

TATA TEXTILE MILLS LIMITED

Annual
Report **2015**



CONTENTS

Company Information	2
Vision & Mission Statements	4
Chairman's Review	7
Directors' Report to the Members	11
Key Operating & Financial Data	13
Pattern of Shareholding	18
Statement of Compliance with the Code of Corporate Governance	20
Notice of Annual General Meeting	22
Review Report to the Members on Statement of Compliance with the Code of Corporate Governance	23
Auditors' Report to the Members	24
Balance Sheet	26
Profit & Loss Account	27
Cash Flow Statement	28
Statement of Changes in Equity	30
Notes to the Financial Statements	31
Form of Proxy	65



COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN:	Mr. Anwar Ahmed Tata
CHIEF EXECUTIVE:	Mr. Shahid Anwar Tata
DIRECTORS:	Mr. Adeel Shahid Anwar Tata Mr. Bilal Shahid Anwar Mr. Asif Saleem Mr. Muhammad Salman H. Chawala (NIT) Mr. Muhammad Naseem

AUDIT COMMITTEE CHAIRMAN:

Mr. Muhammad Naseem

MEMBERS:

Mr. Asif Saleem
Mr. Bilal Shahid Anwar

SECRETARY:

Mr. Owais Ahmed Abbasi

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN:

Mr. Muhammad Naseem

MEMBERS:

Mr. Shahid Anwar Tata
Mr. Bilal Shahid Anwar

SECRETARY:

Mr. Umar Khawajah

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:

Mr. Farooq Advani

BANKERS:

Faysal Bank Limited
Dubai Islamic Bank (Pakistan) Limited
Bank Alfalah Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
The Bank of Punjab
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Allied Bank Limited
Bank Islami Pakistan Limited
JS Bank Limited
Askari Bank Limited
Samba Bank Limited
NIB Bank Limited
Industrial Commercial Bank of China (ICBC) Limited

AUDITORS:

M/s. Deloitte Yousuf Adil
Chartered Accountants

LEGAL ADVISOR:

Rajwana & Rajwana Advocates

SHARE REGISTRAR:

Central Depository Company of Pakistan Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Tel# (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053

REGISTERED OFFICE:

6th Floor Textile Plaza,
M.A Jinnah Road Karachi.
Tel# 32412955-3 Lines 32426761-2-4
Fax# 32417710

WEB SITE ADDRESS:

www.tatatex.com

E- MAIL ADDRESS:

ttm.corporate@tatatex.com

MILLS:

10th K.M. M.M. Road Khanpur-Baggasher,
District Muzaffargarh



Vision Statement

We shall build upon our recognition as a socially and environmentally responsible organization known for its principled and honest business practices we shall remain committed to exceeding the highest expectations of our stakeholders by maintaining the highest quality standards and achieving sustained growth in our capacity.

Mission Statement

We are committed to the higher expectations of our customers. We strive for the production of best quality yarns for high value products.

CERTIFICATE



Instituto Tecnológico Textil
Plaza Emilio Sala, 1-1ª
E-03001 Alcoy (Alicante)

Institute of the International Association for Research and Testing in the Field of Textile Ecology (ISO-17025)

The company
TATA TEXTILE MILLS LTD
6TH FLOOR, TEXTILE PLAZA, M.A. JINNAH ROAD
74000 KARACHI, PAKISTAN

is granted authorisation according to Oeko-Tex® Standard 100 to use the Oeko-Tex® mark, based on our test report 2015OK0168



**CONFIDENCE
IN TEXTILES**

Tested for harmful substances
according to Oeko-Tex® Standard 100

2012PK0018 AITEX

for the following articles:
100% grisee cotton yarn and its blends with elastane. Partly based on material pre-certified according to Oeko-tex® Standard 100.
The results of the inspection made according to Oeko-Tex® Standard 100, product class 1 have shown that the above mentioned goods meet the human-ecological requirements of the standard presently established for baby articles.
The certified articles fulfil the requirements of Annex XVII of REACH (incl. the use of azo-dyes, nickel, etc.) as well as the American requirement regarding total content of lead in children's articles (CPSIA), with the exception of accessories made from glass.
The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the Oeko-Tex® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.
This authorisation is valid until 31.03.2016
Alcoy (Alicante) España, 30.03.2015



Silvia Devesa Valencia
Innovation Assistant Manager



Isabel Soriano Sarrio
Chief of Innovation Area

CERTIFICATE




Uster Technologies AG is granting authorization to use the trademark USTERIZED® to the following company:

Tata Textile Mills Ltd.
10 km M. M. Road
Khan Pur Bagha Sher
Muzaffargarh
Punjab
Pakistan

Tata Textile Mills Ltd., Pakistan, fulfills all conditions for using the USTERIZED® brand and will be checked regularly on a yearly basis.

Uster / Switzerland, 22 October 2013



Dr. Geoffrey Scott
Chief Executive Officer



Thomas Nasiru
Executive Vice President
Textile Technology



USTER®
Think quality



COTTON COUNCIL INTERNATIONAL

CERTIFIES THAT

TATA Textile Mills Ltd.

IS A CERTIFIED

COTTON USA LICENSEE

This licensee has complied with the necessary licensing requirements and has been granted the right to use CCI's registered trademark on all qualifying labels, print and promotional materials for one calendar year from the date of the certificate.

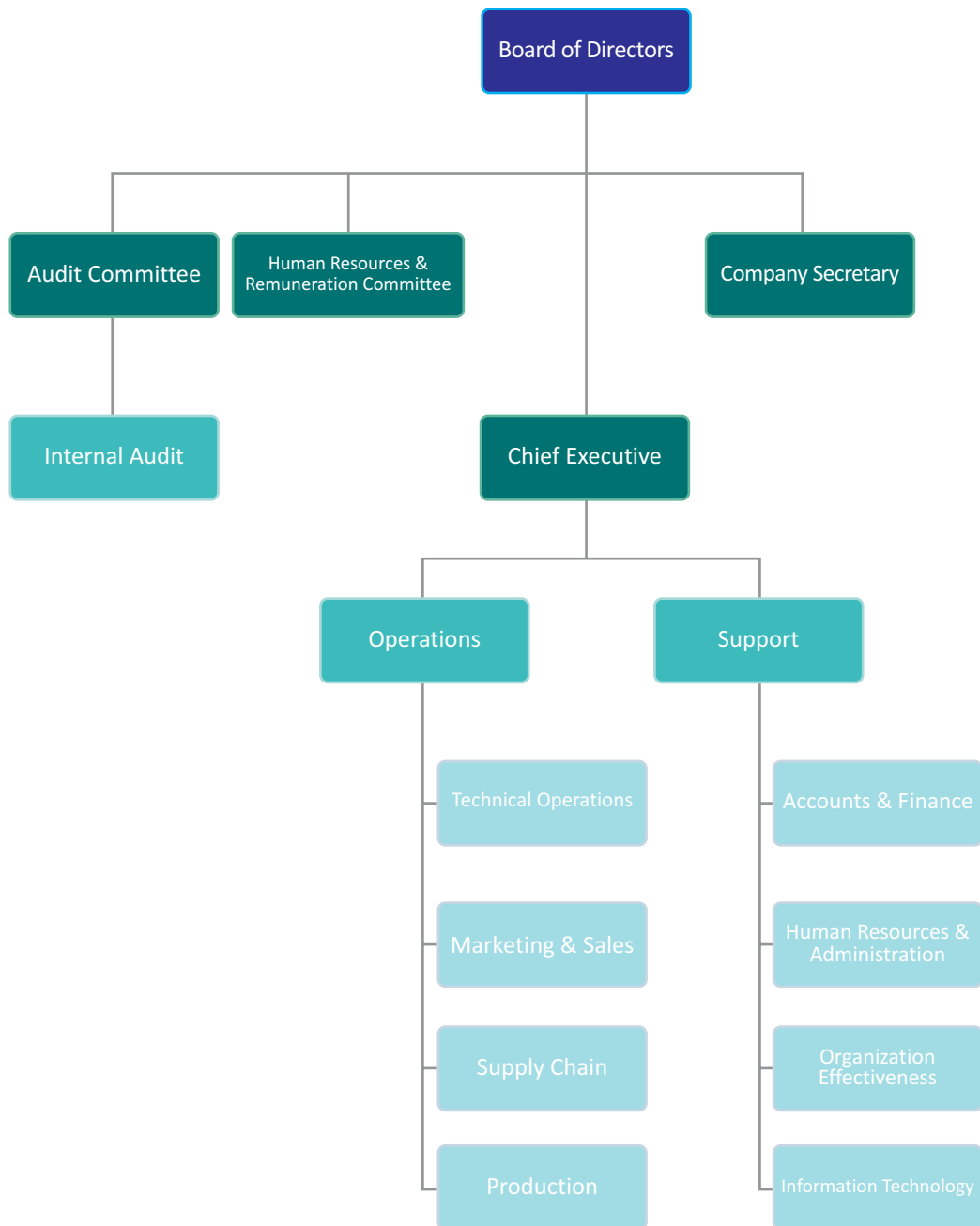
Issued this 1st day of January 2015



Manager, Global Operations
Cotton Council International



Organization Chart



CHAIRMAN'S REVIEW

Assalam-o-Alaikum,

As Chairman of Tata Textile Mills Limited, I am pleased to present the Annual Audited Accounts along with the auditor's report thereon for the year ended June 30, 2015. During the period under review, Alhamdulillah the Company performed well and has been able to make a pretax profit of Rs.48.126 million.

TEXTILE INDUSTRY

The Textile Industry in Pakistan is the largest Manufacturing Sector and the second largest employment generating Sector in Pakistan and it is also a huge contributor to the national revenue. However, the current year has been one of the most difficult years for Textile Industry in Pakistan and it seems that in the coming year the Textile Industry is yet to confront a more miserable situation and this is seriously on account of apathy and indifferent attitude of the Government. The country's share in the global market has declined due to rising cost of doing business, withholding Tax, rising energy costs, labor cost, deprivation of Gas and Power and security issues. During this difficult period, the share of regional competitors, like India, Sri Lanka, Bangladesh, Indonesia and Vietnam have witnessed a growth in the overall Textile Sectors. They have increased their manufacturing capacities as their Government is supporting the Textile Industry through capital investment subsidies, interest rate subsidies and export rebates, thus, contributing to the rise of export share of our competitors' in the Global market.

We support APTMA in putting up the following points for the Government's consideration, for restoration of the viability and growth of the Textile Industry in Pakistan.

- a. Withdrawal of various surcharges on Electricity for Textile Industry.
- b. Withdrawal of GIDC and proposed increase in Gas Tariff.
- c. Zero rated export oriented Textile Industry from all incidentals of taxes, duties, surcharges, levies and Cess.
- d. Long Term Finance (LTF) scheme of SBP to be extended to the Spinning Industry to encourage BMR & new investment initiatives to catchup with regional competitors in technology related advantages.
- e. 5% export incentive be announced to capture non-traditional markets through Focus Market Scheme and Focus Product Scheme to Export Oriented Textile Industry.

As indicated in the Prime Analytical Report on Regulation, Taxation and Economic Policy, the number of people filing Tax Returns in 2006-2007 was 1.8 Million, which has now come down to 0.85 Million in 2013-2014. The Withholding Tax holds significant importance to Government's Revenue, whereby, 80% of the Withholding Tax burden is on the Corporate Sector, especially on the Manufacturing Sector.

COTTON SITUATION

There has been a sharp decline in the global commodity prices, whereas, Cotton is holding on to its price, because globally, in every cotton producing country there is a support mechanism. Due to the decline in global oil prices, the local price of Polyester Fibre have come down and now the difference between price of Polyester Fiber and Cotton is more than 50% which will hit the Cotton consumption. Moreover, we have not heard of any good news with regard to Pakistani Cotton crop and it is expected to be much less than last year. The Crop Assessment Committee of Pakistan has also revised its estimate downwards. Due to decline in the cotton crop, yet again, the prices of cotton vis-a-vis import of cotton price will be narrow and this will be another negative factor which the Textile Industry in Pakistan will confront, because purchasing of cotton would be done at import parity instead of export parity.

NON-AVAILABILITY OF ENERGY

The Textile Industry continues to face persistent energy crisis with Grid shut downs of number of hours and availability of gas still remains scarce. We have invested huge amount in power generation but our cost is escalating due to the increase of the Grid proportion in our Power Mix. This increase in the proportion of the Grid is also causing deterioration in our Gas Generators as our generators operate between 6 to 8 hours only which causes thermal shocks thus increasing maintenance cost of the generators.

MILL PERFORMANCE

The performance of Tata Textile Mills in terms of production, yields and quality has been very good during the year. The plant installed capacity utilization remained at 97% and the actual production achieved was around 95% of the target set. (16,147 tons against target of 17,000 tons)

The yarn realization of Pakistan Cotton remained at 84% for the Carded Portion and 68.25% for the Combed Portion. Similarly for US Cotton the yarn realization remained at 73.22% for the Combed Yarn.

ENTERPRISE RESOURCE PLANNING

After successful implementation of Oracle based Enterprise Resource Planning System of Financial Module, the Management now plans to implement Oracle ERP Manufacturing Module which will serve as a central source of data. This will ensure smooth flow of reliable information in real-time to all key managers and will result in improved business processes management and decision-making.

HUMAN RESOURCE MANAGEMENT

Human Resources planning, development and management are the essential functions that gain the sustainable competitive advantage over competitors in the longer run. It leads to the Leadership Development, sophisticated Compensation and Benefits, Organization Design, Performance Management and Career and Succession Planning.

MANAGEMENT BY OBJECTIVES:

The company has started focusing upon 'Management by Objective', involving its human resources in the objective setting exercise and delegating empowerment and ownership down the line to the individuals to carryout necessary actions to achieve organizational goals. The idea is to make every team member achieving something over and above one's routine responsibilities or in some cases raising the bar in the routine jobs and then being rewarded at year end according to their performances. As such, a great deal of efforts is put in by HR function to train managers and leaders as to how to set objectives for departments and employees, so that all objectives are aligned with the vision of the organization. The HRRC (Human Resources and Remuneration Committee) is aimed at improving its policies, procedures and practices by keeping abreast with the market's "Better Practices" and ensures to discuss and implement these in an attempt to remain ahead of the competition at all times.

