



# **SALFI TEXTILE MILLS LIMITED**

**Condensed Interim Financial Information  
For The Nine - Month Period Ended March 31, 2019**

## **CONTENTS**

|  |    |
|--|----|
| 1. COMPANY INFORMATION   | 02 |
| 2. DIRECTORS' REPORT   | 03 |
| 3. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION   | 04 |
| 4. CONDENSED INTERIM STATEMENT OF PROFIT & LOSS ACCOUNT<br>AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) | 05 |
| 5. CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)   | 06 |
| 6. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  | 07 |
| 7. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)                                    | 09 |
| 8. DIRECTORS' REPORT (URDU)  | 13 |

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

Mr. Anwar Ahmed Tata

**CHIEF EXECUTIVE**

Mr. Adeel Shahid Tata

**DIRECTORS**

Mr. Shahid Anwar Tata  
 Mr. Bilal Shahid Tata  
 Mr. Muhammad Naseem  
 Mr. Farooq Advani  
 Miss Samar Shahid

**AUDIT COMMITTEE  
CHAIRMAN**

Mr. Muhammad Naseem

**MEMBERS**

Mr. Bilal Shahid Tata  
 Mr. Farooq Advani

**SECRETARY**

Mr. Ghulam Raza Hemani

**HUMAN RESOURCE &  
REMUNERATION COMMITTEE  
CHAIRMAN**

Mr. Muhammad Naseem

**MEMBERS**

Mr. Adeel Shahid Tata  
 Mr. Bilal Shahid Tata  
 Mr. Farooq Advani  
 Miss Samar Shahid

**SECRETARY**

Mr. Muhammed Ali Mirza

**CHIEF FINANCIAL OFFICER**

Mr. Haseeb Hafeezuddeen

**COMPANY SECRETARY**

Mr. Muhammad Hussain

**BANKERS**

Dubai Islamic Bank (Pakistan) Limited  
 Bank Alfalah Limited  
 Meezan Bank Limited  
 The Bank of Punjab  
 MCB Bank Limited  
 National Bank of Pakistan  
 Soneri Bank Limited  
 Allied Bank Limited  
 Bank Islami Pakistan Limited  
 JS Bank Limited  
 Askari Bank Limited  
 Samba Bank

**AUDITORS**

M/s. Deloitte Yousuf Adil  
 Chartered Accountants

**LEGAL ADVISOR**

Ameen Bandukda &amp; Co. Advocates

**SHARE REGISTRAR**

Central Depository Company of Pakistan 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

**REGISTERED OFFICE**

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

**WEB SITE ADDRESS**

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**MILLS**

HX-1, Landhi Industrial Area,  
 Landhi, Karachi

**Directors' Report****Assalam-o-Alaikum**

The Directors of your Company take pleasure in presenting before you the performance review and the un-audited financial statements for the Nine Months Ended March 31, 2019.

The Company has incurred a pre-tax loss of Rs.26.851 million for the Nine Month Ended March 31, 2019, as compared to pre-tax profit of Rs.131.788 million during the corresponding period of last year.

**Textile Industry.**

The negative effects of the 2nd Quarter due to absence of the Chinese market resulted in accumulation of Yarn stocks which largely remained during the earlier part of 3rd Quarter but the Company was able to clear out the higher stock levels towards the end of the quarter under review. The prices, however, remained under pressure because of previous higher yarn stocks. At present, there is some improvement in the sales of yarn, so we are hopeful for better results in the 4th Quarter.

**Overall Economic situation.**

It appears that Pakistan is going through very difficult times as the major problem confronting the Pakistan Economy is the current account deficit / high fiscal deficit, losses of public sector enterprises, narrow tax base and high cost of doing business, which are not yet completely corrected, although, the Government is making efforts towards improvement. However, the greatest impediment or concern is the uncertainty the Pakistan economy faces from a range of issues including but not limited to high inflation, sharply deteriorating currency and weakening foreign exchange reserves.

The Power and Gas tariffs announced by the Government came into effect from January 2019 and it is only valid till June 2019, so no long term planning is possible, unless these measures / Incentive policies are announced for the next 5 years.

**Going Forward**

The Prime Minister plans to visit China soon and hopefully duties and tariffs will be removed on import of Yarn into China which will prove to be a good omen and will increase the competitiveness of our exports and will provide a level playing field with Bangladesh and other ASEAN countries.

Other sectors, like knitted Fabric, Knitted Garments, Denim, Towel, Home Textile, Woven Garments and even Fabric, Dyed and Grey are all doing well. We are optimistic that this Quarter and the next Quarter will be favorable for the Textile Industry.

**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**

**Adeel Shahid Tata**  
Chief Executive



**Anwar Ahmed Tata**  
Chairman/Director

**Dated: April 30, 2019**  
**Karachi**

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT March 31, 2019

March 31, 2019      June 30, 2018  
(Unaudited)      (Audited)

Note      ..... Rupees in 000.....

