



ISLAND TEXTILE MILLS LIMITED

**Condensed Interim Financial Statements
(UNAUDITED)
for the 1st Quarter ended September 30, 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
Mr. Farooq Advani – Independent Director
Mr. M. Waris Magoon – Independent Director
Miss Samar Shahid Tata – Non Executive 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 Tata - 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

Allied Bank Limited
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
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 1st Quarter ended, September 30, 2019 is being presented to you.

The Company has incurred a pre-tax loss of Rs.77.042 million (2018 pre-tax profit of Rs.165.105 million) due to the frequent devaluation of Pak Rupee experienced during last year despite increase of 34% in turnover, amid a global economic slowdown.

The major reasons for the quarter loss was due to higher price of cotton and financial charges. Last year we took long positions on imported cotton, as we were apprehensive of the cotton prices at the start of the cotton crop season in Pakistan but, unfortunately we had fixed the cotton when the prices were high. Thereafter, due to China-USA trade dispute, the global cotton prices suddenly collapsed and since we had to honor all our contracts, our cotton prices remained higher than what is prevailing in the market. Further, the China-USA trade conflict and Chinese economic slow-down impacted the yarn imports into China which left major yarn exporting countries, especially Pakistan and India, devastated. Additionally a sharp increase in discount rate from 6.75% to 13.75% significantly increased financial charges by 65% to Rs. 141.193 million (2018 Rs.85.418 million).

Current year

The current year started with the withdrawal of zero rating which was enjoyed by the textile sector and resulting imposition of 17 percent Sales Tax and exorbitant increase in rates of many other Withholding schemes has disrupted the local yarn trade on which the Company places heavy reliance. Hence, both the huge increase in taxes and global economic slow-down has adversely impacted our profitability. Although, the Government has been able to bring down the current account deficit through steep devaluation of Pak Rupee, however, meager efforts have been expended towards trade development to enhance exports. Pakistan is still faced with a large fiscal deficit and the Government is forced to collect massive amount of taxes and borrow from whatever source they can. This is resulting in extreme liquidity shortage in the market, leaving precious little resources for the Private Sector.

Raw Material

As the situation stands, the Pakistani Cotton crop has further deteriorated and the size of the crop is estimated around 9 Million bales which is about 2 Million bales less than last year, leading to very high prices in the Local Cotton market. This shortage and subsequent rise in Domestic Cotton prices will keep pressure on our Company's profitability in this coming year.

Future Outlook

There are six segments in Textile Industry in Pakistan, namely, Denim, Towel, Home Textile, Knitted Garments, Yarn and Grey Fabric. To a great extent the export of Yarn and Grey Fabric depends on the Chinese Market but due to the trade conflict between China and USA, our exports have severely declined. We hope the Government will review this critical situation and work on providing a major share to the Textile Industry in the Trade Agreement with China. The Government should also work out some incentives/tax benefits for this segment of the Industry.

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 our Management.

On behalf of the Board of Directors



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ADEEL SHAHID TATA
DIRECTOR

Karachi

Dated: October 29, 2019

Island Textile Mills Ltd.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

		Sept.30, 2019 (Un-audited)	June 30, 2019 (Audited)
	Note	Rupees in 000	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	5,599,740	5,646,123
Intangible assets		745	797
Investments in associates		580,560	584,988
Long term investments		4,400	4,400
Long term deposits		1,434	1,434
		6,186,879	6,237,742
CURRENT ASSETS			
Stores, spares and loose tools		43,097	43,423
Stock-in-trade		1,704,948	2,229,105
Trade debts		785,278	868,462
Loans and advances		427,180	389,148
Short term prepayments		8,778	979
Other receivables		5,813	8,824
Other financial assets		34,341	34,341
Sales tax refundable		9,615	56,995
Cash and bank balances		22,103	21,119
		3,041,153	3,652,396
		9,228,032	9,890,138
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY			
Share capital		5,000	5,000
Reserves		900,591	900,591
Unappropriated profit		825,891	889,738
Revaluation reserve of property, plant and equipment		2,528,897	2,557,353
		4,260,379	4,352,682
NON-CURRENT LIABILITIES			
Deferred liabilities		312,715	305,593
Long term finance	6	1,449,958	1,697,331
		1,762,673	2,002,924
CURRENT LIABILITIES			
Trade and other payables		736,707	557,742
Unclaimed Dividend		1,038	1,040
Short term borrowings		1,684,903	2,148,499
Interest / mark-up accrued on borrowings		94,197	155,041
Current portion of long- term finance		600,000	600,000
Provision for income tax		88,135	72,210
		3,204,980	3,534,532
CONTINGENCIES AND COMMITMENTS			
	7		
		9,228,032	9,890,138
TOTAL EQUITY AND LIABILITIES			