The preceding as well as for the upcoming year, the management has and will continue to endeavor to uphold its core values in the best of spirits and has put in a great deal of efforts to instill their essence in its employees.

OUR CORE VALUES

- 1. INTEGRITY** - "We do what we say":
Contribute to support family orientated work environment founded on trust, honesty, transparency, with open communication and fair dealing.
- 2. RESPECT** - "We value people as our greatest resource"
Value and treat others as we would want others to treat/value us.
- 3. TEAMWORK** - "To be a business partner and not just as employee"
Work effectively with each other to achieve organizational goals with a helping and a positive attitude
- 4. ACCOUNTABILITY** - "To deliver excellence in results with commitment to all stakeholders"
Take responsibility for the success of business marked by continuous development whilst achieving shareholders objectives.

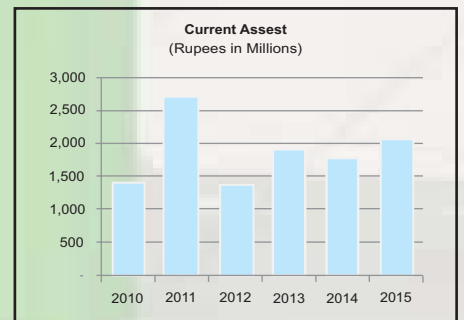
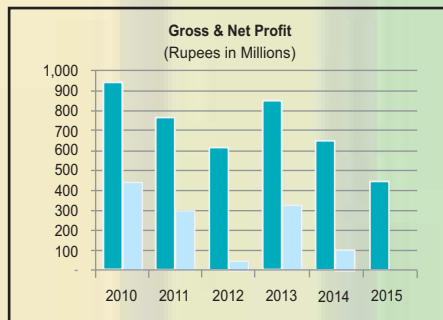
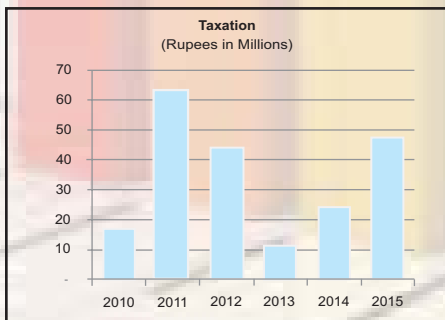
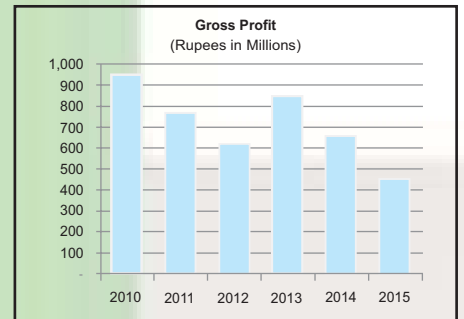
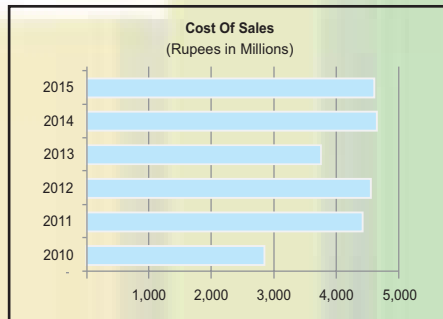
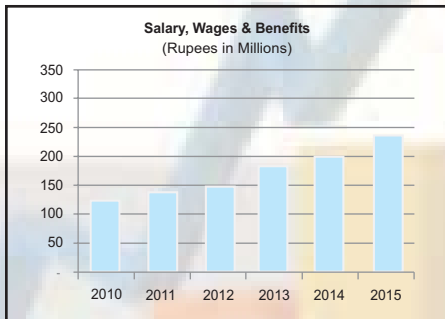
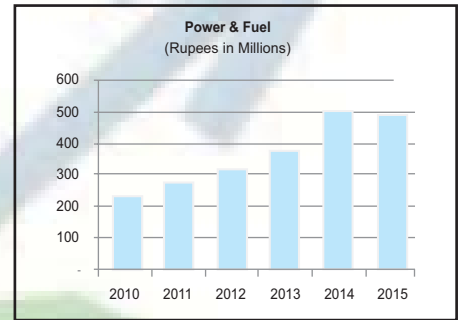
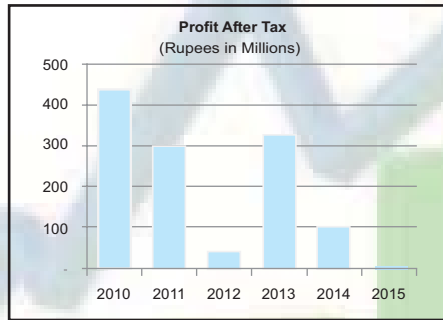
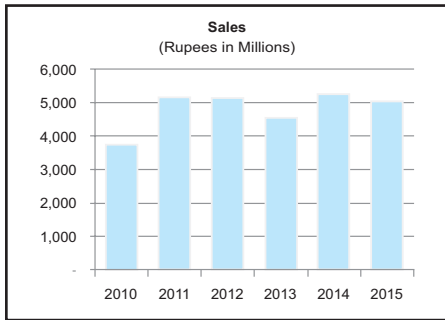
ACKNOWLEDGMENT

We wholeheartedly acknowledge the untiring endeavors of our various teams who are constantly engaged in upholding their commitment to make this organization surpass all the benchmarks of quality and productivity set by the giants of the Industry. As a team we stand highly grateful towards our vendors, bankers and business associates for siding us during the crests and toughs of the business and socioeconomic conditions all around. Above all, we would like to extend highest order gratitude towards our customers who have continued to value and rely their credence in our product line.

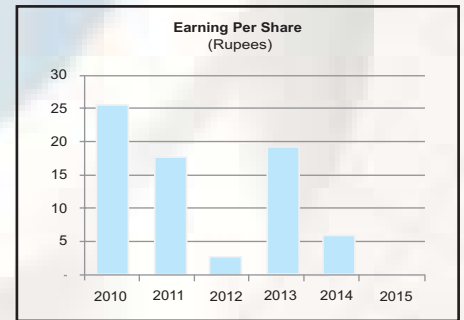
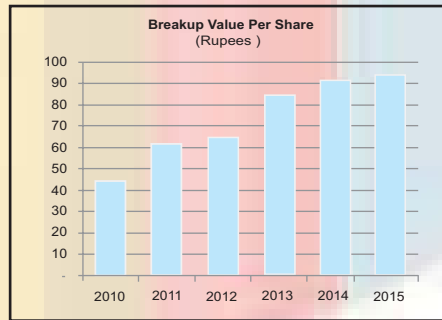
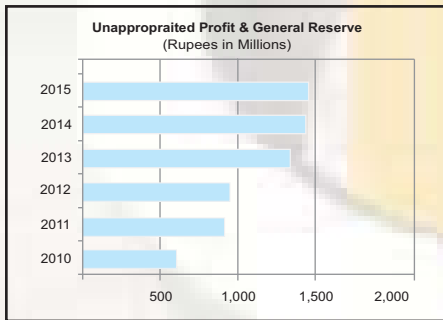
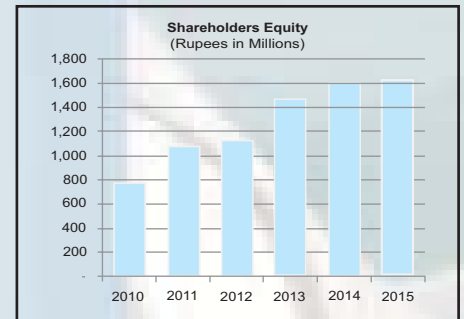
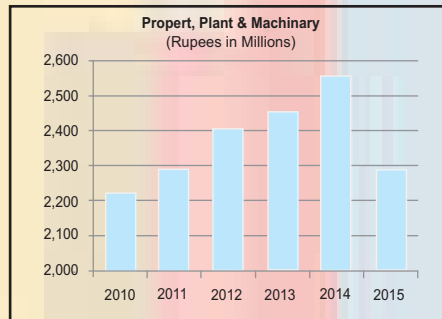
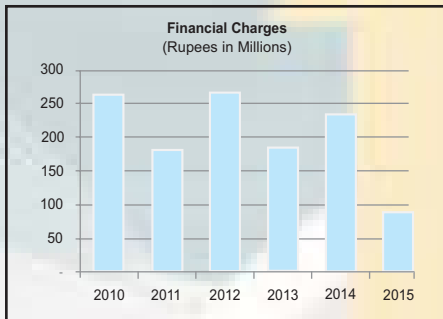
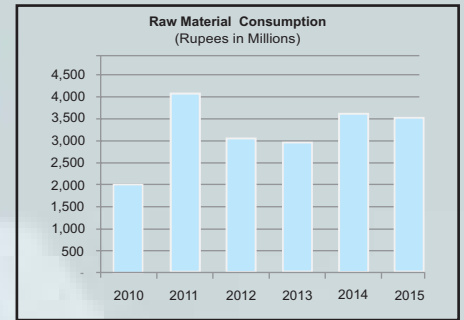
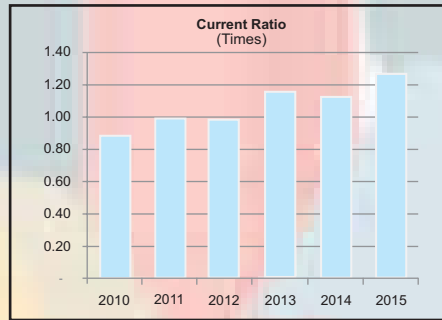
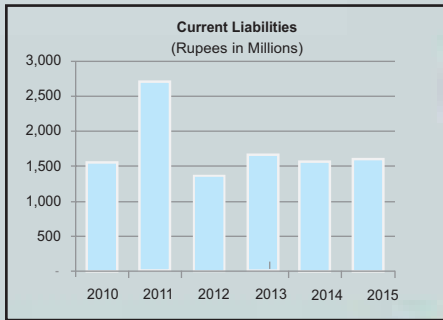
Karachi.
Dated: September 21, 2015



Anwar Ahmed Tata
Chairman



Annual Report 2015



DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting before you the 29th Annual Report together with the Audited Accounts for the year ended June 30, 2015.

FINANCIAL RESULTS

The Company made a pre-tax profit of Rs.48.127 million after charging costs, expenses and depreciation for the year ended June 30, 2015.

	(Rupees)
Pre-tax profit for the year	48,126,918
Taxation	(46,965,937)
Profit after taxation	1,160,981
Other Comprehensive Income	(717,739)
Accumulated Profit Brought Forward	425,197,725
Less: Dividend Paid	(17,324,750)
	408,316,217
Transfer from Surplus on Revaluation of Property Plant & Equipment	49,324,772
Accumulated Profit Carried Forward	457,640,989

CHAIRMAN'S REVIEW

The Directors of the Company endorse the contents of the Chairman's review, which is deemed to be a part of the Directors' report.

DIVIDEND

The Directors of the Company are pleased to recommend final cash dividend @ 10% for the year ended June 30, 2015.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- Key operating and financial data of last six years in a summarized form is annexed.
- Outstanding duties, statutory charges and taxes if any have been adequately disclosed in the annexed audited financial statements.
- During the year under review, four Board of Directors Meetings, four Audit Committee Meetings and four Human Resource & Remuneration committee meeting were held. The attendance of the directors is as follow:

Name of Director	Number of Meeting Attended		
	Board Meeting	Audit Committee	Human Resource & Remuneration Committee
Mr. Anwar Ahmed Tata	2	N/A	N/A
Mr. Shahid Anwar Tata	4	N/A	4
Mr. Adeel Shahid Anwar	4	1	N/A
Mr. Bilal Shahid Anwar	2	2	4
Mr. Muhammad Naseem	4	4	4
Mr. Muhammad Salman H. Chawala (NIT)	4	N/A	N/A
Mr. Asif Saleem*	3	3	N/A
Mr. Farooq Advani**	1	N/A	N/A

* Elected in Annual General Meeting on 24th October 2014

** Term Expire on 24th October 2014

(Leave of absence was granted to the Directors who could not attend the Meetings due to their pre-occupations)

Annual Report 2015

- j. Mr. Adeel Shahid Anwar, Mr. Bilal Shahid Anwar and Mr. M. Salman Chawala have completed the Directors Training Program and become the certified director from Pakistan Institute of Corporate Governance. In addition, Mr. Anwar Ahmed Tata and Mr. Shahid Anwar Tata met the criteria of exemption under clause 5.19.7 of Code of Corporate Governance and were accordingly exempted from directors' training program.
- k. The statement of pattern of shareholding of the Company as at June 30, 2015 is annexed. This statement is prepared in accordance with the Code of Corporate Governance.
- l. During the year, the Chief Executive, Directors, Chief Financial Officer, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company.

Abstract Under Section 218(1) of the Companies Ordinance, 1984

During the year under review, the Board of Directors in their meeting held on 24th October 2014, has appointed Mr. Shahid Anwar Tata as Chief Executive Officer of the Company for the term of Three years commencing from 24th October 2014. The resolution has already been circulated to shareholders under section 218(3) of the Companies Ordinance 1984.

"Resolved that As per terms and conditions Mr. Shahid Anwar Tata Chief Executive would be entitled to the present monthly remuneration of Rs.764,757/- (Rupees seven hundred sixty four thousand seven hundred and fifty seven only) and also approves and authorizes the provision of company's maintained cars to him, disbursement of utility bills, club bills and other entertainment at actual, bonuses, retirement benefit, medical and leave fare facilities for himself and his family and other benefits under his term of employment with the company. The above remuneration will be subject to such increments and adjustments as may be granted at any time and from time to time by the Board of Directors of the Company and/or in accordance with the Company's policy and service rules for the time being in force."

