



**TATA TEXTILE  
MILLS LIMITED**

**Interim Report  
For the 1st Quarter Ended December 31, 2004**

**CONTENTS**

---

|                                   |    |
|-----------------------------------|----|
| 1. COMPANY INFORMATION            | 03 |
| 2. DIRECTORS' REPORT              | 04 |
| 3. BALANCE SHEET                  | 06 |
| 4. PROFIT AND LOSS ACCOUNT        | 07 |
| 5. CASH FLOW STATEMENT            | 08 |
| 6. STATEMENT OF CHANGES IN EQUITY | 09 |
| 7. NOTES TO THE ACCOUNTS          | 10 |



# **TATA TEXTILE MILLS LIMITED**

03

## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

CHAIRMAN: Mr. Anwar Ahmed Tata

CHIEF EXECUTIVE OFFICER: Mr. Shahid Anwar Tata

DIRECTORS: Mr. Arshad Alam  
Mr. Muhammad Waris Magoon  
Mr. Muhammad Ayub (NIT)  
Mr. Shahid Aziz (NIT)  
Mr. Farooq Advani

### **AUDIT COMMITTEE**

CHAIRMAN: Mr. Anwar Ahmed Tata

MEMBERS: Mr. Arshad Alam  
Mr. Muhammad Waris Magoon

COMPANY SECRETARY &  
CHIEF FINANCIAL OFFICER: Mr. Farooq Advani

BANKERS: National Bank of Pakistan  
Soneri Bank Limited  
Metropolitan Bank Limited  
Saudi Pak Commercial Bank Limited  
Bank Al-Falah Limited  
Habib Bank AG Zurich Limited

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

LEGAL ADVISOR: Fazle Ghani Advocates.

SHARE REGISTRAR: Syed Husain & Co. Consulting (Private) Ltd.  
Management Consultants  
1st Floor, Modern Motors House, Beaumont  
Road, Karachi-75530  
Tel# 5210626, 111-77-44-22

REGISTERED OFFICE: 8, 8th Floor Textile Plaza,  
M.A Jinnah Road Karachi.  
Tel#2412955-3 Lines 2426761-2-4  
Fax#2417710

WEB SITE ADDRESS: [www.tatatex.com](http://www.tatatex.com)  
E- MAIL ADDRESS: [finance@tatatex.com](mailto:finance@tatatex.com)

MILLS: 10th K.M. M.M. Road  
Khanpur-Baggasher,  
Distt. Muzaffargarh

**DIRECTORS' REPORT****Assalam-o-Alaikum**

The un-audited accounts of the company for the first quarter ended on December 31, 2004 is being presented before you with the following observations.

During the period under review the Company made a pre-tax profit of Rs. 25.595 Million as compared to a pre-tax profit of Rs. 12.883 Million during the corresponding period of last year.

**Alham-do-lillah**

I have great pleasure in announcing the starting of our new mill Tata-2. This mill, equipped with the state of the art equipment, has 25,200 spindles. It has come into production ahead of its scheduled time. This achievement deserves special appreciation from us, especially the team at the mill and Head Office. They have put in tremendous effort. Due to their effort, everything was well planned, synchronized and executed in record time.

While writing this report we have received news of the suspension of gas supply to our captive generators resulting in complete shutdown of our mills at Tata. However, this was a temporary phase. Our second gas generated power plant has also started. The new mill, from its very beginning will be powered by gas generators. This is also an added advantage.

With the commencement of this mill, our Company is now well poised, in a short span of time to become one of the leaders in the textile industry in the country. Inshallah. As quality yarn producers we already have a good name. With the induction of this new mill we will further improve our image.

**Gratitude to Banks**

Two consortium of banks were formed to finance the project of Tata-2. National Bank of Pakistan, Pakistan Kuwait Investment Company (Pvt.) Ltd. and Faysal Bank Ltd. represented one consortium and National Bank of Pakistan along with Union Bank Ltd. represented the other. Soneri Bank Ltd. and Pakistan Industrial Credit & Investment Corporation Ltd. also participated in the financing and leasing processes in this project. We are very grateful to these banks and financial institutes, especially National Bank of Pakistan for extending financial help in realization of this project.