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


SHAHID ANWAR TATA
CHIEF EXECUTIVE


HASEEB HAFEEZUDDEN
CHIEF FINANCIAL OFFICER


ADEEL SHAHID TATA
DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

		Septemehr 30, 2019	Septemehr 30, 2018
	Note	----- Rupees in 000 -----	
Revenue from contract with customers - net		1,933,411	1,446,025
Cost of goods sold	9	(1,756,084)	(1,155,013)
Gross profit		177,327	291,012
Distribution cost		(33,063)	(25,227)
Administrative expenses		(32,669)	(29,874)
Other operating expenses		(43,244)	(10,659)
Finance cost		(141,193)	(85,418)
		(250,169)	(151,178)
Share of (loss)/profit from associates - net of tax		(4,428)	11,435
Other income		228	13,836
		(4,200)	25,271
(Loss)/Profit before taxation		(77,042)	165,105
Taxation		(15,261)	(15,693)
(Loss)/Profit for the period		(92,303)	149,412
Other comprehensive income for the period:			
Company's share in unrealised gain/(loss) on remeasurement of associates's investments - net of deferred tax		-	1
Total comprehensive income for the period		(92,303)	149,413
(Loss)/Earnings per share - basic and diluted		(184.61)	298.82

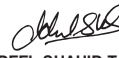
The annexed notes form an integral part of this condensed interim financial statement.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER




ADEEL SHAHID TATA
DIRECTOR

Island Textile Mills Ltd.

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
	----- Rupees in '000' -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(77,042)	165,105
Adjustments for :		
Depreciation	72,147	51,654
Amortization	52	66
Provision for staff gratuity	8,380	7,500
Provision for compensated absences	5,583	3,991
Finance cost	141,193	85,418
Loss/(Gain) on disposal of property, plant and equipment	7	(838)
Share of Loss/(Profit) from associates	4,428	(11,435)
Provision for Doubtful Debts	-	846
Operating cash flows before movements in working capital	<u>154,748</u>	<u>302,307</u>
(Increase) / decrease in current assets		
Stores, spares and loose tools	326	3,643
Stock-in-trade	524,157	175,486
Trade debts	83,184	63,184
Loans and advances	(11,119)	29,617
Short term prepayments	(7,798)	(4,078)
Other receivables	3,011	407
Sales tax refundable	47,381	3,071
Increase in current liabilities		
Trade and other payables	178,965	152,035
Cash generated from operations	<u>972,854</u>	<u>725,672</u>
Finance cost paid	(202,037)	(119,389)
Staff gratuity paid	(2,693)	(2,580)
Staff compensated absences paid	(3,485)	(2,949)
Income taxes paid	(26,913)	(10,700)
Net cash (used in)/generated from operating activities	<u>737,726</u>	<u>590,054</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other financial assets	-	(68)
Addition to property, plant and equipment	(25,777)	(982)
Addition to intangible assets	-	(369)
Proceeds from disposal of property, plant and equipment	6	1,497
Net cash used in investing activities	<u>(25,771)</u>	<u>78</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances Repayment - net	(247,373)	(11,630)
Dividend paid	(2)	-
Short-term borrowings repayments - net	(630,951)	(667,953)
Net cash used in financing activities	<u>(878,326)</u>	<u>(679,583)</u>
Net decrease in cash and cash equivalents (A+B+C)	<u>(166,371)</u>	<u>(89,451)</u>
Cash and cash equivalents at July 01	<u>(657,510)</u>	<u>(786,026)</u>
Cash and cash equivalents at September 30	<u>(823,881)</u>	<u>(875,477)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	22,103	29,732
Short-term running finance	(845,984)	(905,209)
	<u>(823,881)</u>	<u>(875,477)</u>

