



TATA TEXTILE MILLS LIMITED

**Interim Report
For The 1st Quarter Ended September 30, 2008**

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN: Mr. Anwar Ahmed Tata

CHIEF EXECUTIVE : Mr. Shahid Anwar Tata

DIRECTORS
Mr. Adeel Shahid Anwar Tata
Mr. Farooq Advani
Mr. Muhammad Ayub (NIT)
Mr. Muhammad Waris Magoon
Mr. Shahid Aziz (NIT)AUDIT COMMITTEE
CHAIRMAN: Mr. Anwar Ahmed TataMEMBERS:
Mr. Adeel Shahid Anwar Tata
Mr. Muhammad Waris MagoonCOMPANY SECRETARY &
CHIEF FINANCIAL OFFICER: Mr. Farooq AdvaniBANKERS:
The Royal Bank of Scotland Ltd.
Bank Al-Falah Ltd.
Faysal Bank Ltd.
Habib Metropolitan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Soneri Bank Ltd.AUDITORS:
M/s. M. Yousuf Adil Saleem & Co.
Chartered AccountantsLEGAL ADVISOR:
Muhammad Afzal Awan
Advocates.SHARE REGISTRAR:
Noble Computer Services (Pvt.) Ltd.
2nd Floor, Sohni Centre, BS 5 & 6,
Main Karimabad Block-4, Federal B. Area
Karachi- 75950
Tel# 6801880, 6802326REGISTERED OFFICE:
8, 8th Floor Textile Plaza,
M.A Jinnah Road Karachi.
Tel#2412955-3 Lines 2426761-2-4
Fax#2417710WEB SITE ADDRESS: www.tatatex.comE- MAIL ADDRESS: finance@tatatex.comMILLS:
10th K.M. M.M. Road
Khanpur-Baggasher,
District Muzaffargarh

DIRECTORS' REPORT

Assalam-o-Alaikum,

The Financial Statements (un-audited) of the company for the 1st quarter ended on September 30, 2008 is being presented before you with the following observations.

During the period under review the Company made a pre-tax profit of Rs. 11.341 million as compared to a pre-tax profit of Rs. 17.116 during the corresponding period last year.

The first quarter has been a tumultuous one with unprecedented increase in the cost of production due to the high interest rates, non-guaranteed energy supplies, sharp rise in the price of natural gas and depreciation of Pak Rupee. There have been so many other factors governing the prices that it has become very risky to do business in this environment which continues to hamper country's export oriented industries ability to compete in the international markets.

Globally the situation is not very good; the failures of banks, the financial system and the turmoil which has resulted in low demand from foreign buyers like the USA. It has become equally burdensome for us to sell our yarns. We have a fairly good marketing strategy and team but in spite of that our yarn inventory has piled up. We are experiencing an unprecedented slow down in yarn demand since the industry is confronted with numerous problems due to increase in cost of inputs caused by the elevated price of petroleum products and natural gas, sudden increase in electricity tariffs, rising interest rates and financial charges and the political uncertainty. We have been living beyond our means and failed to do much to develop the industry.

Due to the above factors, this year looks like the production in Pakistan is going to be low and the cotton consumption may be about 25%. It is estimated that the crop would be around 12.5 million bales which means a shortfall of minimum 3 million bales. The consumption will come down and the prices of cotton shall remain under pressure.

In the present operating environment we will continue our efforts and endeavour to tackle these problems. May Allah give us the strength for improvement in our operations. We would like to thank our Staff, Officers and Workers for their hard work and dedication.

On behalf of the Board of Directors



SHAHID ANWAR TATA

Chief Executive

Karachi:

Date: October 27, 2008

TATA TEXTILE MILLS LIMITED

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BALANCE SHEET
AS AT SEPTEMBER 30, 2008

	Notes	Un-Audited Sept 30, 2008	Audited June 30, 2008
SHARE CAPITAL AND RESERVES			
Authorised			
20,000,000 ordinary shares of Rs.10 each		200,000	200,000
Issued, subscribed and paid-up		173,248	173,248
Unappropriated profits		334,066	316,205
		507,314	489,453
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		941,405	957,429
NON-CURRENT LIABILITIES			
Long-term financing		424,285	489,881
Liabilities against assets subject to finance lease		40,829	53,525
Deferred liabilities		136,030	131,819
CURRENT LIABILITIES			
Trade and other payables		110,162	81,317
Accrued interest / mark-up on loans		44,533	37,506
Short-term borrowings		1,506,753	1,580,324
Current portion of			
long - term financing		200,008	189,614
liabilities against assets subject to finance lease		51,171	52,812
Taxation - income tax		86,389	78,539
		1,999,016	2,020,112
CONTINGENCIES AND COMMITMENTS	2	4,048,879	4,142,219
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	3	2,280,064	2,318,568
Long-term deposits		378	378
CURRENT ASSETS			
Stores, spares and loose tools		26,439	27,249
Stock-in-trade		1,056,774	1,421,759
Trade debts - considered good		504,749	200,297
Loans and advances		110,857	103,288
Trade deposits and short term prepayments		11,969	1,302
Other receivable		425	3,598
Sales tax refundable		9,227	8,422
Other financial assets		1,735	1,735
Cash and bank balances		46,262	55,623
		1,768,437	1,823,273
		4,048,879	4,142,219

