ANNUAL REPORT | 2019

TATA PAKISTAN

ISLAND TEXTILE MILLS LIMITED

CONTENTS

COMPANY PROFILE & BUSINESS AT A GLANCE

COMPANY PROFILE & BUSINESS AT A GLANCE

Island Textile Mills Limited (ITML) is one of the three premier textile spinning Companies of Tata Pakistan Textile Group set up with 45,984 spindles producing a range of yarn catering to both domestic and international customers. ITML has capability to process around 50 million lbs of cotton to produce 46 million lbs of yarn with revenues of approximately Rs 7.5 Billion. ITML also has a credible export pedigree with a footprint in 19 countries.

ITML was incorporated in Pakistan in 1970 and is quoted on the Pakistan Stock Exchange, has an equity base of Rs 4.3 Billion.

ITML is a proud recipient of numerous accolades including 5th Employer of the Year Award by Employer's Federation of Pakistan (EFP) and Corporate Philanthropy Award by Pakistan Center for Philanthropy (PCP).

With a keen focus on health, safety & environment, ITML is a reputable corporate citizen. The Company had developed in late 1990's Quality Management System based on ISO-9001 standard and since then maintaining it as base Management System across TATA PAKISTAN and integrating the requirement of other international and national standards on Occupational Health Safety, Environment Management and Energy Management Systems. Maintaining Certification on "OEKO Tex Standard 100" and recently gone through the audit process for certification on Global Organic Textile Standard (GOTS) and Organic Content Standard (OCS) to manufacture its products according to the standards our customers expect.

ITML ensures reliable and trustworthy partners in its supply chain hence maintaining membership with world renowned names in textile like International Cotton Association (ICA), Cotton USA (CA), Better Cotton Initiative (BCI), Com4Ring and Com4Compact.

ITML has the capability to produce the following type of yarns

- 100% COTTON CARDED KNITTING & WEAVING YARNS
- 100% COTTON COMBED KNITTING & WEAVING YARNS
- 100% COTTON COMBED COMPACT KNITTING & WEAVING YARNS
- 100% COTTON CARDED WEAVING SIRO YARNS
- COTTON / POLYESTER BLEND CARDED & COMB YARN FOR KNITTING & WEAVING
- COTTON / TENCEL BLEND CARDED FOR WEAVING YARN
- COTTON / MODAL BLEND CARDED FOR WEAVING YARN

For further information please visit our website www.tatapakistan.com

GROUP INFORMATION

TATA GROUP

Tata Group is a large well respected conglomerate in Pakistan with diversified interests in textiles, food and power generation. The group's activities started in 1969 and since then has expanded into textile spinning business and has established it's self as a premier brand. In recent years it has expanded into Food business. Tata group has sizable exports and contributes valuable foreign exchange to the national exchequer.

TATA TEXTILE MILLS LIMITED (TTML)

TTML is a public limited company incorporated in 1987 and listed on Pakistan Stock Exchange and is a modern spinning unit consisting of 44,400 Spindles setup for the manufacturing of Cotton Yarn. The TATA Brand quickly became the standard for the yarn market. TTML main office is located in Textile Plaza Karachi and its manufacturing facility is located in Muzaffargarh which is close to Multan. Management is continuously striving to diversify its product line and lately has added dual, slub and Lycra range of yarns. Management is taking further initiatives to enhance production, conserve energy consumption by introducing high fuel efficient gas generators and will install a 1 MW solar project to control the cost of power.

ISLAND TEXTILE MILLS LIMITED (ITML)

ITML is a public limited company incorporated in 1970 and listed on Pakistan Stock Exchange. Tata Group took over the management of this running spinning unit in Kotri, Sindh in 1981 which quickly established a name in spinning of cotton yarns. ITML office located at Textile Plaza, Karachi and its manufacturing facilities are located at Kotri Industrial Estate in the Province of Sindh. In view of emergent business needs, a strategic expansion plan was made and executed in 2014 with the ground breaking of its 2nd unit. In 2015, after rigorous efforts inaugrated 2nd unit of ISLAND TEXTILE MILLS LTD. which is the only state-of-the-art Reiter spinning mill of Pakistan. This plant is completely automated from Blow room to winding.

SALFI TEXTILE MILLS LIMITED (STML)

STML is a public limited company incorporated in Pakistan in 1968 and is listed on Pakistan Stock Exchange. Its office is located in Textile Plaza, Karachi and the manufacturing facility is located at Landhi Industrial Estate in the Province of Sindh. With the incorporation of STML Tata Group gained a foothold in the Synthetic Yarn Market in 4 subsequent decades of successful operation. In 2005 a complete renovation of STML was carried out and capacity enhanced to 36,708 Spindles with latest machinery.

TATA ENERGY LIMITED (TEL)

TEL was incorporated in 1994 as a Public Company Limited. The principal activity of the company is generation and supply of electric power with 10 MW capacity. The office of the Company is situated at Textile Plaza, Karachi. TEL's power generation capacity is installed at two locations in the years 1995 and 1998 respectively. The first one is situated at Landhi Industrial Area supplying electrical power to Salfi Textiles Mills Limited. The second one is situated at Kotri Industrial Area supplying Electrical power to Island Textiles Mills Limited.

TATA BEST FOODS LIMITED (TBFL)

The Group has also diversified into Food business. TBFL's principal activity is processing of meat at its internationally approved facility located at Landhi, Karachi to prepare, process, preserve, pack and market meat and related products for export and local sale to restaurants, hotel chains and grocery stores. TBFL is a manufacturer-cum-exporter and playing a vital role in the modernization of the meat industry in Pakistan besides contributing valuable foreign exchange to the economy.

COMPANY INFORMATION

BOARD OF DIRECTORS
Mr. Anwar Ahmed Tata - Chairman
Mr. Shahid Anwar Tata - Chief Executive
Mr. Adeel Shahid Tata - Non Executive Director
Mr. Bilal Shahid Tata - Executive Director
Mr. Farooq Advani - Non Executive Director
Ms. Shahbano Hameed - Non Executive Director
Mr. Muhammad Naseem - Independent Director

AUDIT COMMITTEE
Mr. Muhammad Naseem - Chairman
Mr. Farooq Advani - Member
Mr. Adeel Shahid Tata - Member
Mr. Ghulam Raza Hemani - Secretary

HR & REMUNERATION COMMITTEE
Mr. Muhammad Naseem - Chairman
Mr. Shahid Anwar Tata - Member
Mr. Bilal Shahid Tata - Member
Mr. Farooq Advani - Member
Mr. M. Ali Mirza - Secretary

CHIEF FINANCIAL OFFICER
Mr. Haseeb Hafeezuddeen

COMPANY SECRETARY
Mr. Muhammad Hussain

INTERNAL AUDITOR
Mr. Ghulam Raza Hemani

AUDITORS
M/s. Deloitte Yousuf Adil
Chartered Accountants

BANKERS
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Summit Bank Limited
The Bank of Punjab
Pak Oman Investment Company Limited

LEGAL ADVISOR
Ameen Bandukda & Co. Advocates

REGISTERED OFFICE
6th Floor Textile Plaza,
M.A Jinnah Road Karachi.
Tel# 32412955-3 Lines 32426761-2-4
Fax# 32417710
Email: itm.corporate@tatapakistan.com

FACTORY LOCATION
A/12, S.I.T.E., Kotri
District Jamshoro
(Sindh)

SHARE REGISTRAR
CDC Share Registrar Services 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

WEB
www.tatapakistan.com

PROFILE OF DIRECTORS

Anwar Ahmed Tata
Chairman

Mr. Anwar Ahmed Tata, holding a Master's Degree in Commerce, is one of the founding members of Tata Pakistan and has invested over fifty years into developing the Company through manufacturing, sales management, marketing management and general management into what it is today. With his expertise and diversified experience, he has taken Tata Pakistan to a level which is appreciated by both local and international business communities.

Shahid Anwar Tata
Chief Executive

Mr. Shahid Anwar Tata holds a Bachelor's degree in Commerce and has been with the family textile spinning business since Graduation. He is serving as Director and CEO for Tata Pakistan Group which comprises of three independent publically listed spinning mills, a power producing company and a food processing business. He is also serving as a Board Member of Textile Institute of Pakistan (TIP) and as a Vice Chairman of National Textile Foundation, Pakistan.

With over 30 years of experience and in-depth knowledge of textile business Mr. Shahid Anwar Tata is constantly striving and inspiring his team of professionals to embrace modern technology for greater efficiency, produce quality products while maintaining a fair and equitable treatment towards staff and workers.

He has a strong desire to contribute back to the society and is actively involved in philanthropy and supports many institutions in health and education sectors such as, Bait-Ul-Sukoon Cancer Hospital, Indus Hospital, The Citizen Foundation, etc.

Adeel Shahid Tata

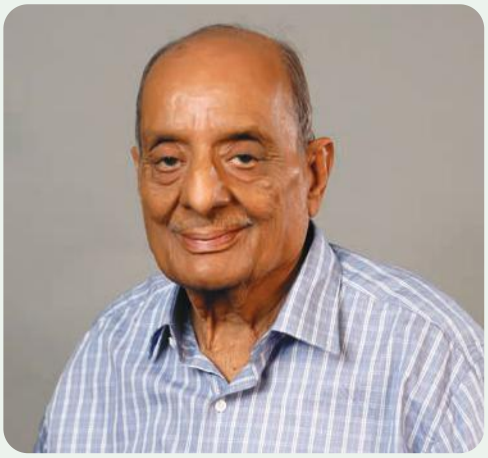
Director

Mr. Adeel Shahid Tata is Finance graduate from Bentley College U.S.A. and has spent 10 years managing the textile business. He provides a new style of management to the group. He is dynamic and passionate about his work and brings freshness to the style of business. Further he has also done number of professional courses in supply chain, cotton management, risk management, creative thinking and maintains several professional memberships like APTMA, YPO, etc. to stay current with ways of working and technology.

Bilal Shahid Tata

Director

Mr. Bilal Shahid Tata holds a Master's Degree in Business Administration from Cardiff University, UK. He has more than 10 years of experience in Business Management and is well versed in finance and strategy. He is also serving as a CEO of Tata Best Foods Limited which is a state of the art Meat Processing unit setup in Karachi for the purpose of processing meat for Export and Domestic markets. He has been instrumental in conceptualizing and setting up of this business and has been leading it from day one.



Muhammad Naseem

Director

Mr. Muhammad Naseem holds a Master's Degree in Business Administration and an LLB. He has more than 40 years of experience in business management. He has also completed his Director Certification Course from IBA. He is serving as a Director of the Board of Listed Companies.

Farooq Advani

Director

Mr. Farooq Advani brings with him over 45 years' of experience of business and financial management in the Textile manufacturing, Power and Food businesses. He is a Fellow Member of Institute of Chartered Accountant of Pakistan (ICAP).

He worked for in the areas of Accounts, Corporate Affairs, Sales Tax, Income Tax, HR, IT, Cost & Budget and Insurance. He has also served as the Director on the Board of Listed & unlisted Companies, Company Secretary, Chief Financial Officer, Head of Cost & Budget, Head of Information Technology and Project director of ERP Implementation.

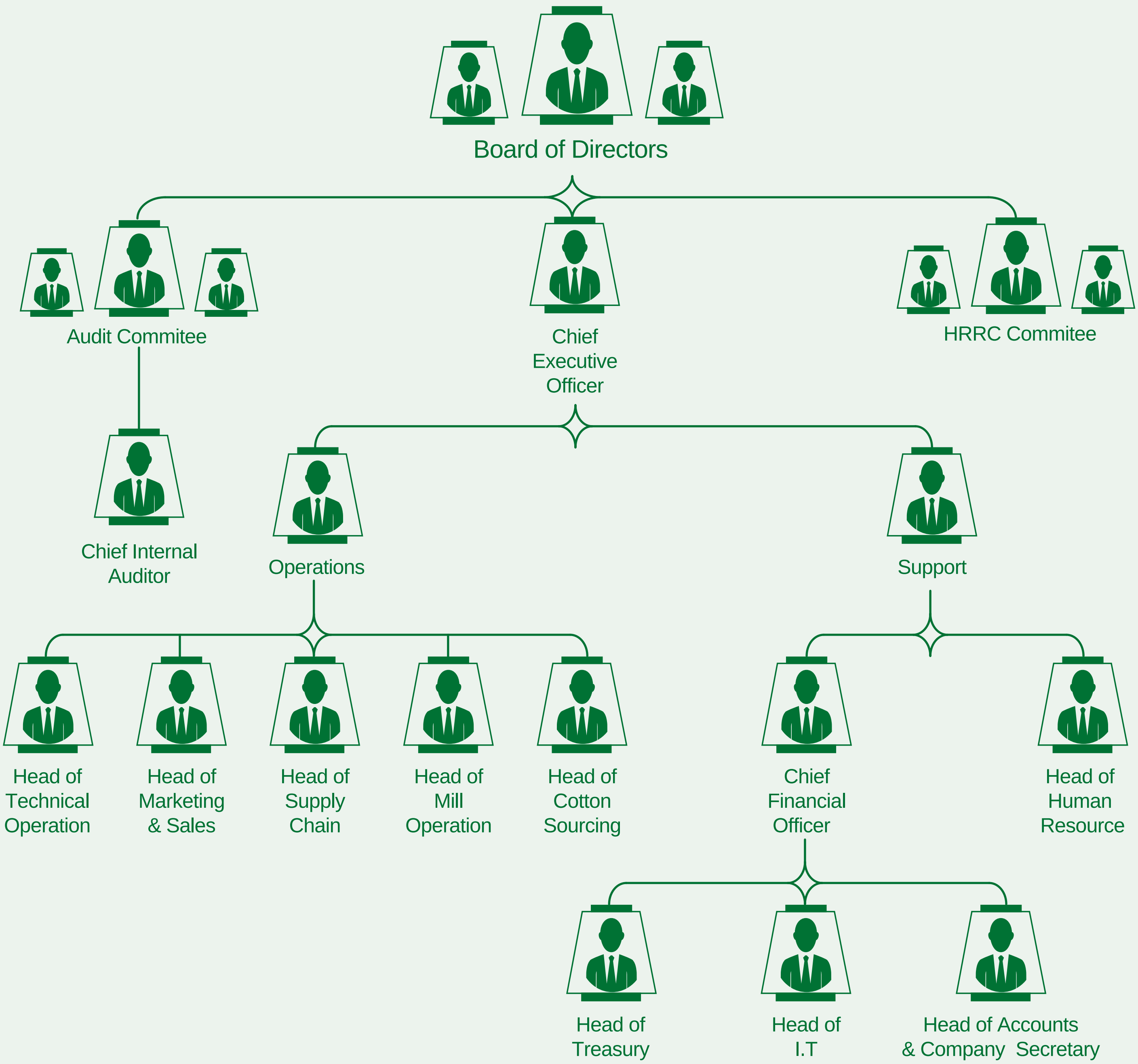
He has Core Competencies in Financial Analysis, Audit Compliance, Internal Control, Operating & Working Capital Matrics, Cash-flow Management and Modeling, Business Valuation, Cross Functional Team Leadership, Decision Making & Risk Analysis.

Samar Shahid Tata

Director

Ms. Samar Shahid Tata is the new face of Tata Group. She holds a Master Degree Developmental Psychology from Columbia University New York. She has considerable experience to the field of education and has worked on several projects and served with the following organizations Haque Academy, Karachi, Pakistan, Social and Emotional Development, Teachers College, Columbia University, Chase Lab, Teachers College, Columbia University, Karachi American School Alumni Production Association, Karachi, Pakistan, Brandeis Child and Adolescent Development Lab, Brandeis University, Waltham, MA, Karwan-e-Hayat: Institute for Mental Health, Karachi, Pakistan, War Against Rape, Karachi, Global Brigades- Public Health, Tegucigalpa, Honduras and Citizens' Archive of Pakistan, Karachi.

ORGANIZATIONAL CHART



KEY MANAGEMENT STAFF

Chief Financial Officer
Mr. Haseeb Hafeezuddeen

Head of Marketing & Sales
Mr. Muhammad Ejaz Ramzan

Head of Cotton Sourcing
Mr. Usman Kausar Lutfi

Head of Mills Operations
Mr. Muhammad Sehban

Head of Technical Operations
Mr. Tariq Haroon Dada

Head of Supply Chain
Mr. Abdul Lateef Bawany

Head of Human Resource
Mr. Muhammad Ali Mirza

Head of Treasury
Mr. Owais Ahmed Abbasi

Head of Accounts & Company Secretary
Mr. Muhammad Hussain Rasheed

Head of Information Technology
Mr. Muhammad Yasir Khan

Chief Internal Auditor
Mr. Ghulam Raza Hemani

VISION STATEMENT

We envision our credibility as one of the World's leading companies known for its values, principally honest business practices and optimum quality standards in diversified product range with sustained growth.

MISSION STATEMENT

We shall remain committed to exceeding the highest expectations of our customers. We strive for the production of best quality yarns for high value products.

CULTURE

We are one team that is encouraging and supportive which is committed to the success of our clients. We pursue excellence through continuous improvement and effective, efficient execution. We are accountable for decisions we make are responsive and collaborate to achieve the best result. We communicate honestly creating an open, transparent, and trust-based environment. We care and have respect for our people, our clients and our community and we all lead by example, every day.

