



**TATA TEXTILE  
MILLS LIMITED**

**Financial Statements  
(Unaudited)**

**For The Six - Month Period Ended December 31, 2007**

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## COMPANY INFORMATION

## BOARD OF DIRECTORS

CHAIRMAN: Mr. Anwar Ahmed Tata

CHIEF EXECUTIVE OFFICER: 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 Tata

MEMBERS:  
Mr. Adeel Shahid Anwar Tata  
Mr. Muhammad Waris Magoon

COMPANY SECRETARY &  
CHIEF FINANCIAL OFFICER: Mr. Farooq Advani

BANKERS:  
ABN AMRO Bank N.V.  
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 Accountants

LEGAL ADVISOR: Muhammad Afzal Awan  
Advocates.

SHARE REGISTRAR: Noble Computer Services (Pvt.) Ltd.  
2<sup>nd</sup> Floor, Sohni Centre, BS 5 & 6,  
Main Karimabad Block-4, Federal B. Area  
Karachi- 75950  
Tel# 6801880, 6802326

REGISTERED OFFICE: 8, 8<sup>th</sup> 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,  
District Muzaffargarh

DIRECTORS' REPORT

The financial statements (un-audited) of the company for the Six-month Period Ended on December 31, 2007 are being presented before you with the following observations.

During the period under review the Company made a pre-tax profit of Rs. 31.723 million as compared to a pre-tax profit of Rs. 41.980 million during the corresponding period last year.

The textile industry is passing through a critical stage due to unprecedented increase in the cost of production besides confronting competition from the regional countries.

The performance of the two units of Tata Textile Mills Ltd for the six month period ended is as under:

**Tata Unit No. I**

Alhamdulillah, the quality of yarn produced from Unit No. I has remained of the standard we have set and it has maintained this consistency. We are happy to inform you that the yarn produced from this unit is 100% export oriented and it has maintained its reputation as being one of the top units in the Far Eastern markets for providing quality yarns to them.

**Tata Unit No. II**

Our Unit No. II is primarily running on imported cotton from USA, mainly Upland Cotton. The product line for Unit II has now been established and is fetching very good price due to our quality and high standards that we maintain.

We have also established a market in Europe for yarn produced from Upland Cotton and are taking further steps to sustain our current market in Korea and Japan. Hopefully, we will be able to sustain and continue with the export of yarn produced from Upland Cotton. Major portion of the yarn produced from Unit No. II is being sold to the European and Far Eastern markets.

**Spinning Industry in Pakistan**

Spinning is the only world class industry in Pakistan which for the last 10 years has not progress up to the expected level. We buy and sell Cotton and Cotton Yarn at international prices respectively. Along with it, we carry the burden of inefficiencies of the infrastructure and the primitive systems. Our sale proceeds, with further burden of cost increases we will not be able to sustain this profitability. Unfortunately, the Government has been ignoring the spinning industry for the last several years and whenever proposals are put forward to improve things, the industry gets no response. The spinning industry, in respect of some product is the most value added industry in the textile sector is surprisingly not treated as a value added industry.

**General Economic Situation and Cost Push Inflation**

As you may be aware that there is tremendous inflationary pressure and combined with the inefficiency of the infrastructure that exist in Pakistan, the cost of doing business has become prohibitive. Gas prices have risen; interest rates have gone up besides a substantial increase in wage bill. Due to the shortage of gas supply, we are facing production losses.

The cost increase cannot be passed on to the buyers and it would affect the profitability of the company. This inflationary trend is also being projected by APTMA in the newspapers. We will take every possible step to ensure that any problems which are confronted by us are handled in a better manner and at the same time we will develop a strategy to boost the profitability of the company.

We pray to Almighty Allah to help us and give us 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 Officer

Karachi:  
Date: February 27, 2008

**Deloitte.**

**M. Yousuf Adil Saleem 8. Co**  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
Karachi-75350  
Pakistan  
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**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO MEMBERS****Introduction**

We have reviewed the accompanying condensed interim balance sheet of **TATA TEXTILE MILLS LIMITED** (the Company) as at December 31, 2007 and the related condensed interim profit and loss account, statement of changes in equity and cash flow statement for the six month period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for the quarter ended December 31, 2007 and 2006 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements - 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at December 31, 2007 is not prepared, in all material respect, in accordance with approved accounting standards as applicable in Pakistan.

