



SALFI TEXTILE MILLS LIMITED

**Condensed Interim Financial Statements (UNAUDITED)
For The Nine - Month Period Ended March 31, 2020**

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COMPANY INFORMATION**BOARD OF DIRECTORS**

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

AUDIT COMMITTEE

Mr. Farooq Advani - Chairman
Mr. Bilal Shahid Tata - Member
Miss Samar Shahid Tata - Member
Mr. Ghazanfer Yaseen - Secretary

HR & REMUNERATION COMMITTEE

Mr. Farooq Advani - Chairman
Mr. Shahid Anwar Tata - Member
Mr. Bilal Shahid Tata - Member
Miss Samar Shahid Tata - Member
Mr. M. Ali Mirza - Secretary

CHIEF FINANCIAL OFFICER

Mr. Haseeb Hafeezuddeen

COMPANY SECRETARY

Mr. Muhammad Hussain

INTERNAL AUDITOR

Mr. Ghazanfer Yaseen

AUDITORS

M/s. Deloitte Yousuf Adil
Chartered Accountants

BANKERS

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

LEGAL ADVISOR

Ameen Bandukda & Co. Advocates

REGISTERED OFFICE

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

FACTORY LOCATION

HX-, Landhi Industrial Area
Landhi, Karachi

SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal Karachi
Tel# (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053

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

The financial statements (unaudited) of the Company for the Nine Months Ended March 31, 2020 is being presented to you.

The Company has incurred an after-tax loss of Rs.35.449 million for the Nine Month Ended March 31, 2020, as compared to after-tax loss of Rs. 74.084 million during the corresponding period of last year.

The primary reason for the loss incurred is due to the rise in Finance Cost as KIBOR had gone up from 9.17% to 13.75% over last year. Although, we have endeavored to reduce borrowing as much as possible by reducing inventories to reduced working capital requirement, however, it has impacted our company significantly.

Currently, Pakistan is confronted with the crisis of Covid-19 outbreak like the whole world. Measures taken by the Government to control the pandemic has affected the economic activity and businesses have come to a halt not only in Pakistan but globally as well. Because of the Corona Virus the world wide commodities, stock markets, finance markets and oil prices have collapsed and also Cotton. As we have honored all our contracts so we have lot of Cotton in stock and in the pipeline and the value of all that cotton has now reduced drastically, due to the Corona pandemic.

Our Spinning Mills have ceased operation, due to the lock down policy of the Government and we are uncertain how long this situation will last. However, we support the efforts and measures taken by both Federal and Provincial Governments during this time of crisis. The Government has also taken some positive steps like deferring loan repayments, providing salary loans and speeding up of refunds, but these measures still fall short to keep the Textile Industry afloat.

As the World Economy is badly shaken in lockdown situation, so there is every likelihood that we will face severe economic recession for months to come. Under the circumstances, one of the important steps that the government should take is to give fair subsidy to various elements in the agricultural value chain at the sowing stage (seed, electricity, fertilizer, pesticides, etc.) so cotton growers can obtain their inputs at reduced cost which will help provide cheaper raw material to Spinning Sector. Further, the 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.

FUTURE OUTLOOK

There are a lot of uncertainties in the foreseeable future so we cannot confirm the outcome of current situation as already there are prediction of negative growth. However, as the Government has allowed some of the Industries, including Textile sector to operate under strict guidelines, so we will endeavor to restart our Yarn productions for survival of our Mills.

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 thank our Bankers, Vendors and Customers for their consistent trust and support.

