



SALFI TEXTILE MILLS LIMITED

**Condensed Interim Financial Information
(UNAUDITED)
for the 1st Quarter ended September 30, 2015**

SALFI TEXTILE MILLS LIMITED

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SALFI TEXTILE MILLS LIMITED

01

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN:	Mr. Anwar Ahmed Tata
CHIEF EXECUTIVE:	Mr. Adeel Shahid Anwar Tata
DIRECTORS:	Mr. Shahid Anwar Tata Mr. Aijaz Ahmed Tariq Mr. Bilal Shahid Anwar Mr. Muhammad Naseem Sheikh Kausar Ejaz

AUDIT COMMITTEE

CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Bilal Shahid Anwar Sheikh Kausar Ejaz

SECRETARY

Mr. Owais Ahmed Abbasi

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Adeel Shahid Anwar Tata Mr. Bilal Shahid Anwar

SECRETARY

Mr. Umar Khawajah

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:

Mr. Farooq Advani

BANKERS:

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

AUDITORS:

M/s. Deloitte Yousuf Adil
Chartered Accountants

LEGAL ADVISOR:

Ameen Bandukda & 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:

www.tatatex.com

E- MAIL ADDRESS:

stm.corporate@tatatex.com

MILLS:

HX-1, Landhi Industrial Area, Landhi, Karachi

DIRECTORS' REPORT

Assalam-o-Alaikum,

The Financial Statements (unaudited) of the Company for the 1st Quarter ended on September 30, 2015 is being presented to you.

The Financial Results for the 1st Quarter of the company is very disappointing. During the quarter under review the Company incurred a pre-tax loss of Rs.73.492 million as compared to a pre-tax loss of Rs.47.130 million during the corresponding period of last year.

Textile Industry

During this quarter, the Textile Industry has confronted the most tumultuous and difficult situation. The cost of doing business in Pakistan has risen tremendously. The burden of Indirect taxes, sales tax withholding is all on the Corporate sector and together with non-refund of advance income tax and sales tax, is becoming unbearable.

As of 1st July 2014, the rate of US\$ was 99/- and since then there has been an increase of 30% in wage rate, multiple increase in Electricity tariffs, an increase in Gas Tariff, Surcharges and in infrastructure Cess, combined with the withholding taxes and service taxes imposed by the provincial government, the Industry is rendered totally uncompetitive. The Government's indifferent and non-serious attitude is leading to total collapse of the Textile Industry.

Cotton Situation

Over and above, there seems to be a cotton failure in Pakistan because of inferior cotton seeds and untimely rains and there are various estimates of Cotton crop ranging from 10 million to 12 million bales, which has also rendered the quality of Cotton to be poor and yet Cotton price are on a higher side, in comparison to Yarn prices, both locally and internationally.

Power Issue

Energy shortages have continued this quarter as well and with the Government rising power tariffs have put extra financial burden on the Textile Industry,

Acknowledgement

In the end, it is of utmost important to mention the untiring endeavors of our team members engaged in upholding their commitment for the company's success and growth. We also thank our bankers, vendors agents and clients for their consistent trust and support.

On behalf of the Board of Directors



Adeel Shahid Anwar Tata
Chief Executive

Karachi:

Dated: October 29, 2015

SALFI TEXTILE MILLS LIMITED**03****CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2015**Sept 30, 2015 June 30, 2015
Un-Audited Audited**ASSETS**

Notes Rupees in 000

NON-CURRENT ASSETS

Property, plant and equipment	3	3,419,942	3,359,644
Intangible assets		2,640	2,984
Long term investment		594	489
Long term deposits		1,037	1,012
		3,424,213	3,364,129

CURRENT ASSETS

Stores, spares and loose tools		42,777	39,353
Stock-in-trade		740,207	956,771
Trade debts		529,294	375,038
Loans and advances		210,636	210,158
Trade deposits and short-term prepayments		7,122	2,392
Other receivables		1,104	403
Other financial assets		21,786	21,037
Sales tax refundable		42,302	51,741
Cash and bank balances		38,469	41,138
		1,633,697	1,698,031

TOTAL ASSETS**5,057,910** **5,062,160****EQUITY AND LIABILITIES****EQUITY**

Share capital		33,426	33,426
Reserves		755,783	755,678
Unappropriated profit		131,617	164,416
		920,826	953,520
Surplus on revaluation of property, plant and equipment		1,571,564	1,583,021

NON-CURRENT LIABILITIES

Long-term finance		674,866	726,110
Deferred liabilities		66,632	63,506
		741,498	789,616