VALUES

A Commitment to

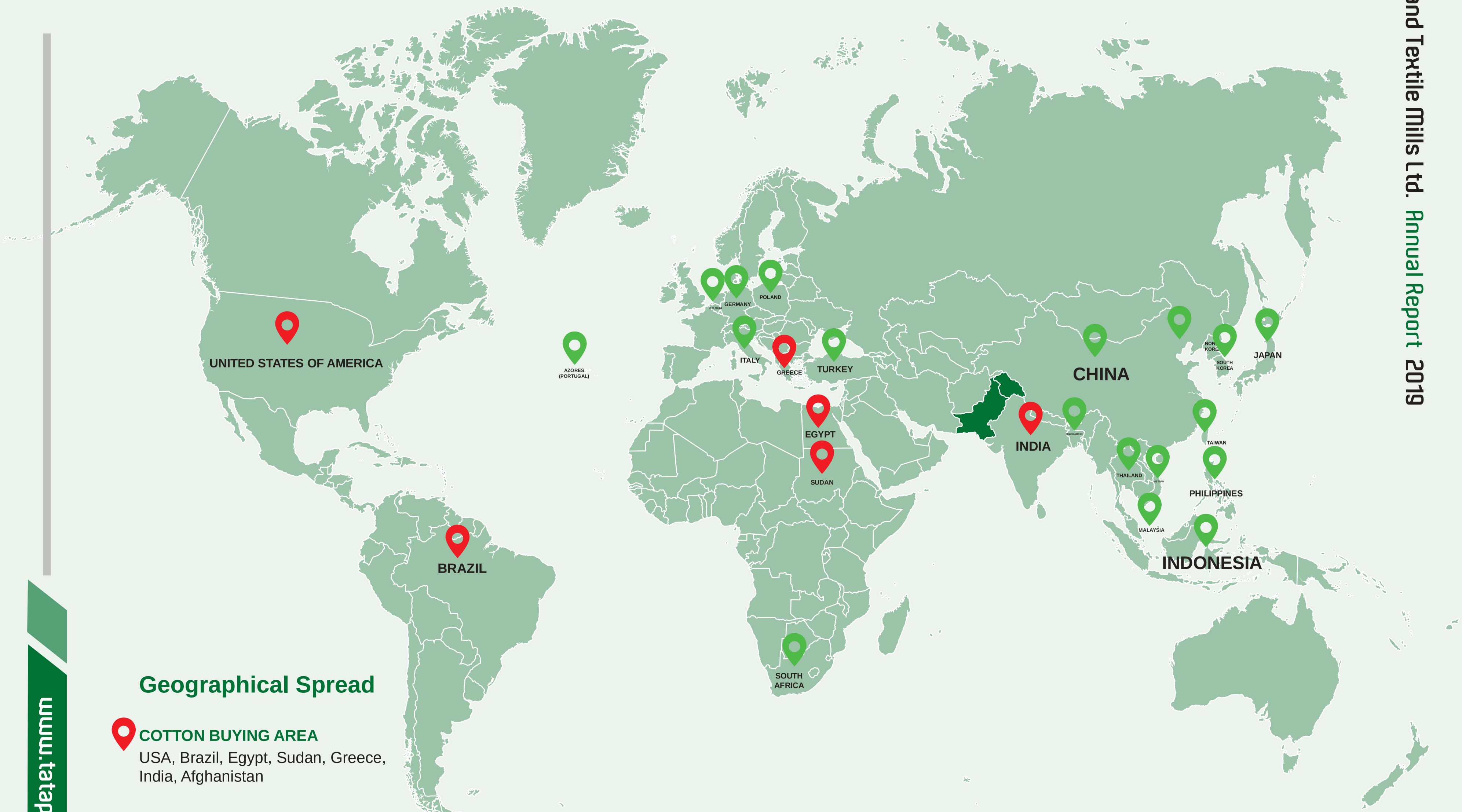
- Ethical Practices
- Produce with Efficient Technology
- Build Strong Communities
- Innovative and Quality Products
- Help the needy
- Respect People and Laws

STRATEGIC OBJECTIVES

- To remain an ethical Company.
- Ensure a fair return to shareholders.
- Maintain our reputation as the quality leader in our markets.
- To capitalize on export opportunities and leverage them to take advantage of economies of scale.
- To acquire and invest in modern technology to increase productivity and operational excellence while reducing costs to remain competitive with international markets.
- Maintain focus on CSR, environmental and safety management in order to reap corporate benefits as good corporate citizen & employer.
- Provide proper working conditions, training and development of personnel aligned to the strategic needs of the company.

OUR VALUES

- We take pride in uncompromising integrity through each individual's effort towards quality product for our customers and sizable contributions to the National Exchequer.
- We are honest and ethical in our dealings at all times through compliance with the applicable laws & regulations.
- We endeavor to exceed the expectation of all stakeholders.
- We encourage employees to be creative and seek innovative solutions.
- We value the self-esteem of all its stakeholders be it employees, suppliers, customers or shareholders.
- We believe in fairness to all stakeholders.
- We are committed to promote coherent culture, diversity, effective team work, open communication, feedback and performance evaluation sustain equity and transparency of employees, which supplements mutual trust and respect among employees and with management.
- We have established ourself as a quality product supplier



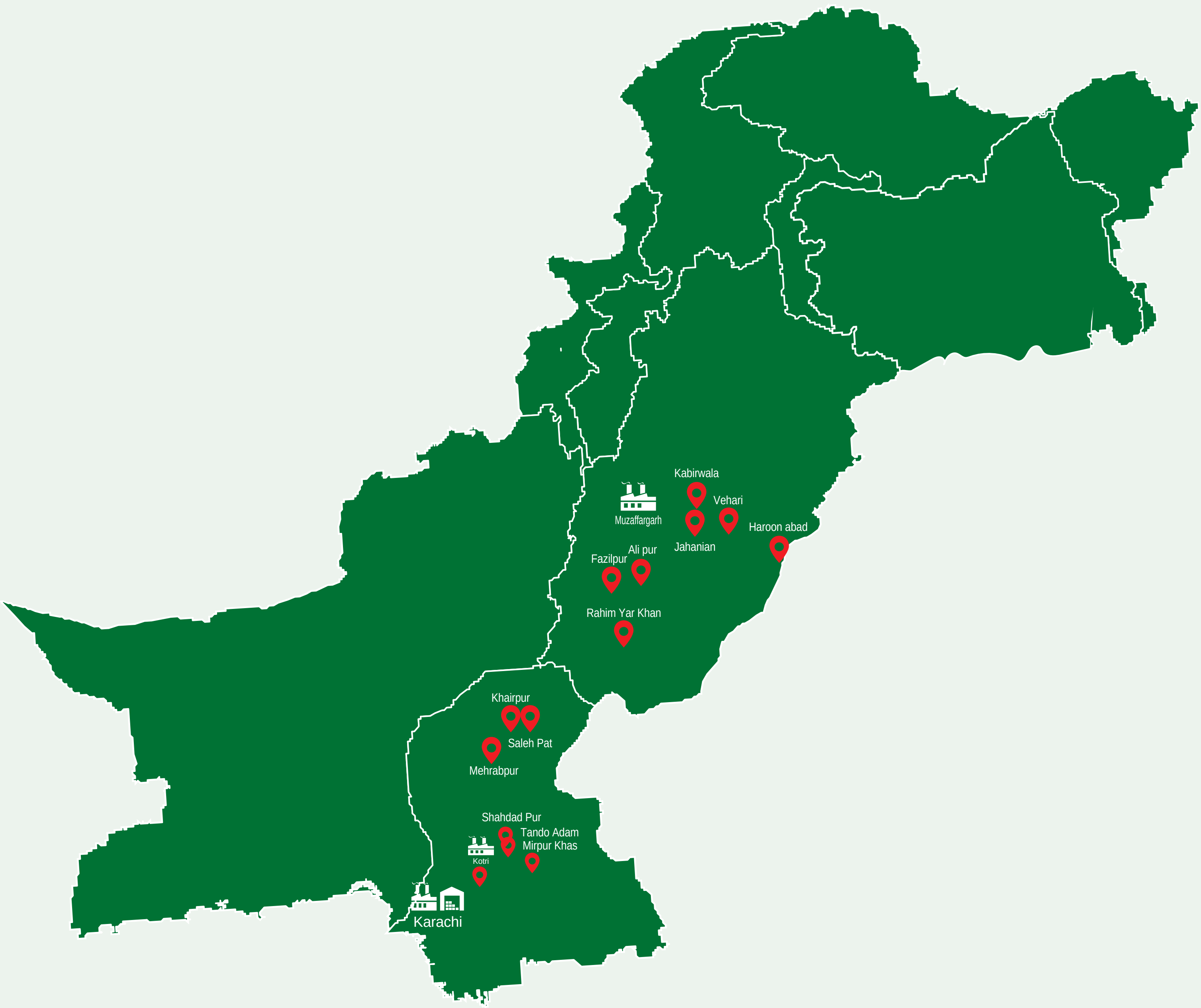
Geographical Spread

COTTON BUYING AREA

USA, Brazil, Egypt, Sudan, Greece, India, Afghanistan

YARN SALES

China, Japan, Hong Kong, Korea, Taiwan, Bangladesh, Thailand, Philippines, Vietnam, Portugal, Poland, Belgium, Indonesia, Malaysia, Italy, South Africa, Germany, Amsterdam Turkey.



COTTON BUYING AREA

PUNJAB: Ali Pur, Kabirwala, Khanewal, Fazilpur, Haroonabad, Jahania, Lodhran, Vehari, R.Y.Khan

SINDH: Tandoadam, Sanghar, Khairpur, Mehrabpur, Salehpat, Kotri, Mirpurkhas, Shahdadpur

HEAD OFFICE:

Karachi, Pakistan

MANUFACTURING LOCATIONS

Landhi Industrial Area, Karachi
Kotri Industrial Area, Jamshoro
Khanpur, Muzaffargarh

OUR ROAD TO SUCCESS

The sponsors of the company started off with a humble embroidery unit, called Naveena Industries in late 1960's and now five decades later it has grown into a multi-unit yarn spinner under the umbrella of TATA PAKISTAN which enjoys considerable market position and repute. After steadily growing in the domestic market, we expanded into the international market and quickly became a supplier of choice for leading textile manufacturers. We have climbed the ladder of success by setting higher targets and achieving our goals with patience and consistency.

2019

2019 is the year of Artificial Intelligence, Uster Sentinel (End down Monitoring) installed in Tata and Salfi Textile Mills. Pinter Caipo Slub and Slub-Lycra attachments are installed in Tata Textile Mills which is one of the specialized yarn of TATA group. New Savio Auto Winder is inducted in Tata Textile Mills to improve the quality of core yarns. Bobbin sorting machines and new cards are inducted in Island Textile Mills which is one step forward toward automation.

2018

Japanese HFO 6MW power plant installed in Tata Textile Mills as a backup of WAPDA. As we are a big producer of Slub yarn, hence slub modification installed in Salfi Textile Mills. Also installed Bar Code System for Packing in Salfi Textile Mills. Recive 5th employer of the year award from Employer Federation of Pakistan.

2017

Construction of new residential colony for worker at Salfi Textile Mills. Purchase of 15 kanal land for 132KV grid station at Tata Textile Mills. Dual core attachments are installed in Tata Textile Mill which also one of the crtial quality yarn that we are producing. Installation of 4 Italian Roving frames in Tata textile Mills. Latest Uster Tester-6 instrument is installed in Island Textile Mills for quality analysis.

2016

As compact yarn demand is increases day by day, Suessen Compact system is installed on 9072 spindles in Tata Textile Mills. Latest 3 Spanish Roving frames Electro Jet installed in Salfi Textile Mills and replace the old ones.

2015

Inauguration of 2nd unit of Island Textile Mills Limited, Consisting of 26784 Spindles is the only state of the art Reiter Spinning Mill of Pakistan.

2014

The ground breaking of the 2nd unit of Island Textile Mills Ltd. held as a strategic expansion plan. Salfi Textile Mills Ltd. achieved OEKO TEX Standard 100 Certification and Tata Textile Mills Ltd. successfully passed the Corporate Social Responsibility Audit by SGS Pakistan.

2013

Became a Member of "Better Cotton Initiative (BCI)". Tata Best Foods achieved certification on "Global Standard for Food Safety'' (BRC) and "Halal Food Management System" by Bureau Veritas Pakistan and SGS Pakistan respectively. All the Legacy System based Operations at Tata Pakistan got completely upgraded to ERP Systems.

2012

Tata Best Food Ltd. started business operations. Machinery Upgradation – Installed latest Uster Quantum 3 clearers and Trutzschler Securomat. Now Tata Textile Mills Ltd. has become the only company in Pakistan with this technology.

2011

The state of the art Tata Pakistan Corporate Office at 6th Floor of Textile Plaza, Karachi became functional after its renovation.

2009

Tata Textile Mills Limited achieved OEKO TEX Standard 100 Certification. Tata Best Food Ltd. Initiated commercial business of Halal Meat Trading with U.A.E.

2008

Ground Breaking of Tata Best Foods Ltd processing facility held in Karachi.

2007

The production capacity of Salfi Textile Mills Limited got enhanced by 100%.

2005

Tata Textile Mills Ltd. became the first Usterized Textile Mills in Pakistan. Achieved Supima Certifications. Completed renovation of Salfi Textile Mills Karachi having 36,324 Spindles with latest machinery.

2004

Tata Textile Mills Limited, Unit 2 with 25,200 Spindles & producing 100% US Cotton yarns started production.

1999

All the Associated Companies of Tata Pakistan Group received Corporate ISO-9002 Certification and is complying and maintaining its Management System based on ISO-9001.

1997

Tata Textile Mills Limited received ISO-9002 Certification being the first Spinning Mill in Pakistan to get this certification.

1991

Tata Textile Mills Limited, Muzaffargarh a most modern Spinning Unit, Consisting of 19,200 Spindles, is setup for the manufacturing of cotton yarn. Its "Tata Brand” quickly became the standard for the yarn in the spinning industry.

1983

Acquired a large spinning unit i.e. Salfi Textile Mills Limited, Karachi – Sindh. With its acquisition, the company gained a foothold in the synthetic yarn market.

1981

The company took over the management of a running spinning unit i.e. Island Textile Mills limited, Kotri, Sindh and quickly established a name in the spinning of cotton yarns.

1973

Dada Enterprises, a tannery business was acquired in Pakistan . At present, it’s a leading exporter of Leather and Leather Garments.

1969

Naveena Industries an embroidery unit was acquired in Pakistan.

SWOT ANALYSIS

S

STRENGTHS

- Strong controls environment and corporate governance
- 48 years of business and spinning experience and strong market repute for quality products
- Ethical business practices
- Self-power generation capability
- Excellent relationships with banks and business community
- Experienced technical staff
- State-of-the-art plant and production facilities

W

WEAKNESSES

- Size of spinning capacity smaller compared to Chinese rivals
- Labor intensive operations
- Access to financing
- Lower level of manufacturing automation
- Commodity which is affected by business cyclicality
- Cost of sales can be impacted by cotton volatility
- Lack of vertical integration
- Dependence on few countries for sales

O

OPPORTUNITIES

- Devaluation of Rupee makes us more competitive in International markets.
- New government incentives for textile sector.
- Vertical integration into weaving and garments
- Expand into untapped markets with value added innovative products
- Develop innovative product range utilizing experienced technical staff
- Greater MIS & manufacturing automation for efficiencies and faster decision making.

T

THREATS

- Higher cost of doing business (energy, interest, taxes, inflation)
- Slow and stuck up tax refunds overhang on liquidity.
- Political Instability
- Speculative cotton trade
- Failure of cotton crop due to natural disasters
- Inconsistent govt. policies e.g. GIDC & Sales Tax
- Trade wars leading to uncertainty over export orders
- Fluctuating interest & exchange rates
- Availability of subsidized yarn by regional competitors

STEEPLES ANALYSIS

SOCIAL

- High population growth rate
- Rising per capita income
- Growing middle class
- Increasing demand for cotton clothing

TECHNOLOGICAL

- Need to invest in new technology to keep cost of production competitive with industry.
- Seed R&D slow in Pakistan resulting in cotton crop being 40% lower than demand.

ENVIRONMENTAL

- Cotton is totally recyclable
- Scarcity of water affects cotton crop output

ETHICAL

- Tax evasion & questionable business activities in Pakistan
- Inaccurate declarations of imports & under invoicing in Pakistan
- Bribe and connection culture in Pakistan

POLITICAL

- Uncertainty about government policies
- Lack of implementation and very slow progress of tax reforms in Pakistan
- Improvement in law and order situation in Pakistan
- Growing Chinese influence
- Harsh economic circumstances due to IMF package have impacted Industries

LEGAL

- Import barriers in international market
- Anti-dumping rules in international market & intensified international trade measures
- SRO's culture is finishing in Pakistan coupled with inadequate tariff protection and incentives to promote exports
- Slow court procedures in Pakistan holds up tax refunds

ECONOMIC

- Steep rise in Borrowing rates impacting cost of working capital
- Sharp devaluation impacts input cost of imported cotton
- Harsh economic measures will slow economy and GDP
- Slowdown in China shifting production to Pakistan
- Government slow to process tax refunds thereby increases borrowing
- Increasing tariff barriers in export markets
- Regional exchange rate fluctuation
- Increasing sea freight rates for exports
- Increasing minimum wage and labor costs
- Volatile commodity prices

SEASONALITY

- Purchase of cotton crop August to Dec puts high demand on working capital
- Exports slow down during Chinese new year holidays
- Not able to utilize full benefit of devaluation as foreign buyers expect discounts

Calendar Of Corporate Events

Notable Events For The Financial Year	
BOD Meeting for Yearly Accounts - 2018	September 24, 2018
Annual General Meeting – 2018	October 22, 2018
BOD Meeting for first quarter ended September 30, 2018	October 25, 2018
BOD Meeting for Half year ended December 31, 2018	February 27, 2019
BOD Meeting for third quarter ended March 31, 2019	April 30, 2019

Tentative Dates for Next Financial Year	
BOD Meeting for approval of Annual Budget	July 10, 2019
BOD Meeting for Yearly Accounts – 2019	October 22, 2019
BOD Meeting for first quarter ended September 30, 2019	October 29, 2019
Annual General Meeting – 2019	November 21, 2019
BOD Meeting for Half year ended December 31, 2019	February 27, 2020
BOD Meeting for third quarter ended March 31, 2020	April 28, 2020

OBJECTIVES AND KEY PERFORMANCE INDICATORS

The Company constantly strives to set and achieve its objectives by implementing strategies which focus on ethics, quality, being fair, being competitive, maintaining good relationships, sustainability, technology improvements, product diversity and seeking growth.