**ASSETS****Non-current assets**

|                               |   |                  |                  |
|-------------------------------|---|------------------|------------------|
| Property, plant and equipment | 5 | 4,137,652        | 4,220,703        |
| Intangible assets             |   | 958              | 604              |
| Long-term investments         |   | 494              | 700              |
| Long-term deposits            |   | 1,001            | 1,229            |
|                               |   | <b>4,140,105</b> | <b>4,223,236</b> |

**Current assets**

|   |  |                  |                  |
|---|--|------------------|------------------|
| Stores, spares and loose tools            |  | 48,173           | 46,486           |
| Stock-in-trade                            |  | 2,073,542        | 1,111,077        |
| Trade debts                               |  | 490,683          | 604,134          |
| Loans and advances                        |  | 253,742          | 235,276          |
| Trade deposits and short-term prepayments |  | 3,863            | 1,863            |
| Other receivables                         |  | 45,543           | 73,326           |
| Other financial assets                    |  | 24,740           | 24,741           |
| Sales tax refundable                      |  | 91,257           | 67,996           |
| Cash and bank balances                    |  | 14,613           | 9,716            |
|   |  | <b>3,046,156</b> | <b>2,174,615</b> |

**TOTAL ASSETS****7,186,261**      **6,397,851****EQUITY AND LIABILITIES**

|  |  |                  |                  |
|--|--|------------------|------------------|
| Share capital  |  | 33,426           | 33,426           |
| Reserves   |  | 505,683          | 505,889          |
| Unappropriated profit                                      |  | 386,505          | 431,387          |
| Surplus on revaluation of<br>property, plant and equipment |  | 2,253,082        | 2,288,969        |
|  |  | <b>3,178,696</b> | <b>3,259,671</b> |

**Non-current liabilities**

|                      |   |                |                |
|----------------------|---|----------------|----------------|
| Long-term finance    | 6 | 226,844        | 346,135        |
| Deferred liabilities |   | 205,430        | 195,796        |
|                      |   | <b>432,274</b> | <b>541,931</b> |

**Current liabilities**

|  |   |                  |                  |
|--|---|------------------|------------------|
| Trade and other payables                 |   | 560,379          | 280,050          |
| Unclaimed dividend                       |   | 1,318            | 1,121            |
| Interest / mark-up accrued on borrowings |   | 69,855           | 59,857           |
| Short-term borrowings                    |   | 2,762,214        | 1,951,038        |
| Current portion of long-term finances    | 6 | 129,577          | 241,368          |
| Provision for income tax                 |   | 51,948           | 62,815           |
|  |   | <b>3,575,291</b> | <b>2,596,249</b> |

**Contingencies and commitments**

7

**TOTAL EQUITY AND LIABILITIES****7,186,261**      **6,397,851**

The annexed notes from 1 to 13 form an integral part of these financial statements.

ADEEL SHAHID TATA  
CHIEF EXECUTIVEHASEEB HAFEEZUDDEN  
CHIEF FINANCIAL OFFICERANWAR AHMED TATA  
CHAIRMAN/DIRECTOR

**CONDENSED INTERIM STATEMENT OF PROFIT & LOSS ACCOUNT  
AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2019**

|  | Note | Nine-month period ended |                   | Three-month period ended |                   |
|--|------|-------------------------|-------------------|--------------------------|-------------------|
|  |      | March 31,<br>2019       | March 31,<br>2018 | March 31,<br>2019        | March 31,<br>2018 |
|  |      | -----Rupees in 000----- |                   |                          |                   |
| Sales - net  | 8    | 4,854,743               | 4,331,008         | 1,979,424                | 1,403,540         |
| Cost of goods sold   | 9    | (4,502,483)             | (3,914,586)       | (1,897,813)              | (1,214,428)       |
| Gross profit   |      | 352,260                 | 416,422           | 81,611                   | 189,112           |
| Distribution cost  |      | (71,501)                | (62,524)          | (28,790)                 | (18,308)          |
| Administrative expenses  |      | (89,430)                | (73,165)          | (28,177)                 | (23,777)          |
| Other operating expenses   |      | (2,476)                 | (11,545)          | 1,697                    | (7,134)           |
| Finance cost   |      | (223,903)               | (174,211)         | (90,606)                 | (65,017)          |
|  |      | (387,310)               | (321,445)         | (145,876)                | (114,236)         |
|  |      | (35,050)                | 94,977            | (64,265)                 | 74,876            |
| Other income   |      | 8,199                   | 36,811            | 1,705                    | 7,661             |
| (Loss) / Profit before taxation  |      | (26,851)                | 131,788           | (62,560)                 | 82,537            |
| Provision for Taxation   | 10   | (47,233)                | (48,570)          | (17,681)                 | (15,269)          |
| (Loss) / Profit for the period   |      | (74,084)                | 83,218            | (80,241)                 | 67,268            |
| <b>Other comprehensive income</b>  |      |                         |                   |                          |                   |
| <i>Item that will be reclassified subsequently to profit or (loss)</i>     |      |                         |                   |                          |                   |
| Unrealised (loss) / gain on remeasurement of investment available-for-sale |      | (206)                   | 92                | (243)                    | 109               |
| Total comprehensive (loss) / income for the period                         |      | (74,290)                | 83,310            | (80,484)                 | 67,377            |
| (Loss)/Earnings per share - Basic and diluted                              |      | (22.16)                 | 24.90             | (24.01)                  | 20.12             |

