



# **TATA 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. Shahid Anwar Tata - Chief Executive  
Mr. Adeel Shahid Tata - Executive Director  
Mr. Bilal Shahid Tata - Non Executive Director  
Mr. Farooq Advani - Independent Director  
Mr. Tayyeb Afzal - Independent Director  
Mr. Muhammad Jawaid Iqbal - Independent  
Ms. Shahbano Hameed - Non Executive Director  
Miss Samar Shahid Tata - Non Executive Director

**AUDIT COMMITTEE**

Mr. Farooq Advani - Chairman  
Mr. Bilal Shahid Tata - Member  
Mr. Tayyeb Afzal - Member  
Miss. Samar Shahid Tata - 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  
Mr. Farooq Kasim – Secretary

**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  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank 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**

Rajwana & Rajwana Advocates

**REGISTERED OFFICE**

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

**FACTORY LOCATION**

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

**SHARE REGISTRAR**

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

**WEB**

[www.tatapakistan.com](http://www.tatapakistan.com)

## 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 Profit of PKR 209.63 Million (HY19 Pre-Tax Loss of PKR 39.33 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 over-supply 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**



SHAHID ANWAR TATA  
CHIEF EXECUTIVE



ADEEL SHAHID TATA  
DIRECTOR

**Karachi**

**Dated:** February 24, 2021

**◆ YOUSUF ADIL****Yousuf Adil**

Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
Karachi-75350  
Pakistan  
Phone: +92 (0) 21 3454 6494-7  
Fax: +92 (0) 21- 3454 1314  
www.yousufadil.com

**INDEPENDENT AUDITORS' REVIEW REPORT**

To the members of TATA Textile Mills Limited

Report on review of Condensed Interim Financial Statements

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of TATA 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 Safi Textile Mills Limited (SALT), Island Textile Mills Limited (ILTM) and Tata Energy Limited (TEL) into the Company. 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 24, 2021


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

		December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
	Note	.....(Rupees in '000').....	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	4,606,773	4,725,793
Intangible assets		6,075	6,878
Long term deposits		2,912	2,902
		<b>4,615,760</b>	4,735,573
<b>Current assets</b>			
Stores, spares and loose tools		39,487	38,613
Stock-in-trade	6	3,036,931	2,102,807
Trade debts		641,930	1,009,596
Loans and advances		390,733	316,269
Short term prepayments		4,450	1,339
Other receivables		7,588	5,040
Other financial assets		19,670	19,670
Sales tax refundable		127,604	39,235
Cash and bank balances		380,493	375,893
		<b>4,648,886</b>	3,908,462
<b>TOTAL ASSETS</b>		<b>9,264,646</b>	8,644,035
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7	173,248	173,248
General reserve		1,000,000	1,000,000
Unappropriated profit		808,334	594,696
Surplus on revaluation of property, plant and equipment		2,341,196	2,394,420
		<b>4,322,778</b>	4,162,364
<b>Non-current liabilities</b>			
Long term finances	8	729,284	668,737
Deferred liabilities		472,242	464,002
Deferred government grant	9	3,688	1,926
		<b>1,205,214</b>	1,134,665
<b>Current liabilities</b>			
Trade and other payables		882,989	482,198
Interest accrued on borrowings		58,941	91,794
Short term borrowings		2,687,232	2,668,360
Current portion of long term finances	8	53,670	19,349
Current portion of deferred government grant		8,734	3,445
Unclaimed dividend		4,467	4,483
Provision for income tax		40,621	77,377
		<b>3,736,654</b>	3,347,006
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,264,646</b>	8,644,035


