہیں رکھتے ہیں۔

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

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