AUDITORS

The Auditors Messer Deloitte Yousuf Adil Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for reappointment for the financial year ending June 30, 2016.

ON BEHALF OF THE BOARD OF DIRECTORS



Shahid Anwar Tata
Chief Executive

Karachi:

Date:

September 21, 2015

KEY OPERATING AND FINANCIAL DATA

Description		2015	2014	2013	2012	2011	2010
OPERATING DATA							
Sales	Rs.'000'	5,066,353	5,297,307	4,615,713	5,186,235	5,198,073	3,783,989
Cost of Goods Sold	Rs.'000'	4,614,332	4,643,041	3,764,303	4,564,204	4,427,677	2,836,376
Gross Profit	Rs.'000'	452,022	654,266	851,410	622,031	770,396	947,612
Profit / (Loss) Before Taxation	Rs.'000'	48,127	124,522	340,413	85,119	366,051	457,293
Profit / (Loss) After Taxation	Rs.'000'	1,161	101,021	328,973	41,375	303,466	440,601
FINANCIAL DATA							
Equity Balance	Rs.'000'	1,630,889	1,598,445	1,472,301	1,119,638	1,084,443	777,438
Property, Plant & Equipment	Rs.'000'	2,287,376	2,556,791	2,454,098	2,400,344	2,291,389	2,222,127
Current Assets	Rs.'000'	2,068,139	1,791,631	1,967,311	1,371,909	2,707,393	1,416,780
Current Liabilities	Rs.'000'	1,624,130	1,591,008	1,694,464	1,387,803	2,726,725	1,590,614
RATIOS							
PROFITABILITY RATIOS							
Gross Profit Margin	%	8.92	12.35	18.45	11.99	14.82	25.04
Operating Profit Margin	%	0.91	1.15	7.22	1.42	6.28	11.69
Net Profit Margin	%	0.95	2.35	7.38	1.64	7.04	12.08
LIQUIDITY RATIOS							
Current Ratio	Times	1.27	1.13	1.16	0.99	0.99	0.89
Quick Ratio	Times	0.60	0.33	0.26	0.28	0.20	0.23
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	47.17	17.51	14.59	8.27	20.47	18.08
Accounts Receivable Turnover	Times	7.63	20.56	24.67	43.55	17.59	19.91
Inventory Turnover	Times	4.44	3.86	2.53	4.89	2.09	2.78
Total Assets Turnover	Times	1.16	1.22	1.04	1.37	1.04	1.04
Return on Total Assets	%	0.03	2.32	7.43	1.09	6.07	12.11
Return on Equity	%	0.05	4.10	13.66	1.97	15.31	25.59
LEVERAGE RATIOS							
Long Term Debt to Equity Ratio	%	12.01	12.08	13.56	14.11	14.65	18.98
Total Debt to Equity Ratio	%	78.47	76.57	83.90	80.26	152.21	111.34
Long Term Debt to Total Assets	Times	0.07	0.07	0.07	0.08	0.06	0.09
Total Debt to Total Assets	Times	0.44	0.43	0.46	0.45	0.60	0.53
Equity to Total Assets	Times	0.56	0.57	0.54	0.55	0.40	0.47
Interest Coverage Ratio	Times	1.56	1.53	2.84	1.32	3.01	2.73
OTHERS							
Earning per Shares	Rs	0.07	5.83	18.99	2.39	17.52	25.43
Breakup Value of Shares w/o Revaluation Surplus	Rs	94.14	92.26	84.98	64.63	62.60	44.87
Breakup Value of Shares with Revaluation Surplus	Rs	141.05	142.39	139.04	121.10	114.42	99.40
Cash Dividend	%	10.00	10.00	20.00	10.00	30.00	25.00

ANALYSIS OF THE FINANCIAL STATEMENT BALANCE SHEET

Particulars	2015	2014	2013	2012	2011	2010
	----- Rupees in '000 -----					
Assets						
Non Current Assets						
Property, plant and equipment	2,287,376	2,556,791	2,454,098	2,400,344	2,291,389	2,222,127
Intangible assets	3,615	5,336	6,530	7,768	-	-
Long-term Deposits	1,964	1,964	1,964	1,939	650	606
Total Non Current Assets	2,292,955	2,564,091	2,462,592	2,410,051	2,292,039	2,222,733
Current Assets						
Stores, Spares and loose tools	48,902	54,044	44,130	47,285	49,284	35,742
Stock-in-trade	1,040,235	1,203,400	1,486,943	933,111	2,116,356	1,019,574
Trade debts	663,881	257,670	187,118	119,081	295,594	190,018
Loans and Advances	190,709	118,166	105,138	94,716	150,003	94,124
Trade Deposit & short-term prepayment	1,122	1,667	2,672	3,388	3,426	1,677
Other receivables	71	467	1,304	33,800	12,595	5,625
Other financial assets	10,102	-	5,352	8,145	2,483	2,483
Sales tax refundable	51,426	27,050	22,961	13,277	10,456	14,066
Cash and bank balances	61,691	129,168	111,693	119,105	67,196	53,470
Total Current Assets	2,068,139	1,791,632	1,967,311	1,371,908	2,707,393	1,416,779
Total Assets	4,361,094	4,355,723	4,429,903	3,781,959	4,999,432	3,639,512
Equity and Liabilities						
Share Capital & Reserves						
Share Capital	173,248	173,248	173,248	173,248	173,248	173,248
General Reserve	1,000,000	1,000,000	1,000,000	-	-	-
Unappropriated Profit	457,641	425,198	299,053	946,390	911,195	604,190
Total Share Capital and Reserves	1,630,889	1,598,446	1,472,301	1,119,638	1,084,443	777,438
Surplus on revaluation of Property, Plant & Equipment	812,709	868,349	936,597	978,445	897,799	944,649
Non Current Liabilities						
Long Term Loans	186,412	215,347	267,399	234,982	262,266	302,315
Deferred Liabilities	106,954	82,573	59,143	61,091	28,199	24,496
Total Non Current Liabilities	293,366.00	297,920.00	326,542.00	296,073.00	290,465.00	326,811.00
Current Liabilities						
Trade and other Payables	282,505	275,889	290,583	273,299	244,618	166,923
Interest/ Markup accrued on Borrowings	14,996	24,351	31,904	37,048	49,113	47,161
Short Term Borrowings	1,229,470	1,209,994	1,270,876	943,064	2,176,452	1,088,376
Current Portion of Long Term Finance	54,205	52,061	74,290	80,822	123,675	217,872
Taxation-income tax	42,954	28,713	26,810	53,570	132,867	70,282
Total Current Liabilities	1,624,130	1,591,008	1,694,463	1,387,803	2,726,725	1,590,614
Total Equity and Liabilities	4,361,094	4,355,723	4,429,903	3,781,959	4,999,432	3,639,512

ANALYSIS OF THE FINANCIAL STATEMENT BALANCE SHEET VERTICAL ANALYSIS

Particulars	2015	2014	2013	2012	2011	2010
	%	%	%	%	%	%
Assets						
Non Current Assets						
Property, plant and equipment	52.45	58.70	55.40	63.47	45.83	61.06
Intangible assets	0.08	0.12	0.15	0.21	-	-
Long-term Deposits	0.05	0.05	0.04	0.05	0.01	0.02
Total Non Current Assets	52.58	58.87	55.59	63.72	45.85	61.07
Current Assets						
Stores, Spares and loose tools	1.12	1.24	1.00	1.25	0.99	0.98
Stock-in-trade	23.85	27.63	33.57	24.67	42.33	28.01
Trade debts	15.22	5.92	4.22	3.15	5.91	5.22
Loans and Advances	4.37	2.71	2.37	2.50	3.00	2.59
Trade Deposit & short-term prepayment	0.03	0.04	0.06	0.09	0.07	0.05
Other receivables	0.00	0.01	0.03	0.89	0.25	0.15
Other financial assets	0.23	-	0.12	0.22	0.05	0.07
Sales tax refundable	1.18	0.62	0.52	0.35	0.21	0.39
Cash and bank balances	1.41	2.97	2.52	3.15	1.34	1.47
Total Current Assets	47.42	41.13	44.41	36.28	54.15	38.93
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00
Equity and Liabilities						
Share Capital & Reserves						
Share Capital	3.97	3.98	3.91	4.58	3.47	4.76
General Reserve	22.93	22.96	22.57	-	-	-
Unappropriated Profit	10.49	9.76	6.75	25.02	18.23	16.60
Total Share Capital and Reserves	37.40	36.70	33.24	29.60	21.69	21.36
Surplus on revaluation of Property, Plant & Equipment	18.64	19.94	21.14	25.87	17.96	25.96
Non Current Liabilities						
Long Term Loans	4.27	4.94	6.04	6.21	5.25	8.31
Deferred Liabilities	2.45	1.90	1.34	1.62	0.56	0.67
Total Non Current Liabilities	6.73	6.84	7.37	7.83	5.81	8.98
Current Liabilities						
Trade and other Payables	6.48	6.33	6.56	7.23	4.89	4.59
Interest/ Markup accrued on Borrowings	0.34	0.56	0.72	0.98	0.98	1.30
Short Term Borrowings	28.19	27.78	28.69	24.94	43.53	29.90
Current Portion of Long Term Finance	1.24	1.20	1.68	2.14	2.47	5.99
Taxation-income tax	0.98	0.66	0.61	1.42	2.66	1.93
Total Current Liabilities	37.24	36.53	38.25	36.70	54.54	43.70
Total Equity and Liabilities	100.00	100.00	100.00	100.00	100.00	100.00

ANALYSIS OF THE FINANCIAL STATEMENT PROFIT & LOSS ACCOUNT

Particulars	2015	2014	2013	2012	2011	2010
----- Rupees in '000-----						
Sales	5,066,353	5,297,307	4,615,713	5,186,235	5,198,073	3,783,989
Cost of Goods Sold	(4,614,332)	(4,643,041)	(3,764,303)	(4,564,204)	(4,427,677)	(2,836,376)
Gross Profit	452,021	654,266	851,410	622,031	770,396	947,613
Distribution cost	(175,154)	(220,753)	(206,549)	(175,742)	(171,249)	(146,125)
Administrative expenses	(116,433)	(114,060)	(88,719)	(65,167)	(62,647)	(58,718)
Other operating expenses	(27,863)	(23,295)	(38,111)	(40,035)	(27,458)	(35,830)
Financial Cost	(86,670)	(235,089)	(184,571)	(267,609)	(182,375)	(264,402)
	(406,120)	(593,197)	(517,950)	(548,553)	(443,729)	(505,075)
Other Income	2,225	63,453	6,953	11,642	39,385	14,756
Profit before taxation	48,126	124,522	340,413	85,120	366,052	457,294
Provision for taxation	(46,966)	(23,501)	(11,440)	(43,744)	(62,585)	(16,693)
Profit after taxation	1,160	101,021	328,973	41,376	303,467	440,601

ANALYSIS OF THE FINANCIAL STATEMENT PROFIT & LOSS ACCOUNT VERTICAL ANALYSIS

Particulars	2015	2014	2013	2012	2011	2010
	%	%	%	%	%	%
Sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Goods Sold	(91.08)	(87.65)	(81.55)	(88.01)	(85.18)	(74.96)
Gross Profit	8.92	12.35	18.45	11.99	14.82	25.04
Distribution cost	(3.46)	(4.17)	(4.47)	(3.39)	(3.29)	(3.86)
Administrative expenses	(2.30)	(2.15)	(1.92)	(1.26)	(1.21)	(1.55)
Other operating expenses	(0.55)	(0.44)	(0.83)	(0.77)	(0.53)	(0.95)
Financial Cost	(1.71)	(4.44)	(4.00)	(5.16)	(3.51)	(6.99)
	0.91	1.15	7.23	1.41	6.28	11.69
Other Income	0.04	1.20	0.15	0.22	0.76	0.39
Profit before taxation	0.95	2.35	7.38	1.63	7.04	12.08
Provision for taxation	(0.93)	(0.44)	(0.25)	(0.84)	(1.20)	(0.44)
Profit after taxation	0.02	1.91	7.13	0.79	5.84	11.64

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2015**

NO. OF SHAREHOLDERS	SHARE-HOLDING		TOTAL SHARES HELD
	FROM	TO	
944	1	100	46,371
498	101	500	125,797
409	501	1000	291,969
217	1001	5000	571,253
50	5001	10000	373,887
12	10001	15000	147,509
7	15001	20000	127,218
2	20001	25000	46,500
3	25001	30000	82,272
1	30001	35000	35,000
3	45001	50000	146,000
1	50001	55000	52,767
1	55001	60000	55,545
2	65001	70000	132,250
1	85001	90000	85,300
1	95001	100000	100,000
1	115001	120000	119,000
1	140001	145000	145,000
1	200001	205000	202,824
1	230001	235000	232,000
1	240001	245000	241,315
3	280001	285000	852,337
1	320001	325000	320,664
1	430001	435000	434,798
1	1690001	1695000	1,693,022
1	2215001	2220000	2,218,498
1	8445001	8450000	8,445,654
<u>2165</u>			<u>17,324,750</u>

CATEGORIES OF SHAREHOLDERS

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDER	SHARES HELD	PERCENTAGE
Directors, their Spouse(s) and Minor Children	8	10,798,218	62.33
Associated Companies, Undertakings and Related Parties	1	434,798	2.51
Public Sector companies & Corporations	5	25,814	0.15
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarbas and pension funds	3	208,971	1.21
Mutual Funds	1	2,218,498	12.81
Others	16	122,420	0.71
General Public	2,131	3,516,031	20.29
	<u>2,165</u>	<u>17,324,750</u>	<u>100.00</u>

