



SALFI TEXTILE MILLS LIMITED

**Condensed Interim Financial Statements
For The Half Year Ended December 31, 2020**

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COMPANY INFORMATION**BOARD OF DIRECTORS**

Mr. Mazhar Valjee - 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 Jawaid Iqbal - Independent Director

AUDIT COMMITTEE

Mr. Farooq Advani - Chairman
Mr. Bilal Shahid Tata - Member
Mr. Muhammad Jawaid Iqbal - Member
Mr. Ghazanfer Yaseen - Secretary

HR & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Haseeb Hafeezuddeen

COMPANY SECRETARY

Mr. Muhammad Hussain

INTERNAL AUDITOR

Mr. Ghazanfer Yaseen

AUDITORS

M/s. Yousuf Adil
Chartered Accountants

BANKERS

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
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)
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Directors' Report

Assalam-o-Alaikum

The financial statements (un-audited) of the Company for the Half Yearly ended December 31, 2020 is being presented to you in which the Company has made a Pre-Tax Loss of PKR 102.54 Million (HY19 Pre-Tax Loss of PKR 42.60 Million).

The current six months have been good for the Textile Industry of Pakistan and we expect that the coming six months will also remain strong, especially for the Spinning Sector. During the last few years we had seen an over-supply of Yarn, however, there has been a significant increase in demand for yarn during the last 6 months by the down-stream Industry. The increase in orders and capacity addition taking place in the down-stream textile sectors is balancing out the oversupply of Yarn and will help the Spinning sector going forward. Further, we have already made forward sales which will yield good profits in subsequent months.

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

Raw Material

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

Future Outlook

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

Acknowledgement

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

On behalf of the Board of Directors



ADEEL SHAHID TATA
CHIEF EXECUTIVE



SHAHID ANWAR TATA
Director

Karachi

Dated: February 25, 2021

◆ YOUSUF ADIL**Yousuf Adil**

Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan
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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Salfi Textile Mills Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of SALFI TEXTILE MILLS LIMITED (here-in-after referred to as "the Company") as at December 31, 2020, and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as 'condensed interim financial statements'). Management is responsible for the preparation and presentation of the condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the half year ended December 31, 2020 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting.

Emphasis of Matter

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

Other matter

The figures for the quarters ended December 31, 2020 and December 31, 2019 in the condensed interim statement of profit or loss and other comprehensive income have not been reviewed and we do not express a conclusion on them.

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

**Chartered Accountants**

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

Place: Karachi**Date: February 25, 2021**


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

		December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
	Note (Rupees in '000')
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,339,591	5,432,755
Intangible assets		2,345	2,667
Long-term investment	6	686	714
Long-term deposits		1,370	1,370
		5,343,992	5,437,506
Current assets			
Stores, spares and loose tools		45,333	44,534
Stock-in-trade	7	1,519,422	1,719,750
Trade debts		441,894	505,975
Loans and advances		319,810	264,511
Short term prepayments		3,440	1,707
Other receivables		5,902	4,109
Other financial assets		27,540	27,540
Sales tax refundable		85,112	92,125
Cash and bank balances		39,062	9,047
		2,487,515	2,669,298
TOTAL ASSETS		7,831,507	8,106,804
EQUITY AND LIABILITIES			
Share capital		33,426	33,426
Reserves		505,996	505,996
Unappropriated profit		62,423	124,681
Surplus on revaluation of property, plant and equipment		3,323,535	3,363,816
		3,925,380	4,027,919
Non-current liabilities			
Long-term finance	8	692,082	649,108
Deferred liabilities		141,230	142,031
Deferred government grant	9	3,623	2,248
		836,935	793,387
Current liabilities			
Trade and other payables		692,941	464,613
Interest accrued on borrowings		48,785	67,091
Short-term borrowings		2,182,885	2,643,114
Current portion of long-term finances		95,910	38,757
Current portion of deferred government grant		8,642	3,092
Unclaimed dividend		1,227	1,227
Provision for income tax		38,802	67,604
		3,069,192	3,285,498
TOTAL EQUITY AND LIABILITIES		7,831,507	8,106,804

Contingencies and commitments

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The annexed notes from 1 to 15 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 PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