**Chartered Accountants****Date: February 27, 2008**  
**Karachi**

A member firm of  
**Deloitte Touche Tohmatsu**

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2007		December 31, 2007 (Unaudited)	June 30, 2007 (Audited)
	Note	.....Rupees in '000' .....	
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Authorized			
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>
17,324,800 Ordinary shares of Rs.10 each			
Unappropriated profits		<u>323,570</u>	<u>316,506</u>
		<u>496,818</u>	<u>489,754</u>
Surplus on revaluation of property, plant and equipment		<u>108,459</u>	<u>112,091</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term financing		<u>536,831</u>	<u>626,563</u>
Liabilities against assets subject to finance lease		<u>78,663</u>	<u>106,625</u>
Deferred liabilities		<u>54,608</u>	<u>49,965</u>
		<u>670,102</u>	<u>783,153</u>
<b>Current liabilities</b>			
Trade and other payables		<u>85,646</u>	<u>76,347</u>
Accrued interest / mark-up on loans		<u>17,413</u>	<u>21,406</u>
Short-term borrowings		<u>847,273</u>	<u>795,652</u>
Current portion of:			
long- term financing		<u>189,054</u>	<u>189,594</u>
liabilities against assets subject to finance lease		<u>54,773</u>	<u>54,156</u>
Taxation - income		<u>95,811</u>	<u>86,396</u>
		<u>1,289,970</u>	<u>1,223,551</u>
<b>Contingencies and commitments</b>	3	<u>2,565,349</u>	<u>2,608,549</u>
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	4	<u>1,378,770</u>	<u>1,405,254</u>
Long-term deposits		<u>348</u>	<u>748</u>
		<u>1,379,118</u>	<u>1,406,002</u>
<b>Current assets</b>			
Stores, spares and loose tools		<u>21,894</u>	<u>23,560</u>
Stock-in-trade		<u>779,175</u>	<u>775,946</u>
Trade debts - considered good		<u>220,189</u>	<u>117,798</u>
Loans and advances		<u>128,958</u>	<u>134,482</u>
Trade deposits and short term prepayments		<u>5,847</u>	<u>2,058</u>
Other receivables		<u>4,540</u>	<u>6,048</u>
Sales tax refundable		<u>7,469</u>	<u>5,110</u>
Other financial assets		<u>1,715</u>	<u>4,556</u>
Cash and bank balances		<u>16,444</u>	<u>132,989</u>
		<u>1,186,231</u>	<u>1,202,547</u>
		<u>2,565,349</u>	<u>2,608,549</u>

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



SHAHID ANWAR TATA  
Chief Executive Officer




ANWAR AHMED TATA  
Chairman/Director

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)  
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2007

Note	Quarter ended		Six-month period ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
	.....Rupees in '000'.....			
Sales	578,711	556,619	1,123,412	1,167,901
Cost of goods sold	(473,062)	(432,520)	(919,259)	(946,956)
<b>Gross profit</b>	<b>105,649</b>	124,099	<b>204,153</b>	220,945
Distribution cost	(27,850)	(22,053)	(51,256)	(47,955)
Administrative expenses	(16,815)	(12,320)	(30,884)	(25,102)
Other operating expenses	(9,836)	(4,122)	(12,893)	(5,948)
Other operating income	957	3,957	2,503	4,817
Finance cost	(37,498)	(52,028)	(79,900)	(104,777)
Profit before taxation	14,607	37,533	31,723	41,980
Taxation				
- current	(3,962)	(6,635)	(9,415)	(14,232)
- deferred	(1,551)	(1,564)	(1,551)	(1,564)
	(5,513)	(8,199)	(10,966)	(15,796)
Profit for the period	9,094	29,334	20,757	26,184
Earnings per share				
- Basic and diluted (Rupees)	0.52	1.69	1.20	1.51

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

  
SHAHID ANWAR TATA  
Chief Executive Officer

  
ANWAR AHMED TATA  
Chairman/Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2007

