



TATA TEXTILE MILLS LIMITED

**Condensed Interim Financial Information
For The Nine - Month Period Ended March 31, 2016**

TATA TEXTILE MILLS LIMITED

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TATA TEXTILE MILLS LIMITED**01****COMPANY INFORMATION****BOARD OF DIRECTORS**

CHAIRMAN: Mr. Anwar Ahmed Tata

CHIEF EXECUTIVE: Mr. Shahid Anwar Tata

DIRECTORS: Mr. Adeel Shahid Anwar
Mr. Bilal Shahid Anwar
Mr. Asif Saleem
Mr. Muhammad Salman H. Chawala (NIT)
Mr. Muhammad Naseem

AUDIT COMMITTEE

CHAIRMAN: Mr. Muhammad Naseem

MEMBERS: Mr. Asif Saleem
Mr. Bilal Shahid Anwar

SECRETARY: Mr. Owais Ahmed Abbasi

**HUMAN RESOURCE &
REMUNERATION COMMITTEE**

CHAIRMAN: Mr. Muhammad Naseem

MEMBERS: Mr. Shahid Anwar Tata
Mr. Bilal Shahid Anwar

SECRETARY: Mr. Umar Khawajah

**COMPANY SECRETARY &
CHIEF FINANCIAL OFFICER:** Mr. Farooq Advani

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

AUDITORS: M/s. Deloitte Yousuf Adil
Chartered Accountants

LEGAL ADVISOR: Rajwana & Rajwana Advocates

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

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

WEB SITE ADDRESS: www.tatatex.com

E- MAIL ADDRESS: ttm.corporate@tatatex.com

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

DIRECTORS' REPORT

Assalam-o-Alaikum

The Financial Statements (unaudited) of the Company for the third quarter, ended on March 31, 2016 is being presented to you.

The Financial Results for the 3rd Quarter of the company continues to be disappointing. During the quarter under review, the Company incurred an after tax loss of Rs 79.505 million as compared to an after tax profit of Rs.20.891 million during the corresponding period of last year.

Textile Industry

During the Quarter under review, the Textile Industry is persistently facing severe liquidity crunch as major refunds are still unpaid and billions of Rupees are stuck up in Sales Tax, Duty Drawback and Income Tax Refunds. The country's share in the global market is on a constant decline due to rising production costs, rendering many Textile Industries incapable of competing in the International Market and this is only due to the unresponsive attitude of the incumbent Government.

Moreover, the exchange control policy adopted by the Government has seriously affected the country's exports which have declined drastically. During the last 5 years, our neighboring country and competitor has depreciated its currency by 55%, whereas, Pakistan has depreciated the Rupee by 24% only. Therefore, this big difference in the currency valuation cannot be covered by achieving any level of efficiency in production or cost.

The Textile Industry is a major sector for providing employment and earning of foreign exchange but the Government has failed to lift the country's export and the manufacturing sector continues to be neglected, as number of promises made by the Government in support of Textile Industry still remains unfulfilled.

Cotton Situation

Globally, the Cotton market was bearish, due to the uncertainty of Chinese Policy and secondly because of the speculators who were selling short in the New York (NY) Cotton Exchange which brought down the prices of Cotton. With this speculation of cotton, combined with the globally economic conditions, compounded with the Chinese doubtful situation, there was less demand for Textile products and thus, less demand for Yarn. Furthermore, the countries with greater availability of Cotton and better exchange rates were able to make inroads into our traditional market.

However, as things stand now, China has finally announced their Cotton Policy which has resulted into market sentiment being not so bearish and hence since then the NY has taken a reversal and Cotton prices have embarked upon a steady upward trend. Consequently, trading in cotton was done at high levels with supplies also shrinking. Our most significant competitor in Yarn, India, supposedly, might be facing some shortage of Cotton as their Cotton prices have also risen and they have also increased their Yarn prices. Hopefully, this will result in recapturing our domestic market as well as taking back some of the lost export markets.

We look forward to a good harvest of cotton crop in the coming months and hope it will be of a much better quality with enhanced yield production, as compared to last year's disastrous output.

Power & Gas availability.

We now have the advantage of RLNG at Tata Mill with the benefit of Gas availability at competitive rate. Our Gas generators are in operation for 24 hours (having reliable power) thus, reducing our dependency on MEPCO supply.

Going Forward

We plan to go forward in specialized yarn at Tata Mill, which is under finalization. After the execution, we will be able to produce Dual Core Yarns in our Tata Textile Mill 1.