The annexed notes from 1 to 13 form an integral part of these financial statements.



**ADEEL SHAHID TATA**  
CHIEF EXECUTIVE



**HASEEB HAFEEZUDEEN**  
CHIEF FINANCIAL OFFICER



**ANWAR AHMED TATA**  
CHAIRMAN/DIRECTOR

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)**  
**FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2019**

|   | Nine Month Period Ended     |                    |
|---|-----------------------------|--------------------|
|   | March 31,                   | March 31,          |
|   | 2019                        | 2018               |
|   | ----- Rupees in '000' ----- |                    |
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |                             |                    |
| (Loss) / Profit before taxation                                 | (26,851)                    | 131,788            |
| <b>Adjustments for :</b>  |                             |                    |
| Depreciation  | 114,026                     | 107,685            |
| Amortization  | 192                         | 198                |
| Provision for staff gratuity                                    | 25,500                      | 24,114             |
| Provision for staff compensated absences                        | 5,164                       | 5,266              |
| Finance cost  | 223,903                     | 174,211            |
| Gain on disposal of property, plant and equipment               | (1,098)                     | (71)               |
| <b>Operating cash flows before working capital changes</b>      | <b>340,836</b>              | <b>443,191</b>     |
| <b>(Increase) / decrease in current assets</b>                  |                             |                    |
| Stores, spares and loose tools                                  | (1,687)                     | (9,143)            |
| Stock-in-trade  | (962,464)                   | (226,166)          |
| Trade debts   | 113,452                     | 55,996             |
| Loans and advances  | (21,158)                    | 246                |
| Trade deposits & short term prepayments                         | (2,000)                     | (2,553)            |
| Other receivables   | 27,783                      | (15,068)           |
| Sales tax refundable  | (23,261)                    | (14,577)           |
| <b>Increase / (Decrease) in current liabilities</b>             |                             |                    |
| Trade and other payables  | 280,328                     | 95,160             |
| <b>Cash (used in) / generated from operations</b>               | <b>(248,170)</b>            | <b>327,086</b>     |
| Finance cost paid   | (213,905)                   | (161,820)          |
| Income taxes paid   | (59,339)                    | (20,788)           |
| Staff gratuity paid   | (12,290)                    | (15,120)           |
| Compensated absences paid                                       | (4,810)                     | (4,611)            |
| <b>Net cash (used in) / generated from operating activities</b> | <b>(538,514)</b>            | <b>124,747</b>     |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |                             |                    |
| Additions to property, plant and equipment                      | (34,706)                    | (5,615)            |
| Proceeds from disposal of property, plant and equipment         | 4,828                       | 1,358              |
| Purchase of intangible assets                                   | (546)                       | -                  |
| Long-term deposit received back                                 | 228                         | 150                |
| <b>Net cash used in investing activities</b>                    | <b>(30,195)</b>             | <b>(4,107)</b>     |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |                             |                    |
| Repayment of Long-term finances                                 | (231,082)                   | (198,402)          |
| Short-term borrowings obtained / (paid off) net                 | 392,777                     | (187,907)          |
| Payment of dividend   | (6,488)                     | -                  |
| <b>Net cash generated from / (used in) financing activities</b> | <b>155,207</b>              | <b>(386,309)</b>   |
| <b>Net decrease in cash and cash equivalents (A+B+C)</b>        | <b>(413,502)</b>            | <b>(265,669)</b>   |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>(1,332,483)</b>          | <b>(1,771,656)</b> |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>(1,745,985)</b>          | <b>(2,037,325)</b> |
| <b>CASH AND CASH EQUIVALENTS</b>                                |                             |                    |
| Cash and bank balances  | 14,613                      | 6,292              |
| Short-term running finance                                      | (1,760,598)                 | (2,043,617)        |
|   | <b>(1,745,985)</b>          | <b>(2,037,325)</b> |

The annexed notes from 1 to 13 form an integral part of these financial statements.

