



TATA TEXTILE MILLS LIMITED

**Financial Statements
(Unaudited)**

For The 1st Quarter Ended September 30, 2014

TATA TEXTILE MILLS LIMITED

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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. Asif Saleem Mr. Muhammad Salman H. Chawala (NIT) Mr. Muhammad Naseem

AUDIT COMMITTEE

CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Asif Saleem Mr. Bilal Shahid Anwar

SECRETARY	Mr. Owais Ahmed Abbasi
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HUMAN RESOURCE & REMUNERATION COMMITTEE

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

SECRETARY	Mr. Umar Khawajah
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COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:	Mr. Farooq Advani
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BANKERS:	Faysal Bank Limited 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 Samba Bank Limited NIB Bank Limited
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AUDITORS:	M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants
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LEGAL ADVISOR:	Rajwana & Rajwana Advocates
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SHARE REGISTRAR:	Central Depository Company of Pakistan Limited CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal Tel# (Toll Free) 0800-CDCPL (23275) Fax: (92-21) 34326053
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REGISTERED OFFICE:	6th Floor Textile Plaza, M.A Jinnah Road Karachi. Tel# 32412955-3 Lines 32426761-2-4 Fax# 32417710
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WEB SITE ADDRESS:	www.tatatex.com
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E- MAIL ADDRESS:	ttm.corporate@tatatex.com
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MILLS:	10th K.M. M.M. Road Khanpur-Baggasher, District Muzaffargarh
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DIRECTORS' REPORT

Assalam-o-Alaikum,

The Financial Statements (unaudited) of the Company for the 1st Quarter ended on September 30, 2014 is being presented to you.

The Financial Results for the 1st Quarter of the company are not encouraging. During the quarter under review the Company incurred a pre-tax loss of Rs. 46.013 million as compared to a pre-tax profit of Rs. 161.382 million during the corresponding period of last year. This quarter we faced difficult times, but going forward, we are optimistic for a positive output in the next quarters.

We have faced loss in this quarter mainly owing to the following factor.

Cotton Prices

The major reason for loss was due to the revaluation of Rupee, as due to quality consideration we usually purchase cotton for this quarter, which we thought we had purchased at a good price, at the time when the average US\$ - Rupee parity was Rs.106/- but then there was a sudden and abrupt revaluation of rupee, bringing the dollar – rupee rate to Rs.97-98, so basically the loss was due to the Rupee revaluation which put us in a difficult position.

Power Availability:

We have invested huge amount in power generation but our cost is still escalating due to the increase of Grid proportion in our Power Mix as now the gas is available only for 6-8 hours per day, thus reducing the proportion of self generation to a great extend. Apart from cost escalation the quality of power from the Grid is also an issue where due to voltage fluctuation, the electronic components of our machines have very high break downs. Moreover, we are again hearing rumors of complete Gas shut-down from mid of November, this year.

Wage Increase

The Government has increased the wages which is a good move for the benefit of the employees but this is going to have a strong impact on our overheads and costs and will put extra financial burden on the company.

Global Textile Competition

India has made lots of investments in technologies in all the sectors of Textile chain and we are facing tough competition as they have already overtaken Pakistan as major yarn supplier and are geared up for exports and have even penetrated into the Chinese market as well as other markets with every low prices. The Indian Government is supporting the Indian textile Industries by offering lots of subsidies and incentives, whereas, the share of Pakistan, in all sectors of Textile has continued to decline.

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



Shahid Anwar Tata
Chief Executive

Karachi:

Dated: October 30 2014

TATA TEXTILE MILLS LIMITED**03****CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2014****Un-Audited
Sept 30, 2014 Audited
June 30, 2014****ASSETS****Notes Rupees in 000****NON-CURRENT ASSETS**

Property, plant and equipment	3	2,566,356	2,556,791
Intangible assets		4,901	5,336
Long term deposits		1,978	1,964
		2,573,235	2,564,091

CURRENT ASSETS

Stores, spares and loose tools		58,619	54,044
Stock-in-trade		713,202	1,203,400
Trade debts		686,149	257,670
Loans and advances		186,585	118,166
Trade deposits and short-term prepayments		11,761	1,667
Other receivables		1,524	466
Other financial assets		5,932	-
Sales tax refundable		36,379	27,049
Cash and bank balances		41,034	129,168
		1,741,185	1,791,630

