



**TATA TEXTILE
MILLS LIMITED**

Interim Report
For The 1st Quarter Ended September 30, 2007

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 Limited
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.
2nd Floor, Sohni Centre, BS 5 & 6, Main Karimabad
Block-4, Federal B. Area Karachi- 75950
Tel# 6801880, 6802326

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

E- MAIL ADDRESS: 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 1st quarter ended on September 30, 2007 is being presented before you with the following observations.

During the period under review the Company made a pre-tax profit of Rs. 17.116 million as compared to a pre-tax profit of Rs. 4.447 million during the corresponding period last year.

As you know that Tata Textile Mills Limited has two units:

Tata Unit I

The unit uses only Pakistani Cotton and the cotton that we purchased in the last season last till the mid of October 2007. However, the procurement for the current cotton season has already been started. The purchase of cotton in Pakistan is limited to 4 months only i.e. from October to January and this exposes us to the risk of price increase / variations.

Alhamdulillah, the quality of yarn produced from this unit 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 of being one of the top units in the Far Eastern markets for providing quality yarns to them.

Tata Unit II

Our Unit II is primarily running on imported cotton from USA, mainly PIMA and Upland Cotton. The product line for Unit II has now been established and 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 PIMA 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 PIMA and Upland Cotton. Major portion of the yarn produced from this unit is being sold to the European and Far Eastern markets.

General Economic Situation & Cost Push Inflation:

There is a very serious cost push inflation because of which the cost of doing business in Pakistan has risen due to which competitive manufacturing is becoming very difficult. Since last year wage bill and other costs have substantially increase. The cost increase cannot be passed on to the customer and would effect the profitability of the company.

We will do everything possible to ensure that any problems that we confront are handled intelligently, 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: October 29,2007

TATA TEXTILE MILLS LIMITED

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BALANCE SHEET
AS AT SEPTEMBER 30, 2007

	Un-Audited Sept 30, 2007	Audited June 30, 2007
SHARE CAPITAL AND RESERVES		
NotesRupees in 000		
Authorised		
20,000,000 ordinary shares of Rs.10 each	200,000	200,000
Issued, subscribed and paid-up	173,248	173,247
Unappropriated profits	329,986	316,506
	503,234	489,753
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
	110,275	112,091
NON-CURRENT LIABILITIES		
Long term financing	572,885	626,563
Liabilities against assets subject to finance lease	92,185	106,625
Deferred liabilities	52,506	49,966
CURRENT LIABILITIES		
Trade and other payables	97,018	76,346
Accrued Interest / mark-up on loans	23,415	21,406
Short-term borrowings	748,579	795,652
Current portion of		
long - term financing	188,376	189,594
liabilities against assets subject to finance lease	54,453	54,156
Taxation - income tax	90,983	86,396
	1,202,824	1,223,550
Contingencies & Commitments	2	
	2,533,909	2,608,548
NON- CURRENT ASSETS		
Property, plant and equipment	1,386,228	1,405,254
Long-term deposits	748	748
CURRENT ASSETS		
Stores, spares and loose tools	22,133	23,560
Stock-in-trade	842,389	775,946
Trade debts - considered good	133,033	117,798
Loans and advances	118,305	134,482
Trade deposits and short term prepayments	6,868	2,058
Other receivables	899	6,047
Sales tax refundable	5,725	5,110
Other financial assets	1,715	4,556
Cash and bank balances	15,866	132,989
	1,146,933	1,202,546
	2,533,909	2,608,548

The annexed notes form an integral
part of these financial statements


SHAHID ANWAR TATA
Chief Executive Officer


ANWAR AHMED TATA
Chairman/Director

PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR PERIOD ENDED SEPTEMBER 30, 2007

	Notes	Sept 30, 2007Rupees in 000	Sept 30, 2006Rupees in 000
Sales		544,701	611,282
Cost of goods sold	4	(446,197)	(514,436)
Gross profit		98,504	96,846
Distribution cost		(23,406)	(25,902)
Administrative expenses		(14,069)	(12,782)
Other operating expenses		(3,057)	(1,826)
Other operating income		1,546	860
Finance cost		(42,402)	(52,749)
		(81,388)	(92,399)
Profit before taxation		17,116	4,447
Taxation		(5,453)	(7,597)
Profit/(Loss) for the period		11,663	(3,150)
Earning per share - Basic and diluted		0.67	(0.18)

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part of these financial statements