Acknowledgement

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

On behalf of the Board of Directors


SHAHID ANWAR TATA
Chief Executive

Karachi:
Dated: April 30, 2016

TATA TEXTILE MILLS LIMITED**03****CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2016****March 31,
2016
(Unaudited)****June 30,
2015
(Audited)****Note**

.....Rupees in '000'

ASSETS**NON-CURRENT ASSETS**Property, plant and equipment
Intangible assets
Long-term deposits**3****2,286,130**
2,307
2,077**2,287,377**
3,614
1,964**2,290,514****2,292,955****CURRENT ASSETS**Stores, spares and loose tools
Stock-in-trade
Trade debts
Loans and advances
Trade deposits and short term prepayments
Other receivables
Other financial assets
Sales tax refundable
Cash and bank balances**51,687**
1,527,121
361,505
184,609
7,237
790
13,602
22,612
68,273**48,902**
1,040,235
663,881
190,708
1,122
71
10,102
51,426
61,691**2,237,436****2,068,138****TOTAL ASSETS****4,527,950****4,361,093****EQUITY AND LIABILITIES**Authorized share capital
20,000,000 Ordinary shares of Rs.10 each**200,000****200,000**

Share Capital

173,248**173,248**

General Reserve

1,000,000**1,000,000**

Unappropriated profit

347,975**457,640****1,521,223****1,630,888**Surplus on revaluation of property, plant
and equipment**785,614****812,709****NON-CURRENT LIABILITIES**Long-term finance
Deferred liabilities**182,522****186,412****106,525****106,954****289,047****293,366****CURRENT LIABILITIES**Trade and other payables
Accrued interest / mark-up on borrowings
Short-term borrowings
Current portion of long-term finance
Provision for income tax**305,226**
27,469
1,504,831
56,259
38,281**282,505**
14,996
1,229,470
54,205
42,954**1,932,066****1,624,130****CONTINGENCIES AND COMMITMENTS****2****TOTAL EQUITY AND LIABILITIES****4,527,950****4,361,093**

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


SHAHID ANWAR TATA
Chief Executive
ANWAR AHMED TATA
Chairman/Director

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2016

Note	Nine-month period ended		Three-month period ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
.....Rupees in '000'.....				
Sales-net	3,816,461	3,953,812	1,482,582	1,252,390
Cost of goods sold	4 (3,609,255)	(3,602,068)	(1,440,571)	(1,099,838)
Gross profit	207,206	351,744	42,011	152,552
Distribution cost	(104,212)	(139,523)	(34,982)	(43,202)
Administrative expenses	(103,915)	(87,181)	(34,902)	(28,304)
Other operating expenses	(16,497)	(28,257)	956	(14,048)
Finance cost	(82,144)	(61,521)	(41,598)	(28,471)
	(306,768)	(316,482)	(110,526)	(114,025)
Other income	2,490	1,151	168	(3,237)
(Loss) / profit before taxation	(97,072)	36,413	(68,347)	35,290
Provision for taxation	(22,355)	(32,501)	(11,158)	(14,399)
(Loss) / profit after taxation	(119,427)	3,912	(79,505)	20,891
Other comprehensive income	-	-	-	-
Total comprehensive income				
for the period	(119,427)	3,912	(79,505)	20,891
Earnings per share				
- Basic and diluted (Rupees)	(6.89)	0.23	(4.59)	1.21

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


SHAHID ANWAR TATA
Chief Executive


ANWAR AHMED TATA
Chairman/Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2016**

	March 31, 2016	March 31, 2015
Rupees in '000'.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(97,072)	36,413
Adjustments for:		
Depreciation	85,605	93,008
Amortization	1,307	1,307
Provision for staff gratuity and compensated absences	25,735	20,325
Finance cost	82,144	61,521
(Gain) / loss on disposal of property, plant and equipment	(1,846)	11,689
Operating cash flows before working capital changes	<u>95,873</u>	<u>224,263</u>
Decrease / (increase) in current assets		
Stores, spares and loose tools	(2,785)	(9,386)
Stock-in-trade	(486,886)	(417,191)
Trade debts	302,376	(296,227)
Loans and advances	11,752	(154,465)
Trade deposits and short-term prepayments	(6,115)	(5,701)
Other receivables	(719)	147
Other financial assets	(3,500)	(10,102)
Sales tax refundable	28,814	(27,913)
Increase in current liabilities		
Trade and other payables	<u>22,538</u>	<u>50,645</u>
Cash used in operations	<u>(38,652)</u>	<u>(645,930)</u>
Finance cost paid	(69,671)	(65,875)
Income tax paid	(42,236)	(46,486)
Staff gratuity and compensated absences paid	(16,618)	(11,047)
Net cash used in operating activities	<u>(167,177)</u>	<u>(769,338)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(85,144)	(102,531)
Proceeds from disposal of property, plant and equipment	2,632	214,182
Purchase of intangible assets	-	(21)
Long-term deposits	(113)	-
Net cash (used in) / generated from investing activities	<u>(82,625)</u>	<u>111,630</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance obtained	44,667	-
Repayments of long-term financing	(46,502)	(43,820)
Short-term borrowing obtained - net	484,320	344,435
Dividend paid	(17,142)	(16,963)
Net cash generated from financing activities	<u>465,343</u>	<u>283,652</u>
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	<u>215,541</u>	<u>(374,056)</u>
Cash and cash equivalents at July 01	<u>(333,742)</u>	<u>37,491</u>
Cash and cash equivalents at March 31	<u>(118,201)</u>	<u>(336,565)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	68,273	20,268
Short-term running finance	<u>(186,474)</u>	<u>(356,833)</u>
	<u>(118,201)</u>	<u>(336,565)</u>