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


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


HASEEB HAFEEZUDDEN
 CHIEF FINANCIAL OFFICER


ADEEL SHAHID TATA
 DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	Revenue Reserve			Capital Reserve		Total	
	Share Capital	General reserve	Other reserve	Company's share in other comprehensive income of associates	Unappropriated profit		Revaluation Surplus
Balance at July 01, 2018	5,000	900,000	591	(1,321)	677,913	829,009	2,411,192
Comprehensive income							
Profit for the quarter	-	-	-	-	149,412	-	149,412
Other comprehensive loss-net of tax	-	-	-	1	-	-	1
	-	-	-	1	149,412	-	149,413
Transfer from surplus on revaluation of property, plant and equipment on account of:							
-incremental depreciation-net of deferred tax	-	-	-	-	6,312	(6,312)	-
Share of associate's transfer from surplus on revaluation of property, plant and equipment on account of	-	-	-	-	-	-	-
-incremental depreciation-net of deferred tax	-	-	-	-	1,351	(1,351)	-
Balance as at September 30, 2018	5,000	900,000	591	(1,320)	834,988	821,346	2,560,605
Balance at July 01, 2019	5,000	900,000	591	(1,189)	890,927	2,557,353	4,352,682
Loss for the quarter	-	-	-	-	(92,303)	-	(92,303)
Transfer from surplus on revaluation of property, plant and equipment on account of:							
-incremental depreciation-net of deferred tax	-	-	-	-	25,861	(25,861)	-
Share of associate's transfer from surplus on revaluation of property, plant and equipment on account of	-	-	-	-	-	-	-
-incremental depreciation-net of deferred tax	-	-	-	-	2,595	(2,595)	-
Balance as at September 30, 2019	5,000	900,000	591	(1,189)	827,060	2,528,897	4,260,379


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


HASEEB HAFEEZ UDDEEN
 CHIEF FINANCIAL OFFICER


ADEEL SHAHID TATA
 DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

1. THE COMPANY AND ITS OPERATIONS

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 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 This condensed interim financial information of the Company for the 1st Quarter ended September 30, 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information does not include all the information required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019.

2.2 This condensed interim financial information is presented in Pak Rupees which is also the Company's functional currency and figures presented in this condensed interim financial information has been rounded off to the nearest thousand rupee.

2.3 This condensed interim financial information is un-audited and all relevant compliance with Companies Act, 2017 has been made accordingly. The comparative condensed balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2019; the comparative condensed profit and loss account, condensed interim statement of other comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity of the Company have been extracted from the unaudited condensed interim financial information for the 1st Quarter ended September 30, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information 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 this condensed interim financial information. In addition to the foregoing, the Companies Act, 2017 has added certain disclosure requirements which will be applicable on the Company's annual 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.

	Note	September 30, 2019 (Un-audited) ----- Rupees in '000' -----	June 30, 2019 (Audited)
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	5,576,826	5,643,873
Capital work-in-progress	5.2	22,914	2,250
		5,599,740	5,646,123

5.1 Detail of additions and disposals to operating fixed assets are as under:

	Acquisitions / transfers from CWIP	Disposal (written down value)	Sale Proceeds
	----- Rupees in '000' -----		
During the three-month period ended September 30, 2019 (Un-audited)			
Plant and machinery	4,709	-	-
Furniture & Fixture	71	-	-
Computers	333	13	6
	5,113	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	-	-
Furniture & Fixture	1,282	-	-
Vehicle	2,120	20	19
	27,442	20	19

5.2 During the period, addition in capital work in progress is Rs.20.66 million

		September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		----- Rupees in '000' -----	
6. LONG TERM FINANCES			
Banking companies - secured			
	Note		
Syndicate term finance	6.1 & 6.5	1,591,521	1,818,882
Syndicate long term finance facility-1	6.2	376,793	307,016
Syndicate long term finance facility-1	6.3	67,065	81,406
Syndicate long term finance facility-2	6.4	14,579	90,027
		2,049,958	2,297,331
Less: Current portion shown under current liabilities			
Syndicate term finance		(454,720)	(454,720)
Syndicate long term finance facility-1		(125,598)	(125,598)
Syndicate long term finance facility-2		(19,682)	(19,682)
		(600,000)	(600,000)
	6.6	1,449,958	1,697,331