On behalf of the Board of Directors



Adeel Shahid Tata
Chief Executive



Shahid Anwar Tata
Director

Dated: April 30, 2020
Karachi

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT March 31, 2020**

	March 31, 2020 (Unaudited)	June 30,2019 (Audited)	
Note Rupees in 000.....		
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,479,873	5,330,656
Intangible assets		733	902
Long-term investments	6	617	16,902
Long-term deposits		1,370	1,023
		5,482,593	5,349,483
Current assets			
Stores, spares and loose tools		38,034	47,698
Stock-in-trade	7	1,278,430	2,211,912
Trade debts		485,431	418,506
Loans and advances		362,998	310,330
Short-term prepayments		3,901	1,535
Other receivables		29,010	15,264
Other financial assets		26,740	24,740
Sales tax refundable		74,618	85,659
Cash and bank balances		16,787	6,963
		2,315,949	3,122,607
TOTAL ASSETS		<u>7,798,542</u>	<u>8,472,090</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		33,426	33,426
Reserves		505,996	505,996
Unappropriated profit		392,507	386,082
Surplus on revaluation of property, plant and equipment		3,346,374	3,388,248
		4,278,303	4,313,752
Non-current liabilities			
Long-term finance	8	462,595	216,844
Deferred liabilities		214,199	200,728
		676,794	417,572
Current liabilities			
Trade and other payables		566,129	467,398
Unclaimed dividend		1,227	1,271
Interest / mark-up accrued on borrowings		49,716	105,821
Short-term borrowings		1,994,709	2,965,649
Current portion of long-term finances	8	175,783	129,306
Provision for income tax		55,881	71,321
		2,843,445	3,740,766
TOTAL EQUITY AND LIABILITIES		<u>7,798,542</u>	<u>8,472,090</u>
CONTINGENCIES AND COMMITMENTS			
	9		

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



ADEEL SHAHID TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER



SHAHID ANWAR TATA
DIRECTOR

**CONDENSED INTERIM PROFIT OR LOSS ACCOUNT
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE-MONTH PERIOD AND QUARTER ENDED MARCH 31, 2020**

	Note	Nine-month period ended		Quarter Ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
-----Rupees in 000-----					
Revenue from contract with customers-net	10	5,513,606	4,854,743	1,436,688	1,979,424
Cost of goods sold	11	(5,042,615)	(4,502,483)	(1,256,455)	(1,897,813)
Gross profit		470,991	352,260	180,233	81,611
Distribution cost		(110,579)	(71,501)	(31,911)	(28,790)
Administrative expenses		(104,693)	(89,430)	(35,388)	(28,177)
Other operating expenses		(20,866)	(2,476)	(3,359)	1,697
Finance cost		(284,311)	(223,903)	(79,488)	(90,606)
		(520,449)	(387,310)	(150,146)	(145,876)
		(49,458)	(35,050)	30,087	(64,265)
Other Income		74,523	8,199	(1,570)	1,705
Profit/(Loss) before taxation		25,065	(26,851)	28,517	(62,560)
Taxation	12	(60,514)	(47,233)	(21,362)	(17,681)
(Loss)/Profit for the period		(35,449)	(74,084)	7,155	(80,241)
Other comprehensive income					
Unrealized loss on remeasurement of investment available-for-sale		-	(206)	-	(243)
Total comprehensive (Loss)/Income for the period		(35,449)	(74,290)	7,155	(80,484)
(Loss)/Earnings per share - Basic and diluted		(10.61)	(22.16)	2.14	(24.01)

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


ADEEL SHAHID TATA
CHIEF EXECUTIVE


HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER


SHAHID ANWAR TATA
DIRECTOR

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED)
FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2020**

	March 31, 2020	March 31, 2019
	<u>----- Rupees in '000' -----</u>	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	25,065	(26,851)
Adjustments for :		
Depreciation	142,278	114,026
Amortization	168	192
Provision for staff gratuity	24,582	25,500
Provision for staff compensated absences	6,220	5,164
Finance cost	284,311	223,903
Gain on disposal of property, plant and equipment	(6,892)	(1,098)
Unrealized gain on long term Investment	(115)	-
Operating cash flows before movements in working capital	<u>475,617</u>	<u>340,836</u>
 Decrease / (Increase) in current assets		
Stores, spares and loose tools	9,664	(1,687)
Stock-in-trade	933,481	(962,463)
Trade debts - considered good	(66,926)	113,452
Loans and advances	(123,342)	(21,158)
Trade deposits & short term prepayments	(2,366)	(2,000)
Other receivables	(13,747)	27,783
Other financial assets	(2,000)	-
Sales tax refundable	11,041	(23,261)
 Increase in current liabilities		
Trade and other payables	98,731	280,328
 Cash generated from / (used in) operations	<u>1,320,153</u>	<u>(248,170)</u>
Finance cost paid	(340,416)	(213,905)
Income taxes paid	(3,190)	(59,339)
Staff gratuity paid	(14,241)	(12,290)
Compensated absences paid	(5,179)	(4,810)
Net cash generated from /(used in) operating activities	<u>957,127</u>	<u>(538,514)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(299,560)	(34,706)
Proceeds from disposal of property, plant and equipment	14,958	4,828
Purchase of intangible assets	-	(546)
Long-term deposit	(347)	228
Long-term investment	16,400	-
Net cash (used in) investing activities	<u>(268,549)</u>	<u>(30,195)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances Repayment	(119,208)	(231,082)
Long term finances Obtain	411,436	-
Short-term borrowings repayments	(387,873)	392,777
Payment of dividend	(43)	(6,488)
Net cash (used in)/generated from financing activities	<u>(95,688)</u>	<u>155,207</u>
 Net increase / (decrease) in cash and cash equivalents (A+B+C)	592,890	(413,502)
Cash and cash equivalents at the beginning of the period	(1,556,606)	(1,332,483)
Cash and cash equivalents at the end of the period	<u>(963,716)</u>	<u>(1,745,985)</u>
 CASH AND CASH EQUIVALENTS		
Cash and bank balances	16,786	14,613
Short-term running finance	(980,502)	(1,760,598)
	<u>(963,716)</u>	<u>(1,745,985)</u>

