



# **TATA TEXTILE MILLS LIMITED**

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

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**COMPANY INFORMATION****BOARD OF DIRECTORS**

Mr. Anwar Ahmed Tata - Chairman  
Mr. Shahid Anwar Tata - Chief Executive  
Mr. Adeel Shahid Tata - Executive Director  
Mr. Bilal Shahid Tata - Non Executive Director  
Mr. Farooq Advani - Non Executive Director  
Mr. Muhammad Naseem - Independent Director  
Ms. Shahbano Hameed - Non Executive Director

**AUDIT COMMITTEE**

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

**HR & REMUNERATION COMMITTEE**

Mr. Muhammad Naseem - Chairman  
Mr. Shahid Anwar Tata - Member  
Mr. Bilal Shahid Tata - Member  
Mr. Farooq Advani - Member  
Mr. Muhammad Ali Mirza - Secretary

**CHIEF FINANCIAL OFFICER**

Mr. Haseeb Hafeezuddeen

**COMPANY SECRETARY**

Mr. Muhammad Hussain

**INTERNAL AUDITOR**

Mr. Ghazanfer Yaseen

**AUDITORS**

M/s. Deloitte Yousuf Adil  
Chartered Accountants

**BANKERS**

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
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 Nine Months Ended March 31, 2020 is being presented to you.

The Company has incurred a pre-tax loss of Rs.37.741 million for the Nine Month Ended March 31, 2020, as compared to pre-tax profit of Rs. 69.558 million during the corresponding period of last year.

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

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

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

As the World Economy is badly shaken in lockdown situation, so there is every likelihood that we will face severe economic recession for months to come. Under the circumstances, one of the important steps that the government should take is to give fair subsidy to various elements in the agricultural value chain at the sowing stage (seed, electricity, fertilizer, pesticides, etc.) so cotton growers can obtain their inputs at reduced cost which will help provide cheaper raw material to Spinning Sector. Further, the Government needs to take radical measures in development of quality seeds, through modern research technology and through monitoring of pesticides and fertilizers. Unless our cotton seeds are upgraded, we do not foresee any enhancement in quality and quantity of Cotton production.

**FUTURE OUTLOOK**

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

**ACKNOWLEDGEMENT**

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

**On behalf of the Board of Directors**



**Shahid Anwar Tata**  
Chief Executive



**Adeel Shahid Tata**  
Director

**Dated: April 30, 2020**  
**Karachi**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2020**
**March 31,**  
**2020**  
**(Unaudited)**
**June 30,**  
**2019**  
**(Audited)**
**ASSETS**
**Note** .....Rupees in '000'.....
**NON-CURRENT ASSETS**

Property, plant and equipment	5	4,766,499	4,681,700
Intangible assets		1,034	1,080
Long term investments		-	26,700
Long term deposits		2,897	2,852
		4,770,430	4,712,332

**CURRENT ASSETS**

Stores, spares and loose tools		60,414	50,920
Stock-in-trade	6	1,892,359	2,039,035
Trade debts		914,656	615,002
Loans and advances		916,271	340,200
Short-term prepayments		4,615	1,774
Other receivables		53,081	59,950
Other financial assets		19,670	19,670
Sales tax refundable		71,063	96,015
Cash and bank balances		53,477	153,625
		3,985,606	3,376,191

**TOTAL ASSETS**
**8,756,036**      **8,088,523**
**EQUITY AND LIABILITIES****EQUITY**

Share capital	7	173,248	173,248
General reserve		1,000,000	1,000,000
Unappropriated profit		802,407	820,630
Revaluation reserve of property, plant and equipment		2,397,569	2,476,256
		4,373,224	4,470,134

**NON-CURRENT LIABILITIES**

Long-term finance	8	566,595	440,243
Deferred liabilities		499,282	493,193
		1,065,877	933,436

**CURRENT LIABILITIES**

Trade and other payables		376,473	298,453
Interest / mark-up accrued on borrowings		91,545	60,654
Short-term borrowings		2,701,818	2,154,374
Current portion of long-term finance	8	84,875	96,174
Unclaimed dividend		4,488	4,396
Provision for income tax		57,736	70,902
		3,316,935	2,684,953