  
**ADEEL SHAHID TATA**  
**CHIEF EXECUTIVE**

  
**HASEEB HAFEEZUDEEN**  
**CHIEF FINANCIAL OFFICER**

  
**ANWAR AHMED TATA**  
**CHAIRMAN/DIRECTOR**

|   |               |                |              |              |                |                  |                  |
|---|---------------|----------------|--------------|--------------|----------------|------------------|------------------|
| Balance at June 30, 2017 (Audited)  | 33,426        | 500,000        | 5,996        | (153)        | 152,728        | 1,492,666        | 2,184,663        |
| <b>Total Comprehensive income for the nine month period ended March 31, 2018</b>      |               |                |              |              |                |                  |                  |
| Profit for the period   | -             | -              | -            | -            | 83,218         | -                | 83,218           |
| <b>Other comprehensive income</b>   |               |                |              |              |                |                  |                  |
| Profit on remeasurement of investment classified available for sale                   | -             | -              | -            | 92           | -              | -                | 92               |
| <b>Total comprehensive income for the period</b>                                      | -             | -              | -            | 92           | 83,218         | -                | 83,310           |
| Transfer from surplus on revaluation of property, plant and equipment on account of:  |               |                |              |              |                |                  |                  |
| - incremental depreciation  | -             | -              | -            | -            | 30,477         | (30,477)         | -                |
| - disposal  | -             | -              | -            | -            | 275            | (275)            | -                |
| <b>Balance as at March 31, 2018 (Unaudited)</b>                                       | <b>33,426</b> | <b>500,000</b> | <b>5,996</b> | <b>(61)</b>  | <b>266,698</b> | <b>1,461,914</b> | <b>2,267,973</b> |
| <b>Total Comprehensive income for the year ended June 30, 2018</b>                    |               |                |              |              |                |                  |                  |
| Profit for the period   | -             | -              | -            | -            | 151,222        | -                | 151,222          |
| <b>Other comprehensive income</b>   |               |                |              |              |                |                  |                  |
| Gain on leasehold land, building on leasehold land and plant and machinery-net of tax | -             | -              | -            | -            | -              | 837,689          | 837,689          |
| Gain/(Loss) on remeasurement of:  |               |                |              |              |                |                  |                  |
| - defined benefit plan  | -             | -              | -            | -            | 2,833          | -                | 2,833            |
| - investment classified available for sale  | -             | -              | -            | (46)         | -              | (46)             | -                |
| <b>Total comprehensive income for the period</b>                                      | -             | -              | -            | (46)         | 2,833          | -                | 2,787            |
| <b>Balance at June 30, 2018 (Audited)</b>   | <b>33,426</b> | <b>500,000</b> | <b>5,996</b> | <b>(107)</b> | <b>159,531</b> | <b>1,492,666</b> | <b>2,184,663</b> |



|   | Revenue Reserve                        |                 |               | Capital Reserve  |                         | Total            |
|---|--|-----------------|---------------|--|-------------------------|------------------|
|   | Issued, subscribed and paid up capital | General Reserve | Other reserve | Unrealized (loss)/ Gain on remeasurement of investments available for sale | Unappropriated profit   |                  |
| Transfer from surplus on revaluation of property, plant and equipment on account of :<br>- incremental depreciation<br>- disposal | -<br>-<br>-                            | -<br>-<br>-     | -<br>-<br>-   | -<br>-<br>-  | 10,597<br>37<br>10,634  | -<br>-<br>-      |
| <b>Balance at June 30, 2018 (Audited)</b>   | <b>33,426</b>                          | <b>500,000</b>  | <b>5,996</b>  | <b>(107)</b>   | <b>431,387</b>          | <b>3,259,671</b> |
| <b>Total Comprehensive income for the nine month period ended March 31, 2019</b>  |  |                 |               |  | <b>2,288,969</b>        |                  |
| Loss for the period   | -                                      | -               | -             | -  | (74,084)                | (74,084)         |
| <b>Other comprehensive income</b>   |  |                 |               |  |                         |                  |
| Loss on remeasurement of available for sale   | -                                      | -               | -             | (206)  | -                       | (206)            |
| <b>Total comprehensive income for the period</b>  | <b>-</b>                               | <b>-</b>        | <b>-</b>      | <b>(206)</b>   | <b>(74,084)</b>         | <b>(74,290)</b>  |
| Transfer from surplus on revaluation of property, plant and equipment on account of :<br>- incremental depreciation<br>- disposal | -<br>-<br>-                            | -<br>-<br>-     | -<br>-<br>-   | -<br>-<br>-  | 34,955<br>932<br>35,887 | -<br>-<br>-      |
| <b>Transaction with owners</b>  |  |                 |               |  |                         |                  |
| Dividend paid @ Rs.2 per share for June 30, 2018  | -                                      | -               | -             | -  | (6,685)                 | (6,685)          |
| <b>Balance as at March 31, 2019 (Unaudited)</b>   | <b>33,426</b>                          | <b>500,000</b>  | <b>5,996</b>  | <b>(313)</b>   | <b>386,505</b>          | <b>3,178,696</b> |

The annexed notes from 1 to 13 form an integral part of these financial statements.