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


ADEEL SHAHID TATA
CHIEF EXECUTIVE


HASEEB HAFEEZUDDIEN
CHIEF FINANCIAL OFFICER


SHAHID ANWAR TATA
DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2020**

	Revenue Reserve				Capital Reserve		Total
	Share Capital	General Reserve	Other reserve	Unrealized (loss)/remeasurement of securities available for sale	Unappropriated profit	Surplus on revaluation of property, plant and equipment	
Balance at July 01, 2018	33,426	500,000	5,996	(108)	431,387	2,288,970	3,259,671
Total Comprehensive income	-	-	-	-	(74,084)	-	(74,084)
Loss for the period	-	-	-	(206)	-	-	(206)
Other comprehensive income	-	-	-	(206)	(74,084)	-	(74,290)
Gain on remeasurement of investment classified available for sale	-	-	-	-	-	(34,955)	-
Total comprehensive income for the period	-	-	-	(206)	(74,084)	(34,955)	(206)
Transfer from surplus on revaluation of property, plant and equipment on account of:	-	-	-	-	34,955	(34,955)	-
- incremental depreciation	-	-	-	-	932	(932)	-
- disposal	-	-	-	-	35,887	(35,887)	-
Transaction with owners	-	-	-	-	(6,685)	-	(6,685)
Dividend paid @ Rs.2 per share for June 30, 2018	-	-	-	(314)	386,505	2,253,083	3,178,696
Balance as at March 31, 2019 (Unaudited)	33,426	500,000	5,996	(314)	386,505	2,253,083	3,178,696
Loss for the period	-	-	-	-	(12,831)	-	(12,831)
Other comprehensive income	-	-	-	-	-	-	-
Gain on leasehold land, building on leasehold land and plant and machinery-net of tax	-	-	-	-	-	1,147,408	1,147,408

	Revenue Reserve				Capital Reserve	
	Share Capital	General Reserve	Other reserve	Unrealized (loss)/ gain on remeasurement of securities available for sale	Unappropriated profit	Surplus on revaluation of property, plant and equipment
(loss)/gain on remeasurement of investment classified available for sale	-	-	-	206	-	206
defined benefit plan	-	-	-	-	303	303
defined benefit liability	-	-	-	-	(29)	(29)
Total comprehensive income for the period	-	-	-	206	273	479
Transfer from surplus on revaluation of property, plant and equipment on account of:	-	-	-	206	(12,558)	1,147,408
- Incremental depreciation	-	-	-	-	12,243	(12,243)
- disposal	-	-	-	-	12,243	(12,243)
Impact of IFRC-9	-	-	-	108	(108)	-
Balance at July 01, 2019	33,426	500,000	5,996	-	386,082	4,313,752
Loss for the period	-	-	-	-	(35,449)	(35,449)
Other comprehensive income	-	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment on account of:	-	-	-	-	-	-
- Incremental depreciation	-	-	-	-	61,918	(61,918)
- disposal	-	-	-	-	20,044	20,044
Balance as at March 31, 2020 (Unaudited)	33,426	500,000	5,996	-	392,507	4,276,303

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



ADEEL SHAHID TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDDEN
CHIEF FINANCIAL OFFICER



SHAHID ANWAR TATA
DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

Salfi Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan on January 05, 1968 under the Companies Act, 1913 (repealed) now The Companies' Act 2017 and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6th floor Textile Plaza, M.A. Jinnah Road, Karachi in the province of Sindh. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facilities are located at Landhi Industrial Estate, Karachi in the Province of Sindh.