The annexed notes form an integral
part of these financial statements


SHAHID ANWAR TATA
Chief Executive


ANWAR AHMED TATA
Chairman/Director

PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR PERIOD ENDED SEPTEMBER 30, 2008

	Notes	Sept 30, 2008	Sept 30, 2007
	Rupees in 000	
Sales		762,647	544,701
Cost of goods sold	4	(590,674)	(446,197)
Gross profit		171,973	98,504
Distribution cost		(40,914)	(23,406)
Administrative expenses		(16,481)	(14,069)
Other operating expenses		(57,604)	(3,057)
Other operating income		22,742	1,546
Finance cost		(68,375)	(42,402)
		(160,632)	(81,388)
Profit before taxation		11,341	17,116
Taxation		(9,503)	(5,453)
Profit for the period		1,838	11,663
Earnings per share - Basic and diluted		0.11	0.67

The annexed notes form an integral
part of these financial statements



SHAHID ANWAR TATA
Chief Executive



ANWAR AHMED TATA
Chairman/Director

CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008

	Sept 30, 2008	Sept 30, 2007
Rupees in 000	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,341	17,116
Adjustments for :		
Depreciation of property, plant and equipment	39,966	25,070
Provision for staff gratuity	3,661	3,424
Provision for compensated absences	145	(86)
Finance cost	68,375	42,402
Gain on disposal of property, plant and equipment	(142)	(238)
Operating cash flows before movement in working capital	<u>123,346</u>	<u>87,688</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	810	1,427
Stock-in-trade	364,985	(66,443)
Trade debts	(304,452)	(15,235)
Loans and advances	(1,448)	20,712
Trade deposits and short term prepayments	(10,667)	(4,810)
Other receivables	3,173	5,148
Sales tax refundable	(805)	(615)
Other financial assets	-	2,841
Increase in current liabilities		
Trade and other payables	<u>28,845</u>	<u>20,672</u>
Cash generated from operations	<u>203,787</u>	<u>51,385</u>
Finance cost paid	(61,348)	(40,393)
Income taxes paid	(6,121)	(4,535)
Staff gratuity paid	(1,247)	(1,661)
Net cash from / (used in) operating activities	<u>135,071</u>	<u>4,796</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,028)	(6,142)
Proceeds on disposal of property, plant and equipment	<u>706</u>	<u>335</u>
Net cash used in investing activities	<u>(1,322)</u>	<u>(5,807)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term financing	1,277	1,185
Repayment of long - term financing	(56,479)	(56,081)
Repayment of finance lease	(14,337)	(14,143)
Short term borrowings import/export finance	(212,981)	(37,577)
Net cash used in financing activities	<u>(282,520)</u>	<u>(106,616)</u>
Net decrease in cash and cash equivalents (A+B+C)	(148,771)	(107,627)
Cash and cash equivalents at July 1	<u>(867,394)</u>	<u>103,652</u>
Cash and cash equivalents at Sept 30	<u>(1,016,165)</u>	<u>(3,975)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	46,262	15,866
Short - term running finance under markup arrangements	<u>(1,062,427)</u>	<u>(19,841)</u>
	<u>(1,016,165)</u>	<u>(3,975)</u>
The annexed notes form an integral part of these financial statements		