**ADEEL SHAHID TATA**  
CHIEF EXECUTIVE



**HASEEB HAFEZUDDDEEN**  
CHIEF FINANCIAL OFFICER



**ANWAR AHMED TATA**  
CHAIRMAN/DIRECTOR

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2019

### 1 THE COMPANY AND ITS OPERATIONS

Salfi Textile Mills Limited (the Company) was incorporated in Pakistan on January 05, 1968 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. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facilities are located at Landhi Industrial Estate, Karachi in the province of Sindh.

### 2 BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the nine months ended March 31, 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, 2018.
- 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, 2018; 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 nine months period ended March 31, 2018.

### 3 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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, 2018. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2018, 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, 2018.

### 5 PROPERTY, PLANT AND EQUIPMENT

|                          |     | March 31,<br>2019<br>(Unaudited) | June 30,<br>2018<br>(Audited) |
|--------------------------|-----|----------------------------------|-------------------------------|
|                          |     | -----Rupees in '000'-----        |                               |
| Operating fixed assets   | 5.1 | 4,094,663                        | 4,195,789                     |
| Capital work in progress | 5.2 | 42,989                           | 24,914                        |
|                          |     | <b>4,137,652</b>                 | <b>4,220,703</b>              |

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

|   | Additions/<br>transfers<br>from CWIP | Disposal<br>(Written<br>down value | Sale<br>Proceeds |
|---|--------------------------------------|------------------------------------|------------------|
|   | -----Rupees in '000'-----            |                                    |                  |
| During the Three-month period ended March 31,2019 (Unaudited) |                                      |                                    |                  |
| Building on leasehold land - Other                            | 1,160                                | -                                  | -                |
| Plant & Machinery   | 6,728                                | -                                  | -                |
| Mill equipment  | 250                                  | -                                  | -                |
| Furniture and fixtures  | 294                                  | -                                  | -                |
| Office equipment  | 2,611                                | 8                                  | 8                |
| Vehicle   | -                                    | 1,611                              | 3,330            |
|   | <u>11,043</u>                        | <u>1,619</u>                       | <u>3,338</u>     |

|   |   | Additions/<br>transfers<br>from CWIP | Disposal<br>(Written<br>down value | Sale<br>Proceeds |
|---|---|--------------------------------------|------------------------------------|------------------|
|   |   |                                      | Rupees in '000'                    |                  |
| During the year ended June 30, 2018 (Audited) |   |                                      |                                    |                  |
|   | Buildings on leasehold land   | 2,106                                | -                                  | -                |
|   | Plant & Machinery   | 4,354                                | 217                                | -                |
|   | Mill equipment  | 4,144                                | 288                                | -                |
|   | Furniture & Fixture   | 710                                  | 268                                | -                |
|   | Office Equipment  | 4,968                                | 2                                  | -                |
|   | Vehicles  | -                                    | 511                                | 1,358            |
|   |   | 16,282                               | 1,286                              | 1,358            |
| 5.2   | During the period addition to capital work in progress is Nil.  |                                      |                                    |                  |
| 6   | LONG TERM FINANCE   |                                      | March 31,<br>2019                  | June 30,<br>2018 |
|   | Banking companies - secured   |                                      | (Unaudited)                        | (Audited)        |
|   |   |                                      | ----- Rupees in '000' -----        |                  |
|   | Term Finance  |                                      | 355,184                            | 585,485          |
|   | Car Finance   |                                      | 1,237                              | 2,018            |
|   |   |                                      | 356,421                            | 587,503          |
|   | Less: Current portion shown under current liabilities   |                                      |                                    |                  |
|   | Term Finance  |                                      | (128,444)                          | (240,301)        |
|   | Car Finance   | 6.1 & 6.2                            | (1,133)                            | (1,067)          |
|   |   |                                      | (129,577)                          | (241,368)        |
|   |   |                                      | 226,844                            | 346,135          |
| 6.1   | These finances are secured against first equitable mortgage on fixed assets and first specific charge over imported machinery of the Company, vehicles acquired from vehicle loans and guarantee of directors of the Company. These finances are subject to mark-up at the rates ranging from 3 - 6 month KIBOR plus 1% to 1.25% per annum (June 30, 2018: 3 - 6 month KIBOR plus 1% to 1.25% per annum). |                                      |                                    |                  |
|   |   |                                      | March 31,<br>2019                  | June 30,<br>2018 |
|   |   |                                      | (Unaudited)                        | (Audited)        |
|   |   |                                      | ----- Rupees in '000' -----        |                  |
| 6.2   | Long term financing   |                                      |                                    |                  |
|   | Balance as on July 01,  |                                      | 587,503                            | 796,159          |
|   | Repayment during the period   |                                      | (231,082)                          | (208,656)        |
|   | Balance as on March 31,   |                                      | 356,421                            | 587,503          |
|   | Less: current portion of long term financing  |                                      | (129,577)                          | (241,368)        |
|   |   |                                      | 226,844                            | 346,135          |
| 7   | CONTINGENCIES & COMMITMENTS   |                                      |                                    |                  |
| 7.1   | Contingencies   |                                      |                                    |                  |
|   | There are no contingencies as at March 31, 2019 and June 30, 2018.  |                                      |                                    |                  |
|   |   |                                      | March 31,<br>2019                  | June 30,<br>2018 |
|   |   |                                      | (Unaudited)                        | (Audited)        |
|   |   |                                      | ----- Rupees in '000' -----        |                  |
| 7.2   | Commitments   |                                      |                                    |                  |
|   | (i) Civil works   |                                      | 13,544                             | 27,002           |
|   | (ii) Letters of credit for  |                                      |                                    |                  |
|   | - Stores & Spares   |                                      | 570                                | 4,479            |
|   | - Raw Material  |                                      | 796,771                            | 47,706           |
|   | - Machinery   |                                      | -                                  | 3,517            |
|   | (iii) Bank guarantees issued on behalf of the Company   | 7.2.1                                | 106,299                            | 106,299          |
|   | (iv) Bills discounted with recourse   |                                      |                                    |                  |
|   | - Local   |                                      | 56,678                             | 25,027           |
|   | - Export  |                                      | 583,678                            | 461,937          |
|   | (v) Outstanding sales contracts   |                                      | 166,341                            | 499,195          |
| 7.2.1   | This includes bank guarantee related to Sindh Development and maintenance of infrastructure cess amounting to Rs. 84.41 million (June 30, 2018: Rs.79.96 million).  |                                      |                                    |                  |
| 8   | SALES - NET   |                                      |                                    |                  |
| 8.1   | Sales include sales made to local customers (including indirect exports) and direct exports amounting to Rs. 2,779 million (2018: 2,622 million) and Rs. 2,076 million (2018: 1,709 million) respectively. The export are made to Asia Pacific region and Europe amounting to Rs. 2,076 million (2018: 1,688 million) and Nil (2018: 21 million)  |                                      |                                    |                  |