2. BASIS OF PREPARATION

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

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

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

2.2 These condensed interim financial statements is presented in Pakistani Rupees which is also the Company's functional currency and figures presented in these condensed interim financial statements has been rounded off to the nearest thousand rupees.

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

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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

4 FINANCIAL RISK MANAGEMENT

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

5 PROPERTY, PLANT AND EQUIPMENT

	March 31, 2020	June 30, 2019
	(Unaudited)	(Audited)
	---Rupees in '000'---	
Operating fixed assets	5,464,498	5,287,733
Capital work in progress	15,375	42,923
	<u>5,479,873</u>	<u>5,330,656</u>

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

	Additions	Disposal (W.D.V.)	Sales Proceeds
	----- Rupees in '000' -----		
During the Quarter ended March 31,2020 (Unaudited)			
Plant & Machinery	75,955	-	-
Furniture & Fixture	1,682	-	-
Office Equipment	358	39	39
	77,995	39	39
During the period ended June 30,2019 (Audited)			
Buildings on leasehold land	3,617	-	-
Plant & Machinery	22,594	2,200	1,484
Electric Installation	-	214	-
Mill equipment	250	-	-
Furniture & Fixture	665	-	-
Office Equipment	2,789	18	15
Vehicles	-	1,521	3,335
	29,915	3,953	4,834

5.2 During the period, the addition to capital work in progress is amounting to Rs. Nil.(June 30, 2019 Rs. 18.01 million)

	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
Note	----Rupees in '000'----	
6 LONG-TERM INVESTMENT		
Fair value through profit and loss		
Listed shares-Samba Bank Limited	6.1	617
		502
Amortized Cost		
Government bonds	-	16,400
	617	16,902

6.1 This represents investment in the shares of Samba Bank Limited. The unrealised gain over fair value measurement of these equity instruments amounts to Rs. 0.12 million for the Nine month period ended March 31, 2020.

7 STOCK-IN-TRADE		
Raw material	887,514	1,842,166
Work-in-process	11,710	48,513
Finished goods	358,962	321,223
Waste	21,368	139
	1,279,555	2,212,041
Less: provision of written down of inventories to their Net realizable value	(1,125)	(130)
	1,278,430	2,211,911

8 LONG TERM FINANCE

Banking companies - secured

Term Finance	638,175	345,184
Car Finance	203	967
	638,378	346,151

Less : Current portion

Term Finance	(175,580)	(128,444)
Car Finance	(203)	(863)
	(175,783)	(129,307)
	462,595	216,844

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

March 31, June 30,
2020 2019
(Unaudited) (Audited)
-----Rupees in '000'-----

8.2 Long term financing

Balance at the beginning of period / year	346,150	587,502
Obtained during the period / year	411,436	-
Repayment during the period / year	(119,208)	(241,352)
Balance at end of the period / year	638,378	346,151
Less: current portion of long term financing	(175,783)	(129,307)
	462,595	216,844

9 CONTINGENCIES & COMMITMENTS

9.1 Contingencies

There is no contingency to report as at March 31, 2020 and June 30, 2019

		March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
	Note	-----Rupees in '000'-----	
9.2 Commitments			
(i) Civil works		1,584	1,045
(ii) Letters of credit for			
- Stores and spares		21,802	3,014
- Raw material		571,045	123,503
- Machinery		-	267,436
(iii) Bank guarantees issued on behalf of the company	9.2.1	140,356	125,799
(iv) Bills discounted			
- local		83,473	10,105
- export		735,823	1,256,129
(v) Outstanding sales contract			
- local		390,934	115,797
- export		184,719	-

- 9.2.1 This includes bank guarantee related to Sindh Development and maintenance of infrastructure cess amounting to Rs. 122.50 million (June 30, 2019: Rs.96.90 million).

10 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

Sales include sales made to local customers (including indirect exports) and direct exports amounting to Rs. 1,826 million (2019: 2,779 million) and Rs. 3,688 (Rs. 2,076 million) respectively.