Detail of Categories of Shareholders As at June 30, 2015

	Number of Shareholders	Shares Held
DIRECTORS, THEIR SPOUSE(S) & MINOR CHILDREN		
Mr. Anwar Ahmed Tata (Chairman/Director)	1	8,445,654
Mr. Shahid Anwar Tata (Chief Executive)	1	1,693,022
Mr. Adeel Shahid Anwar (Director)	1	26,872
Mr. Bilal Shahid Anwar (Director)	1	1,099
Mr. Mohammad Naseem (Director)	1	3,467
Mr. Asif Saleem (Director)	1	66,125
Mrs. Parveen Anwar (W/o of Mr. Anwar Ahmed Tata)	1	241,315
Mrs. Saiqa Shahid (W/o of Mr. Shahid Anwar Tata)	1	320,664
	8	10,798,218
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
Island Textile Mills Ltd.	1	434,798
PUBLIC SECTOR COMPANIES AND CORPORATIONS		
Investment Corporation of Pakistan	2	19,982
National Development Finance Corporation	1	3,223
IDBL (ICP Unit)	1	1,365
National Bank Of Pakistan	1	1,244
	5	25,814
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARBAS AND PENSION FUNDS		
Central Insurance Co. Ltd.	1	664
M/s Guardian Modaraba Management (Pvt) Ltd.	1	5,483
Trustee National Bank of Pakistan Employee Pension Fund	1	202,824
	3	208,971
MUTUAL FUNDS		
CDC - Trustee National Investment (Unit) Trust	1	2,218,498
OTHERS		
M/s Naseer Shahid Ltd.	1	23
Afsa (Pvt) Ltd	1	5,000
M/s Naveena Industries	1	85,300
M/s Securities & Exchange Authority.	1	1
Trustee-Loads (Pvt) Ltd. Non-Management Staff Gratuity Fund	1	3,500
Ali Husain Rajabali Ltd	1	10,000
Y.S. Securities & Services (Pvt) Ltd.	1	132
Fateh Textile Mills Ltd.	1	65
Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	1	7,117
NH Capital Fund Ltd	1	2
Maple Leaf Capital Limited	1	1
M.R.A. Securities (Pvt) Limited	1	800
AWJ Securities (Private) Limited.	1	500
Ismail Abdul Shakoor Securities (Private) Limited	1	2,402
Seven Star Securities (Pvt.) Ltd.	1	7,000
Fikree's (SMC-Pvt) Ltd.	1	577
	16	122,420
GENERAL PUBLIC		
Local	2,131	3,516,031
Grand Total	2,165	17,324,750
Shareholders Holding 5% or more		
	Shares Held	Percentage
Mr. Anwar Ahmed Tata	8,445,654	48.75
CDC - Trustee National Investment (Unit) Trust	2,218,498	12.81
Mr. Shahid Anwar Tata	1,693,022	9.77

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation of listing regulations of Karachi and Lahore Stock Exchanges Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

The company has applied the principles contained in the CCG in the following manner.

1. The Company encourages the representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board of the Company includes:

Category	Names
Independent Director	Mr. Muhammad Naseem
Executive Director	Mr. Shahid Anwar Tata Mr. Adeel Shahid Anwar
Non-Executive Directors	Mr. Anwar Ahmed Tata Mr. Bilal Shahid Anwar Mr. Salman H. Chawala (NIT) Mr. Asif Saleem

The independent director meets the criteria of Independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than Seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy has occurred on the Board during the year under review.
5. The Company has prepared a ‘Code of Conduct’ and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condition of employment of the Chief Executive and other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The Board arranged internally an orientation/training programs for its directors during year. The Board had also initiated the training of directors for certification program and three of the directors, Mr. Adeel Shahid Anwar, Mr. Bilal Shahid Anwar and Mr. Salman H. Chawala have completed the Director's Training Program and become the certified director from PICG (Pakistan Institute of Corporate Governance) in previous years and two of the directors are sufficiently experienced to qualify for the criteria for exemption from formal training requirement stated in the Code. Remaining directors shall comply with the requirement of certification under directors training program during the year ending June 30, 2016.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive and Chief Financial Officer before approval of the Board.
13. The directors, chief executive and executives do not hold any interest in the share of the Company other than that disclosed in the pattern of shareholdings.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises of three members, all of them are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
18. The Board has outsourced the internal audit function to a firm of Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Company has assigned Head of Internal Audit to act as coordinator between the firm providing internal audit services and the Board.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan ("ICAP"), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all applicable other material principles enshrined in the CCG have complied with.

ON BEHALF OF THE BOARD OF DIRECTORS



SHAHID ANWAR TATA
CHIEF EXECUTIVE

KARACHI
DATED: September 21, 2015

NOTICE

of Annual General Meeting

Notice is hereby given that the **29th Annual General Meeting** of the Shareholders of **Tata Textile Mills Limited** will be held on **Wednesday the October 21, 2015** at **11:30 A.M.** at **5th Floor Textile Plaza M.A. Jinnah Road Karachi**, to transact the following business: -

1. To confirm the minutes of the 28th Annual General Meeting held on October 24, 2014
2. To receive, consider and adopt the report of the Directors and Auditors and Audited Accounts of the Company for the year ended June 30, 2015.
3. To appoint Auditors for the year 2015-16 and fix their remuneration. The retiring auditors M/s. Deloitte Yousuf Adil Chartered Accountants being eligible to offer themselves for reappointment.
4. To approve the payment of cash dividend @ 10% (i.e. Re.1.00 per share), for the year ended June 30, 2015 as recommended by the Board of Directors.
5. To transact any other ordinary business or businesses with the permission of the Chairman.

By order of the Board of Directors



Farooq Advani
Company Secretary

Karachi:
Dated: September 30, 2015

Notes:

1. The Share Transfer Books of the Company will remain closed from October 14, 2015 to October 21, 2015 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint proxy. Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her Original CNIC or Passport to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Shareholders are requested to notify the change of address, if any, immediately.
5. Members who have not yet submitted photocopies of their CNIC to the Company's Share Registrar, are requested to send the same at earliest.



Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Tata Textile Mills Limited** for the year ended June 30, 2015 to comply with the requirements of Regulations of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

As mentioned in paragraph 9 of the Statement of Compliance, out of seven directors, three directors have obtained certification under Directors Training Program and two directors are exempt from formal training requirement based on sufficient experience upto June 30, 2014, however, during the year none of the remaining two directors have obtained certification under Directors Training Program.

Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

KARACHI
Date: September 21, 2015

Member of
Deloitte Touche Tohmatsu Limited

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Tata Textile Mills Limited (the Company) as at June 30, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Engagement Partner:
Mushtaq Ali Hirani


Chartered Accountants

KARACHI
DATED: September 21, 2015

Member of
Deloitte Touche Tohmatsu Limited



Financial Statements

for the Year Ended June 30, 2015



BALANCE SHEET AS AT JUNE 30, 2015

	Note	2015	2014
		..... Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,287,376,109	2,556,790,711
Intangible assets	5	3,614,433	5,335,830
Long term deposits		1,964,069	1,964,069
		2,292,954,611	2,564,090,610
CURRENT ASSETS			
Stores, spares and loose tools	6	48,902,324	54,044,449
Stock-in-trade	7	1,040,235,238	1,203,399,558
Trade debts	8	663,881,219	257,669,756
Loans and advances	9	190,708,185	118,165,987
Trade deposits and short-term prepayments	10	1,122,056	1,666,730
Other receivables		70,559	466,508
Other financial assets	11	10,102,385	-
Sales tax refundable		51,425,565	27,049,699
Cash and bank balances	12	61,691,214	129,167,854
		2,068,138,745	1,791,630,541
TOTAL ASSETS		4,361,093,356	4,355,721,151
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	173,247,500	173,247,500
General reserve		1,000,000,000	1,000,000,000
Unappropriated profit		457,640,989	425,197,725
		1,630,888,489	1,598,445,225
Surplus on revaluation of property, plant and equipment	14	812,708,606	868,348,843
NON-CURRENT LIABILITIES			
Long-term finance	15	186,412,262	215,346,635
Deferred liabilities	16	106,954,018	82,572,594
		293,366,280	297,919,229
CURRENT LIABILITIES			
Trade and other payables	17	282,505,297	275,888,947
Interest / mark-up accrued on borrowings	18	14,995,910	24,350,840
Short-term borrowings	19	1,229,469,974	1,209,994,070
Current portion of long-term finance	15	54,205,165	52,060,627
Provision for income tax		42,953,635	28,713,370
		1,624,129,981	1,591,007,854
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		4,361,093,356	4,355,721,151

The annexed notes from 1 to 41 form an integral part of this financial statements.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales - net	21	5,066,353,330	5,297,306,623
Cost of goods sold	22	(4,614,331,553)	(4,643,040,692)
Gross profit		452,021,777	654,265,931
Distribution cost	23	(175,153,619)	(220,753,054)
Administrative expenses	24	(116,433,351)	(114,060,497)
Other operating expenses	25	(27,863,281)	(23,294,793)
Finance cost	26	(86,670,045)	(235,088,719)
		(406,120,296)	(593,197,063)
Other income	27	2,225,437	63,452,679
Profit before taxation		48,126,918	124,521,547
Provision for taxation	28	(46,965,937)	(23,500,470)
Profit for the year		1,160,981	101,021,077
Other comprehensive income			
<i>Items that will not be reclassified subsequently through profit or loss</i>			
Remeasurement of defined benefit plan		(735,841)	(4,879,262)
Less: deferred tax thereon		18,102	80,996
		(717,739)	(4,798,266)
Total comprehensive income for the year		443,242	96,222,811
Earnings per share - basic and diluted	29	0.07	5.83

The annexed notes from 1 to 41 form an integral part of these financial statements.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		..... Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		48,126,918	124,521,547
Adjustments for :			
Depreciation	4.2	124,677,105	126,715,886
Amortization	5	1,741,923	1,695,787
Provision for staff gratuity and compensated absences		29,755,718	27,499,293
Finance cost	26	86,670,045	235,088,719
Loss on disposal of property and equipment	25	2,517,469	11,651,439
Loss on sale and lease back (ijarah)	25	5,831,998	219,870
Operating cash flows before changes in working capital		299,321,176	527,392,541
(Increase) / decrease in current assets			
Stores, spares and loose tools		5,142,125	(9,914,821)
Stock-in-trade		163,164,320	283,543,048
Trade debts		(406,211,463)	(70,551,885)
Loans and advances		(39,713,397)	25,328,031
Trade deposits and short-term prepayments		544,674	1,005,333
Other receivables		395,949	837,874
Other financial assets		(10,102,385)	5,352,385
Sales tax refundable		(24,375,866)	(4,088,861)
Increase / (decrease) in current liabilities			
Trade and other payables		6,271,341	(15,366,762)
Cash (used in) / generated from operations		(5,563,526)	743,536,883
Finance cost paid		(96,024,975)	(242,642,218)
Income taxes paid		(61,228,336)	(57,565,920)
Staff gratuity and compensated absences paid		(16,733,635)	(14,931,740)
Net cash (used in) / generated from operating activities		(179,550,472)	428,397,005

	Note	2015	2014
		..... Rupees	
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(107,616,470)	(118,751,738)
Proceeds from disposal of property and equipment		18,993,064	19,016,000
Proceeds from sale and lease back (ijarah)		225,011,436	54,950,464
Purchase of intangible assets		(20,526)	(502,002)
Net cash generated from / (used in) investing activities		136,367,504	(45,287,276)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance obtained		25,302,300	-
Repayment of long-term finance		(52,092,135)	(74,281,658)
Short-term borrowings (repaid) / obtained - net		(284,279,880)	438,120,754
Dividend paid		(16,979,741)	(33,976,808)
Net cash (used in) / generated from financing activities		(328,049,456)	329,862,288
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(371,232,424)	712,972,017
Cash and cash equivalents at July 01		37,490,952	(675,481,065)
Cash and cash equivalents at June 30	30	(333,741,472)	37,490,952

The annexed notes from 1 to 41 form an integral part of these financial statements.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

	Share Capital	General Reserve	Revenue reserve Unappropriated Profit	Total
Balance as at July 01, 2013	173,247,500	1,000,000,000	299,053,134	1,472,300,634
Total comprehensive income for the year				
Profit for the year	-	-	101,021,077	101,021,077
Loss on remeasurement of defined benefit scheme	-	-	(4,879,262)	(4,879,262)
Less: deferred tax thereon	-	-	80,996	80,996
Other comprehensive income - net of tax	-	-	(4,798,266)	(4,798,266)
	-	-	96,222,811	96,222,811
Transferred from surplus on revaluation of property, plant and equipment on account of:				
- incremental depreciation	-	-	44,978,202	44,978,202
- disposal of property, plant and equipment	-	-	19,593,078	19,593,078
	-	-	64,571,280	64,571,280
Transactions with owners				
Final cash dividend for the year ended June 30, 2013 @ Rs. 2 per share	-	-	(34,649,500)	(34,649,500)
Balance as at June 30, 2014	173,247,500	1,000,000,000	425,197,725	1,598,445,225
Total comprehensive income for the year				
Profit for the year	-	-	1,160,981	1,160,981
Loss on remeasurement of defined benefit scheme	-	-	(735,841)	(735,841)
Less: deferred tax thereon	-	-	18,102	18,102
Other comprehensive income - net of tax	-	-	(717,739)	(717,739)
	-	-	443,242	443,242
Transferred from surplus on revaluation of property, plant and equipment on account of:				
- incremental depreciation	-	-	37,108,709	37,108,709
- disposal of property, plant and equipment	-	-	12,216,063	12,216,063
	-	-	49,324,772	49,324,772
Transactions with owners				
Final cash dividend for the year ended June 30, 2014 @ Re. 1 per share	-	-	(17,324,750)	(17,324,750)
Balance as at June 30, 2015	173,247,500	1,000,000,000	457,640,989	1,630,888,489

The annexed notes from 1 to 41 form an integral part of this financial statements.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

Tata Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan on April 15, 1987 under the Companies Ordinance, 1984 and listed on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 6th floor, Textile Plaza, M.A. Jinnah Road, Karachi, in the province of Sindh. 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for:

- property, plant and equipment measured at revalued amounts less accumulated depreciation thereon;
- recognition of certain staff retirement benefits at present value; and
- certain financial instruments measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Areas where judgments and estimates made by the management that may have a significant effect on the amounts recognised in the financial statements are included in the following notes:

- Revaluation of certain items of property, plant and equipment (note 3.1)
- Useful lives of property, plant and equipment (note 3.1)
- Useful lives of intangible assets (note 3.2)
- Valuation of stores and spares and stock-in-trade (note 3.3 and 3.4)
- Impairment of financial and non-financial assets (note 3.9)
- Staff retirement benefit - gratuity scheme (note 3.15)
- Taxation (note 3.21)

2.5 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations which became effective during the year

The following amendments and interpretations are effective for the year ended June 30, 2015. These amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements.