	OBJECTIVES	STRATEGY AND KEY PERFORMANCE INDICATORS
1	Keeping true to providing best corporate governance and ethical way of doing business	• Circulation of ethical practice policies among staff and reinforcement of ethical practices across the organization • Abide by the Code of Corporate Governance and new CCG initiatives of SECP • Ensuring that SOP's, work instructions & job descriptions are aligned with appropriate policies • Zero tolerance towards fraudulent actions
2	Maintain quality of yarn and ensure best quality for customers	• Retain/attain International and National certifications • Quality control & quality assurance • Manufacture according to customer expectations • Ensure worker training and management seminars for latest quality initiatives • Maintain effective contact with customers and obtain feedback on quality
3	Maximize sales and identify new markets	• Review & monitor relationships with agents/brokers • Constantly reviewing pricing to ensure competiveness and selling opportunity and shifts in buying patterns • Develop new yarn counts
4	Maintain and increase manufacturing effectiveness	• Identify opportunities for cost reduction • Invest in new technologies to achieve labor, cost and energy efficiencies\
5	Ensure improvement in all areas of operations be it sales, administration, finance or information technology	• Identify automation opportunities • Ensure availability of resources capex, financing, staffing, time, etc. to achieve efficiency projects
6	Maximize returns to shareholders through the efficient and effective use of financial resources	• Make timely sales and collections • Procure fit for purpose, lower cost quality raw materials while keeping holding periods to a minimum • Efficient use of finance facilities to minimize finance cost
7	Suitable human capital management through proper hiring, training, appraisals and counselling	• Timely appraisals and performance feedbacks • Develop appropriate training for all staff levels • Reduce safety incidents • Appropriate succession planning for key positions

Stakeholder Engagement

Good relationships are maintained with all the stakeholders through effective and timely communication besides having a customer-centric approach.

Stakeholders	Why they are Important	Nature of Engagement	Frequency
Shareholders	1. They Own the Company 2. They expect a return on their investment 3. Decisions are made that increase shareholder value	1. AGM 2. EOGM's 3. Interim Reports 4. Annual Reports 5. Website	1. Annually 2. If/when needed 3. Quarterly 4. Annually 5. Continuously available
Customers	1. They buy our products which drives our revenues 2. They expect quality and drive demand for our products 3. They are our business partners	1. Direct relationships 2. Customer gatherings 3. Satisfaction surveys 4. Website	1. Continuous 2. Regularly 3. Annually 4. Continuously available
Employees	They deliver Tata's success and Company could not function without them.	1. Interaction with management 2. Appraisals 3. Employees events 4. Website	1. Daily 2. Annual/semi-annual 3. Regularly 4. Continuously available
Suppliers	Reliable and reasonable provision of raw materials determines our ability to supply finished goods	1. Direct relationships 2. Meetings 3. Trade shows 4. Website	1. Daily 2. Regularly 3. Regularly 4. Continuously available
Government Bodies	Determine trade policies that could positively or negatively impact Tata	1. Issue specific meetings / discussion / correspondence 2. Submission of statutory returns and reports 3. Website	1. As required 2. As required 3. Continuously available
Conditions affects our operations	1. Provide manpower for our operations 2. Their living 3. Our CSR initiatives are also aimed towards them	1. Tata TCF school 2. Tata health facility 3. Mosque 4. Website	1. Continuous 2. Continuous 3. Continuous 4. Continuously available
Banks	Provision of finance and trade facilities	1. Direct relationships 2. Meetings 3. Financial reporting 4. Websites	1. Regular 2. As needed 3. Periodic 4. Continuously available

RISK & OPPORTUNITY REPORT

Risk / Opportunity Category	Major Business Risk / Opportunity	Sensitivity	Source of Risk/ Opportunity	Mitigating Factors / Steps to create value
Financial Risk	Devaluation of PKR against foreign currencies may negatively impact Company's financial performance	High	External	• Ensuring a balanced ratio between export & domestic sales as needed • Appropriate hedging instruments such as forward cover & currency options if/when needed • Sourcing a greater share of raw cotton locally within the country • The Company mainly meets its working capital requirements through short-term financing facilities. In order to mitigate the risk of rising interest rates, management minimizes working capital requirements, negotiates prevailing market rates and maintains an efficient portfolio of sources of funds
	Payment defaults by customers	Low	External	Credit worthiness is assessed for each customer and credit limits are assigned according to our credit policy
Financial Opportunity	Devaluation of PKR could make exports more competitive in international markets & provide opportunities for inventory gain	High	External	Maintaining an opportunistic position and supply flexibility to take advantage of devaluing PKR to increase exports to certain export markets

Risk / Opportunity Category	Major Business Risk / Opportunity	Sensitivity	Source of Risk/ Opportunity	Mitigating Factors / Steps to create value
Operational Risk	Employee turnover amongst senior management positions	Medium-Low	Internal	Strong succession planning & HR policies, employee engagement initiatives, workplace satisfaction surveys, training/development, rotational policies and compensation audits are in place.
	Volatility in the international/Local price of Cotton	High	External	Well versed and dedicated procurement department, buying experience along with a diversified supplier base and large volumes keep the company relatively insulated from volatility in cotton prices.
	Energy shortage in Pakistan	High	External	Tata has its own power generation capability. Management utilizes all energy sources to keep the energy mix cost at lowest level.
	Work place incidents injuries & safety	Medium	Internal	The Company has formulated and implemented a ‘safety and security policy’ throughout its manufacturing and administrative facilities. Moreover, all assets are insured through reputable institutions in order to safeguard assets against any unforeseen event of damage, fire, the , act of terrorism etc.
Commercial Risk	Increased competition between local and international suppliers of the product.	Medium	External	The Company believes that its years of experience, quality, research and development, brand image and customer loyalty are success factors to sustain it even in this fast shifting global economic scenario.

Risk / Opportunity Category	Major Business Risk / Opportunity	Sensitivity	Source of Risk/ Opportunity	Mitigating Factors / Steps to create value
Strategic Risk	Economic and Political stability of the country	High	External	The Company believes in an open and transparent relationship with the Government, regulator and other political stakeholders. As part of the larger industry, Company through its representatives, provide valuable suggestions to the regulator, particularly during the budgetary process through APTMA. We regularly monitor economic and legal impacts of Government policies and political actions on the Company as well as the textile industry.
	Shift in production technologies may make Tata's processes obsolete and its product and prices non-competitive in local and/or international markets	Medium	External	Tata strongly believes in introducing new technologies to achieve production efficiencies and reduce cost and stay aligned to the international market.

Risk Management

The management of the company follow the rigorous approach to risk management which is essential to running a successful and sustainable business. The board of directors of the company are closely connected to effective risk management. Risk assessment, reporting and control help to enhance governance and control policies, to keep company aligned with its objectives. Our board member have diversified skills, knowledge and experience which enable them to identify and manage the key risks that are likely to arise. They also steer the culture of an organization which promotes an appropriate balance between risk and opportunities.

Potential Opportunities

Pakistan is one of those countries where upper middle class and middle class population forms majority. This factor opens up the opportunity to sell knitted wear and garments to the local mainstream population of the country. The ever so competitive local and international market has made it difficult for companies to sustain. This provides our Company the opportunity to acquire smaller players of the market and increase its market share and economic efficiencies.

Key sources of uncertainty

- Adverse impact of policies formed by the regulators

- Natural catastrophes such as heavy rains and floods that could destroy local cotton crop

- Adverse interest rate and exchange rate movements

Political Instability

The political conditions have been unstable due to change in gorverment and change in policy drive towards better governance.

Stable political situation in the country improves the overall business performance, investor confidence and also encourages foreigners to deal with some of the prestigious companies in the country, which may have impact on Company's share price.

Exchange Rate

Island has to import the cotton from various countries and its direct export has constrained to 27%, through which the entity is exposed to exchange rate risk. Any favorable or unfavorable movement in exchange rates might affect the company's profitability and hence, affect the share price. The company has also adopted effective strategies to minimize the risk of exchange rates.

Interest Rate

The Company's Finance Cost is 6% percent of the turnover. Any adverse interest rate movement might affect the company's profitability and hence, affect the share price.

Availability of Raw Material

The Company's performance is largely dependent upon the availability of raw material, which is highly sensitive to seasonal fluctuations. Thus, any negative or positive change in the crop yield will dampen the Company's performance and influence the share price.

CODE OF CONDUCT

The Code of Conduct is equally applicable on employees as well as the Board of Directors of the Company. The Company constantly endeavors to do the following.

1. HONEST AND ETHICAL CONDUCT

a. The company expect all the employees, Officers and Directors to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, while working at the Company's premises, at offsite locations, at Company's sponsored business and social events, and/or at any other place where the Directors/Officers represent the Company. We consider honest conduct to be conduct that is free from fraud and/or deception. We consider ethical conduct to be conduct conforming to the accepted professional standards of conduct. Ethical conduct includes ethical handling of actual or apparent conflicts of interest as specified below between personal and professional relationships.

2. CONFLICTS OF INTEREST

a. Every employee should conduct his/her personal and business affairs in a manner such that neither a conflict, nor the appearance of a conflict, arises between those interests and the interests of the company.

b. An employee should avoid any situation in which he or she, or a family member, might profit personally either (directly or indirectly), from the company's facilities, its products, or company's relationships with its vendors or customers.

c. An employee should not permit himself/herself (or members of his / her family) to be obligated (other than in the course of normal business relationships) to any organization or individual with whom the company has a business relationship.

d. In case an employee is offered or receives something of value which he/she believes may be impermissible under this Code, he / she should disclose the matter.

e. All employees shall avoid any kind of bribery, extortion and all other forms of corruption.

f. Conflict of interest shall be avoided and promptly disclosed where they exist and guidance should be sought from superiors.

3. COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS

a. All employees, officers and Directors must comply with all applicable governmental laws, rules and regulations. Directors/Officers must acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to recognize potential dangers, and to know when to seek advice from the Finance and/or Legal Advisor /Legal Counsel. Violations of applicable governmental laws, rules and regulations may subject Directors/Officers to individual criminal and/or civil liability. Such individual violations may also subject the Company to civil and/or criminal liability and/ or the loss of business.

4. MISCELLANEOUS

a. All employee shall maintain the confidentiality of confidential information of the Company or that of any customer, supplier or business associate of the Company to which Company has a duty to maintain confidentiality, except when disclosure is authorized or legally mandated.

b. All employee shall deal fairly with customers, suppliers and competitors. They should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential, proprietary or trade secret information, misrepresentation of material facts, or any other unfair dealing-practices.

c. All employee should protect Company's assets and property and ensure its efficient use. Theft, carelessness, and waste of the Company's assets and property have a direct impact on the Company's profitability. Company's assets should be used only for legitimate business purposes.

d. Any question or interpretation under this Code of Ethics and Business Conduct will be handled by the Board or any person /committee authorized by the Board of the Company. The Board of Directors or any designated person/committee has the authority to waive compliance with this Code of business conduct. The person-seeking waiver of this Code shall make full disclosure of the particular circumstances to the Board or the designated person/ committee.

e. This Code of conduct is not intended to and does not create any rights for any employee, customer, client, supplier, competitor, shareholder or any other person or entity.

f. If any employee or Directors who knows of or suspects of a violation of applicable laws, rules or regulations or Code of conduct, he/she must immediately report the same to the Board of Directors or any designated person/committee thereof. Such person should as far as possible provide the details of suspected violations with all known particulars relating to the issue.

g. Violations of Code of Ethics will result in disciplinary action, which may even include termination of services of the officer and disqualification from being a Board Member. The Company's Board or any Committee/person designated by the Board for this purpose shall determine appropriate action in response to violations.

CHAIRMAN'S REVIEW

Assalam-o-Alaikum,

We are pleased to present the audited accounts along with the Auditor's report for the year ended June 30, 2019. The Company achieved an After Tax Profit of Rs. 185 million (2018 After Tax Profit Rs. 460 million) due to sudden and volatile foreign currency movements experienced during the year despite 19.90% increase in turnover to Rs. 7.56 Billion (2018 Rs. 6.30 Billion) on sales volume of 43.69 million lbs. (2018 45.10 million lbs.) amid a global economic slowdown.

The Company's profitability was affected by multiple factors including unprecedented devaluation of Rupee, which affected the cost of imported cotton. In addition, economic slow-down in Pakistan and China along with China-USA trade tensions affected yarn prices negatively. Profitability was further affected by higher interest cost and general impact of inflation leading to increased cost of locally procured goods and services. The China-USA trade conflict and Chinese economic slow-down impacted its yarn imports which left major yarn exporting countries, especially Pakistan and India, devastated. The Company had to place heavy reliance on imported cotton due to lower than targeted domestic crop size and as such the raw material margin was negatively impacted by the devaluation of Pak Rupee. Further a sharp increase in discount rate from 6.75% to 13.75% significantly increased financial charges by 48.42% to Rs.473.161 million (2018 Rs. 318.799 million).

Although a number of Companies in the Textile Spinning Sector have posted very good results for the Financial Year, the management regrets that the Company was not able to achieve better results. The China-US trade dispute affected commodity prices, especially the cotton prices, which decreased by 20 cents and the Company was left with Cotton purchased at higher rates resulting in loss.

Coming Year

The withdrawal of Sales Tax Zero Rating for the textile sector resulting in the imposition of 17 percent Sales Tax and exorbitant increase in rates of many other Income Tax Withholding schemes has disrupted the local yarn trade on which the Company places heavy reliance. Hence, both the huge increase in taxes and global economic slow-down has adversely impacted our profitability. Although, the Government has been able to bring down the current account deficit through steep devaluation of Pak Rupee, however, meager efforts have been expended towards trade development to enhance exports. Pakistan is still faced with a large fiscal deficit and the Government is forced to collect massive amount of taxes and borrow from whatever source they can. This is resulting in extreme liquidity shortage in the market, leaving precious little resources for the Private Sector.

Raw Material

As the situation stands, the Pakistani crop has further deteriorated and the size of the crop is estimated around 9 Million bales which is about 2 Million bales less than last year, leading to very high prices in the Local Cotton market. This shortage and subsequent rise in Domestic Cotton prices will keep pressure on our Company's profitability in this coming year. The price of Polyester Staple Fiber has been very volatile due to continuity of US-China trade conflict. The PSF is currently on a downward trend due to volatility in prices, so there prevails an uncertainty in the business environment.

Board performance and effectiveness

An annual evaluation of the Board performance was conducted in compliance with the requirement of the Code of Corporate Governance and the Companies Act, 2017. The purpose of this evaluation is to ensure that the Board performance is measured in the context of overall corporate objectives and governance structure of the Company. The Board, during the year, played a pivotal role in steering the Company forward in a progressively challenging landscape. Through the commitment and effective oversight of the Directors, your Company ensured transparency of corporate governance and compliance.

The Board performed its role and responsibilities for the overall management and supervision of the affairs of the Company and remained duly cognizant of its fiduciary responsibilities. It is also important to mention and highlight the key role played by the Audit Committee in directing the management towards areas of improvements and recommending effective solutions.

On behalf of the Board, I wish to acknowledge the contribution of all our employees in the continued success of the Company. I also wish to thank our shareholders, customers, suppliers, bankers and other stakeholders for their confidence and support. The Board looks forward with confidence to the year ahead.

ANWAR AHMED TATA
CHAIRMAN

Karachi:
Date: October 22, 2019

DIRECTORS' REPORT TO THE MEMBERS

The Directors' of the Company are pleased to present their report along with the audited Financial Statements of the Company for the year ended June 30, 2019.

GLOBAL MACROECONOMIC OUTLOOK

World Economic Outlook of IMF has indicated global growth at 3.3% in 2019, down from 3.6% in 2018 due to lower global expansion in the second half of 2018 caused by U.S.-China trade tensions, macroeconomic stress in Turkey and Argentina and tighter credit policies in China however, growth is expected to level out at 3.6% over the medium term beyond 2020. China is expected to slow down to 5.5% by 2024 resulting from China's growth decline, increase in trade tensions with the United States, slow-down in Euro Zone, a no-deal Brexit withdrawal of UK from EU, weak economic data pointing to a global growth slowdown and further slowdown in Eurozone. In light of this, the imperative is to take actions that boost potential output growth, improve inclusiveness, strengthen resilience, resolve trade disagreements cooperatively in order to stabilize a slowing global economy. For us, this will mean developing more value added yarns, exploring newer export markets and to make further inroads into the local market.

GLOBAL COTTON SCENARIO

The Global Cotton Market remains in turmoil from impact of the weaker Chinese demand, changing supply chains and the need to move a very large US and Brazilian crop amid weak demand. There has been projection of lower global cotton use in 2019/2020 caused by a large drop in Chinese consumption and slower demand at the consumer level in Europe. Overall, global cotton consumption for 2019/2020 is estimated at 120 million bales however, this is only a 2.4 million bales reduction from 2017/2018 versus a 13 million bale reduction during the global financial crisis of 2008. World trade is estimated at 40 million bales vs 2015/2016 when trade fell to 35 million bales on a consumption of 113 million bales. Given higher production and marginally lower demand it is likely that cotton prices will remain stable hence we should purchase cotton throughout the year thereby maintaining normal stocks to meet production requirements.

YARN INDUSTRY IN PAKISTAN

Spinning industry provides the raw material for the knitting and weaving industry and it focuses on improving yarn quality that will ensure competitiveness and higher yarn prices. The spinning industry developments are targeted towards higher productivity with effective quality control by selecting suitable equipment and spinning conditions to match with the raw materials. Pakistan has the inherent advantage of being the 5th largest producer of cotton in the world with large spinning capacity in Asia. In fact, Pakistan contributes 5% to the global spinning capacity after China and India. Pakistan's textile sector contributes 8.5% to Pakistan's total economic output of $300 billion and spinning supports all value-added processes of weaving, knitting, processing, garments and made-ups. Pakistan's spinning sector caters to the requirements of the domestic industry and about one-third of the total production of yarn is exported to different destinations.

Production of yarn

At present spinning sector comprises of approximately 400 spinning mills in the country with 10 million spindles in operation. The production of yarn is approximately 2.3 million MT. The production of yarn share in coarse counts is 47%, medium counts 24%, whereas fine and super counts 5% and mixed polyester 24% respectively.