**Cotton Crop**

This year Pakistan harvested a dream crop. Allah blessed this country with a bumper cotton crop of about 14.5 million bales. 3 to 4 months back no one could have predicted a cotton crop of this size. Now it's a reality. In Pakistan this could not have come at a better time, especially when we are standing at the threshold of a quota free regime. Allah has been very kind to us for allowing us to start this very competitive regime with a very positive note.

As usual we maintained our quality standards, although at times we had to sacrifice our precious resources in buying only the best quality cotton which is available only during the peak season.

Last year was a difficult year for us because during the peak season prices remained very high. However, during the current year, we were able to procure very good cotton at reasonable prices. Going forward, inshallah, we shall provide good results every quarter. In Tata-2 we will employ 50 per cent of its capacity for medium coarse counts to cater to the additional requirement of the existing production of Tata-1, so as to meet the increased demand of our clients. The rest of the 50 per cent will be utilized for the fine counts. For the fine counts we have imported very good quality Pima cotton from USA. I am confident that with Allah's guidance, we will have a good year.

Let us all pray to Almighty Allah for bestowing blessings on us and to give us the strength for successfully facing the days ahead.

We would like to thank our Staff, Officers and Workers of the Company for their hard work and dedication.

On behalf of the Board of Directors



**SHAHID ANWAR TATA**

*Chief Executive Officer*

Karachi:

Date: January 28, 2005

**BALANCE SHEET (UN AUDITED)  
AS AT DECEMBER 31, 2004**

|  | Notes | DEC. 2004<br>Rupees in 000 | SEP. 2004<br>Rupees in 000 |
|--|-------|----------------------------|----------------------------|
| <b>SHARE CAPITAL</b>   |       |                            |                            |
| AUTHORIZED CAPITAL   |       |                            |                            |
| 20,000,000 Ordinary Shares of Rs.10/- each                             |       | 200,000                    | 200,000                    |
| Issued,subscribed & paid up 15,065,000 Ordinary shares of Rs.10/= each |       | 150,650                    | 150,650                    |
| Reserve for Issue of Bonus Shares                                      |       | 22,598                     | -                          |
| Accumulated Profit   |       | 184,331                    | 181,019                    |
|  |       | 357,579                    | 331,669                    |
| <b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>                          |       | 142,765                    | 146,182                    |
| <b>NON CURRENT LIABILITIES</b>   |       |                            |                            |
| Debenture and Long Term Loans  |       | 795,000                    | 347,693                    |
| Liabilities Against Assets Subject To Finance Lease                    |       | 149,877                    | 88,488                     |
| Deferred Liabilities   |       | 31,395                     | 30,210                     |
| <b>CURRENT LIABILITIES</b>   |       |                            |                            |
| Short term bank borrowings   |       | 748,528                    | 261,179                    |
| Current portion of long term liabilities                               |       | 35,885                     | 30,813                     |
| Creditors,accrued and other liabilities                                |       | 82,378                     | 47,922                     |
| Taxation   |       | 69,814                     | 66,257                     |
|  |       | 936,605                    | 406,171                    |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                   | 2     | 2,413,221                  | 1,350,413                  |
| <b>FIXED CAPITAL EXPENDITURES</b>                                      |       |                            |                            |
| Operating assets at cost less depreciation                             |       | 494,092                    | 504,488                    |
| Capital work in Progress   |       | 870,128                    | 427,065                    |
|  |       | 1,364,220                  | 931,553                    |
| <b>LONG TERM DEPOSITS</b>  |       | 19,770                     | 12,552                     |
| <b>CURRENT ASSETS</b>  |       |                            |                            |
| Stores, Spares and loose tools   |       | 26,120                     | 17,555                     |
| Stock in trade   |       | 821,891                    | 253,170                    |
| Trade debtors  |       | 34,496                     | 53,735                     |
| Loan and advances  |       | 97,230                     | 66,807                     |
| Short Term Deposits  |       | 14,019                     | 8,868                      |
| Short Term Pre-Payments  |       | 5,993                      | 1,081                      |
| Other receivables  |       | 4,691                      | 785                        |
| Cash & bank balances   |       | 24,791                     | 4,307                      |
|  |       | 1,029,231                  | 406,308                    |
|  |       | 2,413,221                  | 1,350,413                  |