Amendments or Interpretations	Effective date (accounting periods beginning on or after)
Amendments to IAS 19 - Employee Benefits: Employee contributions	July 01, 2014
Amendments to IAS 32 - Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	January 01, 2014
IAS 36 - Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	January 01, 2014
IAS 39 - Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	January 01, 2014
IFRIC 21 - Levies	January 01, 2014

b) Standards and amendments to published standards that are not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards or Interpretations	Effective date (accounting periods beginning on or after)
Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	January 01, 2016
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015

Certain annual improvements have also been made to a number of IFRS which are not relevant to the Company and therefore have not been presented here.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property, plant and equipment

Property, plant and equipment except free hold land, building, plant and machinery and electric installations are stated at cost less accumulated depreciation and impairment, if any.

Freehold land, building, plant and machinery and electric installations are stated at revalued amount being the fair value at the date of revaluation, less subsequent accumulated depreciation and impairment losses, if any. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the reporting date.

Depreciation is charged to income applying the reducing balance method at the rates specified in note 4. Depreciation on all additions in fixed assets is charged from the month in which the asset is available for use and on disposals upto the month preceding the month of disposal.

The residual values, depreciation method and assets' useful lives are reviewed and adjusted, if appropriate, at reporting date.

When parts of an item of property, plant and equipment have different useful lives, they are, if material, recognised as separate items of property, plant and equipment.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Improvements are capitalised when it is probable that future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets replaced, if any, are derecognised.

Gains and losses on disposal of assets are taken to the profit and loss account, and the related surplus / deficit on revaluation of property, plant and equipment is transferred directly to unappropriated profits.

Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less any impairment loss, if any. All expenditures connected to specific assets incurred during installation and construction period are carried under CWIP. Expenditures include borrowing costs as referred to in note 3.17. Items are transferred to operating property, plant and equipment as and when assets are ready for their intended use.

3.2 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably.

Costs associated with developing or maintaining computer software programs are generally recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any, thereon.

Intangible asset with a definite useful life is amortised on a straight line basis over its useful life. Amortization on all additions in intangible assets is charged from the month in which the asset is available for use and on disposals upto the month of disposal. Amortization charge is recognised in the profit and loss account. The rates of amortization are disclosed in note 5.

3.3 Stores, spares and loose tools

These are valued at cost. The cost is determined on moving average basis less allowance for obsolete and slow moving items. Stores and spares in transit are stated at invoice values plus other charges incurred thereon upto the reporting date.

3.4 Stock-in-trade

Stock-in-trade is valued at lower of cost and net realizable value. Cost is determined on the following basis:

- Raw material - at moving average cost.
- Material in transit - at invoice value plus other charges incurred upto reporting date.
- Work-in-process - at average manufacturing cost.
- Finished goods - at average manufacturing cost.

Average manufacturing cost signifies, in relation to work in process and finished goods, the moving average cost which consist of prime cost and appropriate manufacturing overheads.

Waste stock is valued and recorded at net realizable value.

Net realizable value (NRV) represents the estimated selling price at which the stock in trade can be realized in the normal course of business less net estimated cost of completion and selling expense

Where NRV charge subsequently reverses, the carrying value of the stock in trade is also increased to the extent that the revised carrying value does not exceed the amount that would have been determined had no NRV charge been recognised. A reversal of NRV is recognised in the profit and loss account.

3.5 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using effective interest rate method. A provision for impairment of trade debts and other receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is charged to the profit and loss account. Trade debts and other receivables are written off when considered irrecoverable.

Exchange gains or losses arising in respect of trade and other receivables in foreign currency are added to or subtracted from their respective carrying amounts.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amount of cash and subject to insignificant risk of change in value, and short-term running finances. Running finances under mark-up arrangements are shown with short term borrowings in current liabilities on the balance sheet.

3.7 Financial instruments

Financial assets

The Company classifies its financial assets at initial recognition in the following categories depending on the purpose for which the financial assets were acquired:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivables and cash and bank balances in the balance sheet.

(iii) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or the management intends to dispose of the investments within twelve months from the reporting date.

(iv) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognised on trade date (the date on which the Company commits to purchase or sell the asset). Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the profit and loss account as a reclassification adjustment. Mark-up on available-for-sale debt securities calculated using the effective interest rate method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account as part of other income when the Company's right to receive payments is established. Amortization of premium on acquisition of the investments is carried out using the effective yield method and charged to profit and loss account.

The fair values of quoted equity investments are based on current market prices. Subsequent to initial measurement equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment in value, if any.

The Company assesses at each reporting date whether there is objective evidence that any investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit and loss account as a reclassification adjustment. Impairment losses recognised in the profit and loss account on equity instruments classified as available-for-sale are not reversed through the profit and loss account.

Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

3.8 Derivatives

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair values. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

3.9 Impairment

Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Company assesses at each reporting date whether there is objective evidence that any investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit and loss account as a reclassification adjustment. Impairment losses recognised in the profit and loss account on equity instruments classified as available-for-sale are not reversed through the profit and loss account.

Non-financial assets

The Company assesses at each reporting date whether there is any indication that assets except deferred tax assets and stock in trade may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.10 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.11 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated at year end into Pak Rupees using the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translations of monetary assets and liabilities denominated in foreign currencies at reporting date are included in profit and loss account.

3.12 Share capital

Ordinary shares are classified as equity and are recorded at their face value.

3.13 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved for distribution to shareholders.

3.14 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the "Surplus on revaluation of property, plant and equipment" shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1)/2003 dated January 13, 2003:

- a) depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and
- b) an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on revaluation of property, plant and equipment" to accumulated profits through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

3.15 Staff retirement benefits

The Company manages two unfunded schemes for its workmen and non-workmen categories, the details of which are as follows:

Defined benefit plan - Workmen

The Company operates a gratuity scheme for all its employees under workmen category who have completed the minimum qualifying period of service as defined under the respective scheme. Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and charged to profit and loss and other comprehensive income. All actuarial gains and losses are recognised in 'other comprehensive income' as they occur. The most recent valuation was carried out as at June 30, 2015 using "Projected Unit Credit Method". The amount recognized in the balance sheet represents the present value of defined benefit obligation.

Defined benefit plan - Non workmen

The Company also maintains an unfunded contributory gratuity scheme for its employees under non-workmen category. Under this scheme, every eligible employee is entitled to receive benefit of one month salary based on last month of each year's service. The Company accounts for liability of each employee at year end and such liability is treated as full and final pertaining to that year. In future years, the liability amount is not revised for any increase or decrease in salary of any non-workmen.

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned. Under the policy, leaves of 30 and 15 days for non-workmen and workmen category respectively can be accumulated and carried forward.

3.16 Ijarah contracts

Ijarah agreements irrespective of whether significant portion of risks and rewards relating to ownership of the asset are retained by the lessor are classified as operating leases. Payments made under these agreements are recognized in the profit and loss account on straight-line basis over the period of the agreement.

3.17 Borrowing cost

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset. Borrowing costs eligible for capitalization are determined using effective interest rate method.

3.18 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of the past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.19 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to Company or not.

3.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added in the carrying amount of the borrowing.

3.21 Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credits and rebates available, if any or on turnover at the specified rates or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise due to assessment framed / finalized during the year.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences and carried forward unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release - 27 of the Institute of Chartered Accountants.

3.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

- Sales are recorded on dispatch of goods or on segregation of goods for delivery against confirmed customers orders where risks and rewards are transferred to the customer.
- Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the applicable effective interest rate.

3.23 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.24 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker (CODM). The Company considers Chief Executive as its CODM who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 38 to these financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

Particulars	Rupees										Rate	
	Cost/ revalued amount at July 01, 2014	Additions during the year	Disposals during the year	Sale and leased back assets (Ijarah)	Cost/ revalued amount at June 30, 2015	Accumulated depreciation at July 01, 2014	Depreciation for the year	Depreciation on disposals	Depreciation on sale and leased back assets	Accumulated depreciation at June 30, 2015		Written down value at June 30, 2015
Owned												%
Freehold land	131,764,565	-	-	-	131,764,565	-	-	-	-	-	131,764,565	-
Buildings on freehold land	503,290,636	8,876,374	-	-	512,167,010	48,759,789	22,968,751	-	-	71,728,540	440,438,470	5
Plant and machinery	1,989,189,735	71,522,219	(19,857,899)	(236,258,691)	1,804,595,374	169,532,746	85,325,386	(2,177,280)	(5,415,257)	247,265,595	1,557,329,779	5-10
Factory and workshop equipment	12,503,899	915,000	-	-	13,418,899	5,524,605	673,798	-	-	7,198,403	6,220,496	10
Electric installations	60,355,838	-	-	-	60,355,838	33,018,290	2,733,755	-	-	35,752,045	24,603,793	10
Lease hold improvements	26,089,214	-	-	-	26,089,214	7,604,048	1,848,517	-	-	9,452,565	16,636,649	10
Furniture and fixtures	20,957,950	967,499	-	-	21,925,449	6,273,791	1,502,803	-	-	7,776,594	14,148,855	10
Office equipment	26,085,815	2,133,402	(1,310,722)	-	26,908,495	12,316,348	2,691,671	(1,281,858)	-	13,726,161	13,182,334	5-30
Vehicles	57,141,937	3,238,450	(12,062,748)	-	48,317,639	28,868,084	5,599,169	(8,261,688)	-	26,205,565	22,112,074	20
	2,827,379,589	87,652,944	(33,231,359)	(236,258,691)	2,645,542,483	312,897,701	123,343,850	(11,720,826)	(5,415,257)	419,105,468	2,226,437,015	
Under Diminishing Musharaka												
Plant and machinery **	-	26,665,089	-	-	26,665,089	-	1,333,255	-	-	1,333,255	25,331,834	
June 30, 2015	2,827,379,589	114,318,033	(33,231,359)	(236,258,691)	2,672,207,572	312,897,701	124,677,105	(11,720,826)	(5,415,257)	420,438,723	2,251,768,849	

** The title and ownership of assets under diminishing musharaka are in the joint name of bank and the Company.

FOR COMPARATIVE PERIOD

Particulars	Rupees										Rate	
	Cost/ revalued amount at July 01, 2013	Additions / (transfer)* during the year	Disposals during the year	Sale and leased back assets (Ijarah)	Cost/ revalued amount at June 30, 2014	Accumulated depreciation at July 01, 2013	Depreciation / (transfer)* for the year	Depreciation on disposals	Depreciation on sale and leased back assets	Accumulated depreciation at June 30, 2014		Written down value at June 30, 2014
Owned												%
Freehold land	112,652,500	19,132,065	-	-	131,784,565	-	-	-	-	-	131,784,565	-
Buildings on freehold land	500,186,823	3,033,682	-	-	503,290,636	24,944,940	23,813,264	-	-	48,759,789	454,530,847	5
		70,131 *					1,585 *					
Plant and machinery	1,815,589,453	263,042,816	(33,293,694)	(56,616,657)	1,989,189,735	87,544,243	86,346,913	(2,782,503)	(1,446,323)	169,532,746	1,819,656,989	5-10
		467,817 *					(129,584) *					
Factory and workshop equipment	10,960,064	2,224,866	-	-	12,503,899	4,979,001	1,164,714	-	-	6,524,605	5,979,294	10
		(681,031) *					380,890 *					
Electric installations	60,355,838	-	-	-	60,355,838	29,980,785	3,037,505	-	-	33,018,290	27,337,548	10
Lease hold improvements	26,089,214	-	-	-	26,089,214	5,550,140	2,053,908	-	-	7,604,048	18,485,166	10
Furniture and fixtures	18,927,916	1,700,068	-	-	20,957,950	4,626,382	1,506,111	-	-	6,273,791	14,684,159	10
		329,966 *					141,298 *					
Office equipment	24,049,241	2,223,457	-	-	26,085,815	10,366,383	2,344,154	-	-	12,316,348	13,769,467	5-30
		(186,883) *					394,189) *					
Vehicles	51,435,866	6,329,108	(623,037)	-	57,141,937	22,885,556	6,449,317	(466,789)	-	28,868,084	28,273,853	20
June 30, 2014	2,620,226,915	298,553,976	(33,916,731)	(56,616,657)	2,827,379,589	190,877,430	127,239,659	(3,249,292)	(1,446,323)	312,897,701	2,514,481,888	
		(867,914)					(523,773)					

* These represent reversals of excess accrual made during last year.

Note	2015	2014
	..... Rupees	
22.1	115,801,753	116,935,102
24	8,875,352	9,780,784
	<u>124,677,105</u>	<u>126,715,886</u>

4.2 Depreciation for the year has been allocated as under:

Cost of goods manufactured	22.1	115,801,753	116,935,102
Administrative expenses	24	8,875,352	9,780,784
		<u>124,677,105</u>	<u>126,715,886</u>

4.3 Had there been no revaluation the related figures of freehold land, buildings on freehold land, plant and machinery and electric installations, would have been as follows :

	..... June 30, 2015 .....			..... June 30, 2014		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
	.....Rupees.....					
Land - freehold land	39,744,364	-	39,744,364	39,744,364	-	39,744,364
Building on freehold land	277,929,078	141,545,612	136,383,466	269,052,706	134,579,755	134,472,951
Plant and machinery	2,078,409,388	929,120,902	1,149,288,486	2,240,491,352	888,613,767	1,351,877,585
Electric installations	58,493,501	35,326,048	23,167,453	58,493,501	32,751,887	25,741,614
	<u>2,454,576,331</u>	<u>1,105,992,562</u>	<u>1,348,583,769</u>	2,607,781,923	1,055,945,409	1,551,836,514

Revaluation of freehold land, building and plant and machinery was carried out on September 30, 2003, June 30, 2008 and June 30, 2012 while revaluation of electric installations was carried out on September 30, 2003. All the revaluations were conducted by the independent professional valuer M/s. Iqbal A. Nanjee & Co. on the basis of market value or depreciated replacement values as applicable. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment account to comply with the requirement of Section 235 of the Companies Ordinance, 1984.