**TOTAL EQUITY AND LIABILITIES**
**8,756,036**      **8,088,523**
**CONTINGENCIES AND COMMITMENTS**

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

	Note	Nine-month period ended		Quarter ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
----- Rupees in '000' -----					
Revenue from contract with customers - net	10	5,732,081	4,882,552	1,884,109	1,919,613
Cost of goods sold	11	(5,240,351)	(4,446,356)	(1,725,108)	(1,794,065)
<b>Gross profit</b>		<b>491,730</b>	436,196	<b>159,001</b>	125,548
Distribution cost		(61,898)	(57,709)	(20,165)	(18,832)
Administrative expenses		(118,414)	(101,519)	(45,110)	(37,722)
Other operating expenses		(51,203)	(7,969)	4,422	(217)
Finance cost		(299,708)	(208,068)	(96,730)	(99,128)
		(531,223)	(375,265)	(157,583)	(155,899)
Other income		1,752	8,627	168	1,864
<b>(Loss) / profit before taxation</b>		<b>(37,741)</b>	69,558	<b>1,586</b>	(28,487)
Provision for taxation	12	(56,836)	(36,091)	(21,932)	(11,485)
<b>(Loss) / profit for the period</b>		<b>(94,577)</b>	33,467	<b>(20,346)</b>	(39,972)
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive (loss)/ income for the period</b>		<b>(94,577)</b>	33,467	<b>(20,346)</b>	(39,972)
<b>(Loss) / earnings per share - Basic and diluted (Rupees)</b>		<b>(5.46)</b>	1.93	<b>(1.17)</b>	(2.31)

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 CHIEF EXECUTIVE

  
**HASEEB HAFEEZUDEEN**  
 CHIEF FINANCIAL OFFICER

  
**ADEEL SHAHID TATA**  
 DIRECTOR

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

	March 31, 2020	March 31, 2019
	.....Rupees in '000'.....	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(37,741)	69,558
Adjustments for :		
Depreciation	174,072	146,133
Amortization	226	265
Provision for staff gratuity	26,030	28,841
Provision for compensated absences	6,483	6,554
Provision for doubtful debts	-	(620)
Finance cost	299,708	208,068
Loss / (Gain) on disposal of property, plant and equipment	6	(7,808)
Operating cash flows before changes in working capital	<u>468,784</u>	450,991
(Increase) / decrease in current assets		
Stores, spares and loose tools	(9,494)	10,614
Stock-in-trade	146,676	(652,454)
Trade debts	(299,654)	2,368
Loans and advances	(627,384)	(467,187)
Trade deposits and short-term prepayments	(2,841)	(3,860)
Other receivables	6,869	15,740
Sales tax refundable	24,952	(12,200)
Increase / (Decrease) in current liabilities		
Trade and other payables	84,960	(70,903)
Cash used in operations	<u>(207,132)</u>	(726,891)
Finance cost paid	(268,817)	(156,378)
Income taxes paid	(23,803)	(39,002)
Staff gratuity paid	(15,635)	(11,858)
Staff compensated absences paid	(6,463)	(5,980)
Net cash used in operating activities	<u>(521,850)</u>	(940,109)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(258,912)	(125,333)
Proceeds from disposal of property and equipment	33	14,499
Purchase of intangible assets	-	(417)
Proceeds from long term investments	26,700	(167)
Long-term deposits	(45)	-
Net cash used in investing activities	<u>(232,224)</u>	(111,418)

	March 31, 2020	March 31, 2019
	.....Rupees in '000'.....	
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term finance obtained	186,324	72,317
Repayment of long-term finance	(71,271)	(84,226)
(Repayment) / obtained of short-term borrowings-net	(578,415)	379,404
Dividend paid	(8,570)	(17,080)
	<u>(471,932)</u>	<u>350,415</u>
Net cash (used in) / generated from financing activities		
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(1,226,006)	(701,112)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(929,518)</b>	<b>(1,058,431)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>(2,155,524)</u></b>	<b><u>(1,759,543)</u></b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	53,477	43,319
Running / cash finances	<u>(2,209,001)</u>	<u>(1,802,862)</u>
	<b><u>(2,155,524)</u></b>	<b><u>(1,759,543)</u></b>

