



# **TATA TEXTILE MILLS LIMITED**

**Financial Statements  
(Unaudited)  
For The 1st Quarter Ended September 30, 2013**

## **TATA TEXTILE MILLS LIMITED**

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## **TATA TEXTILE MILLS LIMITED**

01

### **COMPANY INFORMATION**

#### **BOARD OF DIRECTORS**

**CHAIRMAN:** Mr. Anwar Ahmed Tata

**CHIEF EXECUTIVE:** Mr. Shahid Anwar Tata

**DIRECTORS:** Mr. Adeel Shahid Anwar  
Mr. Bilal Shahid Anwar  
Mr. Farooq Advani  
Mr. Muhammad Salman H. Chawala (NIT)  
Mr. Muhammad Naseem

#### **AUDIT COMMITTEE**

**CHAIRMAN:** Mr. Muhammad Naseem

**MEMBERS:** Mr. Adeel Shahid Anwar  
Mr. Bilal Shahid Anwar

#### **HUMAN RESOURCE & REMUNERATION COMMITTEE**

**CHAIRMAN:** Mr. Muhammad Naseem

**MEMBERS:** Mr. Shahid Anwar Tata  
Mr. Bilal Shahid Anwar

#### **COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:**

Mr. Farooq Advani

#### **BANKERS:**

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

#### **AUDITORS:**

M/s. M. Yousuf Adil Saleem & Co.  
Chartered Accountants

#### **LEGAL ADVISOR:**

Muhammad Afzal Awan Advocates.

#### **SHARE REGISTRAR:**

Central Depository Company of Pakistan 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

#### **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:**

ttm.corporate@tatatex.com

#### **MILLS:**

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

**DIRECTORS' REPORT**

Assalam-o-Alaikum,

It is with great pleasure we present to you the financial statements (un-audited) of the company for the 1<sup>st</sup> Quarter ended on 30<sup>th</sup> September 2013.

Alhamdulillah, this quarter has passed quite well for the company and the company has made a pre-tax profit of Rs. 161.382 million in comparison to a pre-tax profit of Rs. 63.601 million during the corresponding period last year. However, next three quarters look difficult and profitability can shrink owing to the following factors.

**Power Availability:**

Gas availability at the mills is strictly 10 hrs per day, that too with a very low pressure and even for this we are not sure if we are going to get this in the coming months of November, December, January and February.

**Competition:**

During good times, overcapacity is generated in many countries of the world. The overcapacity in the spinning sector of India is giving tough competition to Pakistan in yarn sales, since nowadays, China is the only major market left in the world, India is giving tough time to us and they are aggressively marketing and selling even in the domains in which Pakistan used to lead like coarser counts and medium course counts.

**Cotton Prices:**

Another major factor is world cotton prices. On paper the world has very large carry over inventory which is creating bearish sentiment but approximately 60% of this inventory is with China, hence physically that cotton is not available and is not having any impact on the physical prices, on the yarn side people remain apprehensive and they want to carry little inventory, therefore yarn buyers remain generally bearish. Uncertainty looms large about China's future cotton policy, leading to the uncertainty in the world cotton prices. Two things will be of significant importance:

- 1) China's strategy on disposal of the large inventory that they are carrying.
- 2) China's next year crop procurement policy (policy about subsidies to their farmers).

For the above mentioned reasons Chinese buyers are not very bullish with yarn and cotton but since physically cotton is not available hence cotton price remains high.

Locally, Pakistan would yet be a net importer of million and a half bales or more according to latest cotton estimates, as prices have remained generally tight. Although in the initial period of the season the weather was very friendly, but somehow since then weather has turned unfavorable resulting in some problems cropping up in cotton crop. It seems that the crop would be lower than last year and that would put further pressure on the prices.

**Increase in Power Tariffs:**

We have seen an unprecedented increase in the power tariffs in the country during the last three months which will push the cost further and lessen the profits for the company.