- 6.1** 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 07 years. Mark up is payable semi annually in arrears and principal in equal semi annual installements from August 2017.
- 6.2** 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 19.1 of annual financial statement of June 30, 2019. 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% (2019:4.5% per annum plus bank spread i.e 1.4%) . The facility is repayable in 07 years.
- 6.3** 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 19.1 of annual financial statement of June 30, 2019. 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 3% per annum plus Bank spread i.e.1.4%(June 30, 2019: 3% per annum plus Bank spread i.e.1.4%) . The facility is repayable in 07 years.
- 6.4** 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 19.1 of annual financial statement of June 30, 2019. 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% per annum plus Bank spread i.e.1.5%(June 30, 2019: 2% per annum plus Bank spread i.e.1.5%) . The facility is repayable in 07 years.
- 6.5** In FY 2018, the company has reschedule its syndicate term finance facility and extended its payment for the period of one year.The two payments which were due on February 02, 2018 and August 02, 2018 were reschedule and final payment would be payable in February 02, 2023.

		September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		----- Rupees in '000' -----	
6.6 Long Term Finance			
Balance as on July 01		2,297,331	2,658,672
Additions		-	-
Repayment		(247,373)	(361,341)
Balance as on		2,049,958	2,297,331
Less:Current Maturity		(600,000)	(600,000)
		1,449,958	1,697,331

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

Estimated financial impact of labour and workmen compensation cases in court of law

7.2 Commitments

Civil	-	312
Letters of credit for		
- Raw material	63,617	75,067
- Spares and Machinery	13,660	19,495
Bank guarantees	148,084	148,084
Bills discounted	477,371	275,404
Outstanding sales contracts	356,750	358,117

- 7.2.1** This includes bank guarantee related to Sindh Infrastructure Development Cess amounting to Rs. 125.800 million (June 30, 2019: Rs.125.800 million).

Island Textile Mills Ltd.

7.2.2 The company's share in associates contingencies and commitments is Rs.231.69 million (June 30,2019: 234.06 million).

8 SALES

Sales include sales made to a local customers (including indirect export) and direct exports amounting to Rs.1,348 million (2018:1,184 million) and Rs.585 million (2018:262 million) respectively. The export are made to Asia Pacific region amounting to Rs.585 million (2018: 262 million)

9 COST OF GOODS SOLD

Note	September 30, 2019	September 30, 2018
	----- Un-audited ----- ----- Rupees in '000' -----	
Opening finished goods	209,204	190,883
Cost of goods manufactured	1,785,414	1,544,781
	<u>1,994,618</u>	<u>1,735,664</u>
Closing finished goods	(238,675)	(584,395)
	<u>1,755,943</u>	<u>1,151,269</u>
Cost of raw material sold	141	3,744
Cost of goods sold	<u>1,756,084</u>	<u>1,155,013</u>
9.1 Cost of goods manufactured		
Raw material consumed	1,405,415	1,232,649
Stores and spares	32,030	22,387
Packing material	20,826	20,218
Fuel and power	138,116	122,615
Salaries, wages and benefits	99,425	86,203
Depreciation	70,712	50,908
Insurance	3,421	3,378
Repairs and maintenance	732	591
Amortization	50	-
Other overheads	3,525	3,243
	<u>1,774,252</u>	<u>1,542,192</u>
Work-in-process		
Opening stock	63,441	48,217
Closing stock	(52,279)	(45,628)
	<u>11,162</u>	<u>2,589</u>
	<u>1,785,414</u>	<u>1,544,781</u>
9.1.1 RAW MATERIAL CONSUMED		
Opening stock	1,977,740	1,592,740
Purchases - net	841,669	666,241
	<u>2,819,409</u>	<u>2,258,981</u>
Closing stock	(1,413,994)	(1,026,332)
	<u>1,405,415</u>	<u>1,232,649</u>

9.2 Net realisable value of finished goods was lower than its cost, resulting in a write-down of Rs 0.744 million (Sept. 30, 2018: Rs. 0.154 million) charged to cost of goods sold.