The annexed notes form an integral part of these financial statements



**SHAHID ANWAR TATA**  
Chief Executive Officer



**ANWAR AHMED TATA**  
Chairman/Director

**TATA TEXTILE MILLS LIMITED****07****PROFIT AND LOSS ACCOUNT (UN AUDITED)  
FOR THE 1ST QUARTER ENDED DECEMBER 31, 2004**

|   | Notes | DEC. 2004<br>Rupees in 000 | DEC. 2003<br>Rupees in 000 |
|---|-------|----------------------------|----------------------------|
| <b>SALES (NET)</b>  |       | 256,793                    | 282,902                    |
| Less: Cost of Goods Sold  | 3     | 202,430                    | 247,381                    |
| Gross Profit  |       | 54,363                     | 35,521                     |
| Other Loss  |       | (1,934)                    | (2,114)                    |
| Administrative  |       | (7,550)                    | (6,637)                    |
| Selling   |       | (8,924)                    | (7,886)                    |
|   |       | <u>(18,408)</u>            | <u>(16,637)</u>            |
| <b>Profit From Operations</b>   |       | 35,955                     | 18,884                     |
| <b>OTHER CHARGES</b>  |       |                            |                            |
| Financial Charges   |       | 8,975                      | 5,255                      |
| Worker's Profit Participation Fund  |       | 1,353                      | 685                        |
| Worker's Welfare Fund   |       | 32                         | 61                         |
|   |       | <u>(10,360)</u>            | <u>(6,001)</u>             |
| <b>PROFIT BEFORE TAXATION</b>   |       | 25,595                     | 12,883                     |
| <b>TAXATION</b>   |       |                            |                            |
| Current Year  |       | 3,557                      | 4,030                      |
| Deferred  |       | (454)                      | (2,082)                    |
|   |       | <u>(3,103)</u>             | <u>(1,948)</u>             |
| Net Profit after Taxation   |       | 22,492                     | 10,935                     |
| Accumulated Profit Brought Forward  |       | 181,019                    | 125,749                    |
| <b>Less: Appropriations</b>   |       |                            |                            |
| Reserve for Bonus Shares (September 2004)   |       | (22,598)                   | -                          |
| Transfer from surplus on revaluation of fixed assets on account of incremental depreciation |       | 3,418                      | 2,705                      |
| Accumulated Profit Carried Forward to Balance Sheet   |       | <u>184,331</u>             | <u>139,389</u>             |
| <b>Earning per share (Rupees)</b>   | 6     | 1.49                       | 0.73                       |