	Note	<u>Nine Month Period ended</u>		<u>Quarter Ended</u>	
		March 31,	March 31,	March 31,	March 31,
		2020	2019	2020	2019
		----- Unaudited -----			
		----- Rupees in '000' -----			
11 COST OF GOODS SOLD					
Cost of goods manufactured	11.1	5,099,612	4,689,141	1,501,014	1,565,741
Finished goods					
Opening stock	11.2	321,232	137,477	134,645	656,206
Closing stock	11.2	(379,206)	(324,135)	(379,206)	(324,134)
		(57,974)	(186,658)	(244,561)	332,072
		5,041,638	4,502,483	1,256,453	1,897,813
Cost of raw material sold		977	-	2	-
		5,042,615	4,502,483	1,256,455	1,897,813
11.1 Cost of goods manufactured					
Raw material consumed	11.1.1	4,113,920	3,830,794	1,173,588	1,271,758
Packing material consumed		59,029	50,884	16,695	17,421
Stores and spares consumed		73,925	80,977	20,739	36,632
Salaries, wages and benefits		290,414	261,425	89,520	83,208
Fuel and power		358,492	324,134	108,664	106,553
Insurance		6,760	7,368	2,308	2,666
Repairs and maintenance		5,698	5,047	1,964	2,820
Depreciation		138,967	110,212	48,087	36,840
Other overheads		15,605	24,313	2,998	7,183
		5,062,810	4,695,154	1,464,563	1,565,081
Work-in-process					
Opening stock		48,512	37,443	48,162	44,116
Closing stock		(11,710)	(43,456)	(11,710)	(43,456)
		36,802	(6,013)	36,452	660
		5,099,612	4,689,141	1,501,014	1,565,741
11.1.1 Raw material consumed					
-Opening stock		1,842,166	936,157	686,558	1,386,636
-Raw material purchased		3,159,268	4,600,589	1,374,544	1,591,074
		5,001,434	5,536,746	2,061,102	2,977,710
Closing stock		(887,514)	(1,705,952)	(887,514)	(1,705,952)
		4,113,920	3,830,794	1,173,588	1,271,758
11.2 Net realizable value of finished goods was lower than its cost, which resulted in write down of Rs.1.125 million (March.31,2019 Rs.1.695 million) charged to cost of sales.					

12 TAXATION

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. After considering, the effects on deferred taxation on the portion of income subject to final tax regime.

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Significant transactions with related parties are as follows:

NATURE OF RELATIONSHIP	Nature of transactions	Quarter Ended	
		March 31, 2020	March 31, 2019
		----- Unaudited -----	
		----- Rupees in '000' -----	
Associates undertakings	Share of expense received	1,437	1,969
	Share of expense paid	272	151
	Licensing Income	356	356
	Rent Income	150	150
	Purchase of power	71,475	104,954
Directors	Remuneration	2,345	2,178
	Meeting fee	240	160
	Rent Expense	1,023	1,023
Key management personnel	Remuneration	17,646	14,535
		March 31, 2020	June 30, 2019
		(Unaudited)	(Audited)
		----- Rupees in '000' -----	
Outstanding Balance			
Associated Undertakings	Other Receivables	1,791	719
	Trade & Other Payables	93,539	78,768

14. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

15. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statement has been approved and authorised for issue on April 30, 2020 by the Board of Directors of the Company.



ADEEL SHAHID TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER



SHAHID ANWAR TATA
DIRECTOR

ڈائریکٹرز رپورٹ

السلام وعلیکم

31 مارچ 2020ء کو ختم ہونے والی نو ماہ کی مدت کیلئے کمپنی کے مالیاتی حسابات (غیر آڈٹ شدہ) آپ کے سامنے پیش کیے جا رہے ہیں۔ کمپنی کو 31 مارچ 2020ء کو ختم ہونے والی نو ماہ کی مدت کے دوران مبلغ 35.449 ملین روپے کا بعد از ٹیکس خسارہ ہوا ہے جس کا موازنہ گزشتہ سال کی اسی مدت کے بعد از ٹیکس خسارہ مبلغ 74.084 ملین روپے سے کیا جاسکتا ہے۔