	Note	December 31, 2007	December 31, 2006
.....Rupees in '000'.....			
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		31,723	41,980
Adjustments for:			
Depreciation		51,126	54,043
Gain on disposal of property, plant and equipment		(484)	(1,426)
Provision for staff gratuity and compensated absences		6,522	3,488
Finance cost		79,900	104,777
Operating cash flows before working capital changes		<u>168,787</u>	<u>202,862</u>
<b>Changes in working capital</b>			
(Increase) / decrease in current assets			
Stores, spares and loose tools		1,666	1,754
Stock-in-trade		(3,229)	(354,456)
Trade debts - considered good		(102,391)	(2,359)
Loans and advances		16,409	20,975
Trade deposits and short term prepayments		(3,789)	(3,533)
Other receivables		1,508	594
Sales tax refundable		(2,359)	2,566
Other financial assets		2,841	(150,012)
Increase / (decrease) in current liabilities			
Trade and other payables		8,815	33,884
Cash generated / (used in) operations		<u>88,258</u>	<u>(247,725)</u>
Finance cost paid		(83,893)	(109,077)
Staff gratuity and compensated absences paid		(3,432)	(2,406)
Income tax paid		(10,885)	(16,481)
Net cash used in operating activities	A	<u>(9,952)</u>	<u>(375,689)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(25,194)	(18,158)
Proceeds on disposal of property, plant and equipment		1,035	2,540
Long-term deposits		400	(2)
Net cash used in investing activities	B	<u>(23,759)</u>	<u>(15,620)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		3,777	4,026
Repayment of long term financing		(94,048)	(94,133)
Repayment of finance lease		(27,344)	(35,333)
Short-term borrowings - net		3,312	65,610
Dividends paid		(16,840)	(16,991)
Net cash used in financing activities	C	<u>(131,143)</u>	<u>(76,821)</u>
Net decrease in cash and cash equivalent	(A+B+C)	<u>(164,854)</u>	<u>(468,130)</u>
Cash and cash equivalents at the beginning of the period		<u>103,652</u>	<u>(233,700)</u>
Cash and cash equivalents at the end of the period		<u>(61,202)</u>	<u>(701,830)</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		16,444	22,238
Short-term borrowings		(77,646)	(724,068)
		<u>(61,202)</u>	<u>(701,830)</u>

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

  
SHAHID ANWAR TATA  
Chief Executive Officer

  
ANWAR AHMED TATA  
Chairman/Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2007

	Issued, subscribed and paid-up	Unappropriated Profit	Total
	.....Rupees in '000'.....		
Balance as at July 01, 2006	173,248	263,025	436,273
<b>Changes in equity for six-month period ended December 31, 2006</b>			
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	4,081	4,081
<b>Net income recognized directly in equity</b>	-	4,081	4,081
Profit for the period	-	26,184	26,184
<b>Total recognized income and expense for six-month period ended December 31, 2006</b>	-	30,265	30,265
Final cash dividend for the year ended June 30, 2006 @ Re. 1 per share	-	(17,325)	(17,325)
Balance as at December 31, 2006	173,248	275,965	449,213
Balance as at July 01, 2007	173,248	316,506	489,754
<b>Changes in equity for six-month period ended December 31, 2007</b>			
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	3,632	3,632
<b>Net income recognized directly in equity</b>	-	3,632	3,632
Profit for the period	-	20,757	20,757
<b>Total recognized income and expense for six-month period ended December 31, 2007</b>	-	24,389	24,389
Final cash dividend for the year ended June 30, 2007 @ Re. 1 per share	-	(17,325)	(17,325)
Balance as at December 31, 2007	173,248	323,570	496,818

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 CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2007

**1. STATUS AND NATURE OF BUSINESS**

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 the province of Punjab.

**2. BASIS OF PREPARATION**

2.1 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.

2.2 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.

2.3 The accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as those of the published annual financial statements for the year ended June 30, 2007.

2.4 These condensed interim financial statements are unaudited. However, a limited scope review of these condensed interim financial statements has been performed by the external auditors of the Company in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon.

**3. CONTINGENCIES & COMMITMENTS**

<b>December 31, 2007 (Unaudited)</b>	June 30, 2007 (Audited)
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.....Rupees in '000'.....

**Contingencies**

Amount claimed by WAPDA against installation of requisite panel, not acknowledged by the Company, case is pending in Lahore High Court Multan Bench

	<b>337</b>	337
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Bank guarantees issued on behalf of the Company	<b>58,717</b>	52,818
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Delayed payments surcharge on debentures, demanded by Collector of Custom not acknowledged by the Company	<b>496</b>	496
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Foreign bills discounted	<b>455,168</b>	609,772
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**Commitments**

Letters of credit for stores, machinery and raw material	<b>527,927</b>	320,559
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**4. ACQUISITION TRANSFERS AND DISPOSAL  
OF PROPERTY, PLANT AND EQUIPMENT**

	Acquisitions/ Transfer from CWIP	Disposal (W.D.V)	Sales Proceeds
.....Rupees in '000' .....			
Buildings on freehold land	151	-	-
Plant & machinery	14,017	-	-
Factory and workshop equipments	5,213	-	-
Furniture & fixtures	207	-	-
Office equipment	988	-	-
Vehicles	4,671	551	1,035
<b>December 31, 2007 (Unaudited)</b>	<b>25,247</b>	<b>551</b>	<b>1,035</b>
<b>June 30, 2007 (Audited)</b>	<b>33,271</b>	<b>8,635</b>	<b>10,425</b>

