



TATA TEXTILE MILLS LIMITED

**Financial Statement
(Unaudited)
For The 3rd Quarter Ended March 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 MagoonCOMPANY SECRETARY &
CHIEF FINANCIAL OFFICER:

Mr. Farooq Advani

BANKERS:

ABN AMRO Bank N.V.
Bank Al-Falah Ltd.
Faisal 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,
District Muzaffargarh

DIRECTORS' REPORT

Assalam-o-Alaikum.

The un-audited account of the company for the 3rd Quarter ended on March 31, 2007 is being presented before you with the following observations.

Alhamdulillah, during the period under review, the Company made a pre-tax profit of Rs.10.782 million.

However, in the corresponding period of last year, the company has made a pre-tax profit of Rs.23.949 million.

Performance of the two units of Tata Textile Mills Ltd., for the quarter ended is as under:

Unit-I

This unit uses only Pakistani cotton and the cotton that we purchased in the last cotton season will last us till the month of October, 2007. The price raise for Pakistani Cotton touched to Rs.2,800 per mound, whereas in last season our purchases of cotton was Rs.2,530 per mound.

However, we have purchased the cotton at lower cost, but mainly due to cost push-ups specially in financial charges has shrink our profit during the current quarter, but we are expecting better yields for this season in term of profitability.

Unit-II

This unit is running on imported cotton, mainly Extra Long Staple and PIMA Cotton imported from USA. The cotton for this Line-II has also been stocked for a long period of time.

Due to the quality of our products, we are getting high prices of our yarn in the International market, and we are striving to maintain its standards.

Our established market in the European region is running very good for yarn produced from PIMA and we are striving not only to sustain our brand name in the international market, but also putting continuous efforts in maintaining high standards of our products.

By the help of Al-Mighty Allah, we are very much hopeful to explore and establish more export market for our company.

Government looks very excited as they are taking interest in other industries and not showing positive signs to textile industry for giving any support.

Textile industry is major support to the government in overall Pakistan economic growth, but also in playing vital role in revenue generation and support for social interests.

We had to ensure many measures to be taken into consideration for the cost reduction as we are facing not only government's tremendous inflationary pressure on textile industry, but also cost pushups and other factors involved leaving impact on profitability of this industry.

M/s. Werner International was being consulted to take appropriate pre-defined efficiency improvement measures. They have given us the targets to achieve and improve in the area of Labour Productivity which by the grace of Al-mighty Allah are being successfully achieved.

We pray to Almighty Allah to give us strength for sustaining and stabilize in the current situation and for further improvement.

We would like to acknowledge with many thanks; the true efforts of our staff, workers and officers for their hard works and dedication. We are also thankful to our bankers, brokers and agents for putting their share in company's overall performance.

On behalf of the Board of Directors



SHAHID ANWAR TATA
Chief Executive Officer

Karachi:
Date: April 25, 2007

TATA TEXTILE MILLS LIMITED

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BALANCE SHEET
AS AT MARCH 31, 2007

| Notes | Unaudited March 31, 2007 | Audited June 30, 2006 |
|-------|--------------------------------|-----------------------------|
| |Rupees in 000 | |

EQUITY**Share capital and reserves**

| | | |
|---|---------|---------|
| Authorized | | |
| 20,000,000 Ordinary shares of Rs.10 each | 200,000 | 200,000 |
| Issued, subscribed and paid-up | 173,248 | 173,248 |
| Unappropriated profits | 281,133 | 263,025 |
| | 454,381 | 436,273 |
| Surplus on revaluation of property, plant and equipment | 117,213 | 123,335 |

LIABILITIES**Non-current liabilities**

| | | |
|---|---------|---------|
| Long-term financing | 436,821 | 547,191 |
| Liabilities against assets subject to finance lease | 118,582 | 224,698 |
| Deferred liabilities | 49,008 | 46,476 |

Current liabilities

| | | |
|---|-----------|-----------|
| Trade and other payables | 85,227 | 64,039 |
| Interest / mark-up on loans | 26,289 | 39,989 |
| Short-term borrowings | 1,031,194 | 730,336 |
| Current portion of: | | |
| long- term financing | 188,978 | 167,029 |
| liabilities against assets subject to finance lease | 56,082 | 71,940 |
| Taxation - income tax | 125,726 | 104,469 |
| | 1,513,496 | 1,177,802 |