	Note	HALF YEAR ENDED		QUARTER ENDED	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(Rupees in '000')					
Revenue from contract with customers - net	11	3,984,980	4,076,918	1,905,473	2,098,482
Cost of goods sold	12	(3,813,518)	(3,786,159)	(1,821,928)	(2,000,330)
Gross profit		171,462	290,759	83,546	98,152
Distribution cost		(53,670)	(78,668)	(26,020)	(42,470)
Administrative expenses		(65,673)	(69,305)	(33,822)	(36,474)
Other operating expenses		(3,441)	(17,507)	1,550	(2,621)
Finance cost		(126,068)	(204,823)	(62,331)	(86,571)
		(248,852)	(370,303)	(120,623)	(168,136)
		(77,389)	(79,544)	(37,077)	(69,984)
Other Income		7,093	76,093	4,057	75,380
(Loss) / profit before taxation for the period		(70,296)	(3,451)	(33,020)	5,396
Taxation		(32,243)	(39,152)	(25,776)	(21,049)
Loss after taxation for the period		(102,539)	(42,603)	(58,796)	(15,653)
Other comprehensive income					
Unrealised (loss) on remeasurement of investment available-for-sale		-	-	-	-
Total comprehensive loss for the period		(102,539)	(42,603)	(58,796)	(15,653)
Loss per share - Basic and diluted		(30.68)	(12.75)	(17.59)	(4.68)

The annexed notes from 1 to 15 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 FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

HALF YEAR ENDED
December December
31, 2020 31, 2019
----- (Rupees in '000') -----

A. CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation	(70,296)	(3,451)
Adjustments for :		
Depreciation	93,417	93,051
Amortization	322	112
Provision for staff gratuity	16,933	16,306
(Reversal) / Provision for staff compensated absences	(89)	5,311
Finance cost	126,068	204,823
Loss / (gain) on disposal of property, plant and equipment	1,185	(6,892)
Unrealized gain on financial contract	-	(36,136)
Unrealized loss / (gain) on long-term Investment	28	(229)
	167,568	272,895

(Increase) / decrease in current assets

Stores, spares and loose tools	(799)	5,832
Stock-in-trade	200,328	1,342,546
Trade debts	64,081	(79,353)
Loans and advances	(168,803)	(153,493)
Short-term prepayments	(1,733)	(1,471)
Other receivables	(1,793)	5,902
Sales tax refundable	7,013	(19,419)

Increase / (decrease) in current liabilities

Trade and other payables	228,328	(47,918)
Cash generated from operations	494,190	1,325,521
Finance cost paid	(144,374)	(254,489)
Income taxes refund	47,913	1,146
Staff gratuity paid	(11,241)	(8,149)
Compensated absences paid	(1,858)	(3,685)
Net cash generated from operating activities	384,630	1,060,344

B. CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(6,576)	(263,734)
Proceeds from disposal of property, plant and equipment	5,139	14,920
Long-term deposit	-	(347)
Long-term investment	-	16,400
Net cash used in investing activities	(1,437)	(232,761)

HALF YEAR ENDED
December December
31, 2020 31, 2019
 ----- (Rupees in '000') -----

C. CASH FLOWS FROM FINANCING ACTIVITIES

Long-term finances repayment	-	(73,431)
Long-term finances obtained	107,052	250,674
Short-term borrowings repayments	(724,801)	(954,815)
Payment of dividend	-	(44)
Net cash used in financing activities	(617,749)	(777,616)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(234,556)	49,967
Cash and cash equivalents at the beginning of the period	(1,545,238)	(1,556,606)
Cash and cash equivalents at the end of the period	(1,779,794)	(1,506,639)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	39,062	12,219
Short-term running finance	(1,818,856)	(1,518,858)
	(1,779,794)	(1,506,639)

The annexed notes from 1 to 15 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 CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Revenue Reserve			Capital Reserve		Total
	Share Capital	General Reserve	Other reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	
Balance at July 01, 2019 (Audited)	33,426	500,000	5,996	386,082	3,388,248	4,313,752
Total Comprehensive income	-	-	-	(42,603)	-	(42,603)
Loss for the period	-	-	-	(42,603)	-	(42,603)
Other comprehensive income						
Transfer from surplus on revaluation of property, plant and equipment on account of :						
- incremental depreciation	-	-	-	41,664	(41,664)	-
- disposal	-	-	-	(20,044)	20,044	-
	-	-	-	21,620	(21,620)	-
Balance as at December 31, 2019 (Unaudited)	33,426	500,000	5,996	365,099	3,366,628	4,271,149
Loss for the period	-	-	-	(283,261)	-	(283,261)
Other comprehensive income						
Gain on remeasurement of defined benefit plan - net of tax	-	-	-	2,336	-	2,336
Adjustment of surplus on revaluation of property plant and equipment due to change in tax rate	-	-	-	-	37,695	37,695
	-	-	-	2,336	37,695	40,031
Total comprehensive income for the period	-	-	-	(280,925)	37,695	(243,230)