The annexed notes form an integral  
part of these financial statements



SHAHID ANWAR TATA  
Chief Executive Officer



ANWAR AHMED TATA  
Chairman/Director

**CASH FLOW STATEMENT  
FOR THE 1ST QUARTER ENDED DECEMBER 31, 2004**

|   | DEC. 2004<br>Rupees in 000 | DEC. 2003<br>Rupees in 000 |
|---|----------------------------|----------------------------|
| <b>A. CASH FROM OPERATING ACTIVITIES</b>          |                            |                            |
| Profit Before Taxation                            | 25,595                     | 12,883                     |
| Adjustment for:                                   |                            |                            |
| Depreciation                                      | 12,732                     | 12,805                     |
| Provision for Gratuity                            | 1,490                      | 705                        |
| Provision for Compensated Absences                | 88                         | -                          |
| Financial Charges                                 | 8,975                      | 5,255                      |
| Operating Profit Before Working Capital Changes   | <u>48,880</u>              | <u>31,648</u>              |
| Changes In Working Capital                        |                            |                            |
| (Increase)/Decrease In Current Assets             |                            |                            |
| Stores , Spares & Loose Tools                     | (8,565)                    | (163)                      |
| Stock In Trade                                    | (568,721)                  | (459,750)                  |
| Trade Debtors                                     | 19,239                     | 8,497                      |
| Loans & Advances                                  | (27,371)                   | (2,679)                    |
| Short Term Deposits                               | (5,151)                    | 1,141                      |
| Short Term Prepayment                             | (4,912)                    | (3,914)                    |
| Other Reciveable                                  | (3,906)                    | (38,410)                   |
| Increase/(Decrease) In Current Liabilities        |                            |                            |
| Creditors, Accrued & Other Liabilities            | 31,182                     | 41,307                     |
|   | <u>(568,205)</u>           | <u>(453,971)</u>           |
| Cash Used in Operation                            | (519,325)                  | (422,323)                  |
| Financial Charges Paid                            | (4,161)                    | (4,470)                    |
| Payment of Gratuity                               | (272)                      | (220)                      |
| Tax Paid  | (3,052)                    | (3,107)                    |
| <b>Net Cash Outflow From Operating Activities</b> | <b>A</b> <u>(526,810)</u>  | <u>(430,120)</u>           |
| <b>B. CASH FROM INVESTING ACTIVITIES</b>          |                            |                            |
| Fixed Capital Expenditure                         | (445,400)                  | (11,594)                   |
| Long Term Deposits                                | (7,218)                    | (3,936)                    |
| <b>Net Cash Outflow From Investing Activities</b> | <b>B</b> <u>(452,618)</u>  | <u>(15,530)</u>            |
| <b>C. CASH FROM FINANCING ACTIVITIES</b>          |                            |                            |
| Long Term Loan Obtained                           | 647,308                    | -                          |
| Repayment of Long Term Loan                       | (200,000)                  | -                          |
| Lease Finance Obtained                            | 72,193                     | 38,000                     |
| Repayment of Lease Liabilities                    | (6,938)                    | (6,012)                    |
| Short Term Borrowing Obtained                     | 487,349                    | 409,387                    |
| Payment Of Dividend                               | -                          | 1                          |
| <b>Net Cash Outflow From Financing Activities</b> | <b>C</b> <u>999,912</u>    | <u>441,376</u>             |
| Net Increase/(Decrease) In Cash                   | 20,484                     | (4,274)                    |
| Cash at the Beginning of the Period               | 4,307                      | 13,086                     |
| Cash at the End of the Period                     | <u>24,791</u>              | <u>8,812</u>               |



**SHAHID ANWAR TATA**  
Chief Executive Officer



**ANWAR AHMED TATA**  
Chairman/Director

**TATA TEXTILE MILLS LIMITED****09****STATEMENT OF CHANGES IN EQUITY  
FOR THE 1ST QUARTER ENDED DECEMBER 31, 2004**

|   | Share<br>Capital | Reserve for<br>Issue of<br>Bonus Shares | Unappropriated<br>Profit | Total   |
|---|------------------|---|--------------------------|---------|
| .....Rupees in 000.....   |                  |   |                          |         |
| Balance as at October 01,2003   | 131,000          | 19,650                                  | 125,749                  | 276,399 |
| Profit for the Quarter  |                  |   | 10,935                   | 10,935  |
| Transfer from surplus on revaluation<br>of fixed assets on account of<br>incremental Depreciation |                  |   | 2,705                    | 2,705   |
| Balance as at December 31,2003  | 131,000          | 19,650                                  | 139,389                  | 290,039 |
| Profit for the Period   |                  |   | 29,145                   | 29,145  |
| Bonus Shares Issued<br>During the Year  | 19,650           | (19,650)                                | -                        | -       |
| Transfer from surplus on revaluation<br>of fixed assets on account of<br>incremental Depreciation |                  |   | 12,485                   | 12,485  |
| Balance as at September 30,2004   | 150,650          | -                                       | 181,019                  | 331,669 |
| Profit for the Quarter  |                  |   | 22,492                   | 22,492  |
| Reserve for Issue of Bonus Shares   | -                | 22,598                                  | (22,598)                 | -       |
| Transfer from surplus on revaluation<br>of fixed assets on account of<br>incremental Depreciation |                  |   | 3,418                    | 3,418   |
| Balance as at December 31, 2004   | 150,650          | 22,598                                  | 184,331                  | 357,579 |

**The annexed notes form an integral  
part of these financial statements**



**SHAHID ANWAR TATA**  
Chief Executive Officer



**ANWAR AHMED TATA**  
Chairman/Director

**NOTES TO THE ACCOUNTS  
FOR THE 1ST QUARTER ENDED DECEMBER 31, 2004**

**1 ACCOUNTING POLICIES**

All accounting policies adopted for the preparation of these Quarterly Accounts are the same as those applied in preparation of the preceeding Annual Published Accounts