Exports of cotton yarn

Cotton yarn exports have been showing a declining for many years and have decreased from a high of US$ 2.25 billion in 2012-13 to only US$ 1.14 billion in in 2018-19 with a reduction of 16% over the same period last year and cumulative decline of almost 50% since 2013. Both domestic and foreign factors played a role in the lower quantum exports during the period. On the domestic front, yarn production was basically unchanged from last year, at 2.3 million MT. However, demand for yarn by spinners has been rising in response to higher demand by local garment manufacturers. The stagnant production amid higher demand boosted domestic yarn prices. As a result, it made more business sense for domestic spinners to cater to the local demand instead of exports. Pakistan has been reliant on a single country China for its yarn exports in the lower counts. The slowdown of imports to China, Bangladesh and Hong Kong due to reduced demand has adversely affected the competitive position of Pakistani yarn. The average unit price realization of Pakistani cotton yarn in the international markets is low compared to that of its competitors due to cotton quality which is the result of unsatisfactory storage/handling of seed cotton by growers, malpractices of ginners involving a mixing of cotton varieties, low standards of ginning, addition of excess moisture just before pressing lint into bales and production of mostly coarse/medium count yarns.

Raw material

Pakistan is among the leading cotton producing countries, however its cotton production is on downward side and managed to produce only 10.8 million bales 25% less than target of 14.4 million against a total requirement of around 16 million bales. Pakistan therefore depends on imported cotton to meet its needs but the government has imposed duty on import of cotton. Government of Pakistan and the Textile Ministry needs to invest heavily in seed technology and work closely with farmers to bring them up to date with modern farming techniques to enhance the output of major cash crop across the cotton growing areas of the country.

Challenges

The textile spinning industry currently faces massive challenges. This year added new uncertainties mainly due to abrupt devaluation and exchange losses which resulted in higher cost of raw materials, interest rate hike from 6.75% to 13.75% resulting in inflation and affecting the sourcing of the Company, withdrawal of the export rebate for spinning segment reduced incentive to export. The trade war among world economies was another reason which resulted in fewer orders from China which is Pakistan's largest market. The company was able to sell its yarn locally but had to provide significantly higher credit in the local market which results in higher financing cost. Non-conducive government taxation policies which tend to favor composite units rather than standalone companies is another reason which is hurting exports. The Finance Act of 2019 has introduced some unfavorable taxation policies including removal of zero rating which provides for charging of 17% sales tax on local sales and payment of 10% sales tax on local purchase of cotton which will further impact liquidity at a time of high interest rates. 10% BMR tax credit on investments has also been withdrawn reducing incentive to invest and boost capacity to earn foreign exchange. The government is also not providing timely Sales Tax, Income Tax and Export Rebate refunds and a secondary market for refund bonds has not developed so liquidity remains tied up at very high interest rates. Collectively all these factors are damaging the textile sector and its ability to earn valuable foreign exchange.

PAKISTAN ECONOMY

FY 2018-19 saw domestic GDP grow at a rate of 3.3% compared to 5.8% during the preceding year. Although the deep structural issues afflicting the economy had started re-surfacing towards the end of 2018, the fallout was felt widely across the country during the outgoing financial year and further exacerbated based on Government taking the difficult decisions required to get the economy back on a sustainable growth track and it is expected that economic activity will remain at the current level for the next two years. The formidable challenge that the new government now faces is raising aggregate demand in a high interest rate environment with limited fiscal space.

Despite the tough conditions, we expect the government to not deter from pursuing sustainable policies in order to build a foundation for future economic and political stability. Documentation of the economy and enhancing the tax base is proving to be a painful undertaking in the short-term, however, the country as a whole and the organized sector in particular stand to benefit from such measures in the long run.

During FY19, cotton production declined by 17.5 percent, compared to last year. This prevented the textile sector from taking full advantage of the recent bouts of exchange rate depreciation, as exports barely grew from last year's level. Higher production costs, especially the high cost of electricity, imported machinery and labor cost, amid depressed prices in the international market, have eaten into the margins of the industry. Leading domestic textile firms continued to shift their attention to the domestic markets, where the margins have tended to be higher compared to exports. As a result, the exportable surplus has waned. Therefore, the economy kept on missing out on a significant chunk of foreign exchange earnings that the textile sector could potentially have generated.

Pakistan's cotton yarn exports declined 15.4 percent to US$ 835.7 million in Jul-Mar FY19. The decline was almost entirely driven by a 15.9 percent drop in shipments, as unit prices rose marginally.

Performance of the Company's Business

Volumes	June-2019	June-2018	Variation
	Amount in PKR	Amount in PKR	%
Sales	7,557,243,473	6,303,217,062	19.90%
Cost of Sales	(6,545,638,425)	(5,386,092,785)	21.53%
Gross Profit	1,011,605,048	917,124,277	10.30%
Finance Cost	473,161,530	318,799,525	48.42%
Profit before taxation	226,465,512	410,280,549	-44.80%
Profit after taxation	184,729,150	460,073,431	-59.85%
Earnings per Share	369.46	920.15	-59.85%

The unprecedented devaluation and start of serious economic slow-down coupled with China-USA trade issues has had a significant effect on the current year's financial results. Despite the record highest ever sales of over Rs.7.557 billion i.e. 19.90% higher than last year, profit before tax for the year decreased by 44.80%. Unfortunately, during the current year, we placed heavy reliance on imported cotton and cotton prices increasing due to rupee devaluation while Global New York prices kept sliding downwards, so regrettably we could not achieve the advantage of devaluation had we purchased cotton locally. This has been one of the major reasons for lower profits and what affected our financial results for the year under review. A sharp increase in discount rate from 6.75% to 13.75% was another factor that has affected our profitability with increase in financial charges by 48.42% i.e. increase from Rs.318 million to Rs.473 million.

The company has been successful in achieving its objectives by employing a consistent strategy that emphasizes ethics, quality, competitiveness, product diversity, sustainable business practices, and growth in higher value products to the extent possible.

ITML produces a range of products which meets a diverse set of market needs and continuously searches for new markets and products.

ITML strives to ensure timely access to high quality and low cost raw material by following fair procurement practices, diversified suppliers and following the market trends closely.

As a socially responsible entity, we are constantly exploring ways to minimize our waste and are taking all necessary steps to reduce its impact on the environment.

We endeavor to achieve zero accidents at our production facility and offices and through extensive employee training in order to foster a safe working environment.

The company places great emphasis on producing products of quality as per specifications to ensure customer satisfaction.

Capital Structure

Debt to equity ratio on 30 June 2019 was 56:44 compared to 68:32 as on 30 June 2018. The Increase was mainly to support temporary increase in Working Capital requirement.

Dividends

The Board of Directors in its meeting held on October 22,2019 propose a cash dividend of Rs.5.00 per share (2018: Rs.5.00 per share) amounting Rs.2.500 million (2018: Rs.2.500 million) in addition to following specie divided subject to approval of members at the forthcoming Annual General Meeting of the Company.

Distribution of Specie Dividend;

- 366,300/= ordinary shares of Salfi Textile Mills Limited (SALT) in the ratio of 1000:732 i.e. for 1,000 shares of ILTM, shareholders will get 732 shares of SALT.
- 434,798/= ordinary shares of Tata Textile Mills Limited (TATM) in the ratio of 1000:869 i.e. for 1,000 shares of ILTM, shareholders will get 869 shares of TATM.

PACRA CREDIT RATING

PACRA rating exercise as of June 30,2019 has been revised and maintained at previous levels of A2 for Short Term and BBB+ Long Term.

AUDITORS

The present auditors M/s Deloitte Yousuf Adil, Chartered Accountants retire and offer themselves for re-appointment. They have confirmed achieving satisfactory QCR rating from Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of International Federation of Accountants (IFAC) as adopted by ICAP. The Board of Directors has recommended their re-appointment as auditors of the company for the year ending June 30, 2020, at a fee to be mutually agreed.

PATTERN OF SHAREHOLDING

Information on the pattern of holding is annexed.

HUMAN RESOURCES

Industrial Relations

We recognize our employees as our most valuable assets. The management therefore ensures a harmonious working relationship with employees and strives to provide a congenial working environment both at head office and in the factories. Importance is placed on maintaining a good work-life balance. The management also ensures compliance with all employment laws and labor legislations. In turn, employees work hard towards the achievement of their targets without disputes.

Long Service Awards

Long service awards are provided to recognize and reward devotion and loyalty of employees who have a long tenure with the company.

Gratuity

The company provides terminal benefit to employees in the form of non-contributory defined-benefit gratuity scheme. The value of the Gratuity liability at the end of the year was Rs.98.71 million.

Training

Training is essential for improving the competencies of employees so that they are able to help the company achieve its objectives. Keeping this in view, various technical and soft-skills training programs were conducted during FY 2018-19 which included Energy Management System, Energy System Optimization, Energy Conservation and Renewable Energy conducted by UNIDO for technical staff at the mills and at head office. Training for MS Excel Advanced, an essential tool for manipulation of data, were provided to various employees at the Corporate Office and Mills. Diploma on Cotton Grading and Classification, essential for purchase of good quality cotton and leads to good quality yarn, was imparted to our cotton sourcing team by Karachi Cotton Association to identify and grade cotton.

Health Safety & Environment

The Company endeavors to keep its work force, infrastructure & operations safe and secure and encourages healthy work environment and practices and takes initiatives to remain working environment safe. Awareness training & drills are carried out consistently to remain abreast with latest development in HSE, ensure compliance with legal requirements and manage HSE challenges due to technological advancement and development. Objectives are defined to review the progress of HSE measures, initiatives and opportunity for development and improvement. Regular performance reviews are convened at appropriate levels with regular frequency covering following items: Use of Personal Protective Equipment (PPE's), Regular Drills, Awareness & Training Sessions, HSE Monitoring / Audit Reports, Results of Environmental Test Reports, Incident/Accident Reporting and Confirmation of Regulatory Compliance and HSE Performance Report to Executive Management on Quarterly basis by EVP Technical Operations.

Corporate Social Responsibility

The Company realizes its responsibility towards the society and strives to contribute in various areas by improving the economic conditions of the people, protecting the environment through our initiatives and friendly policies and contributing in the well-being of the humanity in general. In this regard, the Company has shown has consistently shown commitment to make education more easily available and to provide financial support for students. Another goal is make health care more accessible without any discrimination, to all patients regardless of their ability to pay. In addition to the above, the Company has been and is constantly engaged in number of philanthropic activities in areas of Education and Sports, Health Care Services and General Financial Aid.

FUTURE OUTLOOK

The future outlook for the upcoming financial year seem quite challenging given the revenue targets set by the Government, high interest rates, withdrawal of SRO 1125 (1) of 2011 and the trade dispute between the global giants however, the government's main focus is to document the economy and the aggressive steps being taken in this respect will hopefully bring about long term sustainability and growth of the Country. The steps which have already been taken will slow down the economic activities in the first two quarters of this financial year but it is expected to start picking up the pace.

The Company has developed a strategy to overcome the challenges by focusing on the domestic market that is expanding capacity to cater to foreign brands, develop new products for the local market and value added yarn for the export market. It is also hoped that the ongoing trade war between global giant once ended will have a positive impact on World Economy and Company's exports in particular. In addition to the introduction of sales tax refunds bonds for export oriented Companies, it is hoped that government will come up with some other plan for the textile sector including but not limited to the resolution of GIDC matter, timely release of sales/Income tax and DLTL refunds to dilute the impact of the abolition of tax credits on capital investment & increase in turnover tax. This will hopefully boost the confidence of the textile sector and to allow the Company to compete in the global market. With the approval of the IMF bailout package, concessional loan obtained from friendly countries, strict policies to regulate the foreign exchange transactions, and better balance of trade during this year, mainly on account of reduction in import bills, it is expected that rupee will find its stability and plateaued interest rates will start to reduce in the coming year.

The Company is aggressively addressing its cost increases and will carry measured quantity and right mix of cotton stocks in an effort to reduce carrying cost. The Company will also devise strategies to maximize its profit margins and to generate positive cash flows. In addition, CAPEX is being planned to improve machine efficiency output and reduce energy costs which will provide positive cash flow benefit future years.

Financial Data and Graphs

Highlights of the operating/financial data and graphs are presented in the financial highlight section.

Corporate Governance Matters

All matters pertaining to the Policy, Board and Governance are addressed in the Corporate Governance Section and considered to be part of the Directors' Report.

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.

Acknowledgement

We sincerely acknowledge and appreciate 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 standing by 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.

ON BEHALF OF THE BOARD OF DIRECTORS

SHAHID ANWAR TATA **CHIEF EXECUTIVE**	**ADEEL SHAHID TATA** **DIRECTOR**

Karachi:
Date: October 22, 2019

CORPORATE GOVERNANCE

Governance Framework

The main philosophy of business followed by the sponsors of Tata Pakistan for the last 30 years has been to create value for all stakeholders through fair and sound business practices, which translates into policies approved by the Board and implemented throughout the company to enhance the economic and social values of all stakeholders of the company. Our Governance strategy is to ensure that the Company follows the direction defined by its Core Values, current regulatory framework and industry best practices. The Board, discharges its responsibilities as defined by the “Code of Corporate Governance” (CCG), listing requirements of Pakistan Stock Exchange Limited (PSX) and the Corporate Financial Reporting Framework of Securities & Exchange Commission of Pakistan (SECP). Our approach towards corporate governance ensures ethical behavior, transparency, accountability in all that we do and to attaining a fair value for the shareholders.

Compliance Statement

Living up to its standards, the Board of Directors has, throughout the year 2018-19, complied with the Code of Corporate Governance, the listing requirements of the Pakistan Stock Exchange Limited and the Financial Reporting framework of Securities & Exchange Commission of Pakistan (SECP). The Directors confirm that the following has been complied with:

a) The financial statements have been prepared which fairly represent the state of affairs of the company, the result of its operations, cash flows and changes in equity.

b) Proper books of accounts of the company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent business judgment.

d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been disclosed and explained.

e) The system of internal control is sound in design and has been effectively implemented and monitored. The Internal Audit function is based on a combined system led by the Chief Internal Auditor supported by in-house staff as well as M/s EY Ford Rhodes, Chartered Accountants.

f) There are no significant doubts upon the company’s ability to continue as a going concern.

g) There is no material departure from the best practices of corporate governance as per regulations.

The Board of Directors

The Board of Directors consists of qualified individuals possessing knowledge, experience and skills in various professions, with the leadership and vision to provide oversight to the company. The Board is headed by Chairman Mr. Anwar Tata, a Non- Executive Director and out of Seven directors, One is an independent directors. The current Board composition reflects a good mix of experience, backgrounds, skills and qualifications. All directors have many years of experience, and are fully aware of their duties and responsibilities under the Code of Corporate Governance. At present, four (4) Directors have acquired the formal Directors Training Certificates, while all the other directors possess sufficient skills and experience of Board room as described in the Code of Corporate Governance. To further its role of providing oversight and strategic guidelines to the company, the Board has formulated role and responsibilities of Chairman and Chief Executive Officer. The Board has constituted two Sub Committees, namely Board Audit Committee (BAC) and Human Resources & Remuneration Committee (HR&RC). The composition, role and responsibilities of the Committees are clearly defined in their respective Terms of References.

All the Board members are given appropriate documents in advance of each meeting which normally includes a detailed analysis of business and matters, where the Board will be required to make a decision or give its approval. During the year 2018-19, the Board had four (4) meetings during this year to review the quarterly results. The average attendance of the directors in Board meetings during the year was 89%.

The Board of Directors has complied with the Code of Corporate Governance, the listing requirements of Pakistan Stock Exchange Limited and the Financial Reporting framework of Securities & Exchange Commission of Pakistan.

Board Evaluation

As required by the Listed Companies Code of Corporate Governance Regulations 2017 the Board has developed a mechanism for evaluation of performance of the Board of Directors. During the year a comprehensive questioner was circulated among all members of the Board for evaluation of performance of the Board of Directors.

The Board Performance Evaluation will be considered the following process:

- Each Board Member will be asked to complete the Evaluation Questioners Form by selecting the appropriate rating that most closely reflects his performance and the Board's as a whole related to each practice
- The Human Resource and Remuneration Committee (consist of director, detail is below) will review the performance of each Director and a Board as whole.
- In addition to Board Members completing the form as a self-evaluation, Human Resource and Remuneration Committee may ask individuals who interact with the Board Members to provide feedback.
- The result of all Board Members will be consolidated into a summarized document for discussion and review by the Board of Directors.
- The Performance of Board will be reviewed twice in a year and the result will be compiled for year as whole.

Changes in the Board

During the year, two casual vacancy occurred in the Board which was filled within 90 days with the appointment of Mr. Farooq Advani as Director in place of Sheikh Kausar Ejaz who resigned, and Miss Samar Shahid as Director in place of Mr. Aijaz Ahmed Tariq.

Composition of Board

The Board of Directors consists of qualified individuals possessing knowledge, experience and skills in various professions, with the leadership and vision to provide oversight to the company. The current Board composition reflects a good mix of experience, diversity in backgrounds, skills and qualifications. All directors have many years of experience, and are fully aware of their duties and responsibilities under the Code of Corporate Governance. The composition of the Board is in compliance with the requirements of the Code of Corporate Governance regulations, 2017 applicable on listed entities which is given below:

Total Number of Directors

a)	Male	6
b)	Female	1

Composition:

i.	Independent Directors	1
ii.	Executive Directors	2
iii.	Non-Executive Director	4

The names of the directors as at June 30, 2019 are as follows

1)	Mr. Anwar Ahmed Tata	Chairman
2)	Mr. Shahid Anwar Tata	Director / Chief Executive Officer
3)	Mr. Adeel Shahid Tata	Director
4)	Mr. Bilal Shahid Tata	Director
5)	Mr. Farooq Advani	Director
6)	Miss Samar Shahid	Director
7)	Mr. Muhammad Naseem	Director

Committees of the Board

The Board has constituted two sub committees namely Audit Committee and Human Resource & Remuneration Committee. The role and responsibilities of the Committees are clearly defined in their respective Terms of Reference. The composition of both these committees is disclosed as follows:

Audit Committee

Mr. Muhammad Naseem	Chairman (Independent)
Mr. Farooq Advani	Member
Mr. Adeel Shahid Tata	Member

Human Recourse and Remuneration Committee

Mr. Muhammad Naseem	Chairman (Independent)
Mr. Shahid Anwar Tata	Member
Mr. Adeel Shahid Tata	Member
Mr. Farooq Advani	Member
Miss Samar Shahid	Member

Detail of Board and its Committee Meetings

During the year under review, four Board of Directors Meetings, four Audit Committee Meetings and one 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	4	N/A	N/A
Mr. Shahid Anwar Tata	3	N/A	1
Mr. Adeel Shahid Tata	4	N/A	N/A
Mr. Bilal Shahid Tata	4	3	1
Mr. Muhammad Naseem	4	4	1
Mr. Farooq Advani **	4	3	-
Miss. Samar Shahid **	2	N/A	-
Sheikh Kausar Ejaz*	1	1	N/A
Mr. Aijaz Ahmed Tariq *	-	N/A	N/A

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

* Resigned from the Board

** Appointed by the Board of Director

Directors' Remuneration

Through the Articles of the Company, the Board of Directors is authorized to fix remuneration of the Directors. In this regard, the Board of Directors have developed a comprehensive Remuneration policy for Non-executive and Independent Directors of the Company in accordance with the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2017. Non-executive directors including the independent director are entitled only for fee for attending the meetings.