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


SHAHID ANWAR TATA
Chief Executive


ANWAR AHMED TATA
Chairman/Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2016**

	Issued, subscribed & paid up Capital	General Reserve	Revenue Reserve Unappropriated Profit	Total
	Rupees in '000'.....			
Balance at July 01, 2014	173,248	1,000,000	425,197	1,598,445
Comprehensive income				
Profit after taxation for the nine-months ended March 31, 2015	-	-	3,912	3,912
Other comprehensive income - net of tax	-	-	-	-
	-	-	3,912	3,912
Transferred from surplus on revaluation of property, plant and equipment on account of - incremental depreciation	-	-	41,103	41,103
Transactions with owners				
Final cash dividend for the year ended June 30, 2014 @ Rs. 1 per share	-	-	(17,325)	(17,325)
Balance at March 31, 2015	173,248	1,000,000	452,887	1,626,135
Comprehensive income				
Loss after taxation for the three-months ended June 30, 2015	-	-	(2,751)	(2,751)
Loss on remeasurement of defined benefit scheme	-	-	(736)	(736)
Less: deferred tax thereon	-	-	18	18
Other comprehensive income - net of tax	-	-	(718)	(718)
	-	-	(3,469)	(3,469)
Transferred from surplus on revaluation of property, plant and equipment on account of: - incremental depreciation - disposal of property, plant and equipment	-	-	(3,993)	(3,993)
	-	-	12,216	12,216
	-	-	8,223	8,223
Balance at June 30, 2015	173,248	1,000,000	457,641	1,630,889
Comprehensive income				
Loss after taxation for the nine-months ended March 31, 2016	-	-	(119,427)	(119,427)
Other comprehensive income - net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(119,427)	(119,427)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	27,086	27,086
Transactions with owners				
Final cash dividend for the year ended June 30, 2015 @ Re. 1 per share	-	-	(17,325)	(17,325)
Balance at March 31, 2016	173,248	1,000,000	347,975	1,521,223

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


SHAHID ANWAR TATA
Chief Executive


ANWAR AHMED TATA
Chairman/Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2016**

1. LEGAL STATUS AND BASIS OF PREPARATION

- 1.1** Tata Textile Mills Limited (the company) was incorporated in Pakistan on April 15, 1987 as a public limited company under the Companies Ordinance, 1984 and Pakistan Stock Exchange Limited (formerly Lahore and Karachi Stock Exchange). The registered office of the company is situated at 6th floor Textile Plaza M.A Jinnah Road, Karachi. The principal activity of the company is manufacturing and sale of yarn. The company's manufacturing facilities are located at District of Muzaffargarh in province of Punjab.
- 1.2** This condensed interim financial information has been prepared under historical cost convention modified by:
- revaluation of certain property, plant and equipment
- recognition of certain staff retirement benefits at present value
- 1.3** These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards, International Accounting Standard (IAS) 34: Interim Financial Reporting and in compliance with the requirement of section 245 of the Companies Ordinance, 1984 and Rule Book of the Pakistan Stock Exchange.
- 1.4** The accounting policies and methods of computation followed in the preparation of the 3rd quarterly financial statements are the same as those of the published annual financial statements for the period ended June 30, 2015.

2. CONTINGENCIES AND COMMITMENTS

2.1 Contingencies

Note	March 31, 2016 (Unaudited)Rupees in 000	June 30, 2015 (Audited)
2.1.1	7,892	-

- 2.1.1** Sui Northern Gas Pipeline Limited (SNGPL) applied tariff for Captive Consumers while billing to the Company. However, the Company claims to be an Industrial Consumer. The Company challenged the applicability of captive tariff on the Company before the Lahore High Court, Multan Bench. The Company has issued a Security Bond for tariff differential amount of Rs. 7.892 million as required by the Court.

The case is still pending in the court, the management is confident that case will be settled in favor of the Company, therefore no provision has been made.