..... (Rupees in '000')

	Revenue Reserve			Capital Reserve		Total
	Share Capital	General Reserve	Other reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	
Transfer from surplus on revaluation of property, plant and equipment on account of :						
- incremental depreciation	-	-	-	40,507	(40,507)	-
- disposal	-	-	-	-	-	-
Balance at July 01, 2020	33,426	500,000	5,996	124,681	3,363,816	4,027,919
Loss for the period	-	-	-	(102,539)	-	(102,539)
Other comprehensive income						
Transfer from surplus on revaluation of property, plant and equipment on account of :						
- incremental depreciation	-	-	-	41,250	(41,250)	-
- disposal	-	-	-	(969)	969	-
Balance as at December 31, 2020 (Unaudited)	33,426	500,000	5,996	62,423	3,323,535	3,925,380

..... (Rupees in '000')

Transfer from surplus on revaluation of property, plant and equipment on account of :

- incremental depreciation
- disposal

Balance at July 01, 2020

Loss for the period

Other comprehensive income

Transfer from surplus on revaluation of property, plant and equipment on account of :

- incremental depreciation
- disposal

Balance as at December 31, 2020 (Unaudited)

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



ADEEL SHAHID TATA
CHIEF EXECUTIVE



HASEEB HAFEZUDDIEN
CHIEF FINANCIAL OFFICER



SHAHID ANWAR TATA
DIRECTOR

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

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Company and its operations

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.

1.2 Amalgamation of Salfi Textile Mills Limited (the Company), Island Textile Mills Limited (ILTM) and Tata Energy Limited (TEL) into Tata Textile Mills Limited (TATM)

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

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

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements 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 are presented in Pakistani Rupees which is also the Company's functional currency and figures presented in these condensed interim financial statements have been rounded off to 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 statement of financial position presented has been extracted from annual audited financial statements for the year ended June 30, 2020; the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity of the Company have been extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2019.

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

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS.

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2020. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2020, which do not have any impact on these condensed interim financial statements and therefore, have not been detailed in these condensed interim financial statements.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2020.

5. PROPERTY, PLANT AND EQUIPMENT	December 31,	June 30,
	2020	2020
	(Unaudited)	(Audited)
	----- (Rupees in '000') -----	
Operating fixed assets	5,322,643	5,422,186
Capital work in progress	16,948	10,569
	<u>5,339,591</u>	<u>5,432,755</u>

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

	Additions/ Transfers	Disposal at book value	Sales Proceeds
	----- (Rupees in '000') -----		
During half year ended December 31, 2020 (Unaudited)			
Plant and Machinery	-	6,316	5,117
Furniture and Fixture	15	-	-
Office Equipment	182	-	-
Motor Vehicle	-	8	22
	<u>197</u>	<u>6,324</u>	<u>5,139</u>
During the financial year ended June 30, 2020 (Audited)			
Buildings on leasehold land	44,881	-	-
Plant and Machinery	282,878	7,973	14,879
Mill equipment	353	-	-
Furniture and Fixture	3,407	-	-
Office Equipment	2,798	73	66
Vehicles	-	20	13
	<u>334,317</u>	<u>8,066</u>	<u>14,958</u>

5.2 During the period, the addition net of transfer to capital work in progress is amounting to Rs.6.38 million.(June 30, 2020: Rs.32 million).

6. LONG-TERM INVESTMENT	Note	December 31,	June 30,
		2020	2020
		(Unaudited)	(Audited)
		----- (Rupees in '000') -----	
Fair value through profit or loss			
Listed shares - Samba Bank Limited	6.1	<u>686</u>	<u>714</u>

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. 0.028 million for the half year ended December 31, 2020.