**2 CONTINGENCIES AND COMMITMENTS**

|  | DEC. 2004<br>Rupees in 000 | SEP. 2004<br>Rupees in 000 |
|--|----------------------------|----------------------------|
| <b>Contingencies</b>   |                            |                            |
| Amount claimed by WAPDA against installation of requisite panel, not acknowledged by the company, case pending in Lahore High Court Multan Bench | 337                        | 337                        |
| Bank guarantee issued by Banks on behalf of the Company.   | 23,170                     | 16,383                     |
| Delayed payment surcharge on debentures, demanded by Collector of Custom not acknowledged by the Company.  | 496                        | 496                        |
| <b>Commitments</b>   |                            |                            |
| Civil works  | 12,350                     | 54,048                     |
| Foreign bills discounted   | 288,557                    | 286,833                    |
| Letters of credit for store and machinery  | 71,631                     | 354,366                    |

**3 COST OF GOODS SOLD**

|                              | DEC. 2004<br>Rupees in 000 | DEC. 2003<br>Rupees in 000 |
|------------------------------|----------------------------|----------------------------|
| Raw material consumed        | 150,925                    | 208,456                    |
| Stores and spares            | 2,994                      | 2,110                      |
| Packing material             | 4,241                      | 4,364                      |
| Salaries, wages and benefits | 14,368                     | 12,140                     |
| Power and Gas charges        | 13,454                     | 15,822                     |
| Insurance                    | 1,547                      | 996                        |
| Repairs and maintenance      | 85                         | 454                        |
| Depreciation                 | 12,084                     | 12,275                     |
| Other overheads              | 1,098                      | 838                        |
|                              | 200,796                    | 257,455                    |
| Work-in-process              |                            |                            |
| Opening stock                | 7,766                      | 6,448                      |
| Closing stock                | (9,759)                    | (10,637)                   |
|                              | (1,993)                    | (4,189)                    |
| Cost Of Goods Manufactured   | 198,803                    | 253,266                    |
| Finished Goods               |                            |                            |
| Opening Stock                | 15,534                     | 50,047                     |
| Closing Stock                | (11,907)                   | (55,932)                   |
|                              | 3,627                      | (5,885)                    |
|                              | 202,430                    | 247,381                    |

**4 AGGREGATE TRANSACTIONS WITH ASSOCIATED UNDERTAKING AND RELATED PARTIES**

|                            | DEC. 2004<br>Rupees in 000 | DEC. 2003<br>Rupees in 000 |
|----------------------------|----------------------------|----------------------------|
| Share of expenses paid     | 264                        | 145                        |
| Share of expenses received | 115                        | 117                        |
| Rent of godown             | 60                         | 60                         |
| Mark-up charges            | 797                        | 630                        |

**5 ACQUISITION & DISPOSAL OF FIXED ASSETS**

|                  | .....Rupees in 000..... |                      |                   |
|------------------|-------------------------|----------------------|-------------------|
|                  | Acquisitions            | Disposal<br>(W.D.V.) | Sales<br>Proceeds |
| Building         | 361                     | -                    | -                 |
| Office Premises  | 729                     | -                    | -                 |
| Office Equipment | 125                     | -                    | -                 |
| Vehicle          | 1,120                   | -                    | -                 |

**6 EARNING PER SHARES**

There is no dilative effect on the basic earning per share of the Company which is based on:

|  | DEC. 2004  | DEC. 2003<br>Restated |
|--|------------|-----------------------|
| Profit After Taxation (Rupees in ' 000 ')                                | 22,492     | 10,935                |
| Weighted Average number of ordinary Shares Outstanding during the period | 15,065,000 | 15,065,000            |
| Earning per Share (Rupees)   | 1.49       | 0.73                  |

7 The company is engaged in production and sales of cotton yarn.

8 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

9 Figures have been rounded off nearest to thousand rupees.



**SHAHID ANWAR TATA**  
Chief Executive Officer



**ANWAR AHMED TATA**  
Chairman/Director