Contingencies and commitments

2

Total equity and liabilities2,689,5012,555,775**ASSETS****Non-current assets**

| | | |
|-------------------------------|-------------|-----------|
| Property, plant and equipment | 3 1,433,761 | 1,495,267 |
|-------------------------------|-------------|-----------|

Long-term deposits

748

746

Current assets

| | | |
|---|-----------|-----------|
| Stores, spares and loose tools | 21,838 | 19,777 |
| Stock-in-trade | 946,801 | 735,568 |
| Trade debts - considered good | 113,410 | 133,145 |
| Loans and advances | 142,622 | 139,825 |
| Trade deposits and short term prepayments | 6,721 | 5,231 |
| Other receivables | 516 | 594 |
| Sales tax refundable | 4,648 | 9,776 |
| Other financial assets | 1,413 | 1,401 |
| Cash and bank balances | 17,023 | 14,445 |
| | 1,254,992 | 1,059,762 |

Total assets2,689,5012,555,775

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 THE PERIOD ENDED MARCH 31, 2007

| | Notes | 3 Months Jan-Mar 2007 | 3 Months Jan-Mar 2006 | 9 Months July-Mar 2007 | 9 Months July-Mar 2006 |
|------------------------------|-------|-----------------------------|-----------------------------|------------------------------|------------------------------|
|Rupees..... | | | | | |
| Sales | | 616,865 | 581,421 | 1,842,983 | 1,452,109 |
| Cost of goods sold | 4 | (531,335) | (478,947) | (1,551,773) | (1,179,463) |
| Gross profit | | 85,530 | 102,474 | 291,210 | 272,646 |
| Distribution cost | | (15,029) | (16,173) | (44,494) | (42,117) |
| Administrative expenses | | (11,443) | (10,320) | (36,546) | (28,961) |
| Other operating expenses | | (1,138) | (5,798) | (7,086) | (9,874) |
| Other operating income | | 1,566 | 145 | 3,159 | 1,000 |
| Financial Cost | | (48,704) | (46,379) | (153,481) | (132,505) |
| Profit before taxation | | 10,782 | 23,949 | 52,762 | 60,189 |
| Taxation | | | | | |
| Current | | (7,025) | (5,937) | (21,257) | (19,454) |
| Deferred | | (630) | (2,913) | (2,194) | (1,643) |
| | | (7,655) | (8,850) | (23,451) | (21,097) |
| Profit for the period | | 3,127 | 15,099 | 29,311 | 39,092 |
| Earnings per share | | | | | |
| - Basic and diluted (Rupees) | | 0.18 | 0.87 | 1.69 | 2.26 |

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 (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2007March 31,
2007March 31,
2006

.....Rupees in 000

A. CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|----------------|----------------|
| Profit before taxation | 52,762 | 60,189 |
| Adjustments for | | |
| Depreciation | 81,249 | 119,276 |
| Gain on disposal of property, plant and equipment | (1,881) | (639) |
| Provision for staff gratuity and compensated absences | 4,446 | 4,812 |
| Finance cost | 153,481 | 132,505 |
| Operating cash flows before working capital changes | <u>290,057</u> | <u>316,143</u> |

Changes in working capital

| | | |
|--|---------------|--------------|
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | (2,061) | (7,477) |
| Stock-in-trade | (211,233) | (303,924) |
| Trade debts - considered good | 19,735 | 18,852 |
| Loans and advances | 23,585 | (17,768) |
| Trade deposits and short term prepayments | (1,490) | (95) |
| Other receivables | 78 | (3,166) |
| Sales tax refundable | 5,128 | - |
| Other financial assets | (12) | 688 |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | <u>21,276</u> | <u>5,700</u> |

| | | |
|---------------------------------------|--------------------------|------------------|
| Cash used in operations | 145,063 | 8,953 |
| Finance cost paid | (148,280) | (114,949) |
| Staff gratuity paid | (4,107) | (1,202) |
| Income taxes paid | <u>(26,382)</u> | <u>(26,342)</u> |
| Net cash used in operating activities | A <u>(33,706)</u> | <u>(133,540)</u> |

B. CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|--------------------------|------------------|
| Purchase of property, plant and equipment | (23,788) | (205,979) |
| Proceeds on disposal of property, plant and equipment | 5,925 | 1,830 |
| Long-term deposits | (2) | (12,222) |
| Net cash used in investing activities | B <u>(17,865)</u> | <u>(216,371)</u> |

C. CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|---|------------------------|-----------------|
| Proceeds from long term financing | 4,027 | - |
| Finance Lease Converted in to LTF-EOP | 73,015 | - |
| Repayment of long term financing | (165,463) | (49,821) |
| Obtain Lease Finance | - | 119,693 |
| Repayment of finance lease | (67,860) | (48,193) |
| Finance Lease Converted in to LTF-EOP | (73,015) | - |
| Short-term borrowings - net | 300,858 | 289,556 |
| Dividends paid | <u>(17,413)</u> | <u>(16,373)</u> |
| Net cash from financing activities | C <u>54,149</u> | <u>294,862</u> |
| Net increase/(Decrease) in cash and cash equivalent (A+B+C) | 2,578 | (55,049) |
| Cash and cash equivalent at the beginning of the period | 14,445 | 78,145 |
| Cash and cash equivalent at the end of the period | 17,023 | 23,096 |

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 MARCH 31, 2007

| | Issued, subscribed and paid-up | Unappropriated Profit | Total |
|---|--------------------------------------|--------------------------|----------------|
| |Rupees in 000 | | |
| Balance as at July 01, 2005 | 173,248 | 228,709 | 401,957 |
| Changes in equity for period ended March 31, 2006 | | | |
| Transfer from surplus on revaluation of property, plant and equipment on account of: | | | |
| -incremental depreciation - net of deferred tax | - | 9,486 | 9,486 |
| Net income recognized directly in equity | - | 9,486 | 9,486 |
| Profit for the period | - | 39,092 | 39,092 |
| Total recognized income and expense for period ended March 31, 2006 | - | 48,578 | 48,578 |
| Final cash dividend for the nine months period ended June 30, 2005 @ Re. 1 per share | - | (17,325) | (17,325) |
| Balance as at March 31, 2006 | <u>173,248</u> | <u>259,962</u> | <u>433,210</u> |
| Balance as at July 01, 2006 | 173,248 | 263,025 | 436,273 |
| Changes in equity for period ended March 31, 2006 | | | |
| Transfer from surplus on revaluation of property, plant and equipment on account of: | | | |
| -incremental depreciation - net of deferred tax | - | 6,122 | 6,122 |
| Net income recognized directly in equity | - | 6,122 | 6,122 |
| Profit for the period | - | 29,311 | 29,311 |
| Total recognized income and expense for period ended March 31, 2007 | - | 35,433 | 35,433 |
| Final cash dividend for the year ended June 30, 2006 @ Re. 1 per share | - | (17,325) | (17,325) |
| Balance as at March 31, 2007 | <u>173,248</u> | <u>281,133</u> | <u>454,381</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 MARCH 31, 2007

1 SELECTED EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

- 1.1** The Company was incorporated in Pakistan on April 15, 1987 as public limited company and is listed on Karachi and Lahore Stock Exchanges. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facilities are located at District Muzaffargarh in the 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 3rd Quarterly financial statements are the same as those of the published annual financial statements for the year ended June 30, 2006.

| 2. CONTINGENCIES & COMMITMENTS | March 31, 2007 | June 30, 2006 |
|--|---------------------------|--------------------------|
| Contingencies |Rupees in 000 | |
| Amount claimed by WAPDA against installation of requisite panel, not acknowledged by the Company, case is pending in Lahore High Court Multan Bench. | 337 | 337 |
| Bank guarantees issued on behalf of the Company. | 21,794 | 41,969 |
| Delayed payments surcharge on debentures, demanded by Collector of Custom not acknowledged by the Company. | 496 | 496 |
| Foreign bills discounted | 502,077 | 591,192 |
| Commitments | | |
| Letters of credit for stores, machinery and raw material | 66,308 | 378,705 |