TOTAL ASSETS**4,314,420 4,355,721****EQUITY AND LIABILITIES****EQUITY**

Share capital		173,248	173,248
General reserve		1,000,000	1,000,000
Unappropriated profit		383,530	425,197
		1,556,778	1,598,445
Surplus on revaluation of property, plant and equipment		855,812	868,349

NON-CURRENT LIABILITIES

Long-term finance		202,030	215,347
Deferred liabilities		83,540	82,572

CURRENT LIABILITIES

Trade and other payables		403,101	275,889
Interest / mark-up accrued on borrowings		28,343	24,351
Short-term borrowings		1,098,893	1,209,994
Current portion of long-term finance		48,560	52,061
Provision for income tax		37,363	28,713
		1,616,260	1,591,008

CONTINGENCIES AND COMMITMENTS

2

TOTAL EQUITY AND LIABILITIES**4,314,420 4,355,721****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, 2014**

	Note	Sept 30, 2014	Sept 30, 2013
	Rupees in 000	
Sales - net		1,420,150	1,428,523
Cost of goods sold	4	<u>(1,352,816)</u>	<u>(1,148,023)</u>
Gross profit		67,334	280,500
Distribution cost		<u>(51,795)</u>	<u>(61,593)</u>
Administrative expenses		<u>(27,258)</u>	<u>(25,189)</u>
Other operating expenses		<u>(14,711)</u>	<u>(10,832)</u>
Finance cost		<u>(20,072)</u>	<u>(49,809)</u>
		(113,836)	(147,423)
Other income		489	28,305
(Loss) / Profit before taxation		<u>(46,013)</u>	<u>161,382</u>
Provision for taxation		(8,192)	(10,185)
(Loss) / Profit for the period		<u>(54,205)</u>	<u>151,197</u>
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>(54,205)</u>	<u>151,197</u>
Earnings per share - basic and diluted		<u>(3.13)</u>	<u>8.73</u>

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, 2014**

	Sept 30, 2014	Sept 30, 2013
Rupees in 000	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(46,013)	161,382
Adjustments for :		
Depreciation of property, plant and equipment	32,162	31,336
Amortization of intangibles	435	330
Provision for staff gratuity and compensated absences	4,179	5,506
Finance cost	20,072	49,809
Loss on disposal of property, plant and equipment	1,184	-
Operating cash flows before movements in working capital	12,019	248,363
(Increase) / decrease in current assets		
Stores, spares and loose tools	(4,575)	(3,062)
Stock-in-trade	490,198	(65,666)
Trade debts	(428,479)	(294,881)
Loans and advances	(56,481)	(41,466)
Trade deposits and short-term prepayments	(10,094)	(3,117)
Other receivables	(1,058)	916
Other financial assets	(5,932)	(9,079)
Sales tax refundable	(9,330)	(3,168)
Increase / (decrease) in current liabilities		
Trade and other payables	127,212	89,070
Cash generated from / (used in) operations	113,480	(82,090)
Finance cost paid	(16,080)	(51,702)
Income taxes paid	(11,936)	(9,510)
Staff gratuity and compensated absences paid	(2,756)	(658)
Net cash generated from / (used in) operating activities	82,708	(143,960)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(45,111)	(15,811)
Proceeds from disposal of property, plant and equipment	2,200	-
Purchase of Intangible Assets	-	(182)
Long-term deposits	(14)	-
Net cash used in investing activities	(42,925)	(15,993)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term financing	-	27,196
Repayment of long - term financing	(16,817)	(22,310)
Proceed from short-term borrowings	(367,884)	204,003
Net cash (used in) / generated from financing activities	(384,701)	208,889
Net (decreased) / increased in cash and cash equivalents	(344,918)	48,936
Cash and cash equivalents at July 1	(159,002)	(372,010)
Cash and cash equivalents at September 30	(503,920)	(323,074)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	41,034	137,076
Short - term running finance under markup arrangements	(544,954)	(460,150)
	(503,920)	(323,074)