|              |                                      | Nine Month Period ended     |                | Three-month period ended |                |
|--------------|--------------------------------------|-----------------------------|----------------|--------------------------|----------------|
|              |                                      | March 31, 2019              | March 31, 2018 | March 31, 2019           | March 31, 2018 |
|              |                                      | ----- Unaudited -----       |                |                          |                |
|              |                                      | ----- Rupees in '000' ----- |                |                          |                |
| <b>9</b>     | <b>COST OF GOODS SOLD</b>            |                             |                |                          |                |
|              | Opening stock - finished goods       | 137,476                     | 176,102        | 656,206                  | 128,443        |
|              | Cost of goods manufactured (9.1)     | 4,689,141                   | 3,795,063      | 1,565,741                | 1,266,816      |
|              |                                      | 4,826,617                   | 3,971,165      | 2,221,947                | 1,395,259      |
|              | Closing stock - finished goods (9.2) | (324,134)                   | (180,831)      | (324,134)                | (180,831)      |
|              | Cost of manufactured goods sold      | 4,502,483                   | 3,790,334      | 1,897,813                | 1,214,428      |
|              | Cost of raw material sold            | -                           | 124,252        | -                        | -              |
|              |                                      | 4,502,483                   | 3,914,586      | 1,897,813                | 1,214,428      |
| <b>9.1</b>   | <b>Cost of goods manufactured</b>    |                             |                |                          |                |
|              | Raw material consumed (9.1.1)        | 3,830,794                   | 3,049,120      | 1,271,758                | 1,017,932      |
|              | Packing material                     | 50,884                      | 50,357         | 17,421                   | 15,923         |
|              | Stores and spares                    | 80,977                      | 51,411         | 36,632                   | 16,176         |
|              | Salaries, wages and benefits         | 261,425                     | 238,780        | 83,208                   | 77,162         |
|              | Fuel and power                       | 324,134                     | 283,382        | 106,553                  | 98,643         |
|              | Insurance                            | 7,368                       | 5,583          | 2,666                    | 1,740          |
|              | Repairs and maintenance              | 5,047                       | 2,317          | 2,820                    | 909            |
|              | Depreciation                         | 110,212                     | 103,089        | 36,840                   | 34,396         |
|              | Other overheads                      | 24,313                      | 12,721         | 7,183                    | 3,782          |
|              |                                      | 4,695,154                   | 3,796,760      | 1,565,081                | 1,266,663      |
|              | Work-in-process                      |                             |                |                          |                |
|              | Opening stock                        | 37,443                      | 32,073         | 44,116                   | 33,923         |
|              | Closing stock                        | (43,456)                    | (33,770)       | (43,456)                 | (33,770)       |
|              |                                      | (6,013)                     | (1,697)        | 660                      | 153            |
|              |                                      | 4,689,141                   | 3,795,063      | 1,565,741                | 1,266,816      |
| <b>9.1.1</b> | <b>Raw material consumed</b>         |                             |                |                          |                |
|              | Opening stock                        | 936,157                     | 1,167,742      | 1,386,636                | 1,639,382      |
|              | Purchases - net                      | 4,600,589                   | 3,268,860      | 1,591,074                | 766,032        |
|              |                                      | 5,536,746                   | 4,436,602      | 2,977,710                | 2,405,414      |
|              | Closing stock                        | (1,705,952)                 | (1,387,482)    | (1,705,952)              | (1,387,482)    |
|              |                                      | 3,830,794                   | 3,049,120      | 1,271,758                | 1,017,932      |