The annexed notes 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 NINE-MONTH PERIOD ENDED MARCH 31, 2020**

	Share Capital	Revenue reserve		Capital reserve Revaluation surplus	Total
		General reserve	Unappropri- ated profit		
Note ..... Rupees in '000'.....					
<b>Balance at June 30 01, 2018 (Audited)</b>	173,248	1,000,000	723,170	1,841,046	3,737,464
<b>Total comprehensive income for the Nine-month period ended March 31, 2019</b>					
Profit for the period	-	-	33,467	-	33,467
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	33,467	-	33,467
Transferred from surplus on revaluation of property, plant and equipment on account of:					
- incremental depreciation	-	-	47,343	(47,343)	-
- disposal of property, plant and equipment	-	-	6,659	(6,659)	-
	-	-	54,002	(54,002)	-
<b>Transactions with owners</b>					
Final cash dividend for the year ended June 30, 2018 @ Re. 1 per share	-	-	(17,325)	-	(17,325)
<b>Balance at March 31, 2019 (Unaudited)</b>	<b>173,248</b>	<b>1,000,000</b>	<b>793,314</b>	<b>1,787,044</b>	<b>3,753,606</b>
<b>Total comprehensive income for the Quarter ended June 30, 2019</b>					
Loss for the period	-	-	(657)	-	(657)
Surplus on revaluation of land, building, electric installation and plant and machinery - net of deferred tax	-	-	-	722,519	722,519
<b>Other comprehensive income</b>					
Gain on remeasurement of defined benefit plan - net of deferred tax	-	-	4,971	-	4,971
Adjustment of surplus on revaluation of property, plant & equipment due to change in tax rate	-	-	-	(10,305)	(10,305)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>4,314</b>	<b>712,214</b>	<b>716,528</b>
Transferred from surplus on revaluation of property, plant and equipment on account of:					
- incremental depreciation	-	-	25,832	(25,832)	-
- disposal of property, plant and equipment	-	-	(2,830)	2,830	-
	-	-	23,002	(23,002)	-
<b>Balance at June 30, 2019 (Audited)</b>	<b>173,248</b>	<b>1,000,000</b>	<b>820,630</b>	<b>2,476,256</b>	<b>4,470,134</b>
<b>Total comprehensive income for the Nine-month period ended March 31, 2020</b>					
Loss for the period	-	-	(94,577)	-	(94,577)
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	(94,577)	-	(94,577)
Transferred from surplus on revaluation of property, plant and equipment on account of:					
- incremental depreciation	-	-	85,015	(85,015)	-
- adjustment in revaluation surplus	-	-	-	6,328	6,328
	-	-	85,015	(78,687)	6,328
<b>Transactions with owners</b>					
Final cash dividend for the year ended June 30, 2019 @ Re. 0.50 per share	-	-	(8,661)	-	(8,661)
<b>Balance as at March 31, 2020 (Unaudited)</b>	<b>173,248</b>	<b>1,000,000</b>	<b>802,407</b>	<b>2,397,569</b>	<b>4,373,224</b>

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

  
**SHAHID ANWAR TATA**  
CHIEF EXECUTIVE

  
**HASEEB HAFEEZUDDEN**  
CHIEF FINANCIAL OFFICER

  
**ADEEL SHAHID TATA**  
DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2020****1 LEGAL STATUS AND NATURE OF BUSINESS**

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.

**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
- Provisions of and directives issued under the Companies Act, 2017

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

2.2 These condensed interim financial statements is presented in Pakistani Rupees which is also the Company's functional currency and figures presented in these condensed interim financial statements 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 condensed interim statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2019; the comparative condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity of the Company have been extracted from the unaudited condensed interim financial statements for the Nine-Month ended March 31, 2019.