10. TAXATION

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

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

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies/undertakings, director, key management personnel and their relatives. The transactions between the Company and the related parties are carried out as per agreed terms. Name of associated companies are same as disclosed in annual financial statement of June 30,2019. Transactions and outstanding balances with related parties are as follows:

Island Textile Mills Ltd.

Three month period ended
September 30, September 30,
2019 2018
 ----- Un-audited -----
 ----- Rupees in '000' -----

Relationship with the party	Nature of transactions		
Associated undertakings	Share of expense received	1,457	557
	Share of expense paid	497	877
	Purchase of electricity	146,662	107,272
	Rent expense	150	150
Key management personnel	Short term benefits	13,420	11,716
Directors	Short term benefits	2,665	2,438
	Directors meeting fee	140	70
	Rent expense	1,323	1,323
		September 30,	June 30,
		2019	2019
		(Unaudited)	(Audited)
		----- Rupees in '000' -----	
Relationship with the party	Outstanding balance		
Associated undertakings	Trade Creditors	91,789	69,548

12. FAIR VALUE HIERARCHY

The Company's free hold land, building and plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent impairment losses, if any. The fair value measurement of the company's free hold land, building and plant and machinery and electric installation were last carried out as at June 30, 2019 by Iqbal A. Nanjee & Company (Private) Limited (Valuer) on the basis of market value or depreciated replacement values as applicable. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery,

Information about fair value hierarchy and assets classified under the hierarchy are as follows:

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

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

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

	Level 1	Level 2	Level 3	Total
	----- Rupees in '000' -----			
As at September 30, 2019 (unaudited)				
Leasehold land	-	219,680	-	219,680
Building on lease hold land	-	1,245,398	-	1,245,398
Plant and machinery	-	3,836,486	-	3,836,486
Electrical Installations	-	205,070	-	205,070
	-	<u>5,506,634</u>	-	<u>5,506,634</u>
As at June 30, 2019 (audited)				
Leasehold land	-	219,680	-	219,680
Building on lease hold land-Mill	-	1,261,162	-	1,261,162
Plant and machinery	-	3,880,300	-	3,880,300
Electrical Installations	-	210,328	-	210,328
	-	<u>5,571,470</u>	-	<u>5,571,470</u>

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

As at September 30, 2019 and June 30, 2019, there were no other financial assets and liabilities that warranted classification under above levels.

The carrying value of all other financial assets and liabilities approximate their fair values.

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved and authorized for issue on October 24, 2019 by the Board of Directors of the Company.


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


HASEEB HAFEEZUDEEN
 CHIEF FINANCIAL OFFICER


ADEEL SHAHID TATA
 DIRECTOR

ڈائریکٹرز رپورٹ

السلام علیکم

30 ستمبر 2019ء کو ختم ہونے والی پہلی سہ ماہی کیلئے کمپنی کے (غیر آڈٹ شدہ) مالیاتی حسابات آپ کو پیش کئے جا رہے ہیں۔

عالمی معاشی سروی کے باعث ٹرن اوور میں 34 فیصد اضافہ کے باوجود گزشتہ سال کے دوران روپے کی قدر میں متوازی کمی کی وجہ سے کمپنی کو مبلغ 77.042 ملین روپے کا قبل از ٹیکس خسارہ ہوا (2018 میں قبل از ٹیکس منافع مبلغ 165.105 ملین روپے تھا)۔

کمپنی کے منافع کو متعدد عوامل نے متاثر کیا جن میں روپے کی قدر میں مثالی کمی، پاکستان اور چین میں معاشی ست روی، چین امریکہ تجارتی تنازعہ جس نے یارن کی قیمتوں، درآمد شدہ کپاس کی لاگت، زیادہ شرح سود اور افراط زر کے عمومی اثرات کو متاثر کیا، شامل ہیں۔ چین امریکہ ٹیرف تجارتی تنازعہ اور عالمی اور چینی معاشی ست روی کے باعث یارن کی فروخت کی قیمتیں نیچے گرتی رہیں، اور اس کے ساتھ ہی چین کی طرف سے کپاس کی درآمد بھی کم ہو گئی جس کے باعث یارن کے بڑے برآمداتی ملک خاص طور پر پاکستان اور بھارت متاثر ہوئے۔ یعنی یہ فصلوں کے ہدف سے کم مقدار کی وجہ سے درآمد شدہ کپاس پر بھاری انحصار کیا جو کہ پاکستانی روپے کی قدر میں کمی اور ڈسکاؤنٹ ریت میں 6.75 فیصد سے 13.75 فیصد تیزی سے اضافہ ایک اور پہلو تھا جس نے ہمارے منافع کو متاثر کیا ہے جس سے مالی معاموں میں 65 فیصد کا اضافہ جو کہ مبلغ 141.193 ملین روپے ہو گیا (2018ء میں مبلغ 85.418 ملین روپے)۔