**Wage Rate Increase:**

Increase in salaries and wages is going to put extra financial burden on the company thereby increasing the manufacturing costs.

**Inflationary Pressures:**

High prices of raw materials, services and other non absorbent cost push inflationary factors will further contribute to low profitability.

**Textile Sector Conditions:**

In Textile sector, yet again towel, air jet and home textiles seems to be doing well, however knitting and garment sectors are not performing well. These are the two areas that can generate a lot of employment and can significantly contribute to our exports, therefore a consorted effort and policy is required on this side.

In the end, we feel it would be unjustified not to mention the efforts and the hard work put together by our team members for the company's success and growth. Our vendors, bankers, agents, and clients also need a mention here for their continued trust and invariable support throughout these years.

On behalf of the Board of Directors

  
Shahid Anwar Tata  
Chief Executive

Karachi:  
Dated: October 30 2013

**TATA TEXTILE MILLS LIMITED****03****CONDENSED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2013**

	Un-Audited Sept 30, 2013	Audited June 30, 2013
<b>SHARE CAPITAL AND RESERVES</b>	<b>Notes .....Rupees in 000 .....</b>	
Authorised		
20,000,000 ordinary shares of Rs.10 each	<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up	<u>173,248</u>	<u>173,248</u>
General Reserves	<u>1,000,000</u>	<u>1,000,000</u>
Unappropriated profits	<u>467,337</u>	<u>305,563</u>
	<u>1,640,585</u>	<u>1,478,811</u>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT-net of tax</b>	<b>926,018</b>	<b>936,597</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term financing	<b>283,292</b>	<b>267,399</b>
Deferred liabilities	<b>59,268</b>	<b>52,632</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>379,653</b>	<b>290,583</b>
Interest / mark-up accrued on borrowing	<b>30,011</b>	<b>31,905</b>
Short-term borrowings	<b>1,451,327</b>	<b>1,270,876</b>
Current portion of long - term financing	<b>63,283</b>	<b>74,290</b>
Taxation - income tax	<b>35,208</b>	<b>26,811</b>
	<b>1,959,482</b>	<b>1,694,465</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>2</b>	
	<u><b>4,868,645</b></u>	<u><b>4,429,904</b></u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>3 2,438,571</b>	<b>2,454,098</b>
Intangible assets	<b>6,382</b>	<b>6,530</b>
Long-term deposits	<b>1,964</b>	<b>1,964</b>
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	<b>47,192</b>	<b>44,130</b>
Stock-in-trade	<b>1,552,609</b>	<b>1,486,943</b>
Trade debts	<b>482,000</b>	<b>187,119</b>
Loans and advances	<b>156,114</b>	<b>105,138</b>
Trade deposits and short term prepayments	<b>5,789</b>	<b>2,672</b>
Other receivable	<b>388</b>	<b>1,304</b>
Other financial assets	<b>14,431</b>	<b>5,352</b>
Sales tax refundable	<b>26,129</b>	<b>22,961</b>
Cash and bank balances	<b>137,076</b>	<b>111,693</b>
	<b>2,421,728</b>	<b>1,967,312</b>
	<u><b>4,868,645</b></u>	<u><b>4,429,904</b></u>

The annexed notes form an integral part of these financial statements


**SHAHID ANWAR TATA**  
Chief Executive

**ADEEL SHAHID ANWAR**  
Director

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Note	Sept 30, 2013	Sept 30, 2012
		.....Rupees in 000 .....	
Sales		1,428,523	1,149,126
Cost of goods sold	4	(1,148,023)	(965,610)
Gross profit		280,500	183,516
Distribution cost		(61,593)	(50,045)
Administrative expenses		(25,189)	(21,350)
Other operating expenses		(10,832)	(12,126)
Finance cost		(49,809)	(36,661)
		(147,423)	(120,182)
Other income		28,305	267
Profit before taxation		161,382	63,601
Taxation		(10,185)	(10,974)
Profit for the period		151,197	52,627
Other comprehensive income for the period		-	-
Total comprehensive income for the period		151,197	52,627
Earnings per share - basic and diluted		8.73	3.04