**CONTINGENCIES AND COMMITMENTS**

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

  
**SHAHID ANWAR TATA**  
 CHIEF EXECUTIVE

  
**HASEEB HAFEEZUDEEN**  
 CHIEF FINANCIAL OFFICER

  
**ADEEL SHAHID 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	4,303,460	3,847,972	2,107,385	2,076,544
Cost of goods sold	12	(3,844,526)	(3,515,243)	(1,866,105)	(1,906,479)
<b>Gross profit</b>		<b>458,934</b>	<b>332,729</b>	<b>241,280</b>	<b>170,065</b>
Distribution cost		(40,178)	(41,733)	(18,941)	(18,418)
Administrative expenses		(68,170)	(73,304)	(34,586)	(38,146)
Other operating expenses		(16,254)	(55,625)	(8,540)	3,616
Finance cost		(130,264)	(202,978)	(63,086)	(105,960)
		(254,866)	(373,640)	(125,153)	(158,908)
Other income		5,566	1,584	4,925	1,408
<b>Profit / (loss) before taxation for the period</b>		<b>209,634</b>	<b>(39,327)</b>	<b>121,053</b>	<b>12,565</b>
Provision for taxation		(49,220)	(34,904)	(24,332)	(23,731)
<b>Profit / (loss) after taxation for the period</b>		<b>160,414</b>	<b>(74,231)</b>	<b>96,720</b>	<b>(11,166)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>160,414</b>	<b>(74,231)</b>	<b>96,720</b>	<b>(11,166)</b>
<b>Earning / (loss) per share - Basic and diluted (Rupees)</b>		<b>9.26</b>	<b>(4.28)</b>	<b>5.58</b>	<b>(0.64)</b>

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

  
**SHAHID ANWAR TATA**  
 CHIEF EXECUTIVE

  
**HASEEB HAFEEZUDDEN**  
 CHIEF FINANCIAL OFFICER

  
**ADEEL SHAHID TATA**  
 DIRECTOR

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	<b>HALF YEAR ENDED</b>	
	December 31, 2020	December 31, 2019
	----- (Rupees in '000') -----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	209,634	(39,327)
Adjustments for :		
Depreciation	116,856	115,233
Amortisation	802	151
Provision for staff gratuity	17,240	16,918
(Reversal) / provision for compensated absences	(297)	5,433
Finance cost	130,264	202,978
Loss on disposal of property, plant and equipment	400	6
	<b>474,899</b>	<b>301,392</b>
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(874)	(43,046)
Stock-in-trade	(934,124)	(90,845)
Trade debts	367,666	(213,469)
Loans and advances	(143,455)	(122,045)
Short term prepayments	(3,111)	255
Other receivables	(2,549)	19,240
Sales tax refundable	(88,369)	46,816
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	400,791	530,770
Cash generated from operations	<b>70,874</b>	<b>429,068</b>
Finance cost paid	(163,117)	(182,017)
Income taxes (paid) / refund	(9,316)	5,184
Staff gratuity paid	(14,041)	(8,792)
Staff compensated absences paid	(2,328)	(3,850)
Net cash (used in) / generated from operating activities	<b>(117,928)</b>	<b>239,593</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,278)	(39,118)
Proceeds from disposal of property and equipment	7,042	32
Proceeds from long term investments	-	26,700
Increase in long term deposits	(10)	(30)
Net cash generated from / (used in) investing activities	<b>1,754</b>	<b>(12,416)</b>



## HALF YEAR ENDED

December 31, 2020      December 31, 2019

(Rupees in '000')

## C. CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances obtained	108,137	71,277
Repayment of long term finances	(6,219)	(50,763)
Acquisition / (repayment) of short-term borrowings-net	244,362	(968,419)
Payment of dividend	(16)	(8,569)
Net cash generated from / (used in) financing activities	346,264	(956,474)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	230,090	(729,297)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(1,876,592)</b>	<b>(929,518)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(1,646,502)</b>	<b>(1,658,815)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	380,493	399,949
Short term running finances	(2,026,995)	(2,058,764)
	<b>(1,646,502)</b>	<b>(1,658,815)</b>

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



SHAHID ANWAR TATA  
CHIEF EXECUTIVE



HASEEB HAFEEZUDEEN  
CHIEF FINANCIAL OFFICER



ADEEL SHAHID TATA  
DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

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**TATA TEXTILE MILLS LIMITED**