**3 SIGNIFICANT ACCOUNTING POLICIES**

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

**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	March 31, 2020 (Unaudited) ----- Rupees in '000' -----	June 30, 2019 (Audited)
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	5.1	<b>4,614,997</b>	4,660,235
Capital work-in-progress	5.2	<b>151,502</b>	21,465
		<b>4,766,499</b>	<b>4,681,700</b>

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' -----		
<b>During the Quarter ended March 31, 2020 (Unaudited)</b>			
Building on freehold land	6,706		
Plant and machinery	88,933	-	-
Vehicles	5,649	-	-
	<b>101,288</b>	<b>-</b>	<b>-</b>
<b>During the year ended June 30, 2019 (Audited)</b>			
Building on freehold land	22,372	4,309	-
Plant and machinery	90,398	2,479	1,762
Factory and workshop equipment	8,697	-	-
Furniture and fixtures	1,445	-	-
Office equipment	4,616	82	69
Vehicles	7,124	4,154	12,682
	<b>134,652</b>	<b>11,024</b>	<b>14,513</b>

5.2 During the period net addition to capital work in progress is Rs. 130.04 million (June 30, 2019: Rs. 6.50 million).

	March 31, 2020 (Unaudited) ----- Rupees in '000' -----	June 30, 2019 (Audited)
<b>6 STOCK-IN-TRADE</b>		
Raw Material	1,572,770	1,661,510
Work-in-process	30,542	60,210
Finished goods	257,546	284,658
Waste stock	44,044	34,307
	1,904,902	2,040,685
Less: provision for written-down of inventories to their net realisable value	(12,543)	(1,650)
	<b>1,892,359</b>	<b>2,039,035</b>

	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
Note	----- Rupees in '000' -----	
<b>7 SHARE CAPITAL AND RESERVES</b>		
<i>Authorized share capital</i>		
20,000,000 ordinary shares of Rs.10 each	<u>200,000</u>	<u>200,000</u>
<i>Issued, subscribed and paid-up capital</i>		
17,324,750 ordinary shares of Rs.10 each	<u>173,248</u>	<u>173,248</u>
<b>8 LONG TERM FINANCES</b>		
<b>Banking companies - secured</b>		
Term finances	168,368	120,346
SBP-LTFF	483,102	411,327
Diminishing musharka	-	4,744
	<u>651,470</u>	<u>536,417</u>
	<u>27,178</u>	<u>33,733</u>
Term finances	57,697	57,697
SBP-LTFF	-	4,744
Diminishing musharka	84,875	96,174
	<u>566,595</u>	<u>440,243</u>
8.1 & 8.2	<u>566,595</u>	<u>440,243</u>
<b>8.1</b> These finances are secured against first pari passu charge on all present and future fixed assets including land, building, plant and equipment of the Company, specific charge over new machinery and personal guarantee of directors. These finances are subject to mark-up at the rate 3 and 6 months' average KIBOR plus 1% and 1.75% per annum. (June 30, 2019: 3 and 6 months' average KIBOR plus 1% and 1.75% per annum).		
	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
	----- Rupees in '000' -----	
<b>8.2</b> Balance at the beginning of the period / year	<u>536,417</u>	<u>582,467</u>
Obtained during the period / year	<u>186,324</u>	<u>72,317</u>
Repaid	<u>(71,271)</u>	<u>(118,367)</u>
Balance at the end of the period / year	<u>651,470</u>	<u>536,417</u>
Less: current portion of long term financing	<u>(84,875)</u>	<u>(96,174)</u>
	<u>566,595</u>	<u>440,243</u>
<b>9 CONTINGENCIES AND COMMITMENTS</b>		
<b>9.1 Contingencies</b>		
The Company filed a suit before the High Court of Sindh, challenging the applicability of Gas Infrastructure Development Cess (GIDC) Act, 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GIDC over and above Rs.13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GIDC as a tax was not levied in accordance with the Constitution and hence not valid.		