حالیہ سال:

اس سال کا آغاز نیکسٹائل ٹیکسٹس سے حاصل ہونے والی زیورڈ پیننگ سے دستبرداری کے ساتھ ہوا اور اس کے نتیجے میں 17 فیصد بیلز ٹیکس لگایا گیا اور بہت سارے دو ہولڈنگ ٹیکسوں کی شرح میں غیر معمولی اضافہ ہوا جس سے مقامی مارکیٹ جس پر ہم یارن کی فروخت پر زیادہ بھروسہ کرتے ہیں، پر مکمل طور پر غلط پڑا۔ لہذا عالمی معاشی ست روی کے ساتھ ٹیکسوں میں زبردست اضافے نے ہماری فروخت کو طبعی طور پر متاثر کیا۔ اگرچہ حکومت نے پاکستانی روپے کی قیمت میں کمی کے ذریعے کرنٹ اکاؤنٹ خسارے کو تفریقاً ختم کر دیا ہے، تاہم برآمدات کو بڑھانے کیلئے تجارتی ترقی کی طرف بہت کم کوششیں کی گئیں۔ پاکستان کو اب بھی شدید مالی خسارے کا سامنا ہے جس کے لئے اس پر باؤڈالا جارہا ہے کہ وہ بڑے پیمانے پر ٹیکس اکٹھا کرے، اس کے نتیجے میں مارکیٹ میں لیکویڈیٹی کی انتہائی قلت پیدا ہو گئی جس سے نجی شعبے کے لئے قیمتی وسائل بڑھ گئے۔

خام مال:

پیش نظر صورت حال کے تحت پاکستانی کپاس کی فصل مزید بگڑ چکی ہے اور فصل کا حجم لگ بھگ 9 ملین بیلز کے حساب سے لگایا گیا ہے جو کہ گزشتہ سال کی نسبت 2 ملین بیلز کم ہے جس کے باعث مقامی کپاس مارکیٹ میں قیمتیں بہت زیادہ بڑھ گئی ہیں۔ مقامی کپاس کی قیمتوں میں اضافے کے نتیجے میں آنے والے سال میں آپ کی کمپنی کے منافع پر باؤر ہے گا۔

مستقبل کا نظریہ:

پاکستان میں نیکسٹائل کی صنعت میں چھ شعبے ہیں یعنی ڈینم، تولیہ، ہوم ٹیکسٹائل، ہنگنگ گارمنٹس، یارن اور گرے فہیر کس۔ یارن اور گرے فہیر کس کی برآمدات کا زیادہ تر انحصار چینی مارکیٹ پر ہے لیکن چین اور امریکہ کے مابین تجارتی تنازعہ کے باعث ہماری برآمدات میں شدید کمی آئی ہے۔ ہمیں امید ہے کہ حکومت اس نازک صورتحال کا جائزہ لے گی اور چین کے ساتھ تجارتی معاہدے میں نیکسٹائل انڈسٹری کو بڑا حفرہ فراہم کرنے پر کام کرے گی۔ حکومت کو صنعت کے اس حصے کیلئے معاملات/ٹیکس کے نوآباد پر عمل کرنا چاہئے۔

انتظامیہ:

ہم کمپنی کے ہر ملازم کی شمولیت کا شکر ادا کرتے ہیں اس کے علاوہ ہمارے کسٹمرز جو کہ ہماری پروڈکٹس پر اعتماد کرتے ہیں اور ہمارے ڈیکلریٹرز جو کہ مستقبل 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



عبد السلام شاہدانا
ڈائریکٹر



شاہد انوار نانا
چیف ایگزیکٹو

کراچی مورچہ 29 اکتوبر 2019ء

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