اس کی بنیادی وجہ پچھلے سال کے مقابلے میں فننس لاگت میں اوسط KIBOR میں 9.17% سے 13.75% کا اضافہ ہوا ہے۔ اگرچہ ہم نے انونٹریز کو کم کر کے درکنگ کیٹیجول کی ضروریات کو کم کر کے قرضوں کو کم کرنے کی کوشش کی ہے، تاہم اس نے ہماری کمپنی کو نمایاں طور پر متاثر کیا ہے۔

فی الحال، پوری دنیا کی طرح پاکستان کو بھی Covid-19 (کورونا وائرس) کی وبا کے باعث بحران کا سامنا ہے۔ حکومت کے اس وبا پر قابو پانے کیلئے اٹھائے گئے اقدامات سے معاشی سرگرمیاں متاثر ہوئی ہیں اور نہ صرف پاکستان بلکہ عالمی سطح پر بھی کاروبار میں سرگرمیاں مانند پڑ گئی ہیں۔ کورونا وائرس کی وجہ سے دنیا بھر میں غذائی اجناس، اسٹاک، مارکیٹ، مالیاتی منڈیوں، تیل اور کپاس کی قیمتوں میں کمی واقع ہوئی ہے۔ ہم اپنے تمام معاہدوں کا احترام کرتے ہیں لہذا ہمارے پاس کپاس کی کثیر مقدار اسٹاک میں موجود ہے اور اب کورونا وائرس کی وبا کے باعث اس تمام کپاس کی قیمت بہت کم ہو گئی ہے۔

ہماری اسپننگ ملز نے حکومت کی لاک ڈاؤن پالیسی کے باعث کام بند کر دیا ہے اور کچھ یقین سے نہیں کہا جاسکتا کہ یہ صورتحال کب تک برقرار رہے گی۔ تاہم، ہم موجودہ بحران میں وفاقی اور صوبائی حکومت کی جانب سے کی گئی کوششوں اور اقدامات کی حمایت کرتے ہیں۔ حکومت نے کچھ مثبت اقدامات بھی کئے ہیں جیسا کہ قرضوں کی واپسی کو مؤخر کرنا، تنخواہ کیلئے قرضوں کی فراہمی اور ریٹنڈ کی مد میں قروم کی واپسی میں تیزی، لیکن یہ اقدامات ابھی تک ٹیکسٹائل انڈسٹری کی افادیت سے کم ہیں۔

چونکہ لاک ڈاؤن کی صورتحال میں عالمی معیشت بری طرح متاثر ہو رہی ہے لہذا امکان ہے کہ آنے والے مہینوں میں ہمیں شدید معاشی بحران کا سامنا کرنا پڑے گا۔ ان حالات میں حکومت کو اہم اقدامات اٹھانے چاہئیں کہ وہ بوائی کے مرحلے (بیج، بجلی، کھاد، کیڑے مارا دویات وغیرہ) پر زرعی ویلیو چین میں مختلف عناصر کو مناسب سبسڈی دے تاکہ کپاس کے کاشتکار کم لاگت پر زیادہ منافع حاصل کر سکیں جو اسپننگ میلز کو سستا خام مال مہیا کرنے میں معاون ہوگا۔ مزید یہ کہ حکومت پاکستان کو جدید تحقیقاتی ٹیکنالوجی کے ذریعے اور کیڑے مارا دویات اور کھادوں کی نگرانی کے ذریعے معیاری بیجوں کی نشوونما کے سلسلے میں بنیادی اقدامات اٹھانے کی ضرورت ہے جب تک 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۔

مستقبل کا نظریہ:

ہمیں مستقبل میں بہت سی یقینی صورتحال کا سامنا کرنا پڑسکتا ہے لہذا ہم موجودہ صورتحال کے نتیجے کو مد نظر رکھتے ہوئے آنے والی صورتحال کی تصدیق نہیں کر سکتے کیونکہ پہلے ہی منفی شرح نمو کی پیش گوئی کی جا رہی ہے۔ تاہم حکومت نے ٹیکسٹائل کے شعبے سمیت کچھ صنعتوں کو سخت ہدایات کے تحت کام کرنے کی اجازت دی ہے، لہذا ہم کوشش کریں گے کہ اپنی ملز کی بقاء کیلئے بارن کی دوبارہ تیاری شروع کریں۔

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

بورڈ آف ڈائریکٹرز کی جانب سے



شاہد انوار نا

ڈائریکٹر



عدیل شاہد نا

چیف ایگزیکٹو

کراچی مورخہ 130 اپریل 2020ء

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