Directors' Training

The Directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the Companies Act, 2017 and the Regulations of PSX Rule book.

Detail of Share Trading

Apart from the following transactions, the Chief Executive, Directors, Chief Financial Officer, Company Secretary, Head of Internal Audit, other Executives and their spouse(s) and minor children did not carry out any transaction in the shares of the company during the year.

	Opening Balance On 01-07-2018	Purchase / Gift	Sales / Gift	Closing Balance On 30-06-2019
Mr. Anwar Ahmed Tata	1,303,732	4,800	-	1,308,532
Mr. Farooq Advani**	-	100	-	100
Miss. Samar Shahid**	-	100	-	100
Sheikh Kausar Ejaz*	2,500	-	2,500	-
Aijaz Ahmed Tariq*	2,500	2,300	4,800	-

** Appointed during the year

* Resigned during the year

Role and Responsibilities of the Chairman and CEO

The Board of Directors provides the overall direction for the Company operations and provides oversight for various policies and monitors the management in the light of operational and financial plans. The roles of Board and the Chief Executive Officer have been clearly defined where the Board is responsible for strategic guidance and providing directions for sustainable business. The Chairman and the Chief Executive have separate and distinct roles. The Chairman has all the powers vested in him under the Code of Corporate Governance and presides over all Board meetings. The Chief Executive performs his duties under the powers vested by the law and the Board and recommends and implements the business plans and is responsible for overall control and operation of the Company.

Chief Financial Officer (CFO), Company Secretary and the Head of Internal Audit

The Chief Financial Officer (CFO) and the Head of Internal Audit possess the requisite qualification and experience as prescribed in the Code of Corporate Governance. The Company Secretary possesses the requisite qualification and experience as prescribed in the Companies Act, 2017. The appointment, remuneration and terms and conditions of employment of CFO, the Company Secretary and the Head of Internal Audit were determined by the Board of Directors. The removal of CFO and Company Secretary whenever applicable is made with the approval of Board of Directors.

Business Philosophy & Best Corporate Practice

We believe in ethical practices, sustainable manufacturing processes, transparent reporting to the shareholders and in the best practices of Corporate Governance to ensure success and better results for all stakeholders. The Board members actively participate in the meetings to provide guidance concerning the company's business activities, operational plans, review corporate operations and formulate and review all significant policies. The Board firmly adheres to the best ethical practices and fully recognizes its responsibilities for protection and efficient utilization of company assets for legitimate business objectives and compliance with laws and regulations. The Chairman ensures that the discussions held during the Board meetings and the consequent decisions arising are duly recorded and circulated to all the directors within 14 days. The CFO and the Company Secretary attended all the meetings of the Board as required by the Code of Corporate Governance. All periodic financial statements and other working papers for the consideration of the Board/ Committees are circulated to the directors well before the meetings so as to give sufficient time to the directors to make decisions on an informed basis. This year the Board has held four meetings, agendas of which were duly circulated at least a week before the meetings.

Timely Communication of Financial results

The quarterly un-audited financial statements and the half-yearly financial statements (reviewed by the Auditors) were duly circulated within thirty (30) days and sixty (60) days respectively along with the Directors' Report. Annual financial statements, Board of Directors' Report, Auditors' Report and other statutory statements and information are being circulated for consideration and approval by the shareholders within 122 days from the close of the financial year however, we are taking measures to reduce this time. Periodic financial statements of the Company are circulated to Directors duly endorsed by the CEO and the CFO. Half-yearly and annual accounts are initialed by the external auditors before presenting it to the Audit Committee and the Board of Directors for approval.

Risk & Opportunity Management

Risk management is crucial to any business, which includes identification and assessment of various risks followed by coordinated application of resources, to economically minimize, monitor and control the impact of such risks and maximize the realization of opportunities. Management periodically reviews major financial and operating risks faced by the business. The Audit Committee is responsible for the Risk Management. Despite the facts that the Company's financial performance during the year was not encouraging as compared to last year and yet some uncertainties remain resulting from level of cotton production in the country, local and international cotton pricing, international yarn pricing, impact of trade wars between US and China and exchange rate fluctuations may have an impact on the future financial results of the Company. For more details on risk & opportunity management, refer Risk & Opportunity Report in these Financial Statement.

Internal Control Framework

The Company maintains an established control framework comprising clear structures, authority limits, and accountabilities, well understood policies and procedures and budgeting for review processes. All policies and control procedures are documented in manuals.

The Board Audit Committee has been entrusted with the main responsibility of Internal Controls. The Audit Committee receives the Audit reports by the Internal and External auditors, and after detailed deliberations, and suggesting improvements, periodic reports are submitted to the Board of Directors. The Company places a high value on transparency, both internally and externally, in its corporate management. It focuses consistently on the implementation of efficient management practices for the purpose of achieving clear and quantifiable commitments. The Company has a Cost & Management Accountant posted as Head of Internal Audit, who is being assisted by M/s EY Ford Rhodes and in-house executives to carry out the Internal Control functions.

The management has placed an explicit internal control framework with clear structures, authority limits, and accountabilities, well defined policies and detailed procedures, enabling the Audit Committee and the Board to have clear understanding of risk areas and to place effective controls to mitigate these risks.

Whistleblowing & Speak-up Policy

The Company is committed to do business in ethical and compliance manner. For the purpose, Company has implemented whistle blower policy to encourage the employees and other parties (customers and vendors etc.) to report without any fear of retaliation, an unethical behaviors, malpractices, wrongful conduct, fraud, violation of the company's policies & values, violation of law by any employee.

Disclosure of Conflict of Interest

The Company has taken measures to prevent conflict of interests between directors, employees and the Company. In this regard, a clear policy on conflict of interests is contained in the Code of Conduct duly approved by the Board of Directors. The Company annually circulates and obtains a confirmation from all employees and Directors that they have read and understood the Code of Conduct. Further, the Directors and key employees are reminded of insider trading and avoiding in the dealing of shares during the closed period. Every Director is required to bring to the attention of the board complete details regarding any material transaction which has a conflict of interest for prior approval of the Board. The interested Directors neither participate in discussions nor vote on such matters. The complete details of all transaction with related parties are submitted to the Audit Committee who recommends them to the Board for approval in each quarter. These transactions are also fully disclosed in the annual financial statement of the company.

Corporate Social Responsibility

Island Textile Mills Ltd. is committed to achieving tangible, sustainable fulfillment of its corporate social responsibility. During the year under review the Company contributed Rs.3.40 million in Health & Welfare of Society. The Company has contributed Rs.1.30 million in Health Sector by collaborating with Islamia Hospital Chiniot and Bait-ul-Sukoon and also contributed Rs.1.80 million in Welfare by collaborating with Chiniot Sheikh Society.

Our role as a corporate citizen is as important to us as satisfaction of our customers and earning a fair return for our shareholders. We are committed to work for the betterment and prosperity of our stakeholders. Management has endeavored to provide a safe and healthy work atmosphere by adopting practices and creating working conditions which are safe and healthy for our employees, vendors, contractors, suppliers and customers.

Sustainability Measures

All aspects of sustainability including efficient operational procedures, effective internal controls, ethical behavior, and energy conservation are an integral part of our business model. We also believe that employees are most critical in the progress, growth and sustainability of any organization.

Engaging Stakeholders & Transparency

Development of stakeholders' relationship is of significant importance for the company. Building "stakeholder's engagement", compliance with regulatory requirements and terms and conditions are one of the main business principles by which we abide. To bring an accurate understanding of the company's management policies and business activities to all its stakeholders, it strives to make full disclosure of all material information to all stakeholders by various announcements on its website, to the Stock Exchange and other sources available to help investors to make informed decisions. It encourages full participation of the members in the Annual General Meetings by sending corporate results and sufficient information following the prescribed timeline so as to enable the shareholders to participate on an informed basis. While increasing management transparency, it aims to strengthen its relationships and trust with shareholders and investors. Our stakeholders include but are not limited to customers, employees, government, shareholders, suppliers, local communities and bankers.

Policy for Investor Grievances

The Company has an "Investor Relation Policy" that sets out principles for providing shareholders and prospective investors with necessary information to allow them to make well informed investment decisions and ensure a level playing field.

Investor grievances and complaints are very important and are properly reviewed to minimize the recurrence of similar issues in future. The following principles are adhered to with regards to investor grievances:

a) Investors are treated fairly at all times.

b) Complaints raised are dealt with in a courteous and timely manner.

c) Various modes of communication like email, telephone, meetings and raising matters at the Annual General Meeting are available to investors to raise grievances.

d) Queries and complaints are treated fairly and efficiently.

e) Employees work in good faith and without prejudice towards the interest of the creditors.

f) Detailed company information regarding financial highlights, investor information, and other requisite information specified under the relevant regulations has been placed on the corporate website of the company which is updated on regular basis.

Issues Raised at Last AGM

While general clarifications were sought by shareholders on company published financial statements during the 49th Annual General Meeting of the Company held on October 22, 2018, no significant issues were raised.

Pattern of Shareholding

A statement on the pattern of shareholding along with categories of shareholders, where disclosure is required under the reporting framework and the statement of shares held by the directors and executives as on 30th June 2019 is annexed.

Mechanism for Providing Information and Recommendation to the Board

Formal Reporting Line

The current organization/structure of the Company consists of various departments/divisions, each of which is led by a divisional head. These divisional heads are responsible for their respective divisions and the Board can then have access to them.

Employees

Employees are encouraged to express their views and forward their suggestions. We follow an open door policy and employees are free to send emails, phone or even talk directly to the CEO. The employees can give suggestions, grievances and concerns or raise any matter related to the Company. In case the matter is of significant nature, the same is addressed in the meetings of the Managing Committee, the Board of Directors or the relevant Board Committees. The Company also has a speak-up policy to enable employees to raise serious concerns to the management regarding the business or Company without fear and repercussions. The CEO also meets the all departmental and divisional heads on frequent basis through which they are provided an opportunity to express their concerns and suggestions directly to the CEO. These meeting are aimed at capturing free and first hand suggestions.

Shareholders

Every year the Annual General Meeting of shareholders is held in accordance with the requirements of the Companies' Act 2017 which is attended by the Board, CEO, Company Secretary, CFO and the senior management of the Company. The interactive session with the shareholders allows the shareholders to ask questions on financial, economic, social and other issues and also give suggestions and recommendations. The CEO responds to all questions. The Company has also provided contact details of all relevant personals for general and specific queries on its website.

Managing Conflict of Interest

As per the Code of Corporate Governance, the Company circulates the Code of Conduct to all employees and Directors. Further, the Directors and key employees are reminded of insider trading and to avoid dealing in shares during closed period. Every Director is required to bring to the attention of the Board complete details regarding any material transaction which has a conflict of interest for prior approval of the Board. The interested Directors neither participate in discussions nor vote on such matters. The complete details of all transactions with related parties are provided to the Board for approval. These transactions are also fully disclosed in the annual financial statement of the Company.

Safety of company records

Tata Pakistan has a proper “Document & Record Control Policy” for retaining, maintaining and retrieving administrative control of all documents and data that relate to the Company and has taken the following concrete measures to ensure safety/security of the records. All important documents such as, minutes and proceedings of the Board & its sub-committees, annual general meetings, statutory certificates, title documents of the company’s property and all other important communications and records are kept in a fire proof secure safe. All other important accounting records are outsourced with a record management company.

Human Resources Management

A comprehensive set of policies has been implemented to cover all aspects related to HR. The main focus of the policies is to train, motivate and retain valuable human assets for the future growth of the Company. In order to maintain continuity of the business operations, particularly at senior management and key managerial levels, a Well-defined Succession Policy is in practice.

Information Technology Policy

A well-defined Information Technology Policy is place to help achieve efficient and effective use of I.T resources for the company so as to establish priorities, strategy delivery, increase productivity and deliver right services to users. The I.T Steering Committee comprising of CEO, COO, CFO and Head of Departments who are responsible for taking major I.T decisions. The I.T Head is responsible for ensuring communication of I.T security policies to all users of Group Companies. Further, External Auditors review I.T Controls and Policies annualy. The Policy on Information Technology is focused upon information security, human resource security, access control, information system acquisition development and maintenance, business continuity management, incident management, website and ERP.

Report of the Audit Committee on adherence to the Code of Corporate Governance

The Board Audit Committee has concluded its annual review of the conduct and operations of the company for the year ended 30 June 2019 and reports that:

The company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the listing regulations of the Pakistan Stock Exchange, Code of Corporate Governance and Company's Code of Conduct.

The company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the auditors of the company.

Appropriate accounting policies have been consistently applied except those disclosed in financial statements. Applicable accounting standards were followed in preparation of the financial statements of the company on a going concern basis for the financial year ended 30 June 2019, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the company for the year under review.

The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the company and the Chairman and Board of Directors Report. They acknowledge their responsibility for true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the company.

Accounting estimates are based on reasonable and prudent judgment. Proper, accurate and adequate accounting records have been maintained by the company in accordance with the Companies Act 2017.

The financial statements comply with the requirements of the Fourth Schedule to the Companies Act 2017 and applicable International Accounting Standards and International Financial Reporting Standards notified by the SECP.

All direct and indirect trading in and holdings of the company's shares by Directors, Executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction. All such transactions have been disclosed.

INTERNAL AUDIT FUNCTION

The internal control framework was effectively implemented by appointing Head of Internal Audit in compliance of the Code of Corporate Governance, who is assisted by the internal auditors M/s EY Ford Rhodes and in house executives. The Head of Internal Audit reports directly to the Chairman of the Board Audit Committee.

The company's system of internal control is sound in design and has been continually evaluated for effectiveness and control.

The Board Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the company and the shareholders wealth through effective financial, operational and compliance controls and risk management at all levels within the company.

Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDITORS

The statutory auditors of the company, Deloitte Yousuf Adil, Chartered Accountants, have completed their audit of the company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended 30 June 2019 and shall retire on the conclusion of the 33rd Annual General Meeting for the year 2019.

The final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements under the listing regulations and shall therefore accordingly be discussed in the next Board Audit Committee meeting.

The Audit firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.

Being eligible for reappointment under the listing regulations, the Board Audit Committee recommends their reappointment for the financial year ending 30 June 2020 on terms & remuneration negotiated by the Chief Executive Officer.

Muhammad Naseem
Chairman
Board Audit Committee

Karachi
Dated: October 22, 2019

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company: Island Textile Mills Limited.
Year ended: June 30, 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Seven as per the following

a. Male: 6

b. Female: 1

2. The composition of board is as follow:

Category	Names
Independent Director	Mr. Muhammad Naseem
Executive Director	Mr. Shahid Anwar Tata
	Mr. Bilal Shahid Tata
Non-Executive Directors	Mr. Anwar Ahmed Tata
	Mr. Adeel Shahid Tata
	Mr. Farooq Advani
	Miss Samar Shahid

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.
4. 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.
5. 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.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/Shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. During the year Miss Samar Shahid completed the Directors Training program, all the remaining directors have obtained DTP in prior years except for two directors which are exempt from DTP as per the certificate of exemption issued by the Commission.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorse the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a **Audit Committee**

i.	Mr. Muhammad Naseem	-Chairman
ii.	Mr. Farooq Advani	-Member
iii.	Mr. Adeel Shahid Tata	-Member

b. **HR and Remuneration Committee**

i.	Mr. Muhammad Naseem	-Chairman
ii.	Mr. Shahid Anwar Tata	-Member
iii.	Mr. Adeel Shahid Tata	-Member
iv.	Mr. Farooq Advani	-Member
v.	Miss Samar Shahid	-Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as following:

a.	Audit Committee	- Quarterly
b.	HR and Remuneration Committee	- Annual

15. The board has set up an effective internal audit function supervised by a qualified Head of Internal Audit who is considered suitably experienced for the purpose and is conversant with the policies and procedures of the company. During the year some of the internal audit activities were outsourced to Professional Firm who provided the services under supervision of Head of Internal Audit.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

ON BEHALF OF THE BOARD OF DIRECTORS

SHAHID ANWAR TATA
CHIEF EXECUTIVE

ADEEL SHAHID TATA
DIRECTOR

Karachi
Dated: October 22, 2019

KEY OPERATING AND FINANCIAL DATA

RATIOS		2019	2018	2017	2016	2015	2014
PROFITABILITY RATIOS							
Gross Profit Ratio	%	13.39	14.55	7.90	3.87	5.32	13.49
Net Profit / (Loss) to sales	%	2.44	7.30	0.22	(5.13)	(2.87)	5.25
EBITDA Margin to sales	%	12.02	15.03	8.89	1.25	5.81	14.44
Operating leverge ratio	%	(0.20)	10.07	16.03	5.88	(42.12)	1.23
Return on Equity	%	4.24	19.08	0.71	(14.38)	(3.31)	5.84
Return on capital employed	%	11.01	15.22	8.12	(1.73)	(0.23)	8.19
LIQUIDITY RATIOS							
Current Ratio	Times	1.03	1.13	0.95	1.12	1.32	3.39
Quick/Acid test Ratio	Times	0.39	0.43	0.37	0.54	0.44	1.31
Cash on current liabilities	Times	0.01	0.01	0.01	0.02	0.11	0.23
Cash flow from operations to sales	Times	0.13	0.15	0.11	0.05	0.03	0.09
INVESTMENT / MARKET RATIOS							
Earning per Shares	Rs	369.46	920.15	25.03	(435.98)	(114.63)	204.81
Price/Earning ratio	Times	5.79	1.30	33.40	(2.17)	(6.45)	4.20
Price to Book ratio	%	24.58	24.88	23.64	31.17	21.35	24.52
Dividend Yield ratio	%	0.23	0.42	0.00	0.00	0.68	0.58
Dividend Payout ratio	%	1.35	0.54	0.00	0.00	(4.36)	2.44
Dividend Cover ratio	Times	73.89	184.03	0.00	0.00	(22.93)	40.96
Cash Dividend per Share	Rs	5.00	5.00	-	-	5.00	5.00
Book Value per Share as at June 30th	Rs	8,705.37	4,822.39	3,536.40	3,031.90	3,461.46	3,508.01
Market Value per Share as at June 30th	Rs	2,139.99	1,200.00	835.91	945.00	739.00	860.00
CAPITAL STRUCTURE RATIOS							
Financial Leverage ratio	Times	1.02	1.89	2.58	2.83	2.09	-
Weighted average cost of debt	%	9.74%	6.62%	6.62%	7.54%	5.08%	1.84%
Debt to equity ratio	Times	56:44	68:32	74:26	76:24	71:29	18:82
Interest Cover / Time Interest earned ratio	Times	1.48	2.29	1.16	(0.26)	(0.67)	7.02
ACTIVITY / TURNOVER RATIOS							
Total Assets Turnover ratio	Times	0.76	0.85	0.83	0.66	0.34	0.91
Fixed Assets Turnover ratio	Times	1.21	1.42	1.27	0.98	0.49	1.62
No. of days in Inventory	Days	124	124	98	91	231	122
No. of days in Receivables	Days	41	38	32	29	23	29
No. of days in Payables	Days	26	17	17	38	51	44
Operating cycle	Days	139	145	114	80	199	106
Inventory Turnover Ratio	Times	2.94	2.94	3.74	4.00	1.58	2.99
Debtors Turnover Ratio	Times	8.70	9.46	11.10	12.48	15.97	12.24
Return on assets	%	1.87	6.17	0.18	(3.40)	(0.97)	4.76

COMMENTS ON SIX YEARS ANALYSIS ON THE PERFORMANCE OF THE COMPANY

STATEMENT OF FINANCIAL POSITION

Over six years, the asset base of the Company elevated mainly due to investment in property, plant and equipment, stock-in-trade and trade debtors which is aligned with upward ward movement of exchange rates to put up with growing demand of business.