**9.2** Net realisable value of finished goods was lower than its cost, which resulted in write down of Rs.1.695 million (March.31,2018 Rs.0.111 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 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.

## **11 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Name of the associated companies are same as disclosed in annual audited financial statement of June 30, 2018. Transactions with related parties are as follows:

|                                |                           | Three Month Period ended    |                |
|--------------------------------|---------------------------|-----------------------------|----------------|
|                                |                           | March 31, 2019              | March 31, 2018 |
|                                |                           | ----- Unaudited -----       |                |
|                                |                           | ----- Rupees in '000' ----- |                |
| Relationship with the party    | Nature of transactions    |                             |                |
| <b>Associates undertakings</b> | Share of expense received | 1,969                       | 1,173          |
|                                | Share of expense paid     | 151                         | 91             |
|                                | Licensing Income          | 356                         | 356            |
|                                | Rent Income               | 150                         | 150            |
|                                | Purchase of power         | 104,954                     | 97,455         |
|                                | Sale of store items       | -                           | 135            |

|                                 |                        | Three Month Period ended |                |
|---------------------------------|------------------------|--------------------------|----------------|
|                                 |                        | March 31, 2019           | March 31, 2018 |
|                                 |                        | Unaudited                |                |
|                                 |                        | Rupees in '000'          |                |
| <b>Directors</b>                | Remuneration           | 2,178                    | 1,658          |
|                                 | Meeting fee            | 160                      | 70             |
|                                 | Rent Expense           | 1,023                    | 1,023          |
|                                 |                        |                          |                |
| <b>Key management personnel</b> | Remuneration           | 14,535                   | 12,727         |
|                                 |                        |                          |                |
|                                 |                        | March 31, 2019           | June 30, 2018  |
|                                 |                        | (Unaudited)              | (Audited)      |
|                                 |                        | Rupees in '000'          |                |
| <b>Outstanding Balance</b>      |                        |                          |                |
| <b>Associated Undertakings</b>  | Other receivables      | 392                      | 126            |
|                                 | Trade & Other payables | 49,900                   | 19,324         |

## 12. FAIR VALUE HIERARCHY

The Company's leasehold land, buildings on leasehold land and plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's leasehold land, buildings on leasehold land and plant and machinery carried out as at June 30, 2018 were performed by Messer Iqbal A. Nanjee & Company (Private) Limited (valuer), an independent valuer not related to the Company. 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 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).


The fair value measurement for the Company are classified into different levels are as follows:

|                                    | Level 1                   | Level 2   | Level 3 | Total     |
|------------------------------------|---------------------------|-----------|---------|-----------|
|                                    | -----Rupees in '000'----- |           |         |           |
| As at March 31, 2019 (unaudited)   |                           |           |         |           |
| Leasehold land                     | -                         | 1,340,000 | -       | 1,340,000 |
| Building on lease hold land        | -                         | 738,057   | -       | 738,057   |
| Plant and machinery                | -                         | 1,935,404 | -       | 1,935,404 |
| Long term investment-listed Shares | 494                       | -         | -       | 494       |
| Total                              | 494                       | 4,013,461 | -       | 4,013,955 |
| As at June 30, 2018 (audited)      |                           |           |         |           |
| Leasehold land                     | -                         | 1,340,000 | -       | 1,340,000 |
| Building on lease hold land        | -                         | 766,818   | -       | 766,818   |
| Plant and machinery                | -                         | 2,000,921 | -       | 2,000,921 |
| Long term investment-listed Shares | 699                       | -         | -       | 699       |
| Total                              | 699                       | 4,107,739 | -       | 4,108,438 |


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

## 13. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements has been approved and authorized for issue on April 30, 2019 by the Board of Directors of the Company.