SHAHID ANWAR TATA
Chief Executive Officer



ANWAR AHMED TATA
Chairman/Director

CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007

	Sept 30, 2007	Sept 30, 2006
Rupees in 000	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,116	4,447
Adjustments for :		
Depreciation of property, plant and equipment	25,070	37,365
Provision for staff gratuity	3,424	2,858
Provision for compensated absences	(86)	(335)
Finance cost	42,402	52,749
Profit on disposal of property, plant and equipment	(238)	(810)
Operating cash flows before in working capital changes	<u>87,688</u>	<u>96,274</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	1,427	(1,522)
Stock-in-trade	(66,443)	(104,681)
Trade debts - considered good	(15,235)	4,724
Loans and advances	20,712	25,425
Trade deposits	(4,810)	(5,625)
Other receivables	5,148	-
Sales Tax Refundable	(615)	1,756
Other financial assets	2,841	-
Increase/ (decrease) in current liabilities		
Trade and other payables	<u>20,672</u>	<u>17,518</u>
Cash generated from operations	<u>51,385</u>	<u>33,869</u>
Finance cost paid	(40,393)	(62,412)
Income taxes paid	(4,535)	(7,660)
Staff gratuity paid	(1,661)	(1,376)
Net cash from / (used in) operating activities	<u>4,796</u>	<u>(37,579)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on property, plant and equipment	(6,142)	(12,074)
Proceeds on disposal of property, plant and equipment	335	1,640
Long - term deposits	-	(2)
Net cash used in investing activities	<u>(5,807)</u>	<u>(10,436)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term financing	1,185	2,010
Repayment of long - term financing	(56,081)	(61,225)
Repayment of finance lease	(14,143)	(17,683)
Short term borrowings-Export Finance	(37,577)	53,909
Dividend paid	-	(2)
Net cash used in financing activities	<u>(106,616)</u>	<u>(22,991)</u>
Net decrease in cash and cash equivalents (A+B+C)	(107,627)	(71,006)
Cash and cash equivalents at July 1	<u>103,652</u>	<u>(233,700)</u>
Cash and cash equivalents at Sept 30	<u>(3,975)</u>	<u>(304,706)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	15,866	112,180
Short - term running finance under markup arrangements	<u>(19,841)</u>	<u>(416,886)</u>
	<u>(3,975)</u>	<u>(304,706)</u>
The annexed notes form an integral part of these financial statements		


SHAHID ANWAR TATA
Chief Executive Officer


ANWAR AHMED TATA
Chairman/Director

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007

	Issue Subscribed and paid-up	Unappropriated Profit	Total
Rupees in 000.....		
Balance as at July 01, 2006	173,248	263,025	436,273
Changes in equity for the Quarter ended Sept 30, 2006			
Transfer from surplus on revaluation of property, plant & equipment on account of -incremental Depreciation -net of deferred tax	-	2,847	2,847
(Loss) for the Period	-	(3,150)	(3,150)
Total recognised income and expense for the Quarter	-	(303)	(303)
Balance as at September 30, 2006	<u>173,248</u>	<u>262,722</u>	<u>435,970</u>
Balance at July 01, 2007	173,248	316,506	489,754
Changes in equity for the Quarter ended Sept 30, 2007			
Transfer from surplus on revaluation of property, plant & 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>

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 (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007

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, 2007.

	Sept 30, 2007	June 30, 2007
Rupees in 000	

2. CONTINGENCIES & COMMITMENTS

Contingencies

Amount claimtd by WAPDA against installation of requisite panel, not acknowledged by the company.	337	337
Bank guarantees issued on behalf of the Company.	58,717	52,818
Delayed payment surcharge on debentures, demanded by Collector of Customs not acknowledged by the Company	496	496
Foreign bills discounted	505,444	609,772

Commitments

Letters of credit for store and machinery	-	320,559
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3. ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

	For the 1st Quarter Ended September 30, 2007		
	Acquisitions/ transfers from CWIP	Disposal (W.D.V)	Sale Proceeds
Rupees in '000'		
Plant and machinery	2,317	-	-
Furniture & Equipment	3,659	-	-
Vehicles	41	97	335
September 30, 2007	<u>6,017</u>	<u>97</u>	<u>335</u>

4. COST OF GOODS SOLD

	Sept 30, 2007	Sept 30, 2006
Rupees in 000	
Opening stock - finished goods	88,489	45,287
Purchase of finished goods	59,814	94,570
Cost of goods manufactured (4.2)	<u>436,933</u>	<u>433,043</u>
	585,236	572,900
Closing stock - finished goods	<u>(139,039)</u>	<u>(58,464)</u>
	<u>446,197</u>	<u>514,436</u>

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

	Sept 30, 2007	Sept 30, 2006
Rupees in 000	
4.2 Cost of goods manufactured		
Raw material consumed (4.2.1)	317,898	307,631
Packing material consumed	11,879	9,510
Stores and spares consumed	9,171	7,780
Salaries, wages and benefits	32,430	30,264
Fuel and power	38,197	40,413
Insurance	1,576	1,713
Repairs and maintenance	222	121
Depreciation	23,965	36,069
Other overheads	1,271	1,640
	<u>436,609</u>	<u>435,141</u>
Work-in-process		
Opening stock	15,622	16,571
Closing stock	(15,298)	(18,669)
	<u>324</u>	<u>(2,098)</u>
	<u>436,933</u>	<u>433,043</u>
4.2.1 Raw material consumed		
Opening stock	671,836	673,710
Purchases - net	334,113	397,036
	<u>1,005,949</u>	<u>1,070,746</u>
Closing stock	(688,051)	(763,115)
	<u>317,898</u>	<u>307,631</u>

5. TRANSACTIONS WITH RELATED PARTIES

	Sept 30, 2007	Sept 30, 2006
Rupees in 000	
5.1 Associates		
Purchase of Yarn	-	44,739
Share of expense paid	76	228
Share of expense received	614	467
Mark-up on loan	725	600
	<u>Sept 30, 2007</u>	<u>June 30, 2007</u>
Rupees in 000	
Amount owed to	25,820	25,095

	Sept 30, 2007	Sept 30, 2006
Rupees in 000	
5.2 Transactions with key management personnel		
Short-term benefits	4,097	2,350
Directors meetings fee	12	10
Rent	60	60

6. 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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