| 3. ACQUISITIONS, TRANSFERS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT | | For 3rd Quarter Ended March 2007 | | | | |
|--|---|--------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|--|
| | Acquisitions/ transfers from CWIP | Disposal (W.D.V) | Sale Proceed | | | |
| | Rupees in '000' | | | | | |
| Freehold land | 4,711 | - | - | | | |
| Buildings on free hold land | 2,045 | - | - | | | |
| Plant & machinery | 1,176 | 505 | 600 | | | |
| Office equipment | 313 | - | - | | | |
| Vehicle | 2,515 | 2,426 | 2,785 | | | |
| March 31, 2007 | <u>10,760</u> | <u>2,931</u> | <u>3,385</u> | | | |
| 4. COST OF GOODS SOLD | | 3 Months Jan-Mar 2007 | 3 Months Jan-Mar 2006 | 9 Months July-Mar 2007 | 9 Months July-Mar 2006 | |
|Rupees in 000..... | | | | | | |
| Opening stock - finished goods | 93,017 | 105,131 | 45,287 | 46,036 | | |
| Finished goods purchased | 56,397 | 50,334 | 200,865 | 66,449 | | |
| Cost of goods manufactured (4.2) | 516,566 | 428,250 | 1,440,266 | 1,171,746 | | |
| | <u>665,980</u> | <u>583,715</u> | <u>1,686,418</u> | <u>1,284,231</u> | | |
| Closing stock - finished goods | (134,645) | (104,768) | (134,645) | (104,768) | | |
| | <u>531,335</u> | <u>478,947</u> | <u>1,551,773</u> | <u>1,179,463</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) | 398,862 | 304,988 | 1,088,910 | 839,151 | | |
| Packing material consumed | 9,885 | 11,214 | 28,270 | 27,139 | | |
| Stores and spares consumed | 5,808 | 4,781 | 19,316 | 14,851 | | |
| Salaries, wages and benefits | 28,516 | 25,375 | 90,027 | 72,504 | | |
| Power and fuel | 40,353 | 34,264 | 125,756 | 94,857 | | |
| Insurance | 1,262 | 2,435 | 4,528 | 4,822 | | |
| Repairs and maintenance | 855 | 529 | 1,962 | 1,465 | | |
| Depreciation | 25,855 | 41,474 | 77,431 | 116,002 | | |
| Other overheads | 1,344 | 1,291 | 3,485 | 3,952 | | |
| | <u>512,740</u> | <u>426,351</u> | <u>1,439,685</u> | <u>1,174,743</u> | | |
| Work-in-process | | | | | | |
| Opening stock | 19,816 | 19,615 | 16,571 | 14,719 | | |
| Closing stock | (15,990) | (17,716) | (15,990) | (17,716) | | |
| | <u>3,826</u> | <u>1,899</u> | <u>581</u> | <u>(2,997)</u> | | |
| | <u>516,566</u> | <u>428,250</u> | <u>1,440,266</u> | <u>1,171,746</u> | | |
| 4.2.1 Raw material consumed | | | | | | |
| Opening stock | 977,191 | 800,480 | 673,710 | 583,001 | | |
| Purchases - net | 217,837 | 329,704 | 1,211,366 | 1,081,346 | | |
| | <u>1,195,028</u> | <u>1,130,184</u> | <u>1,885,076</u> | <u>1,664,347</u> | | |
| Closing stock | (796,166) | (825,196) | (796,166) | (825,196) | | |
| | <u>398,862</u> | <u>304,988</u> | <u>1,088,910</u> | <u>839,151</u> | | |

| 5. TRANSACTIONS WITH RELATED PARTIES | 3rd Quarter Jan-Mar 2007 | 3rd Quarter Jan-Mar 2006 |
|---|---|---|
| |Rupees in 000 | |
| 5.1 Associates | | |
| Share of expenses received | 78 | 91 |
| Share of expenses paid | 685 | 77 |
| Mark-up on long-term financing | 249 | 648 |
| Purchase of goods | 12,360 | 7,425 |
| Purchase of Fixed Assets | - | 578 |
| Sales of goods | 77,045 | - |
| | March 31, 2007 | June 30, 2006 |
| |Rupees in 000 | |
| Amount owed to | - | 25,655 |
| | 3rd Quarter Jan-Mar 2007 | 3rd Quarter Jan-Mar 2006 |
| 5.2 Transactions with key management personnel |Rupees in 000 | |
| Short-term benefits | 4,686 | 2,266 |
| Directors meetings fee | 10 | 12 |
| 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

BOOK POST

Printed Matter



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TATA TEXTILE MILLS LIMITED
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M. A. Jinnah Road,
Karachi-74000