The annexed notes form an integral part of these financial statements



**SHAHID ANWAR TATA**  
Chief Executive



**ADEEL SHAHID ANWAR**  
Director

**TATA TEXTILE MILLS LIMITED****05****CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Sept 30, 2013	Sept 30, 2012
	.....Rupees in 000 .....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	161,382	63,601
Adjustments for :		
Depreciation of property, plant and equipment	31,336	30,807
Amortization of intangibles	330	26
Provision for staff gratuity and compensated absences	5,506	3,454
Finance cost	49,809	36,661
Operating cash flows before movements in working capital	248,363	134,549
(Increase) / decrease in current assets		
Stores, spares and loose tools	(3,062)	3,950
Stock-in-trade	(65,666)	332,612
Trade debts	(294,881)	(127,179)
Loans and advances	(41,466)	3,049
Trade deposits and short-term prepayments	(3,117)	(2,877)
Other receivables	916	33,559
Other financial assets	(9,079)	5,302
Sales tax refundable	(3,168)	(319)
Increase/ (decrease) in current liabilities		
Trade and other payables	89,070	103,533
Cash (used in) / generated from operations	(82,090)	486,179
Finance cost paid	(51,702)	(42,781)
Income taxes paid	(9,510)	(8,146)
Staff gratuity and compensated absences paid	(658)	(1,042)
Net cash (Used in) / generated from operating activities	(143,960)	434,210
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(15,811)	(118,479)
Purchase of Intangible Assets	(182)	-
Net cash used in investing activities	(15,993)	(118,479)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term financing	27,196	108,033
Repayment of long-term financing	(22,310)	(17,113)
Repayment of short-term borrowings-import/export	204,003	80,647
Net cash generated from financing activities	208,889	171,567
Net increase in cash and cash equivalents	48,936	487,298
<b>Cash and cash equivalents at July 1</b>	<b>(372,010)</b>	<b>(601,215)</b>
<b>Cash and cash equivalents at September 30</b>	<b>(323,074)</b>	<b>(113,917)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	137,076	115,936
Short - term running finance under markup arrangements	(460,150)	(229,853)
	(323,074)	(113,917)

The annexed notes form an integral part of these financial statements


**SHAHID ANWAR TATA**  
Chief Executive

**ADEEL SHAHID ANWAR**  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Share Capital	General Reserve	Revenue Reserve Unappropriated Profit	Total
	.....Rupees in 000.....			
<b>Balance at July 01, 2012</b>	173,248	-	946,390	1,119,638
<b>Comprehensive income</b>				
Profit for the quarter	-	-	52,627	52,627
Other comprehensive income-net of tax	-	-	-	-
	-	-	52,627	52,627
Transfer from surplus on revaluation of property, plant and equipment on account of: -incremental depreciation - net of tax	-	-	11,104	11,104
<b>Balance as at September 30, 2012</b>	173,248	-	1,010,121	1,183,369
<b>Balance at July 01, 2013</b>	173,248	1,000,000	305,563	1,478,811
<b>Comprehensive income</b>				
Profit for the quarter	-	-	151,197	151,197
Other comprehensive income-net of tax	-	-	-	-
	-	-	151,197	151,197
Transfer from surplus on revaluation of property, plant and equipment on account of: -incremental depreciation-net of tax	-	-	10,577	10,577
<b>Balance as at September 30, 2013</b>	173,248	1,000,000	467,337	1,640,585

The annexed notes form an integral part of these financial statements



**SHAHID ANWAR TATA**  
Chief Executive



**ADEEL SHAHID ANWAR**  
Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**
**1. SELECTED EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

- 1.1** Tata Textile Mills Limited (the company) was incorporated in Pakistan on April 15, 1987 as a public limited company under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. 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 of Muzaffargarh in province of Punjab.
- 1.2** These condensed interim financial statements have been prepared under 'historical cost convention' except that certain property, plant and equipment have been included at the revalued amounts and certain employee retirement benefits are recognized at present 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 and Lahore Stock Exchanges.
- 1.4** The accounting policies and methods of computation followed in the preparation of the 1st Quarterly financial statements are the same as those of the published annual financial statements for the period ended June 30, 2013.