	Revenue reserve		Capital reserve		Total
	Share Capital	General reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	
Balance as at June 30, 2019 (Audited)	173,248	1,000,000	820,630	2,476,256	4,470,134
Total comprehensive income for the half year ended December 31, 2019	-	-	(74,231)	-	(74,231)
Loss for the period	-	-	-	-	-
Other comprehensive income - net of tax	-	-	(74,231)	-	(74,231)
Transferred from surplus on revaluation of property, plant and equipment on account of:	-	-	56,677	(56,677)	-
- incremental depreciation	-	-	-	6,328	6,328
- adjustment in revaluation surplus	-	-	56,677	(50,349)	6,328
Transactions with owners	-	-	-	-	-
Final cash dividend for the year ended June 30, 2019 @ Re. 0.50 per share	-	-	(8,662)	-	(8,662)
<b>Balance as at December 31, 2019</b>	<b>173,248</b>	<b>1,000,000</b>	<b>794,414</b>	<b>2,425,907</b>	<b>4,393,569</b>
Total comprehensive income for the half year ended June 30, 2020	-	-	(254,581)	-	(254,581)
Loss for the period	-	-	-	-	-
<b>Other comprehensive income</b>	-	-	(1,814)	-	(1,814)
Gain on remeasurement of defined benefit plan - net of deferred tax	-	-	-	-	-
Adjustment of surplus on revaluation of property, plant & equipment due to change in tax rate	-	-	-	25,190	25,190
Total comprehensive income for the period	-	-	(256,395)	25,190	(231,205)

(Rupees in '000')



## 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 Tata Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan on April 15, 1987 under the Companies Ordinance, 1984 (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 District Muzaffargarh, in the province of Punjab.

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

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 are committed to the merger.

### 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 is un-audited and all relevant compliance with Companies Act, 2017 has been ensured accordingly. The comparative condensed interim statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2020; the comparative condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity of the Company have been extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2019.

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

### 3 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS.

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements and the significant judgments 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 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, 2020.

	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
	----- (Rupees in '000) -----	
Operating assets	4,604,145	4,717,936
Capital work-in-progress	2,628	7,857
	<b>4,606,773</b>	<b>4,725,793</b>

### 5 PROPERTY, PLANT AND EQUIPMENT

5.1 Following additions, transfers and disposals in operating assets were made:

Additions / transfers from CWIP	Disposals (written down value)	Sale proceeds
----- (Rupees in '000') -----		

**During the period ended December 31, 2020 (Unaudited)**

Building on freehold land	442	-	-
Plant and machinery	4,426	7,442	6,592
Factory and workshop equipment	152	-	-
Furniture and fixtures	1,204	-	-
Office equipment	4,283	-	-
Motor Vehicles	-	1	450
	<b>10,507</b>	<b>7,443</b>	<b>7,042</b>

Additions/ transfers from CWIP	Disposals (written down value)	Sale proceeds
----- (Rupees in '000') -----		

**During the financial year ended June 30, 2020 (Audited)**

Building on freehold land	18,078	-	-
Plant and machinery	250,123	-	-
Factory and workshop equipment	7,020	-	-
Office equipment	3,807	38	32
Motor Vehicles	13,479	188	2,301
	<b>292,507</b>	<b>226</b>	<b>2,333</b>

<b>December 31, 2020 (Unaudited)</b>	<b>June 30, 2020 (Audited)</b>
----- (Rupees in '000') -----	

Note

**6 STOCK-IN-TRADE**

Raw material	2,748,207	1,446,104
Work-in-process	78,159	78,158
Finished goods	88,350	579,414
Waste stock	124,803	28,928
	<b>3,039,519</b>	2,132,604
Less: provision for written-down of inventories to their net realisable value	6.1 (2,588)	(29,797)
	<b>3,036,931</b>	2,102,807