	Quarter ended		Six-month period ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
.....Rupees in '000' .....				
<b>5. COST OF GOODS SOLD</b>				
Opening stock - finished goods	139,039	58,464	88,489	45,287
Finished goods purchased	75,864	49,898	135,678	144,468
Cost of goods manufactured (note 5.2)	454,278	417,175	891,211	850,218
	<b>669,181</b>	525,537	<b>1,115,378</b>	1,039,973
Closing stock - finished goods	(196,119)	(93,017)	(196,119)	(93,017)
	<b>473,062</b>	432,520	<b>919,259</b>	946,956

5.1 Finished goods stock also includes waste stock carried at net realizable value.

**5.2 Cost Of Goods Manufactured**

Raw material consumed (note 5.2.1)	332,174	308,935	650,072	616,566
Packing material consumed	11,691	8,875	23,570	18,385
Stores and spares consumed	7,581	5,728	16,752	13,508
Salaries, wages and benefits	34,629	31,247	67,059	61,511
Power and fuel	40,656	44,990	78,853	85,403
Insurance	1,615	1,553	3,191	3,266
Repairs and maintenance	954	986	1,176	1,107
Depreciation	24,516	15,507	48,481	51,576
Other overheads	1,068	501	2,339	2,141
	<b>454,884</b>	418,322	<b>891,493</b>	853,463
Work-in-process				
Opening stock	15,298	18,669	15,622	16,571
Closing stock	(15,904)	(19,816)	(15,904)	(19,816)
	<b>(606)</b>	(1,147)	<b>(282)</b>	(3,245)
	<b>454,278</b>	417,175	<b>891,211</b>	850,218

**5.2.1 Raw Material Consumed**

Opening stock	688,051	763,115	671,836	673,710
Purchases - net	211,275	523,011	545,388	920,047
	<b>899,326</b>	1,286,126	<b>1,217,224</b>	1,593,757
Closing stock	(567,152)	(977,191)	(567,152)	(977,191)
	<b>332,174</b>	308,935	<b>650,072</b>	616,566

	<u>Six-month period ended</u>	
	<u>December 31, 2007</u>	<u>December 31, 2006</u>
	<u>.....Rupees in '000'.....</u>	
<b>6 Transactions with related parties</b>		
<b>6.1 Associates</b>		
Share of expenses received	718	1,076
Share of expenses paid	217	488
Mark-up on long-term financing	1,480	1,020
Purchase of goods	-	44,739
Purchase of stores	398	-
Sales of goods	-	24,523
Purchase of property, plant and equipment	10,000	-
Dividend paid	3,967	3,967

**6.2 The outstanding balance with related parties at period end are as follows:**

	<u>December 31, 2007 (Unaudited)</u>	<u>June 30, 2007 (Audited)</u>
	<u>.....Rupees in '000'.....</u>	
Amount owed to	26,575	25,095

The transactions with related parties are made at commercial terms. Outstanding balances at the period end include the loan amount of Rs. 25 million (June 30, 2007: Rs. 25 million) that carries markup at a rate of 6 months average KIBOR plus 1.5% per annum (June 30, 2007: 6 months average KIBOR plus 1.5% per annum).

	<u>Six-month period ended</u>	
	<u>December 31, 2007</u>	<u>December 31, 2006</u>
	<u>.....Rupees in '000'.....</u>	
<b>6.3 Transactions with key management personnel</b>		
Short-term benefits	9,977	8,642
Directors meetings fee	27	18
Rent for godown	120	120

**7. Reclassification**

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and other transactions for the purpose of comparison. Significant reclassifications made are as follows:

<b>From</b>	<b>To</b>	<b>Nature</b>	<b>Rupees in '000'</b>
Sales	Other operating income	Sale of raw material	76,706
Cost of sales	Other operating income	Cost of raw material sold	73,482
Sales	Distribution cost	Brokerage and commission	18,490

**8. Approval of financial statements**

The financial statements were authorized for issue on February 27, 2008 by the Board of Directors of the Company.

**9. General**

Figures have been rounded off to nearest thousand rupee.

  
**SHAHID ANWAR TATA**  
Chief Executive Officer

  
**ANWAR AHMED TATA**  
Chairman/Director

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