4.4 Disposal of property, plant and equipment

Details of property, plant and equipment disposed off during the year are as follows:

Particulars	Cost / revalued amount	Accumulated depreciation	Written down value	Sale Proceeds	Mode of disposal	Particulars of buyer
Machinery	3,750,000	365,625	3,384,375	2,200,000	Negotiation	Beacon Impex (Pvt) Ltd Chak No. 33 GB, Satiana Road, Mustafa Nagar, Jaranwala.
Machinery	4,929,882	554,817	4,375,065	2,400,000	Negotiation	Crescent Cotton Mills Limited 408-409, Business Avenue, Shakra-e- Faisal, Karachi.
Machinery	5,547,003	612,259	4,934,744	2,600,000	Negotiation	Saif Textile Mills Ltd State Life Building ,I.I.Chundrigar Road, Karachi.
Machinery	3,699,183	409,392	3,289,791	1,600,000	Negotiation	Island Textile Mills Ltd 6th Floor Textile Plaza M.A.Jinnah Road, Karachi
Machinery	500,000	52,510	447,490	550,847	Negotiation	Ittafaq Traders Mail Pully Stop, Kot Radha Kishan, Kasuar.
Machinery	381,821	48,714	333,107	200,000	Negotiation	Husnain Textile Mill Pvt Ltd 236-CCA, Sector FF, Phase-IV, D.H.A., Lahore Cantt.
Machinery	1,050,000	133,963	916,037	97,458	Negotiation	Attieue Scrape Dealer Near Alqureshi Goods, Zikria Colony, Muzaffargarh.
Vehicle	619,290	446,011	173,279	530,000	Negotiation	Naveed Muhammad Hanif 1st Floor, 1341/2, Azizabad, Karachi.
Vehicle	1,350,415	944,049	406,366	1,100,000	Negotiation	Tariq Haroon Dada House No. 74, Maqboolabad, Alamgir Road, Karachi.
Vehicle	527,426	407,024	120,402	415,000	Negotiation	Imran Naqi House No. 1653, Block-15, F.B. Area, Karachi.
Vehicle	1,575,452	554,909	1,020,543	1,295,000	Negotiation	Arshad Sohail Sheikh House No. 14, Commercial Block-8, Gulshan-e-Iqbal, Karachi.
Vehicle	1,308,915	875,351	433,564	1,000,000	Negotiation	Muhammad.Imran Aslam House No. 102, Faisal Colony, Patuki
Vehicle	4,964,650	3,731,804	1,232,846	3,965,000	Negotiation	Syed Wali Najam House No. Z-102, Block 7/8, Y.J.H.C.S., Karachi.
Vehicle	1,716,600	1,302,540	414,060	1,010,000	Negotiation	Muhammad Imran House No. 875, Hussainabad, Block-3, FB Area, Karachi.
Office equipment	1,310,722	1,281,858	28,864	29,759	Negotiation	Israr Ali House No. 51, Imam Bargah, Teyonishaline, Karachi.
June 30, 2015	33,231,359	11,720,826	21,510,533	18,993,064		
June 30, 2014	33,916,731	3,249,292	30,667,439	19,016,000		

4.5 Capital work in progress

Civil works

Machinery and electric installations

	2015	2014
	..... Rupees	
	23,000,954	9,158,695
	12,606,306	33,150,128
	35,607,260	42,308,823

5. INTANGIBLE ASSETS

	Cost			Amortization			Book value as at June 30, 2015	Rate of Amortization
	As at July 01, 2014	Additions	As at June 30, 2015	As at July 01, 2014	Charge for the year	As at June 30, 2015		
..... R U P E E S								%
License fee	692,602	20,526	713,128	229,770	141,257	371,027	342,101	20
ERP software	8,003,331	-	8,003,331	3,130,333	1,600,666	4,730,999	3,272,332	20
	8,695,933	20,526	8,716,459	3,360,103	1,741,923	5,102,026	3,614,433	

For comparative period

	Cost			Amortization			Book value as at June 30, 2014	Rate of Amortization
	As at July 01, 2013	Additions	As at June 30, 2014	As at July 01, 2013	Charge for the year	As at June 30, 2014		
..... R U P E E S								%
License fee	510,600	182,002	692,602	127,650	102,120	229,770	462,832	20
ERP software	7,683,331	320,000	8,003,331	1,536,666	1,593,667	3,130,333	4,872,998	20
	8,193,931	502,002	8,695,933	1,664,316	1,695,787	3,360,103	5,335,830	

Annual Report 2015

	2015	2014
	..... Rupees	
6. STORES, SPARES AND LOOSE TOOLS		
Stores and spares	48,889,870	54,031,595
Loose tools	12,454	12,854
	<u>48,902,324</u>	<u>54,044,449</u>
7. STOCK-IN-TRADE		
Raw material	555,405,305	810,022,115
Work-in-process	42,238,206	47,744,623
Finished goods	422,769,486	300,357,223
Waste stock	19,822,241	45,275,597
	<u>1,040,235,238</u>	<u>1,203,399,558</u>

7.1 The above balances are net of provision for write-down of stock in trade to their net realizable values aggregating to Rs. 5.69 million (2014: Rs. 12.93 million)

	Note	2015	2014
		..... Rupees	
8. TRADE DEBTS			
Considered good			
Export - secured	8.1	579,323,966	184,166,615
Local - unsecured		84,557,253	73,503,141
		<u>663,881,219</u>	<u>257,669,756</u>

8.1 These are secured against letters of credit in favor of the Company.

8.2 Trade debts are non-interest bearing and are generally on 7 to 90 days term.

8.3 As at June 30, 2015, trade debts aggregating Rs. 82.51 million (2014: Rs. 25.74 million) were past due for which the Company has not made any provision. Based on past experience and past track record of recoveries, management believes that the above past due trade debts do not require any provision for impairment. The ageing of these past due trade debts is as follows:

	Note	2015	2014
		..... Rupees	
8.3.1 Ageing of past due but not impaired			
1-30 days		72,111,518	19,113,464
31-90 days		9,359,043	4,873,545
91-120 days		1,039,132	1,752,370
121 days and above		-	2,736
		<u>82,509,693</u>	<u>25,742,115</u>

	Note	2015	2014
9. LOANS AND ADVANCES			
Considered good			
Due from employees	9.1	8,967,570	4,395,356
Advance to creditors		1,840,338	256,719
Advance for expenses		289,693	124,903
Advance income tax		140,977,599	108,148,798
Advance against letters of credit		14,876,204	5,240,211
Advance ijarah rental		23,756,781	-
		<u>190,708,185</u>	<u>118,165,987</u>

9.1 These represent short term interest free loans to employees as per Company's policy. These are adjustable against salaries and recoverable within a period of one year.

10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS	Note	2015	2014
		..... Rupees	
Bank guarantee margin		311,241	311,241
Prepayments		810,815	1,355,489
		1,122,056	<u>1,666,730</u>
11. OTHER FINANCIAL ASSETS			
Held-to-maturity			
Term Deposit Receipts	11.1	10,102,385	<u>-</u>

11.1 These represent term deposit receipts held for a period of six months with a markup rate of 5.8% to 6.8% per annum.

12. CASH AND BANK BALANCES		2015	2014
		..... Rupees	
Cash at bank			
In current accounts		57,024,462	123,736,737
In savings accounts	12.1	3,589,961	3,813,805
		60,614,423	<u>127,550,542</u>
Cash in hand		1,076,791	1,617,312
		61,691,214	<u>129,167,854</u>

12.1 These carry markup rates ranging from 4.5% to 6.5% (2014: 5% to 7%) per annum.

13. SHARE CAPITAL

2015	2014		2015	2014
Number of Shares			..... Rupees	
20,000,000	<u>20,000,000</u>	Authorised		
		Ordinary shares of Rs. 10 each	200,000,000	<u>200,000,000</u>
		Issued, subscribed and paid-up capital		
		Ordinary shares of Rs. 10 each:		
13,100,000	13,100,000	- issued for cash	131,000,000	131,000,000
4,224,750	4,224,750	- issued as bonus shares	42,247,500	42,247,500
17,324,750	<u>17,324,750</u>		173,247,500	<u>173,247,500</u>

13.1 The Company has one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13.2 Following shares of the Company were held by an associated company as at the reporting date.

	2015	2014
	Number of ordinary shares of Rs. 10 each	
Name of associated company		
Island Textile Mills Limited	<u>434,789</u>	<u>434,789</u>

13.3 The Company has no reserved shares for issuance under options and sales contracts.

14. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book value resulting from the revaluation of freehold land, building on freehold land, plant and machinery and electric installations. (refer note 4.3).

	Note	2015	2014
		..... Rupees	
Balance at July 01		881,453,435	947,114,693
Transferred to unappropriated profit on account of			
- incremental depreciation		(37,108,709)	(44,978,202)
- disposal of property, plant and equipment		(12,216,063)	(19,593,078)
Related deferred tax liability		(1,243,991)	(1,089,978)
		(50,568,763)	(65,661,258)
Balance at June 30		830,884,672	881,453,435
Less:			
Related deferred tax liability			
Balance at July 01		13,104,592	10,517,662
Adjustment due to change in rate on			
- normal tax		(1,123,251)	342,038
- income subject to final tax regime	14.1	7,438,716	3,334,870
Incremental depreciation charged during the year transferred to unappropriated profit		(1,243,991)	(1,089,978)
Balance at June 30		(18,176,066)	(13,104,592)
		812,708,606	868,348,843

14.1 This represents effect on opening deferred tax liability due to revision of deferred tax rate from 1.66% to 2.46% in order to incorporate the affect of change in proportion of export sales to local sales which falls under Final Tax Regime (FTR).

15. LONG-TERM FINANCE	Note	2015	2014
		..... Rupees	
From banking companies - secured			
Demand finances	15.1	85,979,377	107,474,221
Term finances	15.2	77,063,000	44,955,000
Car finance	15.3	1,131,860	2,653,401
Export oriented projects (EOP)	15.4	51,140,890	112,324,640
Diminishing musharka	15.5	25,302,300	-
		240,617,427	267,407,262
Less: Current portion shown under current liabilities			
Demand finances		(21,494,844)	(21,494,844)
Term finances		(16,250,000)	(8,070,000)
Car finance		(755,287)	(1,490,123)
Export oriented projects (EOP)		(14,123,640)	(21,005,660)
Diminishing musharka		(1,581,394)	-
		(54,205,165)	(52,060,627)
		186,412,262	215,346,635

15.1 These facilities are obtained from a banking company which are secured against first pari passu charge over land, building plant and machinery of the Company, specific charge over new machinery. These facilities are subject to mark-up rate of 3 months' KIBOR plus 1.5% per annum (2014: 3 months' KIBOR plus 1.5%) in 20 quarterly payments upto June 2019.

15.2 These finances were obtained from banking companies which are secured against first pari passu charge on all present and future fixed assets including land, building, plant and machinery and charge on specific machinery. These facilities are subject to markup at the rate 3 and 6 months average KIBOR plus 1% and 1.25% per annum (2014: 3 and 6 months' average KIBOR plus 1.25%). These are repayable in equal half yearly installments upto October 2020.

15.3 These represent finance obtained from a banking company which are secured against vehicles acquired from such financing and guarantee of the Company. These are subject to mark-up at the rate of 13% and 3 months' KIBOR + 1% per annum (2014: 13% and 3 months' KIBOR +1%) and are repayable in 60 equal monthly installments. The unavailed facility at June 30, 2015 is Rs. 18.11 million (2014: Rs. 17.35 million).

15.4 These loans are obtained from banking companies which are secured against first pari passu charge on all present and future fixed assets including land, building, plant and machinery and charge on specific machinery. These loans are subject to mark-up ranging from 9.7% to 11.2% per annum (2014: 7% to 12.7%). These loans are repayable in 20 quarterly installments.

15.5 The facility is obtained to finance the import of machineries which is subject to profit chargeable at the rate of three months KIBOR + 1.25% per annum. The facility is secured against first exclusive hypothecation charge over musharka assets upto their respective values and 25% security margin over and above of facility limit to be covered through first pari pasu hypothecation charge over plant and machinery of the Company. This loan is repayable in 16 quarterly installments ending on February 26, 2020.