6.1 This provision pertains to finished goods inventory.

<b>December 31, 2020 (Unaudited)</b>	<b>June 30, 2020 (Audited)</b>
----- (Rupees in '000') -----	

Note

**7 SHARE CAPITAL**

<i>Authorized share capital</i>		
20,000,000 ordinary shares of Rs.10 each	200,000	200,000
<i>Issued, subscribed and paid-up capital</i>		
17,324,750 ordinary shares of Rs.10 each	173,248	173,248

**8 LONG TERM FINANCES****Banking companies - secured**

Term finances	8.1 & 8.4	89,926	92,711
SBP-LTFF	8.2 & 8.4	541,953	545,387
SBP - Refinance scheme for salary payments	8.3 & 8.4	151,075	49,988
		<b>782,954</b>	688,086

	December 31, 2020 (Unaudited) ----- (Rupees in '000') -----	June 30, 2020 (Audited)
<b>Less: current portion</b>		
Term finances	-	2,785
SBP - LTFF	2,726	2,726
SBP - Refinance scheme for salary payments	50,944	13,838
	<b>53,670</b>	19,349
8.5	<b>729,284</b>	668,737

- 8.1** The finances are secured against first pari passu charge on all present and future fixed assets including land, building, plant and machinery and charge on specific machinery. These facilities are subject to markup at the rate 3 and 6 months' average KIBOR plus 1% and 1.75% per annum (June 30, 2020: 3 and 6 months' average KIBOR plus 1% and 1.75% per annum). These are repayable in equal half yearly installments.
- 8.2** The finances are secured against first pari passu charge on all present and future plant & machineries, land and building as well as charge on specific machineries. These facilities are subject to markup at SBP rate plus bank spread i.e. (2% + 1.5% to 2%) per annum (June 30, 2020: 2% + 1.5% to 2%) per annum. These are repayable in 32 equal quarterly installments.
- 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 State Bank of Pakistan 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) ----- (Rupees in '000') -----	June 30, 2020 (Audited)
<b>8.5</b> Balance as on July 01	688,086	536,417
Obtained during the period	108,137	242,938
Repayment during the period	(6,219)	(85,897)
Impact of deferred grant	(7,050)	(5,372)
Balance as at the period end	782,954	688,086
Less: current portion of long term financing	(53,670)	(19,349)
	<b>729,284</b>	668,737

	December 31, 2020 (Unaudited) ----- (Rupees in '000') -----	June 30, 2020 (Audited)
<b>9 Deferred Government Grant</b>		
Deferred grant against salary loans	12,422	5,372
less: current portion of deferred grant	(8,734)	(3,446)
	<b>3,688</b>	1,926
<b>9.1 Movement for the period</b>		
As at the beginning of the period	5,372	-
Add: deferred grant recognized during the period	11,010	5,732
	<b>16,382</b>	5,732
Less: amortisation for the period	(3,960)	(360)
As at the end of the period	<b>12,422</b>	5,372

- 9.2** Deferred government grant relates to the difference between the fair value and actual proceeds of salary loan obtained under SBP's Refinance scheme for payment of salaries during the current year. 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 account 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 amortisation will be recognised and presented as reduction of related interest expense.

**10 CONTINGENCIES AND COMMITMENTS****10.1 Contingencies**

During the period, there was a development as mentioned below to the contingencies note 23.1 pertaining to GIDC disclosed in the annual audited financial statements for the year ended June 30, 2020.

Supreme Court of Pakistan (SCP) in its judgment dated November 03, 2020 dismissed all review petitions filed against its earlier judgment dated August 13, 2020, stating that the companies claiming any relief under GIDC Act 2015 may approach the right forum. It further allowed the recovery of the amount in 48 equal installments with 1 year grace period as opposed to 24 installments and 6 months grace period mentioned in the original decision.

The Company is in the process of challenging this amount on ground that the government offered special tariff between December 2018 to July 2020 which will not attract GIDC and the Company did not pass on the GIDC burden to their end consumers and seeking relief under Section 8 (2) of the GIDC Act 2015, However, management maintains that since the Company has not passed on the burden to its consumers/clients, it is not liable to pay GIDC, by whatever name charged.