2.2 Commitments

Note	March 31, 2016 (Unaudited)Rupees in 000	June 30, 2015 (Audited)
(i) Letters of credit		
- plant and machinery	7,853	48,232
- store and spares	21,100	22,561
- raw material	43,958	44,676
	<u>72,911</u>	<u>115,469</u>
(ii) Bank guarantees issued on behalf of the Company	2.2.1	
	<u>119,002</u>	<u>118,902</u>
(iii) Bills discounted		
- Export	625,879	173,996
- Local	63,108	19,055
	<u>688,987</u>	<u>193,051</u>
(iv) Rental under ijarah finance agreements		
- Not later than one year	60,948	60,252
- Later than one year and not later than five years	207,571	220,322
- Later than five years	34,098	66,766

2.2.1 This includes bank guarantee related to Sindh Development infrastructure cess amounting to Rs. 48.40 million (June 30, 2015: Rs. 48.40 million) for which provision amounting to Rs. 65.49 million (June 2015 : Rs. 54.03 million) has been made.

2.2.2 The commitment represents an ijarah agreements entered into with an Islamic Bank in respect of machineries. Total future ijarah payments under agreements are Rs. 302.62 million (June 30,2015: Rs. 347.34 million) and are payable in quarterly installments latest by June 2022.

	March 31, 2016	June 30, 2015
	Note (Unaudited)	(Audited)
Rupees in '000'	

3. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	2,168,620	2,251,770
Capital work-in-progress	117,510	35,607
	<u>2,286,130</u>	<u>2,287,377</u>

Note	Nine-month period ended		Three-month period ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unaudited.....			
Rupees in '000'			
4. COST OF GOODS SOLD				
Opening finished goods	442,591	345,633	503,708	210,057
Cost of goods manufactured	4.2 3,361,100	3,505,947	1,131,845	1,147,536
	3,803,691	3,851,580	1,635,553	1,357,593
Closing finished goods	(194,982)	(257,755)	(194,982)	(257,755)
Cost of goods manufactured sold	3,608,709	3,593,825	1,440,571	1,099,838
Cost of raw material sold	546	8,243	-	-
	<u>3,609,255</u>	<u>3,602,068</u>	<u>1,440,571</u>	<u>1,099,838</u>

4.1 Net realisable value of finished goods was lower than its cost, which resulted in write-down of Rs. 5.16 million (2015: Rs. 1.2 million) and was charged to cost of sales.

4.2 Cost of goods manufactured

Raw material consumed	4.2.1 2,467,129	2,615,916	836,982	841,454
Packing material consumed	63,474	70,724	19,631	24,673
Stores and spares consumed	66,863	67,051	26,313	23,660
Salaries, wages and benefits	240,020	213,439	78,107	75,525
Power and fuel	366,142	383,270	114,285	119,353
Insurance	14,455	18,810	5,474	6,125
Repairs and maintenance	8,622	11,461	2,693	5,637
Depreciation	79,710	86,092	26,591	27,578
ijarah Rental	43,509	19,524	14,738	13,500
Other overheads	9,825	13,193	3,828	6,678
	<u>3,359,749</u>	<u>3,499,480</u>	<u>1,128,642</u>	<u>1,144,183</u>
Work-in-process				
Opening stock	42,238	47,745	44,090	44,631
Closing stock	(40,887)	(41,278)	(40,887)	(41,278)
	1,351	6,467	3,203	3,353
	<u>3,361,100</u>	<u>3,505,947</u>	<u>1,131,845</u>	<u>1,147,536</u>

4.2.1 Raw material consumed

Opening stock	555,405	810,022	1,552,517	1,487,374
Purchases - net	3,202,975	3,127,453	575,716	675,639
	3,758,380	3,937,475	2,128,233	2,163,013
Closing stock	(1,291,251)	(1,321,559)	(1,291,251)	(1,321,559)
	<u>2,467,129</u>	<u>2,615,916</u>	<u>836,982</u>	<u>841,454</u>

5. 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:

Relationship with the party	Nature of transactions	Three-month period ended	
		March 31, 2016Unaudited..... ...Rupees in '000'...	March 31, 2015
Associated undertakings	Share of expenses received	545	597
	Share of expenses paid	299	209
	Purchase of Asset	-	6,500
Key Management personnel	Short-term benefits	22,949	15,518
Directors	Short-term benefits	3,439	2,809
	Meetings fee	60	60
	Rent expense		
	-godown	60	60
	-office premises	716	716

6. DATE OF AUTHORIZATION FOR ISSUE

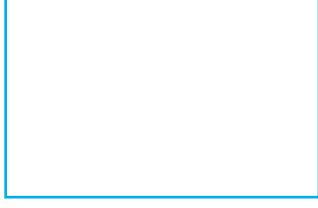
This condensed interim financial information was authorized for issue on April 30, 2016 by the Board of Directors of the Company.


SHAHID ANWAR TATA
Chief Executive


ANWAR AHMED TATA
Chairman/Director

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Printed Matter



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TATA TEXTILE MILLS LIMITED
6th Floor, Textile Plaza,
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Karachi-74000