The shareholder’s equity consists of share capital, reserves and revaluation surplus, pursuant to a change as per Companies Act, 2017. The increase in equity over the past six years primarily due to an increase in retained earnings of the Company and revaluation surplus.

The non-current liabilities of the Company have geared-up in the past six years, principally due to the long-term loans obtained for BMR purposes in order to remain competitive. The current liabilities have increased mainly to fund working capital requirements on account of stocks, receivables and stuck up income and sales tax refunds.

STATEMENT OF COMPREHENSIVE INCOME

The turnover enhanced over past six years pursuant to an increase in selling prices and hence a similar impact was ensued in terms of augmented cost of sales.

In 2019, the Company benefitted from the highest turnover in absolute and stood at Rs.7.56 billion on back of improved pricing from exchange devaluations but was simultaneously impacted by the same which impacted the cost of raw materials consequently gross margin was impacted.

Administrative, selling and distribution expenses have increased by 84% over the last six years mainly due to conversion from local to export sales.

Finance cost increased by 48% mainly on account of sudden hike in interest rates by SBP which was part several unprecedented measures being taken by the Government to manage the economy under direction of IMF and increase in short-term running finance to cater to the rising financing needs required to fund working capital requirements.

A decline in other income is on account of withdrawal export rebate scheme by the government.

The impact of the afore-stated, together with taxes translated into reduced profitability in the current year.

CASHFLOW ANALYSIS

The Company’s BMR is financed mainly from long-term borrowing and the working capital requirement is fulfilled through short term running finance from reputable banks. The Company generated more money from its operating activities during the current year due to positive working capital variations despite higher investment in stock in trade and trade debtors but compensated by improved trade payables at period end. The cash used in investing activities comprises mainly of investment in capital expenditure and purchase of investments. The financing activities of the company comprises mainly short-term loans obtained for working capital and timely repayment of long-term loans.

RATIO ANALYSIS

PROFITABILTY RATIOS

The Company exhibited stable gross profit of Rs 1.011 billion despite escalation in raw material costs and gross profit ratio in current year was higher than average of last 5 years mainly due to improved local pricing and exchange devaluation benefits.

INVESTMENT / MARKET RATIOS

The earnings per share of Rs.369.46 the Company is lower than bumper profit last year but higher than average of last 6 years i.e.Rs.161.47

LIQUIDITY RATIOS

The current ratio was lower than last year and lower than average of last few years due to higher short term borrowing to fund working capital requirements. This current ratio depicts that the Company is liquid to pay-off its short-term debts on timely basis.

CAPITAL STRUCTURE RATIOS

The gearing level of the Company demonstrated an upward trend mainly due to higher short term borrowing to fund working capital requirements.

ACTIVITY/ TURNOVER RATIOS

The operating cycle demonstrated a fluctuating trend over past six years ranging from 199 days in 2015, being the highest to 80 days in 2016, being the lowest. However, operating cycle has marginally increased marginally over average of prior five years mainly due to higher investment in stocks to capitalize on buying opportunities which did not materialize as cotton prices reduced on account of USA/China trade conflict. Payable days were slightly lower but in line with past trend and practice.

Analysis of the Financial Position

	2019	2018	2017	2016	2015	2014
		------------------- Ruppes in million -------------------				
Property, plant and equipment	5,646	3,986	4,197	3,983	3,719	896
Other non current assets	592	453	312	361	343	306
Current assets	3,652	3,015	2,369	2,069	1,829	947
Total assets	**9,890**	**7,454**	**6,877**	**6,414**	**5,890**	**2,150**
Shareholders' equity	4,353	2,411	1,768	1,516	1,731	1,754
Non current liabilities	2,003	2,378	2,614	3,048	2,777	116
Current portioin of long term financing	600	361	569	-	-	-
Short term borrowings	2,148	1,903	1,571	1,286	974	-
Other current liabilities	786	401	356	565	408	279
Total equity & liabilities	**9,890**	**7,454**	**6,877**	**6,414**	**5,891**	**2,149**
Vertical Analysis			**Percentage**			
Property, plant and equipment	57.1	53.5	61.0	62.1	63.1	41.7
Other non current assets	6.0	6.1	4.5	5.6	5.8	14.3
Current assets	36.9	40.5	34.4	32.3	31.1	44.1
Total assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Shareholders' equity	44.0	32.4	25.7	23.6	29.4	81.6
Non current liabilities	20.3	31.9	38.0	47.5	47.2	5.4
Current portioin of long term financing	6.1	4.9	8.3	-	-	-
Short term borrowings	21.7	25.5	22.8	20.0	16.5	-
Other current liabilities	8.0	5.4	5.2	8.8	6.9	13.0
Total equity & liabilities	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Horizontal Analysis			**Percentage**			
Property, plant and equipment	41.7	(5.0)	5.4	7.1	315.1	9.4
Other non current assets	30.6	45.3	(13.8)	5.5	11.8	3.9
Current assets	21.1	27.3	14.5	13.2	93.1	(3.8)
Total assets	**32.7**	**8.4**	**7.2**	**8.9**	**174.0**	**2.5**
Shareholders' equity	80.5	36.4	16.6	(12.4)	(1.3)	(4.6)
Non current liabilities	(15.8)	(9.0)	(14.2)	9.7	2,296.2	(34.1)
Current portioin of long term financing	66.1	(36.5)	100	-	-	(100.0)
Short term borrowings	12.9	21.2	22.2	31.9	100	(100.0)
Other current liabilities	96.0	12.7	(37.0)	38.3	46.2	24.1
Total equity & liabilities	**32.7**	**8.4**	**7.2**	**8.9**	**174.1**	**2.4**

Analysis of the Comprehensive Income

	2019	2018	2017	2016	2015	2014
	Ruppes in million					
Net sales	7,557	6,303	5,708	4,248	1,998	1,949
Cost of sales	(6,546)	(5,386)	(5,257)	(4,083)	(1,892)	(1,686)
Gross profit	**1,012**	**917**	**451**	**164**	**106**	**263**
Administration, selling and distribution expenses	(241)	(208)	(167)	(164)	(106)	(131)
Other operating expenses	(70)	(54)	(10)	(35)	(5)	(13)
Other operating income	(1)	75	82	(44)	(6)	34
Operating profit/(loss) before financing cost	**700**	**729**	**356**	**(79)**	**(10)**	**153**
Finance cost	(473)	(319)	(305)	(306)	(15)	(22)
Profit/(loss) before taxation	**226**	**410**	**50**	**(385)**	**(26)**	**131**
Taxation	(42)	50	(38)	167	(32)	(29)
Profit/(loss) after taxation	**185**	**460**	**13**	**(218)**	**(57)**	**102**
Vertical Analysis	Percentage					
Net sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(86.6)	(85.5)	(92.1)	(96.1)	(94.7)	(86.5)
Gross profit	**13.4**	**14.6**	**7.9**	**3.9**	**5.3**	**13.5**
Administration, selling and distribution expenses	(3.2)	(3.3)	(2.9)	(3.9)	(5.3)	(6.7)
Other operating expenses	(0.9)	(0.9)	(0.2)	(0.8)	(0.2)	(0.7)
Other operating income	(0.0)	1.2	1.4	(1.0)	(0.3)	1.8
Operating profit/(loss) before financing cost	**9.3**	**11.6**	**6.2**	**(1.9)**	**(0.5)**	**7.8**
Finance cost	(6.3)	(5.1)	(5.4)	(7.2)	(0.8)	(1.1)
Profit/(loss) before taxation	**3.0**	**6.5**	**0.9**	**(9.1)**	**(1.3)**	**6.7**
Taxation	(0.6)	0.8	(0.7)	3.9	(1.6)	(1.5)
Profit/(loss) after taxation	**2.5**	**7.3**	**0.2**	**(5.1)**	**(2.9)**	**5.2**
Horizontal Analysis	Percentage					
Net sales	19.9	10.4	34.4	112.6	2.5	(12.2)
Cost of sales	21.5	2.5	28.7	115.8	12.2	(2.3)
Gross profit	**10.3**	**103.3**	**174.3**	**54.8**	**(59.6)**	**(46.8)**
Administration, selling and distribution expenses	15.6	24.5	1.9	55.1	(19.3)	(2.8)
Other operating expenses	29.3	424.3	(70.1)	657.2	(63.9)	(54.6)
Other operating income	(101.1)	(9.3)	(285.7)	626.6	(117.9)	(60.7)
Operating profit/(loss) before financing cost	**(4.0)**	**105.0**	**(551.1)**	**662.1**	**(106.8)**	**(63.4)**
Finance cost	48.4	4.4	(0.1)	1,879.0	(29.2)	(31.8)
Profit/(loss) before taxation	**(44.8)**	**716.4**	**(113.1)**	**1,390.9**	**(119.7)**	**(66.0)**
Taxation	(183.8)	(231.9)	(122.7)	(628.5)	9.2	60.3
Profit/(loss) after taxation	**(59.9)**	**3,575.6**	**(105.7)**	**280.3**	**(156.0)**	**(72.2)**

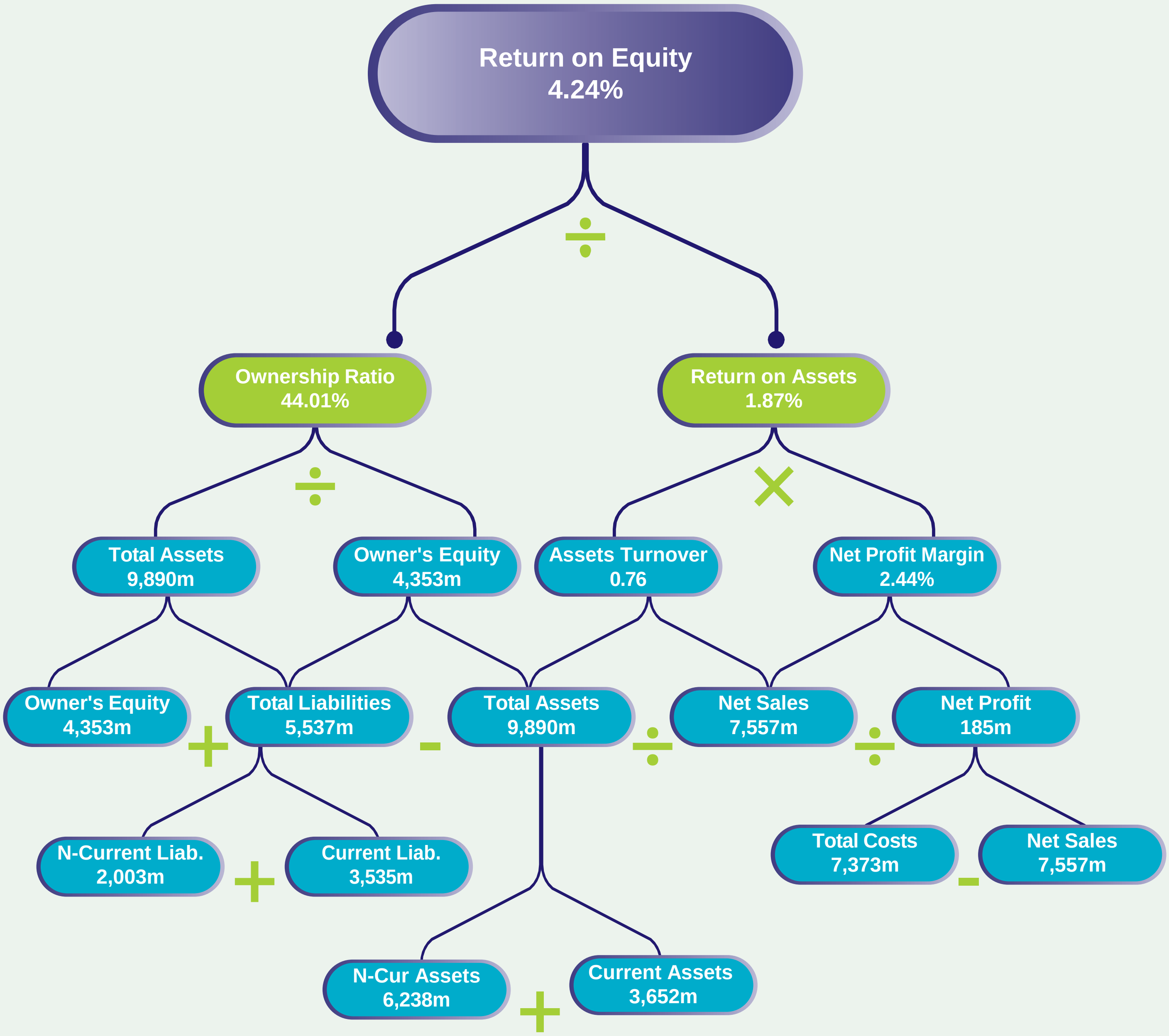
Analysis of the Cash Flows

	2019	2018	2017	2016	2015	2014
	Ruppes in million					
Net cash (used in)/generated from operating activities	148	4	(233)	(335)	(827)	(68)
Net cash (outflows)/inflows from investing activities	(27)	(14)	(51)	(455)	(2,694)	153
Net cash inflows/(outflows) from financing activities	7	(96)	194	336	3,321	(213)
Net increase/(decrease) in cash and cash equivalents	**129**	**(106)**	**(91)**	**(454)**	**(199)**	**(127)**

Vertical Analysis			Percentage			
Net cash (used in)/generated from operating activities	115.5	(3.6)	256.6	73.8	415.1	53.2
Net cash (outflows)/inflows from investing activities	(21.3)	12.8	56.6	100.2	1,351.9	(120.4)
Net cash inflows/(outflows) from financing activities	5.8	90.8	(213.2)	(74.0)	(1,666.9)	167.2
Net increase in cash and cash equivalents	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Horizontal Analysis			Percentage			
Net cash (used in)/generated from operating activities	3,754.3	(101.7)	(30.4)	(59.5)	1,119.0	(122.5)
Net cash (outflows)/inflows from investing activities	101.3	(73.6)	(88.7)	(83.1)	(1,855.1)	(160.2)
Net cash inflows/(outflows) from financing activities	(107.8)	(149.7)	(42.3)	(89.9)	(1,658.8)	(229.1)
Net increase/(decrease) in cash and cash equivalents	**(221.2)**	**16.7**	**(80.0)**	**127.9**	**56.4**	**(160.4)**

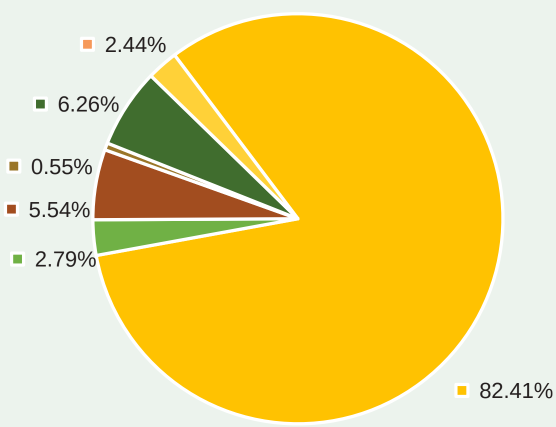
DuPont Analysis



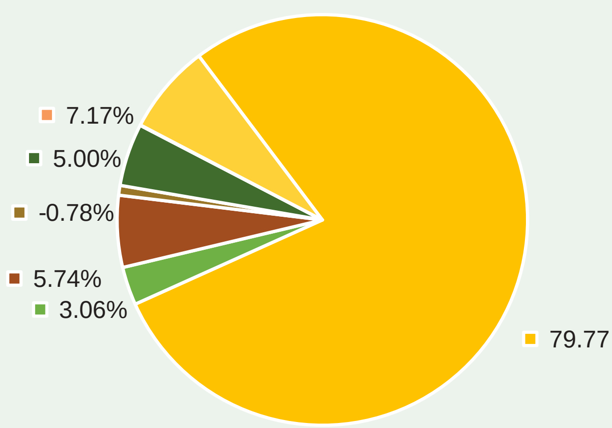
Statement of Value Additions and its Distribution