7. STOCK-IN-TRADE	December 31,	June 30,
	2020	2020
	(Unaudited)	(Audited)
	----- (Rupees in '000') -----	
Raw material	1,100,882	1,015,269
Work-in-process	51,136	45,019
Finished goods	349,029	688,839
Waste	18,824	9,543
	<u>1,519,871</u>	<u>1,758,670</u>
Less: provision of written down of inventories to their net realisable value	(449)	(38,920)
	<u>1,519,422</u>	<u>1,719,750</u>

		December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
		----- (Rupees in '000) -----	
8.	LONG-TERM FINANCE	Note	
	From banking companies - (secured)		
	Term Finance	8.1 & 8.4	376,740
	SBP- LTFF	8.2 & 8.4	261,436
	SBP - Refinance scheme for salary payments	8.3 & 8.4	149,817
			787,992
			687,865
	Less: Current portion shown under current liabilities		
	Term Finance		(25,000)
	Salaries and Wages Loan		(70,910)
			(95,910)
		8.5	(38,757)
			692,082
			649,108

- 8.1** These facilities are obtained from a banking company which are secured against first equitable mortgage on fixed assets and first specific charge over imported machinery and are subject to mark-up rate of 3 - 6 months KIBOR plus 1 % to 1.25 % per annum (June 30, 2020: 3 - 6 months KIBOR plus 1 % to 1.25 % per annum). These finances are repayable in six to twenty half year and quarterly installments upto March 2023.
- 8.2** These facilities are obtained from a banking company which are secured against first equitable mortgage on fixed assets and first specific charge over imported machinery. These facilities are subject to markup at State Bank of Pakistan (SBP) rate plus bank spread i.e. 2% + 2.50% to 1.75% per annum (June 30, 2020: 2% + 2.50% to 1.75% per annum). These are repayable in 10 half yearly installments upto September 2026.
- 8.3** These facilities are obtained from a banking company which are secured against equitable mortgage on fixed assets and are subject to mark-up rate of 1.5% to 2% per annum (June 30, 2020: 2% per annum). These finances are repayable in eight quarterly installments upto October 2022.
- 8.4** The payment of principal component of these facilities, payable within next 12 months, has been deferred for 1 year as per the directions of SBP via its Circular Letter No. 13 of 2020. However, the mark-up on these facilities is not deferred and payable as soon as its due to be paid. Consequently, the maturity date of these facilities have also been extended to 1 - 2 years.

		December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
		----- (Rupees in '000) -----	
8.5	Reconciliation of liabilities arising from long-term financing activities		
	Balance at on July 01	687,865	346,151
	Obtained during the period	107,052	466,465
	Repayment during the period	-	(119,411)
	Impact of deferred grant during the period	(6,925)	(5,340)
	Balance as at period end	787,992	687,865
	Less: current portion of long-term financing	(95,910)	(38,757)
		692,082	649,108

9. DEFERRED GOVERNMENT GRANT

	Deferred grant against Salary loans	9.1	12,265	5,340
	Less: Current portion of deferred grant		(8,642)	(3,092)
			3,623	2,248

9.1 Movement for the period

	As at the beginning of the period / year	5,340	-
	Add: Deferred grant recognised during the period / year	10,371	5,701
		15,711	5,701
	Less: Amortisation for the year	(3,446)	(361)
		12,265	5,340

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

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There are no contingencies against the Company as at December 31, 2020 and June 30, 2020.

	Note	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
----- (Rupees in '000') -----			
10.2 Commitments			
(i) Civil works		2,788	1,584
(ii) Letters of credit for			
- Stores and spares		6,730	2,865
- Raw material		1,049,066	330,565
		1,055,796	333,430
(iii) Bank guarantees issued on behalf of the company	10.2.1	140,356	140,356
(iv) Bills discounted			
- local		66,826	1,972
- export		687,198	443,194
		754,024	445,166
(v) Outstanding sales contract		160,604	138,830

10.2.1 This includes bank guarantee related to Sindh Development and maintenance of infrastructure cess amounting to Rs. 122.50 million (June 30, 2020: Rs.122.50 million).

11. REVENUE FROM CONTRACT WITH CUSTOMERS - NET

11.1 Sales include sales made to local customers (including indirect exports) amounting to Rs. 2,423 million (2019 : 1,234 million) The export are made to Asia Pacific region amounting to Rs. 1,562 million (2019 : 2,843 million)

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
----- (Unaudited) -----				
Note	----- (Rupees in '000') -----			

12. COST OF GOODS SOLD

Opening finished goods (including waste)	12.2	668,092	321,232	349,026	360,367
Cost of goods manufactured	12.1	3,512,829	3,598,597	1,840,305	1,774,608
Closing finished goods (including waste)	12.2	(367,403)	(134,645)	(367,403)	(134,645)
Cost of finished goods sold		3,813,518	3,785,184	1,821,928	2,000,330
Cost of raw material sold		-	975	-	-
		3,813,518	3,786,159	1,821,928	2,000,330