		<b>December 31, 2020 (Unaudited)</b>	June 30, 2020 (Audited)
	<b>Note</b>	<b>----- (Rupees in '000') -----</b>	
<b>10.2 Commitments</b>			
(i) Civil Works		20,675	20,675
(ii) Letters of credit against:			
- Stores and spares		13,096	11,865
- Raw material		630,556	428,610
		<b>643,652</b>	<b>440,475</b>
(iii) Bank guarantees issued on behalf of the Company	10.2.1	<b>227,294</b>	<b>220,294</b>
(iv) Bills discounted with recourse:			
- Export		106,364	40,547
- Local		158,737	73,880
		<b>265,101</b>	<b>114,427</b>
		<b>December 31, 2020 (Unaudited)</b>	June 30, 2020 (Audited)
	<b>Note</b>	<b>----- (Rupees in '000') -----</b>	
(v) Rentals under ijarah finance agreements:	10.2.2		
- Not later than one year		38,077	39,642
- Later than one year but not later than five years		1,868	20,447
		<b>39,945</b>	<b>60,089</b>
(vi) Outstanding sales contract		<b>773,678</b>	<b>447,409</b>

**10.2.1** This includes bank guarantee related to Sindh Development Infrastructure Cess amounting to Rs. 98.20 million (June, 30 2020: Rs. 91.20 million).

**10.2.2** This represents two ijarah agreements entered into with Dubai Islamic Bank Pakistan Limited in respect of machineries. Total future ijarah payments under agreements are Rs. 39.95 million (June 30, 2020: Rs. 60.09 million) and are payable in quarterly installments latest by June, 2022. These commitments are secured against the exclusive ownership of machineries and third ranking charge against property, plant and equipment with 25% margin.

**11 REVENUE FROM CONTRACT WITH CUSTOMERS - NET**

Sales include sales made to local customers (including indirect exports) and direct exports amounting to Rs. 4,116 million (December 31, 2019: 3,241 million) and Rs. 187 million (December 31, 2019: 607 million) respectively. The exports are made to Asia, Australia and Europe region.

	Note	HALF YEAR ENDED		QUARTER ENDED	
		December 31,	December 31,	December 31,	December 31,
		2020	2019	2020	2019
		----- ( Unaudited ) -----			
		----- (Rupees in '000') -----			
<b>12 COST OF GOODS SOLD</b>					
Opening finished goods (including waste)	12.2	578,545	317,315	287,426	284,487
Purchases		43,725	-	-	-
Cost of goods manufactured	12.1	3,377,789	3,194,712	1,789,244	1,618,776
Opening finished goods (including waste)	12.2	(210,565)	(173,631)	(210,565)	(173,631)
Cost of finished goods sold		3,789,494	3,338,396	1,866,105	1,729,632
Cost of raw material sold		55,032	176,847	-	176,847
		<b>3,844,526</b>	<b>3,515,243</b>	<b>1,866,105</b>	<b>1,906,479</b>

**12.1 Cost of goods manufactured**

Raw material	12.1.1	2,667,447	2,478,962	1,422,605	1,262,521
Stores and spares		52,804	52,824	31,336	31,884
Packing material		43,925	36,576	22,315	17,536
Power and fuel		277,534	279,142	152,962	134,169
Salaries, wages and benefits		189,560	203,105	87,946	97,949
Depreciation		113,020	112,470	56,515	56,390
Amortization		612	-	306	-
Insurance		4,834	5,547	2,595	2,278
Repairs and maintenance		3,483	3,142	1,576	960
Ijarah rentals		21,984	23,891	11,138	12,615
Other overheads		2,587	2,792	1,350	630
		<b>3,377,790</b>	<b>3,198,451</b>	<b>1,790,644</b>	<b>1,616,932</b>
Work-in-process					
Opening stock		78,158	60,210	76,759	65,793
Closing stock		(78,159)	(63,949)	(78,159)	(63,949)
		<b>(1)</b>	<b>(3,739)</b>	<b>(1,400)</b>	<b>1,844</b>
		<b>3,377,789</b>	<b>3,194,712</b>	<b>1,789,244</b>	<b>1,618,776</b>