16. DEFERRED LIABILITIES	Note	2015	2014
		..... Rupees	
Staff gratuity	16.1	73,758,121	59,250,558
Compensated absences		4,483,957	5,233,596
Deferred taxation	16.2	28,711,940	18,088,440
		106,954,018	82,572,594

Annual Report 2015

	Note	2015	2014
		..... Rupees	
16.1 Staff gratuity			
Defined benefit scheme			
Workmen	16.1.1	27,824,745	19,864,973
Non-workmen	16.1.13	45,933,376	39,385,585
		73,758,121	59,250,558
16.1.1 Workmen - Defined benefit scheme			
The details of the workmen - defined benefit scheme obligation based on actuarial valuations carried out by independent actuary as at June 30, 2015 under the Projected Unit Credit Method, are as follows:			
		2015	2014
		..... Rupees	
Net liability in the balance sheet			
Present value of defined benefit obligation		27,824,745	19,864,973
16.1.2 Expense recognised in the profit and loss account			
Current service cost		11,708,245	8,057,303
Interest cost		1,876,986	1,097,653
		13,585,231	9,154,956
16.1.3 Remeasurement losses / (gains) recognised in other comprehensive income			
Actuarial losses on defined benefit obligation			
Changes in financial assumptions		-	(4,949,527)
Changes in demographic assumptions		-	(40,737)
Experience adjustments		735,841	9,869,526
		735,841	4,879,262
16.1.4 Movement in defined benefit obligation			
Opening defined benefit obligation		19,864,973	13,258,855
Current service cost		11,708,245	8,057,303
Interest cost		1,876,986	1,097,653
Actuarial loss		735,841	4,879,262
Benefits paid during the year		(6,361,300)	(7,428,100)
Closing defined benefit obligation		27,824,745	19,864,973
16.1.5 Movement in net liability in the balance sheet			
Opening balance of net liability as at July 01,		19,864,973	13,258,855
Add: Charge for the year		13,585,231	9,154,956
Remeasurement loss recognised in other comprehensive income		735,841	4,879,262
Less: Payment made during the year		(6,361,300)	(7,428,100)
Closing balance of net liability as at June 30,		27,824,745	19,864,973
16.1.6 The principal assumptions used in the valuation of gratuity (Workmen - Defined benefit scheme)		2015	2014
		..... Rupees	
Discount rate (% per annum)		10.50	13.25
Expected rate of salary increase (% per annum)		8.50	11.25
Mortality rate		SLIC 2001-05	SLIC 2001-05
Expected withdrawal rate for actuarial assumptions		Moderate	Moderate

16.1.7 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

		Increase / (decrease) in obligation	
		.....(Rupees).....	
Discount rate	+ / - 1%	(2,692,341)	3,234,080
Expected rate of salary increase	+ / - 1%	3,266,518	(2,760,825)
Mortality rate	1 year age set back / set forward	20,932	(21,059)

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability for gratuity recognised within the balance sheet.

16.1.8 The scheme exposes the Company to the actuarial risks such as:

Salary risks

The risks that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Longevity risks

The risk arises when the actual lifetime of the retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

16.1.9 Expected contribution to the scheme for the year ending June 30, 2016 is Rs. 14,484,323.

	2015	2014
16.1.10 The weighted average duration of the defined benefit obligation in year	<u>13.62</u>	<u>12.00</u>

16.1.11 The expected maturity analysis of undiscounted retirement benefit obligation is:

	Undiscounted payments	
	Rupees	
	2015	2014
Less than a year	4,594,267	3,253,511
Between 1-2 years	5,464,043	3,591,701
Between 2-3 years	6,357,233	3,704,862
Between 3-4 years	6,595,803	3,799,213
Between 4-5 years	7,441,679	3,508,239
Between 6-10 years	42,485,848	15,269,215
11 years and above	1,373,722,080	83,654,721

16.1.12 There are no plan assets against defined benefit obligation.

	2015	2014
	..... Rupees	

16.1.13 Non-workmen - Defined benefit scheme

Opening balance	39,385,585	30,700,989
Charge for the year	10,113,104	10,950,496
Payment during the year	(3,565,313)	(2,265,900)
Closing balance	<u>45,933,376</u>	<u>39,385,585</u>

Annual Report 2015

16.2 Deferred taxation

	Opening At July 01, 2014	Deferred tax recognised in			Balance At June 30, 2015
		Profit and loss account	other comprehensive income	Surplus on revaluation of assets	
..... Rupees					
Movement for the year ended June 30, 2015					
Deferred tax liabilities on taxable temporary differences arising in respect of :					
- Property, plant and equipment	12,800,942	2,684,764	-	-	15,485,706
- Surplus on revaluation of property, plant and equipment	13,104,592	(1,243,991)	-	6,315,465	18,176,066
	<u>25,905,534</u>	<u>1,440,773</u>	<u>-</u>	<u>6,315,465</u>	<u>33,661,772</u>
Deferred tax assets on deductible temporary differences arising in respect of :					
- Staff gratuity	(983,559)	(812,789)	(18,102)	-	(1,814,450)
- Unused tax losses	(6,833,535)	3,698,153	-	-	(3,135,382)
	<u>18,088,440</u>	<u>4,326,137</u>	<u>(18,102)</u>	<u>6,315,465</u>	<u>28,711,940</u>

	Opening At July 01, 2013	Deferred tax recognised in			Balance At June 30, 2014
		Profit and loss account	other comprehensive income	Surplus on revaluation of assets	
..... Rupees					
Movement for the year ended June 30, 2014					
Deferred tax liabilities on taxable temporary differences arising in respect of :					
- Property, plant and equipment	10,395,691	2,405,251	-	-	12,800,942
- Surplus on revaluation of property, plant and equipment	10,517,662	(1,089,978)	-	3,676,908	13,104,592
	<u>20,913,353</u>	<u>1,315,273</u>	<u>-</u>	<u>3,676,908</u>	<u>25,905,534</u>
Deferred tax assets on deductible temporary differences arising in respect of :					
- Staff gratuity	(590,182)	(312,381)	(80,996)	-	(983,559)
- Unused tax losses	(4,227,611)	(2,605,924)	-	-	(6,833,535)
- Turnover tax	(3,990,388)	3,990,388	-	-	-
	<u>12,105,172</u>	<u>2,387,356</u>	<u>(80,996)</u>	<u>3,676,908</u>	<u>18,088,440</u>

17. TRADE AND OTHER PAYABLES

	Note	2015	2014
..... Rupees			
Creditors	17.1	43,013,808	43,585,153
Accrued liabilities	17.2	190,748,006	182,818,083
Retention money		1,414,200	1,372,474
Withholding income tax		1,007,159	1,491,595
Workers' Profit Participation Fund	17.3	3,182,703	7,452,832
Workers' Welfare Fund		38,276,710	34,727,235
Unclaimed dividend		4,752,243	4,407,234
Other liabilities		110,468	34,341
		<u>282,505,297</u>	<u>275,888,947</u>

17.1 Trade payables are non-interest bearing and are normally settled between 12 to 45 days terms.

17.2 This includes Rs. 54.03 million (2014: 49.30 million) provision for Sindh Development and Infrastructure Cess which was levied by the Excise and Tax Department of Government of Sindh on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. The levy was challenged by the Company along with other companies in the High Court of Sindh. The High Court of Sindh through its interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. The management is confident for a favorable outcome, however, as a matter of prudence Company has paid Rs. 54.03 million upto June 30, 2015 (50%) of the value of infrastructure cess in cash and recorded liability for the remaining amount which is supported by a bank guarantee.

	Note	2015	2014
		..... Rupees	
17.3 Workers' Profits Participation Fund			
Opening balance		7,452,832	18,289,354
Add: Allocation for the year		3,183,345	7,452,832
Interest on funds utilized in the Company's business (note 26)	17.3.1	457,685	1,240,169
		<u>11,093,862</u>	<u>26,982,355</u>
Less: Payments made to the fund during the year		(7,910,517)	(19,529,523)
Closing balance		<u>3,183,345</u>	<u>7,452,832</u>
17.3.1 Interest on funds utilized is charged @ 12% to 12.5% (2014: 15 %) per annum.			
18. INTEREST / MARK-UP ACCRUED ON BORROWINGS			
Long-term finance		1,526,595	4,508,597
Short-term borrowings		13,469,315	19,842,243
		<u>14,995,910</u>	<u>24,350,840</u>
19. SHORT-TERM BORROWINGS			
From banking companies - secured			
Running / cash finances	19.1	395,432,686	91,676,902
Finance against import / export	19.2	834,037,288	921,822,784
Advance against ijarah		-	196,494,384
	19.3	<u>1,229,469,974</u>	<u>1,209,994,070</u>

19.1 These are subject to mark-up at the rate of one to three months KIBOR plus spread ranging between 0.6% and 1.00% (2014: three months KIBOR plus 0.75%) per annum. These facilities are secured against pledge of stock and pari passu charge over stock and receivables.

19.2 These facilities are subject to mark-up at the rate ranging from 1.90% to 4.0% inclusive of LIBOR (2014: 3 months average 1.75% to 3%, inclusive of LIBOR) per annum. These arrangements are secured against pledge of stock, pari passu charge over stock and receivables of the Company.

19.3 Total facilities available from various commercial banks amount to Rs. 6,245 million (2014: Rs. 5,005 million) from which the aggregate unavailed short-term borrowings facilities are of Rs. 5,016 million (2014: Rs. 3,795 million).

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

There is no contingency outstanding against the Company at year end.

Annual Report 2015

	Note	2015	2014
..... Rupees			
20.2 Commitments			
(i) Letters of credit			
- plant and machinery		48,232,154	32,262,189
- stores and spares		22,560,588	19,576,641
- raw material		44,676,024	30,144,560
(ii) Bank guarantees issued on behalf of the Company	20.2.1	118,901,543	<u>107,812,800</u>
(iii) Bills discounted			
- Export		173,996,391	745,708,609
- Local		19,055,436	60,489,631
		193,051,827	<u>806,198,240</u>
(iv) Rentals under ijarah finance agreements			
- not later than one year		59,598,651	10,258,912
- later than one year and not later than 5 years		260,137,604	61,530,539
- later than 5 years		27,602,860	-
	20.2.2	347,339,115	<u>71,789,451</u>

20.2.1 This includes bank guarantee related to Sindh Development infrastructure cess amounting to Rs. 48.40 million (2014: Rs. 48.40 million). Refer note 17.2.

20.2.2 Represents four ijarah agreements entered into with an Islamic Bank in respect of machineries. Total future ijarah payments under agreements are Rs. 347.34 million and are payable in quarterly installments latest by June 2022. These commitments are secured against the exclusive ownership of machineries and third ranking charge against property, plant and equipment with 25% margin.

	Note	2015	2014
..... Rupees			
21. SALES - NET			
Export			
-Yarn		3,182,077,587	3,552,733,908
-Yarn (indirect export)		1,048,366,849	1,154,250,428
-Waste		225,319,226	276,221,048
		4,455,763,662	<u>4,983,205,384</u>
Local			
-Yarn		502,770,056	274,850,220
-Raw material		12,069,591	746,473
-Waste		132,489,010	65,074,580
		647,328,657	340,671,273
Less: Sales tax		(36,738,989)	(26,570,034)
		5,066,353,330	<u>5,297,306,623</u>
22. COST OF GOODS SOLD			
Cost of goods manufactured	22.1	4,699,908,879	4,692,115,834
Finished goods (including waste)			
Opening stock		345,632,820	294,726,943
Closing stock		(442,591,727)	(345,632,820)
		(96,958,907)	(50,905,877)
Cost of goods sold		4,602,949,972	4,641,209,957
Cost of raw material sold		11,381,581	1,830,735
		4,614,331,553	<u>4,643,040,692</u>

22.1 Cost of goods manufactured	Note	2015	2014
		..... Rupees	
Raw material consumed	22.1.1	3,506,199,228	3,601,497,662
Stores and spares		106,768,096	97,411,184
Packing material		94,535,612	84,205,531
Power and fuel		490,089,484	504,261,778
Salaries, wages and benefits	22.2	287,129,164	243,532,400
Depreciation	4.2	115,801,753	116,935,102
Insurance		23,369,472	19,178,329
Repairs and maintenance		17,400,926	19,008,051
Ijarah rentals		34,073,124	4,301,410
Other overheads		19,035,603	10,777,411
		<u>4,694,402,462</u>	<u>4,701,108,858</u>
Work-in-process			
Opening stock		47,744,623	38,751,599
Closing stock	7	(42,238,206)	(47,744,623)
		5,506,417	(8,993,024)
		<u>4,699,908,879</u>	<u>4,692,115,834</u>
22.1.1 Raw material consumed			
Opening stock		810,022,115	1,153,464,064
Purchases - net		3,251,582,418	3,258,055,713
		4,061,604,533	4,411,519,777
Closing stock	7	(555,405,305)	(810,022,115)
		<u>3,506,199,228</u>	<u>3,601,497,662</u>

22.2 Salaries, wages and benefits include Rs. 19.11 million (2014: Rs. 14.61 million) in respect of staff retirement benefits.

23. DISTRIBUTION COST	Note	2015	2014
		..... Rupees	
Brokerage and commission		51,912,510	96,542,756
Staff salaries and benefits	23.1	15,051,194	12,830,304
Ocean freight		33,350,964	29,251,183
Inland freight on export		19,504,073	21,209,370
Inland freight on local sales		4,519,980	3,287,500
Bank charges and commission		22,049,140	20,436,560
Customers claims		1,555,391	5,162,772
Export development surcharge		9,596,615	11,435,205
Wharfage		6,492,639	7,303,220
Forwarding charges		1,557,005	5,104,197
Miscellaneous export expenses		6,076,482	4,958,427
Postage and telegram		1,324,964	1,729,433
Others		2,162,662	1,502,127
		<u>175,153,619</u>	<u>220,753,054</u>

23.1 Staff salaries and benefits include Rs. 0.78 million (2014: Rs. 0.61 million) in respect of staff retirement benefits.

Annual Report 2015

24. ADMINISTRATIVE EXPENSES	Note	2015	2014
		..... Rupees	
Staff salaries and benefits	24.1 & 31	64,730,286	50,554,162
Traveling and conveyance		6,113,862	8,253,399
Charity and donation	24.2	8,220,400	14,685,800
Vehicles running and maintenance		3,911,790	3,384,296
Legal and professional		3,830,560	6,301,450
Rent		2,863,140	2,863,140
Electricity		2,627,748	2,719,970
Fees and subscription		3,098,247	2,807,554
Printing and stationery		1,305,529	1,569,951
Postage and telephone		1,574,975	2,442,995
Depreciation	4.2	8,875,352	9,780,784
Amortization	5	1,741,923	1,695,787
Repairs and maintenance		3,778,756	3,568,353
Auditors' remuneration	24.3	1,381,900	1,130,000
Insurance		1,159,646	1,182,512
Advertisement		171,700	178,890
Others		1,047,537	941,454
		116,433,351	114,060,497

24.1 Staff salaries and benefits include Rs. 3.80 million (2014: Rs. 4.88 million) in respect of staff retirement benefits.