	2019		2018	
	Rs. In '000'	%	Rs. In '000'	%
Wealth generated				
Sales including sales tax	7,557,243	100.01%	6,303,217	98.83%
Other operating income	(822)	-0.01%	74,709	1.17%
	7,556,422	**100.00%**	**6,377,926**	**100.00%**
Wealth distribution				
Cost of sales	6,227,189	82.41%	**5,087,972**	79.77%
Administrative, distribution and others	210,918	2.79%	**194,979**	3.06%
Employees	418,687	5.54%	365,863	5.74%
Income tax	41,736	0.55%	(49,793)	-0.78%
Financial charges	473,162	6.26%	318,800	5.00%
Dividend to shareholders	-	0.00%	2,500	0.04%
Distribution within business	184,729	2.44%	457,605	7.17%
	7,556,422	**100.00%**	**6,377,926**	**100.00%**

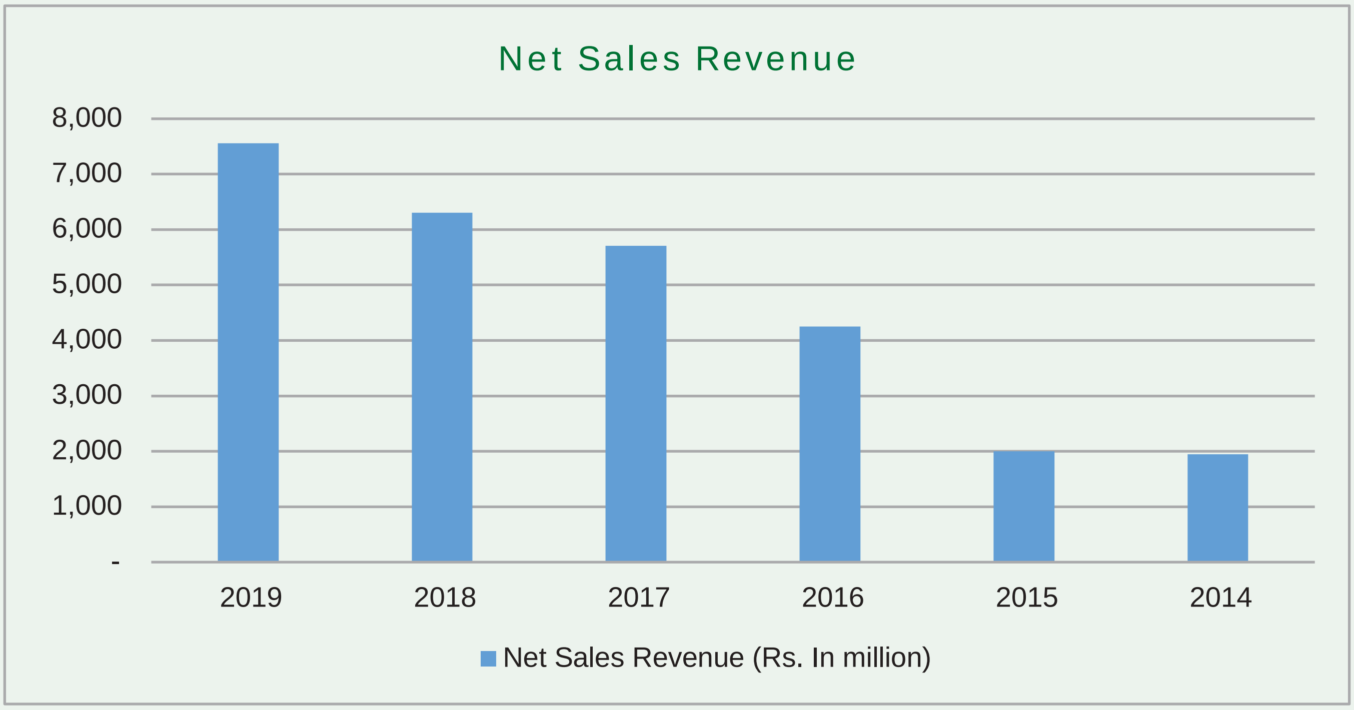
2019

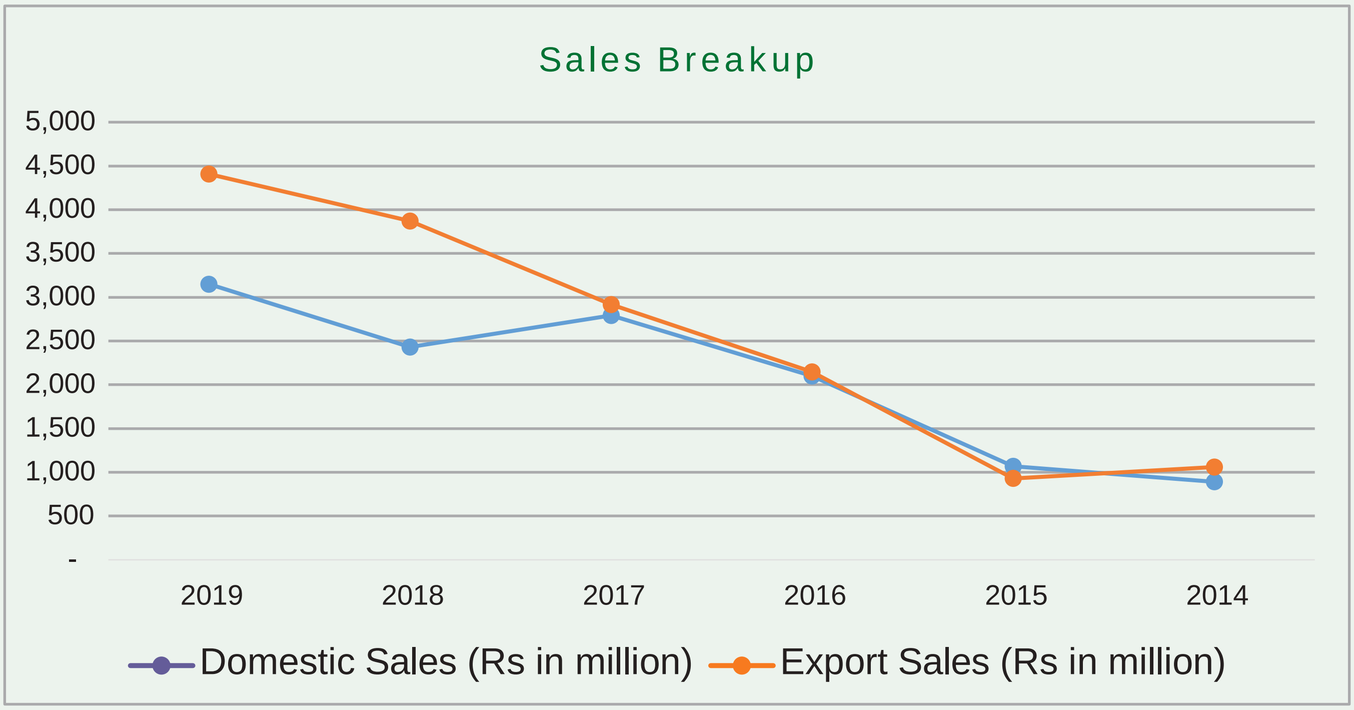


2018



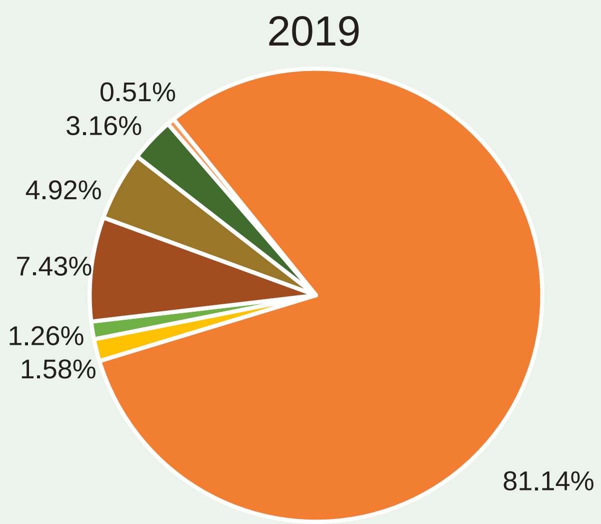
- Cost of sales
- Administrative, distribution and others
- Employees
- Income tax
- Financial charges
- Dividend to shareholders
- Distribution within business

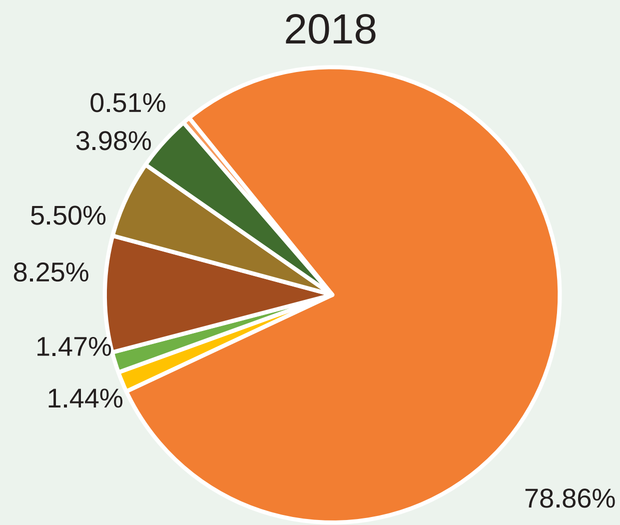

Net Sales Revenue
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
2019
2018
2017
2016
2015
2014
Net Sales Revenue (Rs. In million)

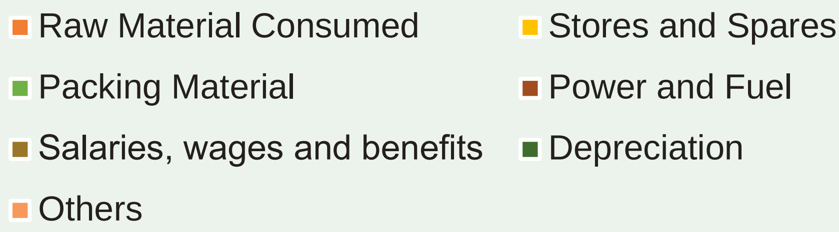

Sales Breakup
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2019
2018
2017
2016
2015
2014
Domestic Sales (Rs in million)
Export Sales (Rs in million)

Analysis of Costs

	2019		2018	
	Rs. In '000'		Rs. In '000'	
Raw Material Consumed	5,248,622	81.14%	4,277,169	78.86%
Stores and Spares	102,199	1.58%	78,109	1.44%
Packing Material	81,215	1.26%	79,550	1.47%
Power and Fuel	480,538	7.43%	447,399	8.25%
Salaries, wages and benefits	318,449	4.92%	298,120	5.50%
Depreciation	204,250	3.16%	215,672	3.98%
Others	33,277	0.51%	27,654	0.51%
Total	**6,468,550**	**100.00%**	**5,423,673**	**100.00%**