	Note	HALF YEAR ENDED		QUARTER ENDED	
		December 31,	December 31,	December 31,	December 31,
		2020	2019	2020	2019
		----- ( Unaudited ) -----			
		----- (Rupees in '000') -----			
<b>12.1.1 Raw material consumed</b>					
Opening stock		1,446,104	1,661,510	920,101	1,485,971
Purchases - net		3,969,550	2,709,752	3,250,711	1,668,850
		5,415,654	4,371,262	4,170,812	3,154,821
Closing stock		(2,748,207)	(1,892,300)	(2,748,207)	(1,892,300)
		<b>2,667,447</b>	<b>2,478,962</b>	<b>1,422,605</b>	<b>1,262,521</b>

**12.2** Net realizable value of finished goods excluding waste was lower than its cost, resulting in a write-down of Rs. 2.59 million (December 31, 2019: Rs. 6.05 million) charged to cost of goods sold.

**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 financial statements, are as follows:



**Associated Companies due to common directorship and common management:**

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

<b>Half year ended</b>	
December 31, 2020	December 31, 2019
----- (Unaudited) -----	
----- (Rupees in '000') -----	

<b>13.1 Relationship with the party</b>	<b>Nature of transactions</b>		
Associated undertakings	Share of expenses received	981	1,953
	Share of expenses paid	7,172	5,106
	Purchase of Store	304	260
	Purchase of Yarn	43,725	-
	Sale of Cotton	-	120,354
	Dividend paid	-	217
Key management personnel	Remuneration	29,887	46,035
Directors	Remuneration	6,516	6,871
	Meetings fee	740	580
	Rent expense		
	-godown	120	120
	-office premises	2,045	2,045
	Dividend paid	-	5,107

**14 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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

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

**15 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements was authorised for issue on February 24, 2021 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 و علیکم،

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 209.63 ملین روپے کا قبل از ٹیکس منافع حاصل کیا ہے جبکہ سال 2019ء کی ششماہی میں قبل از ٹیکس خسارہ مبلغ 39.33 ملین روپے تھا۔

حالیہ چھ ماہ پاکستان کی ٹیکسٹائل انڈسٹری کے لئے بہتر رہے ہیں اور ہم آئندہ چھ ماہ بھی بالخصوص اسپننگ سیکٹر کے لئے بہتری کی توقع کرتے ہیں۔ گذشتہ کچھ سالوں کے دوران ہم نے یارن کی ضرورت سے زیادہ سپلائی دیکھی تھی، تاہم، ڈاؤن اسٹیم انڈسٹری کے ذریعہ گذشتہ چھ ماہ کے دوران یارن کی طلب میں نمایاں اضافہ ہوا ہے۔ ڈاؤن اسٹیم ٹیکسٹائل سیکٹرز 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 سیکٹر کو آگے بڑھنے میں مدد فراہم کرے گا۔ مزید یہ کہ ہم پہلے 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 مستقبل 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 لمبے نشیبی 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 جہت زدہ ہیں کہ کاشن/فائبر کی بلند سطح پر قیمتوں کے ساتھ مانگ میں کتنی کمی واقع ہوگی جوئی الحال ہماری واحد تشویش ہے، بصورت دیگر سب اچھا لگ رہا ہے۔

### اظہار تشکر :

ہم کمپنی کے عملہ کی شمولیت کا تشکر یہ 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 شیئر ہولڈرز کے مکمل اعتماد پر بھی مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



عدیل شاہد ٹانا

ڈائریکٹر



شاہد انوار ٹانا

چیف ایگزیکٹو

کراچی مورخہ 24 فروری 2021ء

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