CURRENT LIABILITIES

Trade and other payables		462,769	407,809
Interest / mark-up accrued on borrowings		32,512	46,776
Short-term borrowings		1,186,162	1,109,508
Current portion of long-term finance		131,776	131,870
Provision for income tax		10,803	40,040
		1,824,022	1,736,003


CONTINGENCIES AND COMMITMENTS**TOTAL EQUITY AND LIABILITIES****5,057,910** **5,062,160****ADEEL SHAHID ANWAR TATA**
Chief Executive**ANWAR AHMED TATA**
Chairman\Director

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015**

	Note	Sept 30, 2015Rupees in 000	Sept 30, 2014
Sales		1,124,097	1,409,051
Cost of goods sold	4	(1,095,886)	(1,363,373)
Gross profit		28,211	45,678
Distribution cost		(34,274)	(37,918)
Administrative expenses		(25,060)	(23,788)
Other operating expenses		(4,777)	(5,366)
Other operating income		1,263	1,361
Finance cost		(38,855)	(27,097)
		(101,703)	(92,808)
Loss before taxation		(73,492)	(47,130)
Taxation		29,236	(13,505)
Loss after taxation		(44,256)	(60,635)
Other comprehensive income			
Unrealised gain on remeasurement of investment available-for-sale		105	94
Total comprehensive income for the period		(44,151)	(60,541)
Earnings per share - Basic and diluted		(13.24)	(18.14)

The annexed notes form an integral part of these financial statements



ADEEL SHAHID ANWAR TATA
Chief Executive


ANWAR AHMED TATA
Chairman\Director

SALFI TEXTILE MILLS LIMITED**05****CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015**

	Sept 30, 2015	Sept 30, 2014
Rupees in 000	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(73,492)	(47,130)
Adjustments for :		
Depreciation of property, plant and equipment	36,364	24,769
Amortization on intangible assets	344	344
Provision for staff gratuity	6,069	5,934
Provision for compensated absences	(143)	(740)
Finance cost	38,855	27,097
Loss on disposal of property, plant and equipment	-	785
Operating cash flows before movements in working capital	7,997	11,059
(Increase) / decrease in current assets		
Stores, spares and loose tools	(3,424)	(14,203)
Stock-in-trade	216,564	209,369
Trade debts - considered good	(154,255)	(130,178)
Loans and advances	55,031	(10,518)
Trade deposits & short term prepayments	(4,730)	(7,928)
Other receivables	(701)	(159)
Other financial assets	(749)	(16,901)
Sales tax refundable	9,439	(12,573)
Increase in current liabilities		
Trade and other payables	54,960	128,669
Cash generated from operations	180,132	156,637
Finance cost paid	(53,119)	(27,549)
Income taxes paid	(55,509)	(18,619)
Staff gratuity paid	(2,800)	(3,301)
Net cash generated from operating activities	68,704	107,168
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(96,664)	(111,334)
Proceeds on disposal of property, plant and equipment	-	180
Long-term deposit	(25)	-
Net cash used in investing activities	(96,689)	(111,154)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term financing	14,299	71,477
Repayment of long - term financing	(65,637)	(50,873)
Repayment of short -term borrowing	(195,234)	(234,205)
Net cash used in financing activities	(246,572)	(213,601)
Net decreased in cash and cash equivalents (A+B+C)	(274,557)	(217,587)
Cash and cash equivalents at July 1	(457,064)	36,298
Cash and cash equivalents at Sept 30	(731,621)	(181,289)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	38,469	25,845
Short - term running finance under markup arrangements	(770,090)	(207,134)
	(731,621)	(181,289)

The annexed notes form an integral part of these financial statements


ADEEL SHAHID ANWAR TATA
 Chief Executive


ANWAR AHMED TATA
 Chairman\Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015**

	SHARE CAPITAL		Revenue Reserve			Total
	Issued, subscribed and paid-up capital	General Reserve	Other Reserve	Unrealized Loss on remeasurement of securities available for Sale	Unappropriated profit	
	Rupees in '000'					
Balance at July 01, 2014	33,426	750,000	5,996	(198)	280,729	1,069,953
Comprehensive income						
Loss after taxation for the quarter	-	-	-	-	(60,635)	(60,635)
Other comprehensive income	-	-	-	94	-	94
	-	-	-	94	(60,635)	(60,541)
Transfer from surplus on revaluation of property, plant and equipment on account of : -incremental depreciation	-	-	-	-	6,972	6,972
Balance as at September 30, 2014	33,426	750,000	5,996	(104)	227,066	1,016,384
Balance as at July 01, 2015	33,426	750,000	5,996	(318)	164,416	953,520
Comprehensive Income						
Loss after taxation for the quarter	-	-	-	-	(44,256)	(44,256)
Other comprehensive income	-	-	-	105	-	105
	-	-	-	105	(44,256)	(44,151)
Transfer from surplus on revaluation of property, plant and equipment on account of : -incremental depreciation	-	-	-	-	11,457	11,457
Balance as at September 30, 2015	33,426	750,000	5,996	(213)	131,617	920,826