In September 2014, the Federal Government promulgated GIDC Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the ground that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the said Ordinance was approved in the Parliament and became an Act. Since the GIDC Act 2015 has also ultra vires to constitute and issue is being faced by all industry at large, management is confident based on the discussion with lawyer that the decision of the case will be in the favour of company. However, the Company on prudent basis, recognized provision for GIDC as at March 31, 2020

		<b>March 31, 2020</b>	June 30, 2019
	<b>Note</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>----- Rupees in '000' -----</b>	
<b>9.2 Commitments</b>			
(i) Civil Works		-	1,568
(ii) Letters of credit			
- plant and machinery		<b>118,393</b>	-
- stores and spares		<b>24,211</b>	42,867
- raw material		<b>532,330</b>	-
(iii) Bank guarantees issued on behalf of the Company	9.2.1	<b>214,294</b>	193,295
(iv) Bills discounted with recourse			
- Export		<b>130,198</b>	264,405
- Local		<b>119,469</b>	-
		<b>249,667</b>	264,405
(v) Rentals under ijarah finance agreements	9.2.2		
- Not later than one year		<b>39,642</b>	40,893
- Later than one year but not later than five years		<b>30,262</b>	62,089
		<b>69,904</b>	102,982
(vi) Outstanding sales contract		<b>617,370</b>	411,186

**9.2.1** This includes bank guarantee related to Sindh Development Infrastructure Cess amounting to Rs.85.20 million (2019: Rs. 77.20 million).

**9.2.2** Represents two ijarah agreements entered into with an Islamic Bank in respect of machineries. Total future ijarah payments under agreements are Rs. 69.90 million (2019: Rs. 102.98 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.

## 10 REVENUE FROM CONTRACT WITH CUSTOMERS - NET

Sales include sales made to local customers (including indirect exports) and direct exports amounting to Rs. 4,840 million (2019 : Rs. 3,711 million ) and Rs. 892 million ( 2019 : Rs. 1,172 million) respectively.

	Nine-month period ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	( Unaudited )			
Note	Rupees in '000'			

**11 COST OF GOODS SOLD**

Opening finished goods		317,315	180,933	173,631	567,578
Cost of goods manufactured	11.1	4,754,807	4,607,153	1,560,095	1,568,217
		5,072,122	4,788,086	1,733,726	2,135,795
Closing finished goods	11.2	(289,047)	(341,730)	(289,047)	(341,730)
Cost of manufactured goods sold		4,783,075	4,446,356	1,444,679	1,794,065
Cost of raw material sold		457,276	-	280,429	-
		<b>5,240,351</b>	<b>4,446,356</b>	<b>1,725,108</b>	<b>1,794,065</b>

**11.1 Cost of goods manufactured**

Raw material	11.1.1	3,657,914	3,635,964	1,178,952	1,264,817
Stores and spares		86,097	70,871	33,273	22,001
Packing material		55,424	58,127	18,848	18,544
Power and fuel		410,280	385,253	131,138	119,260
Salaries, wages and benefits		293,323	269,390	90,218	81,780
Depreciation		169,625	141,414	57,155	48,065
Insurance		7,928	8,381	2,381	3,094
Repairs and maintenance		4,132	4,439	990	1,901
Ijarah rentals		35,827	41,638	11,936	12,766
Other overheads		4,589	6,400	1,797	1,991
		<b>4,725,139</b>	<b>4,621,877</b>	<b>1,526,688</b>	<b>1,574,219</b>
Work-in-process					
Opening stock		60,210	47,895	63,949	56,617
Closing stock		(30,542)	(62,619)	(30,542)	(62,619)
		<b>29,668</b>	<b>(14,724)</b>	<b>33,407</b>	<b>(6,002)</b>
		<b>4,754,807</b>	<b>4,607,153</b>	<b>1,560,095</b>	<b>1,568,217</b>

**11.1.1 Raw material consumed**

Opening stock		1,661,510	861,045	1,892,300	2,500,828
Purchases - net		3,569,174	4,112,898	859,422	101,968
		5,230,684	4,973,943	2,751,722	2,602,796
Closing stock		(1,572,770)	(1,337,979)	(1,572,770)	(1,337,979)
		<b>3,657,914</b>	<b>3,635,964</b>	<b>1,178,952</b>	<b>1,264,817</b>

**11.2** Net realizable value of finished goods was lower than its cost, resulting in a write-down of Rs. 12.54 million (March 31, 2019: Rs. 0.99 million) charged to cost of goods sold.