  
ADEEL SHAHID TATA  
CHIEF EXECUTIVE

  
HASEEB HAFEEZUDDEEN  
CHIEF FINANCIAL OFFICER

  
ANWAR AHMED TATA  
CHAIRMAN/DIRECTOR

## ڈائریکٹرز رپورٹ

السلام وعلیک

آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2019ء کو ختم ہونے والی نو ماہ کی مدت کیلئے کمپنی کی کارکردگی کا جائزہ اور غیر آڈٹ شدہ مالیاتی حسابات آپ کو پیش کر رہے ہیں۔

کمپنی نے 31 مارچ 2019ء کو ختم ہونے والی نو ماہ کی مدت میں قبل از ٹیکس خسارہ 26,851 ملین روپے حاصل کیا ہے جس کا موازنہ گزشتہ سال کی اسی مدت کے دوران قبل از ٹیکس منافع مبلغ 131,788 ملین روپے سے کیا جاسکتا ہے۔

### ٹیکسٹائل صنعت :

چائنا کے مارکیٹ سے غیر حاضر ہونے کے باعث دوسری سہ ماہی پر منفی اثر پڑا جس کے نتیجے میں تیسری سہ ماہی کے پہلے حصہ کے دوران یارن کی کھپت میں اضافہ ہوا لیکن کمپنی زیر جائزہ سہ ماہی کے دوران اس قابل تھی کہ اسٹاک کی بلند سطح کو کمایز کر سکے لیکن گزشتہ یارن کی وافر مقدار کے باعث قیمتیں دباؤ کا شکار رہیں۔ اس وقت یارن کی فروخت میں کچھ بہتری آئی ہے لہذا اہم امید کر رہے ہیں کہ چوتھی سہ ماہی میں بہتر نتائج حاصل ہوں۔

### مجموعی اقتصادی صورتحال :

اس وقت پاکستان بہت مشکل دور سے گزر رہا ہے کیونکہ پاکستان کی معیشت کو موجودہ اکاؤنٹ کے خسارے / اعلیٰ مالی خسارے، پبلک سیکٹر اسٹریٹجی پر انڈسٹری کے خسارے، تنگ ٹیکس ٹیس اور کاروبار بار کرنے کیلئے زیادہ قیمتوں کا سامنا ہے جو کہ ابھی تک بہتر نہیں ہو سکا ہے البتہ حکومت اسے بہتر بنانے کی کوشش کر رہی ہے۔ تاہم سب سے بڑی رکاوٹ یا تشویش اس بات کا یقین ہے کہ پاکستان کی معیشت مختلف مسائل کا شکار ہے جو کہ افراط زر تک محدود نہیں بلکہ اس میں تیزی سے بگڑتی ہوئی روپیہ کی قدر اور زرمبادلہ کے ذخائر میں کمی شامل ہیں۔

حکومت کی جانب سے اعلان کردہ بجلی اور گیس کی قیمتیں جنوری 2019ء سے لاگو ہو چکی ہیں اور جون 2019ء تک موثر رہیں گی۔ لہذا کوئی طویل مدتی منصوبہ بندی ممکن نہیں ہے جب تک کہ اگلے پانچ سالوں کے لئے ان اقدامات / ترغیباتی پالیسیوں کا اعلان نہ کیا جائے۔

### اگلا قدم :

وزیراعظم نے جلد ہی چین کا دورہ کرنے کا ارادہ کیا ہے اور امید ہے کہ یارن کی درآمد پر ڈیوٹی اور ٹیرف چین میں ختم کر دیں گے جو ایک اچھی پیشرفت ہوگی اور ہماری برآمدات کی مسابقت بڑھانے میں مدد ملے گی اور بنگلہ دیش اور دیگر ایشیائی ممالک کے درمیان اعلیٰ سطح پر تجارت کو فروغ ملے گا۔

دیگر شعبے جیسا کہ ٹینڈ فیبرک، ٹینڈ گارمنٹس، ڈینم، تولیہ، ہوم ٹیکسٹائل، ووین گارمنٹس اور یہاں تک کہ فیبرک، ڈائینڈ اور گرے بہتر کام کر رہے ہیں۔ ہم امید کرتے ہیں کہ موجودہ سہ ماہی اور اگلی سہ ماہی ٹیکسٹائل انڈسٹری کیلئے بہتر ثابت ہوگی۔

### اظہار تشکر :

ہم کمپنی کے ہر ملازم کی شمولیت کا شکریہ ادا کرتے ہیں اس کے علاوہ ہمارے کسٹمرز جو کہ ہماری پروڈکٹس پر اعتماد کرتے ہیں اور ہمارے بینکر 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۔



انوار احمد ٹاٹا

چیئر مین / ڈائریکٹر

از طرف بورڈ آف ڈائریکٹرز



عادل شاہ ٹاٹا

چیف ایگزیکٹو

مورخہ : 30 اپریل 2019ء

کراچی



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