24.2 None of the directors or their spouse had any interest in the donee's fund.

24.3 Auditors' remuneration

	Note	2015	2014
		..... Rupees	
Annual audit fee		650,000	650,000
Fee for review of :			
- Condensed interim financial information		75,000	75,000
- Code of Corporate Governance		25,000	25,000
Tax services		100,000	-
Certifications		531,900	380,000
		1,381,900	1,130,000

25. OTHER OPERATING EXPENSES

Workers' Profit Participation Fund		3,183,345	7,452,832
Workers' Welfare Fund		3,549,475	3,970,652
Loss on disposal of property and equipment		2,517,469	11,651,439
Loss on sale and lease back		5,831,998	219,870
Foreign exchange loss - net		12,520,994	-
Others		260,000	-
		27,863,281	23,294,793

26. FINANCE COST

Interest / mark-up on :			
Long-term finance		26,059,311	31,893,064
Short-term borrowings		47,734,502	185,775,145
Workers' Profit Participation Fund	17.3	457,685	1,240,169
Letters of credits discounting charges		10,662,969	13,729,311
Bank guarantee commission		347,231	578,042
Bank charges		1,408,347	1,872,988
		86,670,045	235,088,719

27. OTHER INCOME	2015	2014
	..... Rupees	
Income from financial assets		
Profit on bank accounts and term deposit receipts	1,557,828	828,387
Gain on sale of investment	667,609	-
Exchange gain - net	-	52,789,282
Gain on forward contracts	-	9,835,010
	<u>2,225,437</u>	<u>63,452,679</u>
28. TAXATION		
Current		
-for the year	42,953,635	28,713,370
-for prior year	(313,835)	(7,600,256)
Deferred	4,326,137	2,387,356
	<u>46,965,937</u>	<u>23,500,470</u>

28.1 The numerical reconciliation between the tax expense and accounting profit has not been presented for the current year in these financial statements as the total income of the Company for the current year attracted minimum tax under Section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

28.2 Under section 5A of the Income Tax Ordinance, 2001, the Company is obligated to pay tax at the rate of 10 percent on its undistributed reserves exceeding 100 percent of its paid-up capital. Further, such tax shall not be applicable to a public company which distributes lower of 40 percent of its after tax profits or 50 percent of its paid up capital, within six months of the end of the tax year. The Company intends to comply requirements under section 5A of the Income Tax Ordinance, 2001 in the forthcoming six months.

29. EARNINGS PER SHARE - BASIC AND DILUTED	2015	2014
There is no dilutive effect on the basic earnings per share of the Company which is based on :		
Profit for the year	Rupees 1,160,981	101,021,077
Weighted average number of ordinary shares outstanding during the year	17,324,750	17,324,750
Earnings per share	Rupees 0.07	5.83
	Note	2015
30. CASH AND CASH EQUIVALENTS		2014
		..... Rupees
Cash and bank balances	12	61,691,214
Running / cash finances	19.1	(395,432,686)
		<u>(333,741,472)</u>
		<u>37,490,952</u>

Annual Report 2015

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of remuneration and benefits to the Chief Executive and Executives are as follows:

	.....2015.....		.....2014.....	
	Chief Executive	Executives	Chief Executive	Executives
	..... Rupees			
Managerial remuneration	9,177,012	50,452,810	8,478,755	41,231,387
Bonus / Ex-gratia	764,751	4,548,100	764,751	3,892,664
Retirement benefits	764,751	4,548,100	764,751	3,892,664
Leave encashment	-	2,274,050	-	1,946,332
Utilities	808,369	-	857,586	-
	11,514,883	61,823,060	10,865,843	40,761,662
No. of persons	1	20	1	19

31.1 The Chief Executive and Executive Directors are also entitled for use of car owned and maintained by the Company.

31.2 An amount of Rs 0.240 million (2014: Rs 0.145 million) has been charged in these financial statements in respect of fee paid to Directors for attending Board meetings.

	2015	2014
32. PLANT CAPACITY AND ACTUAL PRODUCTION		
Number of spindles installed	44,400	44,400
Number of spindles worked	44,400	44,400
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count-kgs	15,312,002	15,312,002
Actual production of yarn after conversion into 20/s count-kgs	15,307,897	14,350,019

	2015	2014
33. NUMBER OF EMPLOYEES		
Average number of employees during the year	1,339	1,295
Number of employees as at June 30	1,358	1,297

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Remuneration of key management personnel is disclosed in note 31 and amount due in respect of staff retirement benefits is disclosed in note 16. Other significant transactions with related parties are as follows:

		2015	2014
		..... Rupees	
Relationship with the party	Nature of transactions		
Associated undertakings	Sale of goods	816,102	-
	Share of expenses paid	3,036,178	4,381,705
	Share of expenses received	3,508,558	2,139,548
	Purchase of cotton	114,319,337	-
	Purchase of machinery	6,500,000	-
	Sale of machinery	1,600,000	5,250,000
	Dividend paid	434,798	869,596
Directors	Rent expense		
	- godown	240,000	240,000
	- office premises	2,863,140	2,863,140

35. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per balance sheet

Loans and receivables at amortized cost

- Long term deposits	1,964,069	1,964,069
- Trade debts	663,881,219	257,669,756
- Loans and advances	8,967,570	4,395,356
- Trade deposits	311,241	311,241
- Other receivables	70,559	466,508
- Cash and bank balances	61,691,214	129,167,854
	736,885,872	393,974,784

Held to maturity

- Other financial assets	10,102,385	-
	746,988,257	393,974,784

Financial liabilities as per balance sheet

Financial liabilities measured at amortized cost

- Long term finance	240,617,427	267,407,262
- Trade and other payables	240,038,725	232,217,285
- Interest / mark-up accrued on borrowings	14,995,910	24,350,840
- Short term borrowings	1,229,469,974	1,209,994,070
	1,725,122,036	1,733,969,457

35.1 Fair values of financial assets and liabilities

(a) Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms' length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values as the items are short term in nature.

(b) Fair value estimation

The Company discloses the financial instruments measured in the balance sheet at fair value in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2015, the Company does not hold any financial instruments which require classification in above levels.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

36.1 Financial risk factors

Introduction and overview

The Company has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, Company's objectives, policies and processes for measuring and managing risk and fair value of financial instruments.

Financial risk factors and risk management framework

The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in Company's activities but it is managed through monitoring and controlling activities which are based on internal controls set on different activities of the Company by the Board of Directors. These controls reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept.

The Board along with the Company's finance and treasury department oversees the management of the financial risks reflecting changes in the market conditions and also the Company's risk taking activities providing assurance that these activities are governed by appropriate policies and procedures and that the financial risk are identified, measured and managed in accordance with the Company policies and risk appetite.

36.1.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company exports yarn and waste stock to foreign customers and maintain foreign currency accounts for the payment to foreign suppliers which exposes it to currency risk. As at June 30, 2015, financial assets include Rs. 589.06 million (2014: Rs. 196.74 million) equivalent to US\$ 5.80 million (2014: US\$ 1.99 million) and financial liabilities include foreign commission payable and finance obtained against import / export amounting to Rs. 853.65 million (2014: Rs. 942.12 million) equivalent to US\$ 8.39 million (2014: US\$ 9.54 million). The average rates applied during the year is Rs. 100.50 / US \$ (2014: Rs. 102.88 /US \$) and the spot rate as at June 30, 2015 was Rs. 101.70/ US\$ (2014: Rs. 98.75 /US\$).

At June 30, 2015, if the Pakistan Rupee had weakened/strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been lower/higher by Rs. 26.46 million (2014: Rs. 74.54 million), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade debts and accrued expenses.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from bank deposit accounts, long term finance and short term borrowings amounting to Rs. 1.42 billion (financial liabilities on a net basis) (2014: Rs. 1.36 billion). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

Variable rate instruments	Carrying amount	
	2015	2014
	..... Rupees	
Financial assets		
- Saving accounts	3,589,961	3,813,805
Financial liabilities		
- Long term finance	189,476,537	152,429,221
- Short term borrowings	1,229,469,974	1,209,994,070
	(1,418,946,511)	(1,362,423,291)
Net financial liabilities at variable interest rates	(1,415,356,550)	(1,358,609,486)

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit/ loss for the year and shareholder's equity by Rs. 13.91 million (2014: Rs. 14.2 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2014.

Fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

(c) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at year end, there are no financial instruments of the Company which are subject to equity price risk.

36.1.2 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Out of the total financial assets of Rs. 746.99 million (2014: Rs. 393.97 million), the financial assets which are subject to credit risk amounted to Rs. 745.911 million (2014: Rs. 392.36 million).

The Company is exposed to credit risk from its operating activities (primarily balances with banks, trade debts and loans and advances) and from its investing activities, including deposits with banks and financial institutions and other financial instruments. The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating. The names and credit rating of major banks where the Company maintains its bank balances are as follows:

Name of bank	Credit rating	
	Short-term	Long-term
Soneri Bank Limited	A1+	AA-
Bank of Punjab	A1+	AA-
Bank Al-Falah Limited	A1+	AA
NIB Bank Limited	A1+	AA-
MCB Bank Limited	A1+	AAA
Allied Bank Limited	A1+	AA+
National Bank of Pakistan	A-1+	AAA
Askari Bank Limited	A1	A+
Faysal Bank Limited	A-1+	AA
Samba Bank Limited	A-1	AA-
BankIslami Pakistan Limited	A1	A
Dubai Islamic Bank Pakistan Limited	A-1	A+
JS Bank Limited	A1+	A+
Meezan Bank Limited	A-1+	AA

Credit risk related to receivables

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

36.1.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. 87% of the Company's debt will mature in less than one year at June 30, 2015 (2014: 85%) based on the carrying value of borrowings reflected in the financial statements.

Liquidity and interest risk table

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Interest rate	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
2015							
..... Rupees							
Long term financing	9.7% - 12.7%	5,219,423	10,630,367	38,355,395	178,099,242	8,313,000	240,617,427
Trade and other payable:	-	-	240,038,725	-	-	-	240,038,725
Interest / mark-up accrued on loans	-	13,469,315	1,526,595	-	-	-	14,995,910
<i>Short-term borrowings</i>							
Running finance / cash finance	One to three month KIBOR plus spread ranging between 0.60% and 1.00%	-	-	395,432,686	-	-	395,432,686
Finance against import / export	1.90% to 4.0% inclusive of LIBOR	-	-	834,037,288	-	-	834,037,288
		18,688,738	252,195,687	1,267,825,369	178,099,242	8,313,000	1,725,122,036
..... Rupees							
2014							
Long term financing	7% - 15.61%	2,961,143	10,396,997	38,702,487	191,181,475	24,165,250	267,407,352
Trade and other payables	-	-	232,217,285	-	-	-	232,217,285
Interest / mark-up accrued on loans	-	19,842,243	4,508,597	-	-	-	24,350,840
<i>Short-term borrowings</i>							
Running finance / cash finance	One to three months KIBOR plus 0.75 %	-	-	91,676,902	-	-	91,676,902
Finance against import / export	1.75% to 3.0% inclusive of LIBOR	-	-	921,822,784	-	-	921,822,784
Advance against ljarah finance	Six month KIBOR + 0.75%	-	196,494,384	-	-	-	196,494,384
		22,803,386	443,617,263	1,052,202,173	191,181,475	24,165,250	1,733,969,547

36.1.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.
- operational and qualitative track record of the plant and equipment supplier and related service providers.

37. CAPITAL RISK MANAGEMENT

The objectives of the Company when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for stakeholders, and to maintain a strong capital base to support the sustained development of its business. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders or issue new shares. The Company's overall strategy remains unchanged from previous year.

The gearing ratio at June 30, 2015 and June 30, 2014 were as follows:

	2015	2014
	..... Rupees	
Total debts	1,470,087,401	1,477,401,332
Less: Cash and bank balances	(61,691,214)	<u>(129,167,854)</u>
Net debt	1,408,396,187	1,348,233,478
Total equity	1,630,888,489	1,598,445,225
Adjusted capital	3,039,284,676	<u>2,946,678,703</u>
Gearing ratio	<u>0.46</u>	<u>0.46</u>

38. OPERATING SEGMENTS

Chief Executive considers the business as a single operating segment as the Company's assets allocation decisions are based on a single, integrated business strategy, and the Company's performance is evaluated on an overall basis.

The information with respect to operating segment is stated below:

- (a) 67.3 percent (2014: 72.3 percent) sales of the Company relate to export customers.
- (b) As at year end, all non-current assets of the Company are located within Pakistan.
- (c) There are no customers whom sales made during the year exceeded 10 percent of total sales for the year.

39. SUBSEQUENT EVENTS

The Board of Directors at their meeting held on September 21, 2015 have proposed a dividend of Re. 1 per share (2014: Re. 1 per share) for the year ended June 30, 2015, amounting to Rs. 17.32 million (2014: Rs. 17.32 million), subject to the approval of members at the annual general meeting to be held on October 21, 2015.

40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on September 21, 2015.

41. GENERAL

Figures have been rounded off to the nearest Rupee.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

FORM OF PROXY
TATA TEXTILE MILLS LIMITED

I/We _____
of _____ being a member(s) of TATA TEXTILE MILLS LIMITED registered
at Folio No. _____ holder of _____
ordinary shares hereby appoint Mr./Mrs./Miss. _____

who is also a member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 29th Annual General Meeting of the Company at 5th Floor Textile Plaza, M.A. Jinnah Road, Karachi on Friday, October 21, 2015 at 11:30 am or at any adjournment thereof.

As witness my/our hand this _____ day of 2015
signed by the said _____ in the presence of

1. Witness:

Signature _____
Name _____
Address _____

Affix Revenue
Stamps of Rs.5/-

Signature of Member

2. Witness:

Signature _____
Name _____
Address _____

Shareholder's Folio No. _____

CDC Participant I.D/Sub A/c # _____

CNIC No.

NOTES:

- Proxies, in order to be effective, must be received at the Company's Registered Office 6th Floor Textile Plaza, M.A. Jinnah Road, Karachi, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- Signature must agree with the specimen signature registered with the Company.
- An individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC/Passport to prove his/her identity, and in case of proxy must enclose additionally an attested copy of his/her CNIC/Passport. Representative of corporate members should bring the original usual documents required of such purpose.
- No person shall act as proxy unless he is a member of the Company.



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