		<b>September 30, 2013</b>	<b>June 30, 2013</b>
<b>2. CONTINGENCIES &amp; COMMITMENTS</b>		.....Rupees in 000 .....	

**2.1 Contingencies**

There is no change in contingencies disclosed in Note 10 of the annual audited financial statements for the year ended June 30, 2013.

**2.2 Commitments**

Letter of credit for store and machinery	198,784	38,433
Bank guarantees issued on behalf of the Company.	94,267	94,267
Bills discounted	800,561	979,183
Forward Contracts	182,006	-

**3. ACQUISITIONS AND DISPOSALS OF  
PROPERTY, PLANT AND EQUIPMENT For The Quarter Ended September 30, 2013**

	Acquisition / transfers from CWIP	Disposal (W.D.V.)	Sale Proceeds
	.....Rupees in 000.....		
Factory Equipment	502	-	-
Office Equipment	1,901	-	-
Furniture and Fixture	249	-	-
Vehicle	1,959	-	-
<b>September 30, 2013</b>	4,611	-	-

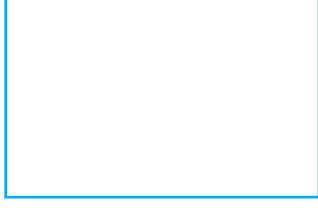
	Sept 30, 2013	Sept 30, 2012
	.....Rupees in 000 .....	
<b>4. COST OF GOODS SOLD</b>		
Cost of goods manufactured (4.2)	1,159,229	977,795
Finished goods		
Opening stock - (4.1)	294,727	135,408
Closing stock - (4.1)	(305,933)	(161,329)
	(11,206)	(25,921)
Cost of goods manufactured sold	1,148,023	951,874
Cost of Cotton Sold	-	13,736
	<u>1,148,023</u>	<u>965,610</u>
<b>4.1</b> Finished goods stock also includes waste stock carried at net realizable value.		
<b>4.2 Cost of goods manufactured</b>		
Raw material consumed (4.2.1)	884,251	768,171
Packing material consumed	18,941	18,241
Stores and spares consumed	18,210	23,058
Salaries, wages and benefits	60,716	51,837
Fuel and power	142,143	79,251
Insurance	4,238	4,130
Repairs and maintenance	4,120	1,218
Depreciation	28,924	28,591
Other overheads	2,170	3,242
	<u>1,163,713</u>	<u>977,739</u>
Work-in-process		
Opening stock	38,752	39,454
Closing stock	(43,236)	(39,398)
	(4,484)	56
	<u>1,159,229</u>	<u>977,795</u>
<b>4.2.1 Raw material consumed</b>		
Opening stock	1,153,464	733,989
Purchases - net	934,226	433,953
	<u>2,087,690</u>	<u>1,167,942</u>
Closing stock	(1,203,439)	(399,771)
	<u>884,251</u>	<u>768,171</u>
<b>5. TRANSACTIONS WITH RELATED PARTIES</b>		
<b>5.1 Associates</b>		
Sale of Goods	-	14,077
Share of expense paid	-	10
Share of expense received	992	55
Mark-up on loan	-	848
<b>5.2 Transactions with key management personnel</b>		
Short-term benefits	14,832	14,208
Directors meetings fee	30	30
Rent	836	776
<b>6. APPROVAL OF FINANCIAL STATEMENTS</b>		
The financial statements were authorized for issue on October 30, 2013 by the Board of Directors of the Company.		
<b>7.</b> Figures have been rounded off to nearest thousand rupee.		

  
**SHAHID ANWAR TATA**  
 Chief Executive

  
**ADEEL SHAHID ANWAR**  
 Director

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