**12 TAXATION**

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

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

**13 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated undertakings, directors, key management personnel and their relatives. 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	Quarter ended	
		March 31, 2020	March 31, 2019
		----- (Unaudited) -----	
		----- Rupees in '000' -----	
<b>Associated undertakings</b>	Share of expenses received	379	306
	Share of expenses paid	4,079	3,341
	Purchase of Store	-	156
	Sale of Cotton	208,534	-
<b>Key management personnel</b>	Remuneration	21,302	14,232
<b>Directors</b>	Remuneration	3,571	3,417
	Meetings fee	260	140
	Rent expense		
	-godown	60	60
	-office premises	1,023	1,023

**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**

This condensed interim financial information was authorised for issue on **April 30, 2020** by the Board of Directors of the Company.



**SHAHID ANWAR TATA**  
CHIEF EXECUTIVE



**HASEEB HAFEEZUDDEN**  
CHIEF FINANCIAL OFFICER



**ADEEL SHAHID TATA**  
DIRECTOR

ڈائریکٹرز رپورٹ  
السلام علیکم،

31 مارچ 2020 کو ختم ہونے والی نو ماہ کی مدت کیلئے کمپنی کے مالیاتی حسابات (غیر آڈٹ شدہ) آپ کے سامنے پیش کئے جا رہے ہیں۔ کمپنی کو 31 مارچ 2020 کو ختم ہونے والی نو ماہ کی مدت کے دوران مبلغ 37.741 ملین روپے کا قبل از ٹیکس خسارہ ہوا ہے جس کا موازنہ گذشتہ سال کی اسی مدت کے قبل از ٹیکس منافع مبلغ 69.558 ملین روپے سے کیا جاسکتا ہے۔

اس کی بنیادی وجہ پچھلے سال کے مقابلے میں فنانس لاگت میں اوسطاً KIBOR میں 9.17% سے 13.75% کا اضافہ ہوا ہے۔ اگرچہ ہم نے انٹرنیشنل کو کم کر کے ورکنگ کپٹل کی ضروریات کو کم کر کے قرضوں کو کم کرنے کی کوشش کی ہے، تاہم اس نے ہماری کمپنی کو نمایاں طور پر متاثر کیا ہے۔

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

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

چونکہ لاک ڈاؤن کی صورتحال میں عالمی معیشت بری طرح متاثر ہو رہی ہے لہذا امکان ہے کہ آنے والے مہینوں میں ہمیں شدید معاشی بحران کا سامنا کرنا پڑے گا۔ ان حالات میں حکومت کو اہم اقدامات اٹھانے چاہئیں کہ وہ یو آئی کے مرحلے (بیج، بجلی، کھاد، کیڑے ماراؤ دیات وغیرہ) پر زرعی و بلیو چین میں مختلف عناصر کو مناسب سبسڈی دے تاکہ کپاس کے کاشتکار کم لاگت پر زیادہ منافع حاصل کر سکیں جو اسپننگ سیکٹر کو مستحکم مال مہیا کرنے میں معاون ہوگا۔ مزید یہ کہ حکومت پاکستان کو جدید تحقیقاتی ٹیکنالوجی کے ذریعے اور کیڑے ماراؤں اور کھادوں کی گھرائی کے ذریعے معیاری بیجوں کی نشوونما کے سلسلے میں بنیادی اقدامات اٹھانے کی ضرورت ہے جب تک ہمارے کپاس کے بیجوں کو اپ گریڈ نہیں کیا جاتا، ہم کپاس کی پیداوار کے معیار اور مقدار میں کسی اضافے کا امکان نہیں رکھتے ہیں۔

مستقبل کا نظریہ:

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

اظہار تشکر

ہم کمپنی کے عملازم 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۔

یورڈ آف ڈائریکٹرز کی جانب سے

  
عبدالشاہد نانا  
ڈائریکٹر

  
شاہد انور نانا  
چیف ایگزیکٹو

کراچی مورخہ 130 اپریل 2020ء

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