SHAHID ANWAR TATA
Chief Executive


ANWAR AHMED TATA
Chairman/Director

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008

	Issue Subscribed and paid-up	Unappropriated Profit	Total
Rupees in 000.....		
Balance at July 01, 2007	173,248	316,506	489,754
Changes in equity for the Quarter ended September 30, 2007			
Transfer from surplus on revaluation of property, plant and equipment on account of :			
-incremental depreciation - net of deferred tax	-	1,817	1,817
Profit for the Period	-	11,663	11,663
Total recognised income and expense for the Quarter	-	13,480	13,480
Balance as at September 30, 2007	<u>173,248</u>	<u>329,986</u>	<u>503,234</u>
Balance at July 01, 2008	173,248	316,205	489,453
Changes in equity for the Quarter ended September 30, 2008			
Transfer from surplus on revaluation of property, plant and equipment on account of :			
-incremental depreciation - net of deferred tax	-	16,023	16,023
Profit for the Period	-	1,838	1,838
Total recognised income and expense for the Quarter	-	17,861	17,861
Balance as at September 30, 2008	<u>173,248</u>	<u>334,066</u>	<u>507,314</u>

The annexed notes form an integral
part of these financial statements



SHAHID ANWAR TATA
Chief Executive



ANWAR AHMED TATA
Chairman/Director

NOTES TO THE ACCOUNTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008

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 8, 8th 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 District of Muzaffargarh in province of Punjab.
- 1.2 These 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 accounts are unaudited and submitted to shareholders as required by SRO. No. 764 (I)/2001 Dated November 5, 2001 of S.E.C.P
- 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, 2008

	Sept 30, 2008	June 30, 2008
Rupees in 000	
2. CONTINGENCIES & COMMITMENTS		
Contingencies		
Amount claimed by WAPDA against installation of requisite panel, not acknowledged by the company.	337	337
Amount claimed by WAPDA as arrears against fixed charges not acknowledged by the Company	627	627
Delayed payment surcharge on debentures, demanded by Collector of Customs not acknowledged by the Company	496	496
Labour and Workmen compensation cases in court of law	188	188
Commitments		
Letters of credit for store, machinery and raw material	158,536	3,722
Bank guarantees issued on behalf of the Company.	66,857	66,857
Foreign bills discounted	558,971	735,451

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

	For the 1st Quarter Ended September 30, 2008		
	Acquisitions/ transfers from CWIP	Disposal (W.D.V)	Sale Proceeds
Rupees in '000'		
Furniture & Equipment	27	-	-
Vehicles	1,462	564	706
September 30, 2008	<u>1,462</u>	<u>564</u>	<u>706</u>

	Sept 30, 2008	Sept 30, 2007
Rupees in 000	
4. COST OF GOODS SOLD		
Opening stock - finished goods	150,738	88,489
Purchase of finished goods	46,960	59,814
Cost of goods manufactured (4.2)	<u>605,124</u>	<u>436,933</u>
	802,822	585,236
Closing stock - finished goods	<u>(212,148)</u>	<u>(139,039)</u>
	<u>590,674</u>	<u>446,197</u>

4.1	Finished goods stock also includes waste stock carried at net realizable value.		
		Sept 30, 2008	Sept 30, 2007
	Rupees in 000	
4.2	<i>Cost of goods manufactured</i>		
	Raw material consumed (4.2.1)	445,823	317,898
	Packing material consumed	13,814	11,879
	Stores and spares consumed	13,987	9,171
	Salaries, wages and benefits	36,667	32,430
	Fuel and power	56,941	38,197
	Insurance	2,611	1,576
	Repairs and maintenance	622	222
	Depreciation	38,795	23,965
	Other overheads	894	1,271
		<u>610,154</u>	<u>436,609</u>
	Work-in-process		
	Opening stock	<u>21,980</u>	<u>15,622</u>
	Closing stock	<u>(27,010)</u>	<u>(15,298)</u>
		<u>(5,030)</u>	<u>324</u>
		<u>605,124</u>	<u>436,933</u>
4.2.1	Raw material consumed		
	Opening stock	1,249,042	671,836
	Purchases - net	<u>14,397</u>	<u>334,113</u>
		<u>1,263,439</u>	<u>1,005,949</u>
	Closing stock	<u>(817,616)</u>	<u>(688,051)</u>
		<u>445,823</u>	<u>317,898</u>
5.	TRANSACTIONS WITH RELATED PARTIES		
5.1	Associates		
	Purchase of Goods	38,377	-
	Share of expense paid	217	76
	Share of expense received	214	614
	Mark-up on loan	985	725
		Sept 30, 2008	June 30, 2008
	Rupees in 000	
	Amount owed to	28,984	27,999
		Sept 30, 2008	Sept 30, 2007
	Rupees in 000	
5.2	Transactions with key management personnel		
	Short-term benefits	4,255	4,097
	Directors meetings fee	-	12
	Rent	60	60
6.	GENERAL		
	Figures have been rounded off to nearest thousand rupee.		



SHAHID ANWAR TATA
Chief Executive



ANWAR AHMED TATA
Chairman/Director

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