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- (Unaudited) -----			
	Note ----- (Rupees in '000') -----			
12.1 Cost of goods manufactured				
Raw material consumed	12.1.1 2,877,918	2,940,332	1,523,237	1,449,291
Packing material consumed	39,055	42,334	20,384	21,091
Stores and spares consumed	57,624	53,186	32,181	25,949
Salaries, wages and benefits	175,280	200,894	85,839	94,197
Fuel and power	258,508	249,828	132,103	127,636
Insurance	3,317	4,452	1,832	1,488
Repairs and maintenance	3,074	3,734	1,646	2,296
Depreciation	91,479	90,880	45,562	46,413
Other overheads	12,691	12,607	8,414	3,037
	3,518,946	3,598,247	1,851,198	1,771,398
Work-in-process				
Opening stock	45,019	48,512	40,243	51,373
Closing stock	(51,136)	(48,162)	(51,136)	(48,162)
	(6,117)	350	(10,893)	3,211
	3,512,829	3,598,597	1,840,305	1,774,608
12.1.1 Raw material consumed				
-Opening stock	1,006,639	1,842,166	693,255	986,092
-Raw material purchased	2,972,161	1,784,724	1,930,864	1,149,757
	3,978,800	3,626,890	2,624,119	2,135,849
-Closing stock	(1,100,882)	(686,558)	(1,100,882)	(686,558)
	2,877,918	2,940,332	1,523,237	1,449,291

12.2 Net realisable value of finished goods excluding waste was lower than its cost, which resulted in write down of Rs.0.45 million (December 31, 2019: Rs.1.079 million) charged to cost of sales.

13. TRANSACTIONS WITH RELATED PARTIES

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

Associated Companies due to common directorship & common management

- Island Textile Mills Limited
- Tata Textile Mills Limited
- Tata Energy Limited
- Tata Best Foods Limited
- Textile Institute of Pakistan
- Karam Ceramics Limited

	HALF YEAR ENDED	
	December 31, 2020	December 31, 2019
	----- (Unaudited) -----	
	----- (Rupees in '000') -----	
13.1 Nature of Relationship	Nature of transactions	
Associates undertakings	Share of expense received	3,739
	Share of expense paid	4,799
	Licensing Income	712
	Rent Income	300
	Purchase of power	197,861
	Sale of Store Item	244
	Sale of Yarn	43,725
		2,485
		2,409
		712
		300
		235,222
		-
		-

		HALF YEAR ENDED	
		December 31, 2020	December 31, 2019
		----- (Unaudited) -----	
		----- (Rupees in '000') -----	
13.1 Nature of Relationship	Nature of transactions		
Directors	Remuneration	4,774	4,355
	Meeting fee	675	540
	Rent Expense	2,045	2,045
Key management personnel	Remuneration	31,989	33,766
		December 31, 2020	June 30, 2020
		(Unaudited)	(Audited)
		----- (Rupees in '000') -----	
13.2 Outstanding Balance			
Associated Undertakings	Other Receivables	93	-
	Trade and Other Payables	170,375	133,231

14. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

15. DATE OF AUTHORIZATION FOR ISSUE

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



ADEEL SHAHID TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER



SHAHID ANWAR TATA
DIRECTOR

ڈائریکٹر رپورٹ

السلام وعلیکم،

31 دسمبر 2020ء کی اختتامی ششماہی کیلئے کمپنی کے مالیاتی حسابات (غیر آڈٹ شدہ) آپ کے سامنے پیش کئے جا رہے ہیں جس میں کمپنی نے مبلغ 102.54 ملین روپے کا قبل از ٹیکس خسارہ حاصل کیا ہے جبکہ سال 2019ء کی ششماہی میں قبل از ٹیکس خسارہ مبلغ 42.60 ملین روپے تھا۔

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

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

خام مال :

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

مستقبل کا نظریہ :

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

اظہار تشکر :

ہم کمپنی کے ہر ملازم کی شمولیت کا شکریہ ادا کرتے ہیں اس کے علاوہ ہمارے کسٹمرز 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 شیئرز ہولڈرز کے مکمل اعتماد پر بھی مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



شاہد انوار ٹاٹا
ڈائریکٹر



عدیل شاہ ٹاٹا
چیف ایگزیکٹو

کراچی مورخہ 25 فروری 2021ء

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