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, 2014**

	Share Capital	General Reserve	Revenue Reserve Unappropriated Profit	Total
Rupees in 000.....			
Balance at July 01, 2013	173,248	1,000,000	299,053	1,472,301
Comprehensive income				
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
Balance as at September 30, 2013	173,248	1,000,000	460,827	1,634,075
Balance at July 01, 2014	173,248	1,000,000	425,197	1,598,445
Comprehensive income				
Loss for the quarter	-	-	(54,205)	(54,205)
Other comprehensive income-net of tax	-	-	-	-
	-	-	(54,205)	(54,205)
Transfer from surplus on revaluation of property, plant and equipment on account of : -incremental depreciation-net of tax	-	-	12,538	12,538
Balance as at September 30, 2014	173,248	1,000,000	383,530	1,556,778

The annexed notes form an integral part of these financial statements



SHAHID ANWAR TATA
Chief Executive



ADEEL SHAHID ANWAR
Director

TATA TEXTILE MILLS LIMITED**07****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014****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, 2014.

2. CONTINGENCIES & COMMITMENTS

September 30, 2014 June 30, 2014
.....Rupees in 000

2.1 Contingencies

There is no contingency outstanding against the Company.

2.2 Commitments

Letter of credit for store and machinery	108,365	81,983
Bank guarantees issued on behalf of the Company.	107,813	107,813
Bills discounted	416,747	806,198
Rental under Ijara Finance Agreements		
- Not later than one year	13,010	10,259
- Later than one year and not later than 5 years	57,275	61,530

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

	For The Quarter Ended September 30, 2014		
	Acquisitions / transfers from CWIP	Disposal (W.D.V.)	Sale Proceeds
Rupees in 000.....		
Plant & Machinery	18,821	3,384	2,200
Office Equipment	915	-	-
Vehicle	230	-	-
September 30, 2014	19,966	3,384	2,200

	Sept 30, 2014	Sept 30, 2013
4. COST OF GOODS SOLD		
Cost of goods manufactured (4.2)	1,183,509	1,159,229
Finished goods		
Opening stock - (4.1)	345,633	294,727
Closing stock - (4.1)	(184,569)	(305,933)
	161,064	(11,206)
Cost of goods manufactured sold	1,344,573	1,148,023
Cost of Cotton Sold	8,243	-
	<u>1,352,816</u>	<u>1,148,023</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)	901,960	884,251
Packing material consumed	23,182	18,941
Stores and spares consumed	21,966	18,210
Salaries, wages and benefits	63,815	60,716
Fuel and power	125,210	142,143
Insurance	6,767	4,238
Repairs and maintenance	3,351	4,120
Depreciation	29,879	28,924
Ijara Rental	1,505	-
Other overheads	3,087	2,170
	<u>1,180,722</u>	<u>1,163,713</u>
Work-in-process		
Opening stock	47,745	38,752
Closing stock	(44,958)	(43,236)
	2,787	(4,484)
	<u>1,183,509</u>	<u>1,159,229</u>

4.2.1 Raw material consumed

Opening stock	810,022	1,153,464
Purchases - net	575,613	934,226
	<u>1,385,635</u>	<u>2,087,690</u>
Closing stock	(483,675)	(1,203,439)
	<u>901,960</u>	<u>884,251</u>

5. TRANSACTIONS WITH RELATED PARTIES

5.1 Associates

Purchase of Goods	78,059	-
Sale of Goods	816	-
Share of expense received	457	992
Share of expense paid	2,260	-

5.2 Transactions with key management personnel

Short-term benefits	17,010	14,832
Directors meetings fee	70	30
Rent	776	776

6. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorized for issue on October 30, 2014 by the Board of Directors of the Company.

7. Figures have been rounded off to nearest thousand rupee.



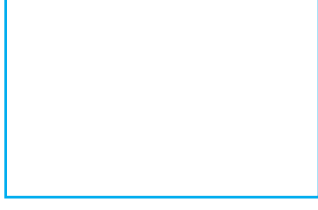
SHAHID ANWAR TATA
Chief Executive



ADEEL SHAHID ANWAR
Director

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