ADEEL SHAHID ANWAR TATA
Chief Executive


ANWAR AHMED TATA
Chairman\Director

SALFI TEXTILE MILLS LIMITED**07****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015****1. SELECTED EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

- 1.1** Salfi Textile Mills Limited (the company) was incorporated in Pakistan on January 05, 1968 as a public limited company under the Companies Ordinance, 1984 and is listed on Karachi Stock Exchange. The registered office of the company is situated at 6th floor Textile Plaza M.A Jinnah Road, Karachi. The principal activity of the company is manufacturing and sale of yarn. The company's manufacturing facilities are located at Landhi Industrial Estate, Karachi in the Province of Sindh.
- 1.2** These condensed interim financial statements have been prepared under 'historical cost convention' modified by:
- revaluation of certain property, plant and equipment
 - recognition of certain employee retirement benefits at present value
 - investment available for sale at fair value
- 1.3** These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards, International Accounting Standard (IAS) 34: Interim Financial Reporting and in compliance with the requirement of section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi Stock Exchange.
- 1.4** The accounting policies and methods of computation followed in the preparation of these 1st Quarterly financial statements are the same as those of the published annual financial statements for the period ended June 30, 2015

2. CONTINGENCIES & COMMITMENTS

September 30, June 30,
2015 2015
.....Rupees in 000.....

2.1 Contingencies

There is no contingency outstanding against the company at the period end

2.2 Commitments

Civil works	141,947	1,922
Letters of credit for Plant & Machinery	36,747	42,111
Letters of credit for stores	11,361	693
Letters of credit for Raw Materials	8,761	27,361
Bank guarantees	98,916	95,166
Bills discounted-Local	7,523	6,901
Bills discounted-Export	520,686	354,992
Outstanding sales contract	134,666	42,917

**3. ACQUISITIONS AND DISPOSALS OF
PROPERTY, PLANT AND EQUIPMENT**

	For the 1st Quarter Ended September 30, 2015		
	Acquisitions/ transfers from CWIP	Disposal (W.D.V)	Sale Proceeds
Rupees in 000.....		
Plant & Machinery	38,433	-	-
Office Equipment	155	-	-
September 30, 2015	<u><u>38,588</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

	Note	Sept 30, 2015	Sept 30, 2014
	Rupees in 000	
4. COST OF GOODS SOLD			
Cost of goods manufactured (4.2)		1,027,069	1,153,717
Finished goods			
Opening stock (4.1)		247,210	186,669
Closing stock (4.1)		(178,393)	(111,618)
		68,817	75,051
Cost of raw material sold		-	134,605
Cost of goods sold		<u>1,095,886</u>	<u>1,363,373</u>
4.1	Finished goods stock also includes waste stock carried at net realizable value.		
4.2 Cost of goods manufactured			
Raw material consumed (4.2.1)		753,150	897,018
Packing material consumed		22,061	24,031
Stores and spares consumed		15,268	13,453
Salaries, wages and benefits		74,117	61,974
Fuel and power		115,777	116,473
Insurance		3,435	4,627
Repairs and maintenance		2,274	3,859
Depreciation		33,996	22,311
Other overheads		4,374	5,152
		<u>1,024,452</u>	<u>1,148,898</u>
Work-in-process			
Opening stock		27,163	34,048
Closing stock		(24,546)	(29,229)
		2,617	4,819
		<u>1,027,069</u>	<u>1,153,717</u>
4.2.1 Raw material consumed			
Opening stock		682,397	629,003
Purchases - net		608,022	767,518
		<u>1,290,419</u>	<u>1,396,521</u>
Closing stock		(537,269)	(499,503)
		<u>753,150</u>	<u>897,018</u>
5. TRANSACTIONS WITH RELATED PARTIES			
5.1 Associates			
Purchase of electricity		109,396	113,125
Purchase of Goods		-	42,089
Sale of Goods		-	78,059
Share of expense received		718	1,424
Share of expense paid		272	1
License income		1,062	1,062
Rent income		150	-
5.2 Transactions with key management personnel			
Short-term benefits		14,481	12,201
Rent		907	907
6. APPROVAL OF FINANCIAL STATEMENTS			
The financial statements were authorized for issue on October 29, 2015 by the Board of Directors of the Company.			
7.	Figures have been rounded off to nearest thousand rupee.		



ADEEL SHAHID ANWAR TATA
Chief Executive



ANWAR AHMED TATA
Chairman\Director

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