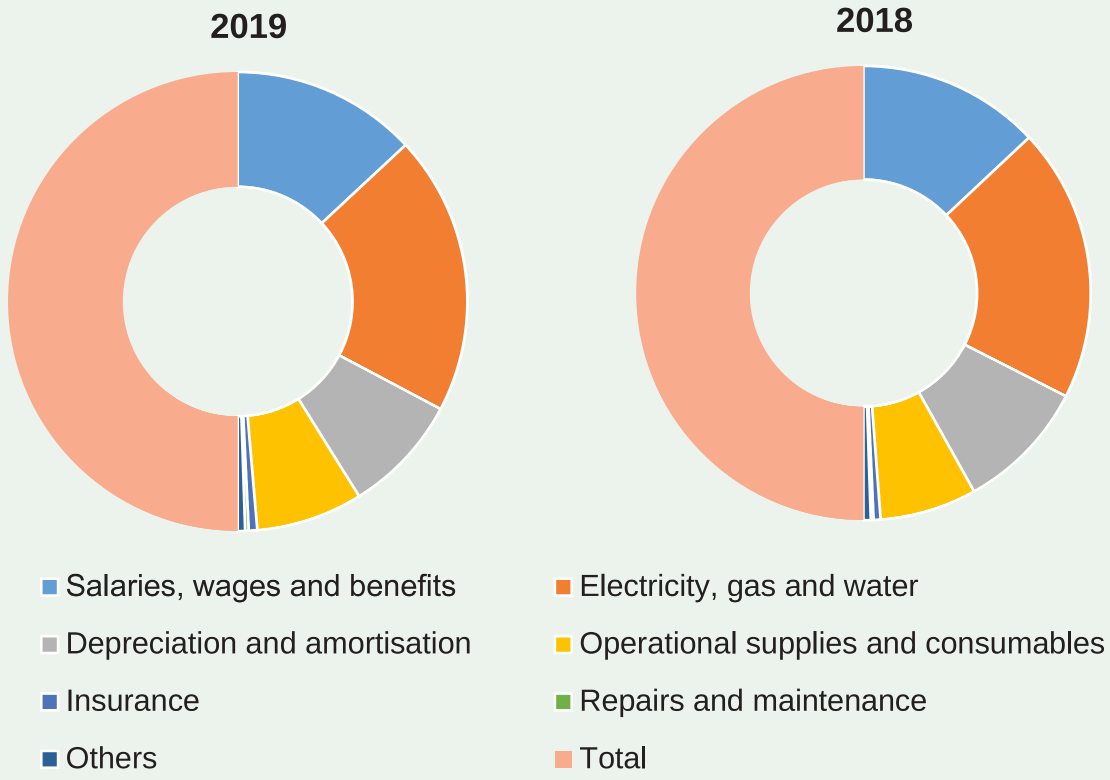


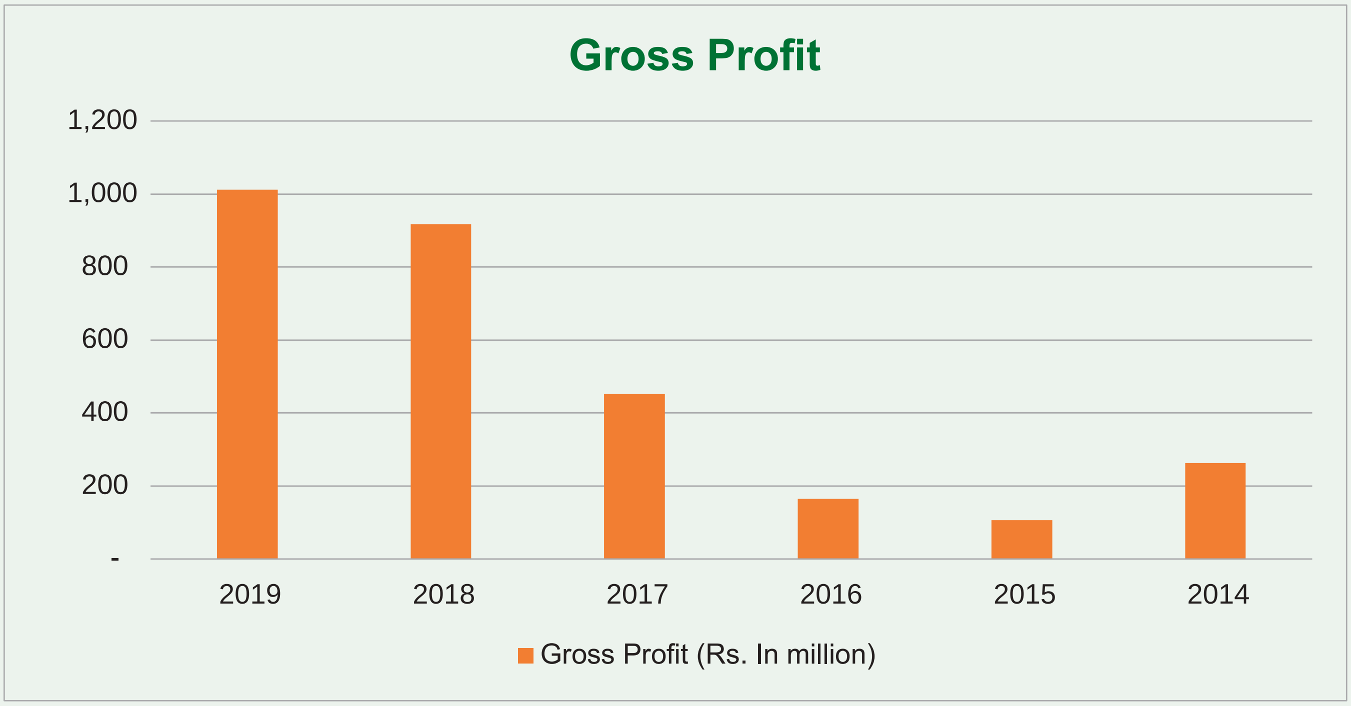


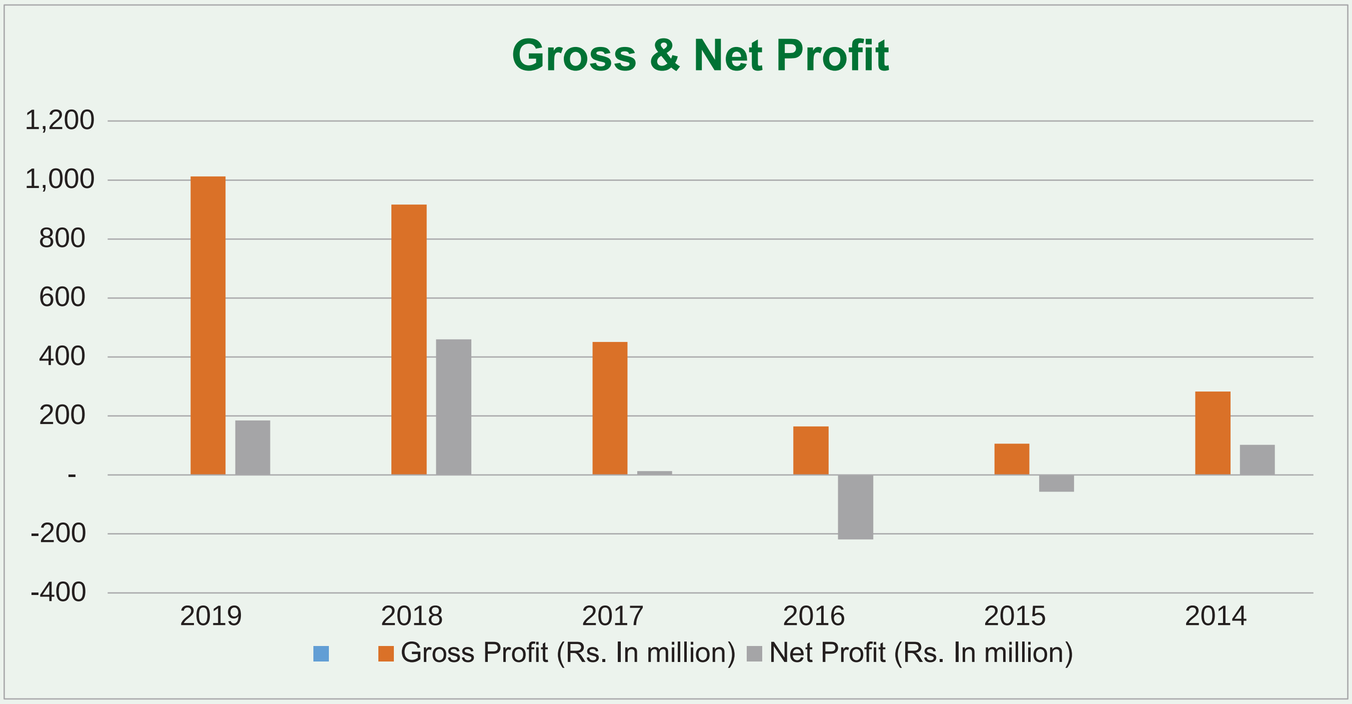


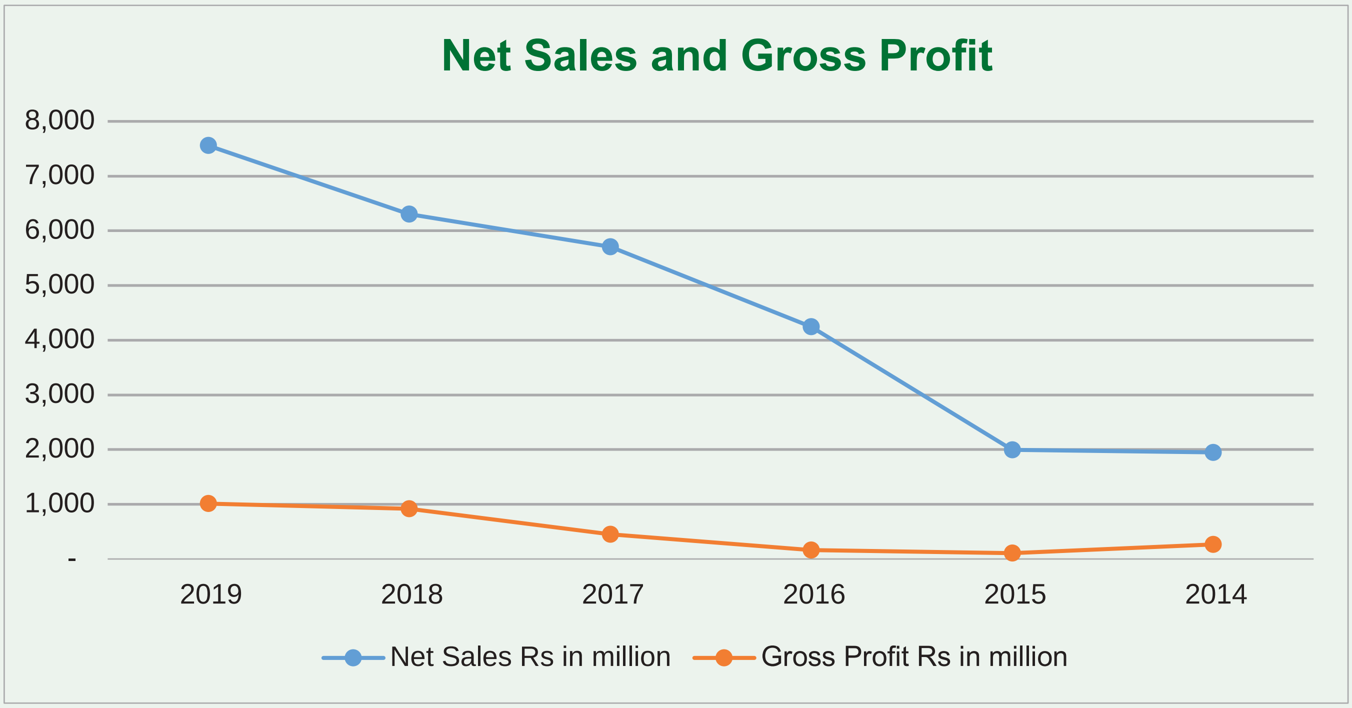
CONVERSION COST

	2019	2018
	---------------Rs in Million ------------	
Salaries, wages and benefits	318	298
Electricity, gas and water	481	447
Depreciation and amortisation	204	216
Operational supplies and consumables	183	158
Insurance	15	11
Repairs and maintenance	6	4
Others	13	12
Total	**1,220**	**1,147**

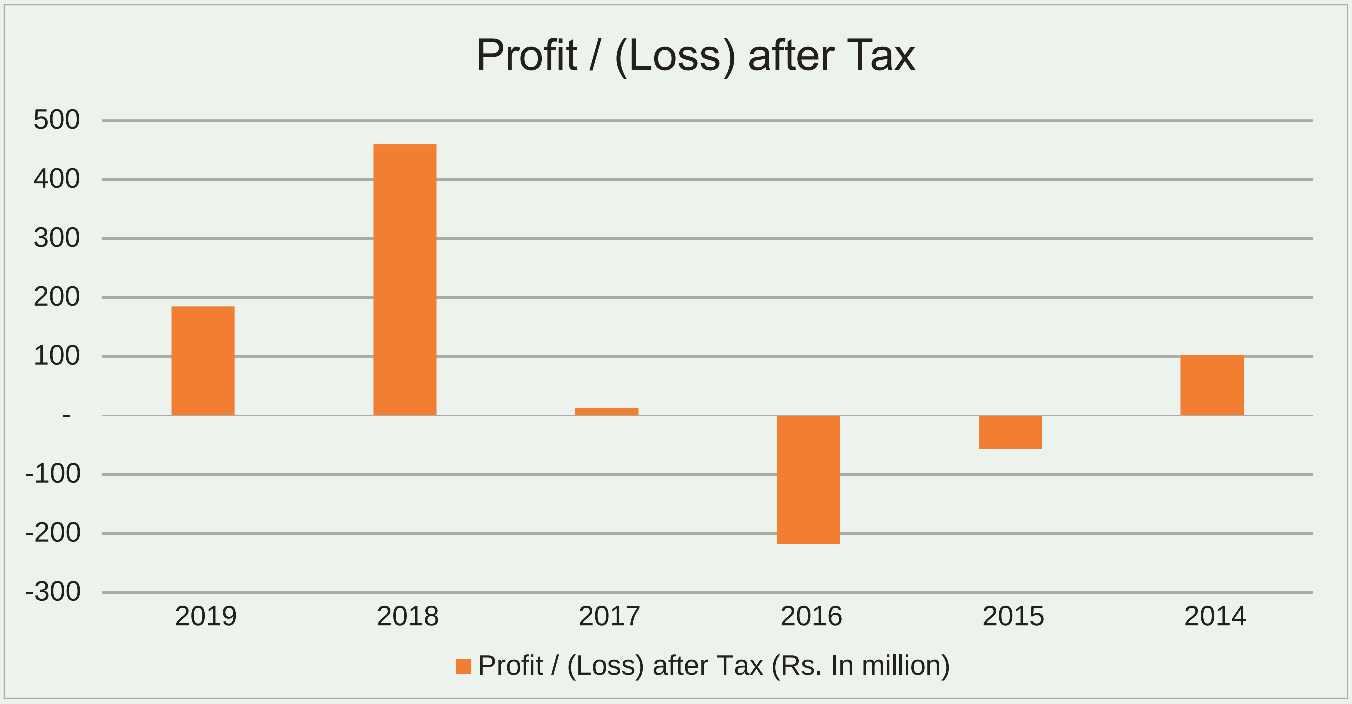



Gross Profit
1,200
1,000
800
600
400
200
-
2019
2018
2017
2016
2015
2014
Gross Profit (Rs. In million)

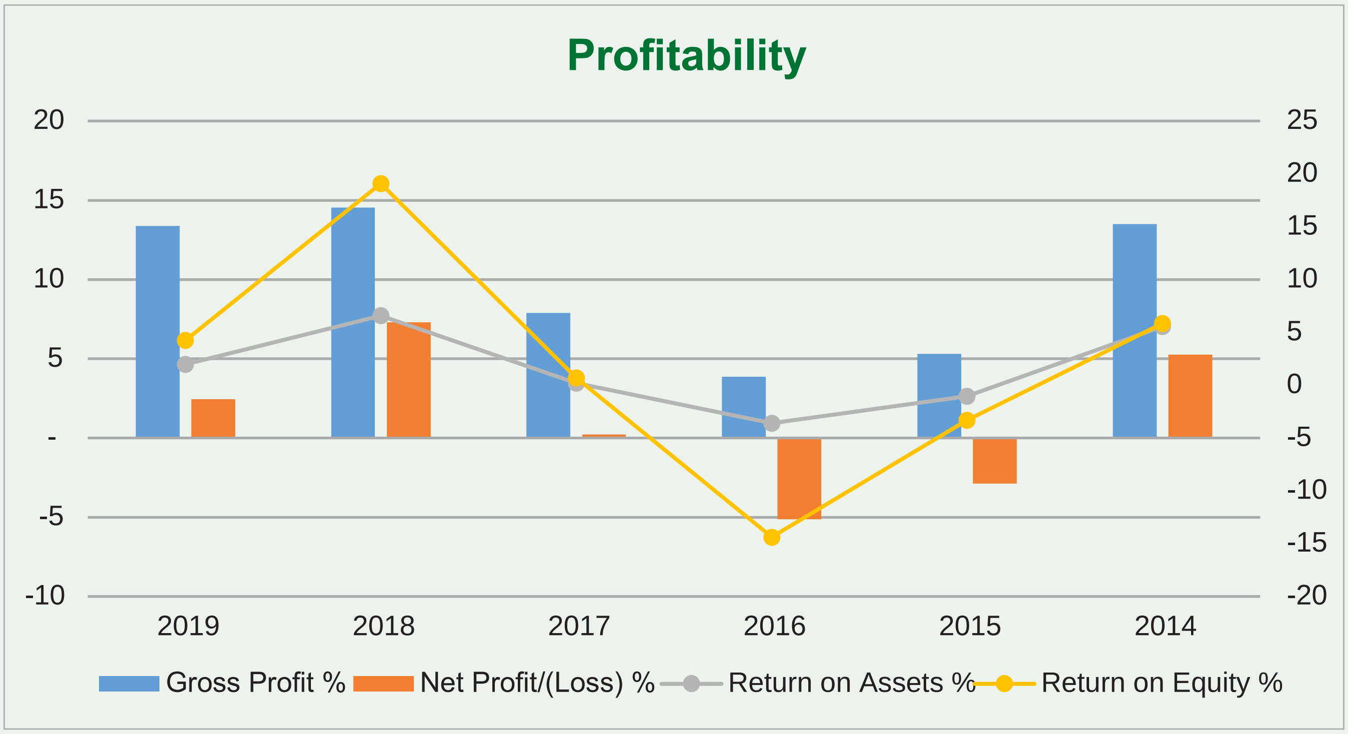

Gross & Net Profit
1,200
1,000
800
600
400
200
-
-200
-400
2019
2018
2017
2016
2015
2014
Gross Profit (Rs. In million)
Net Profit (Rs. In million)

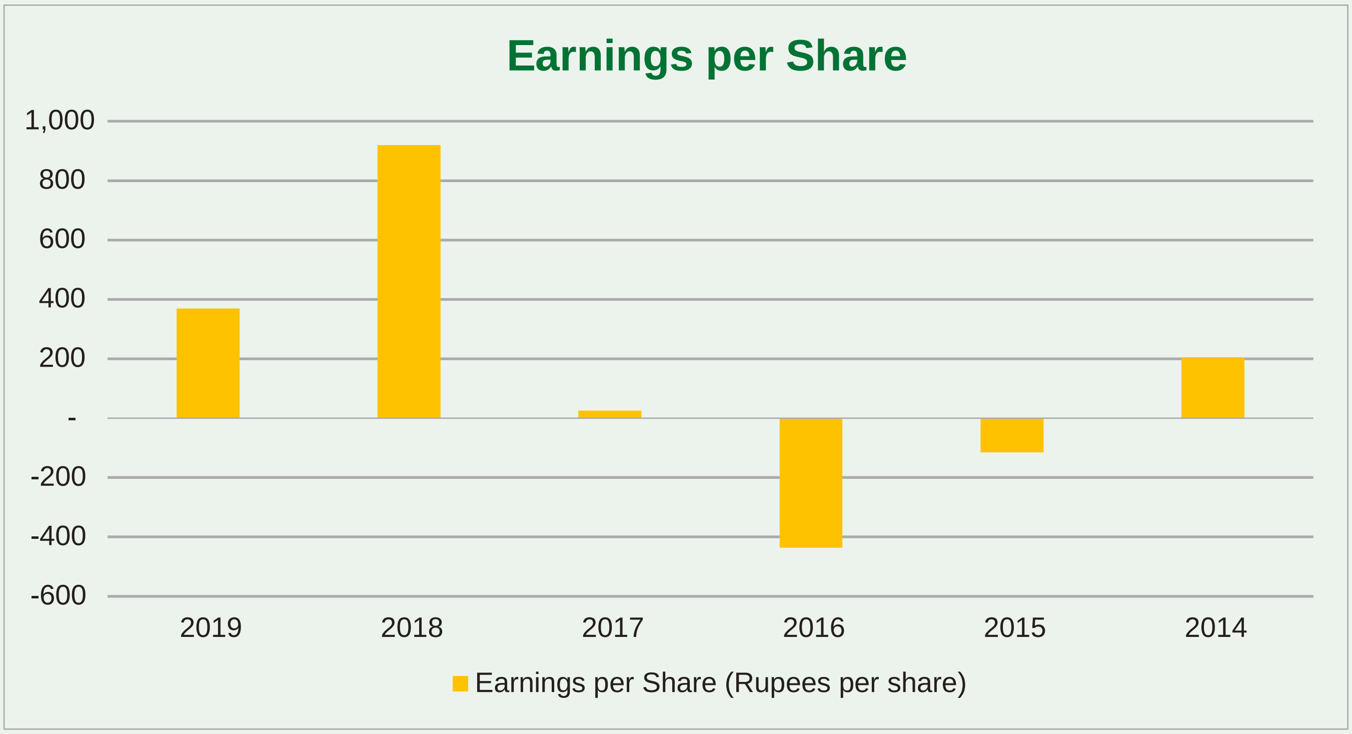


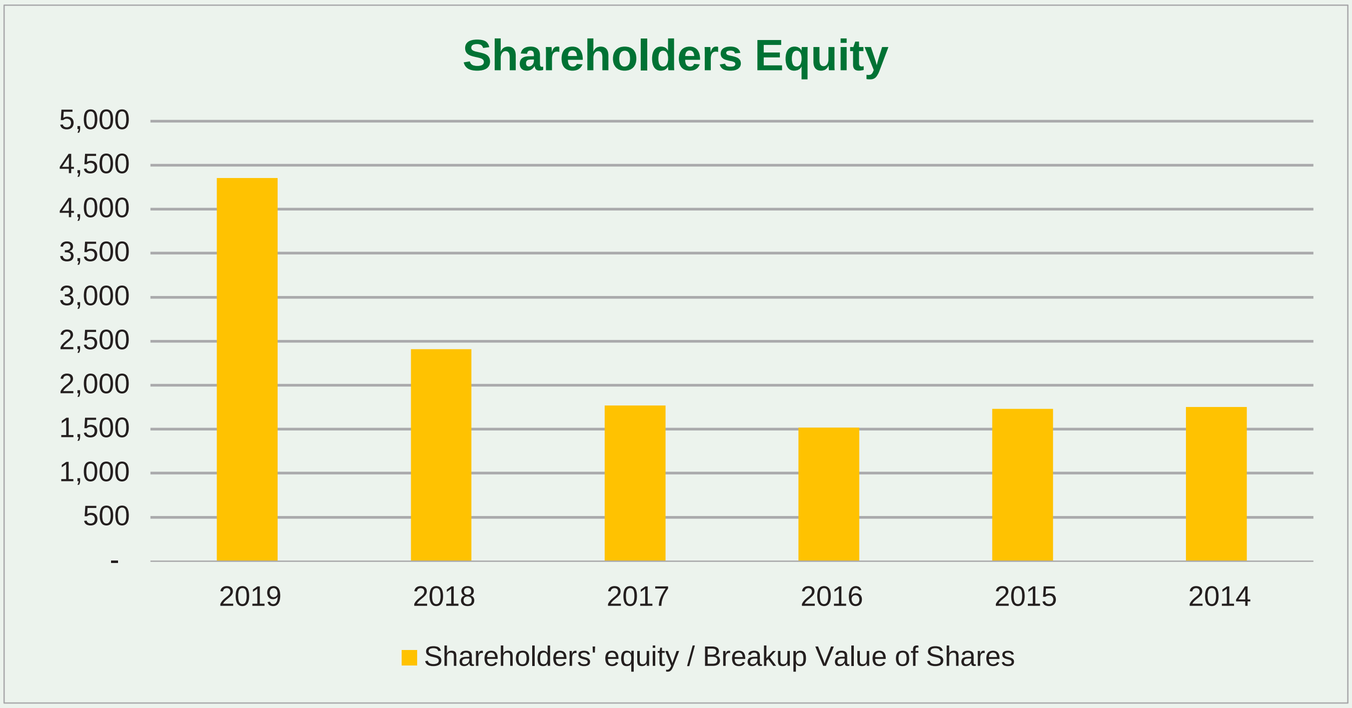
Net Sales and Gross Profit
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
2019
2018
2017
2016
2015
2014
Net Sales Rs in million
Gross Profit Rs in million

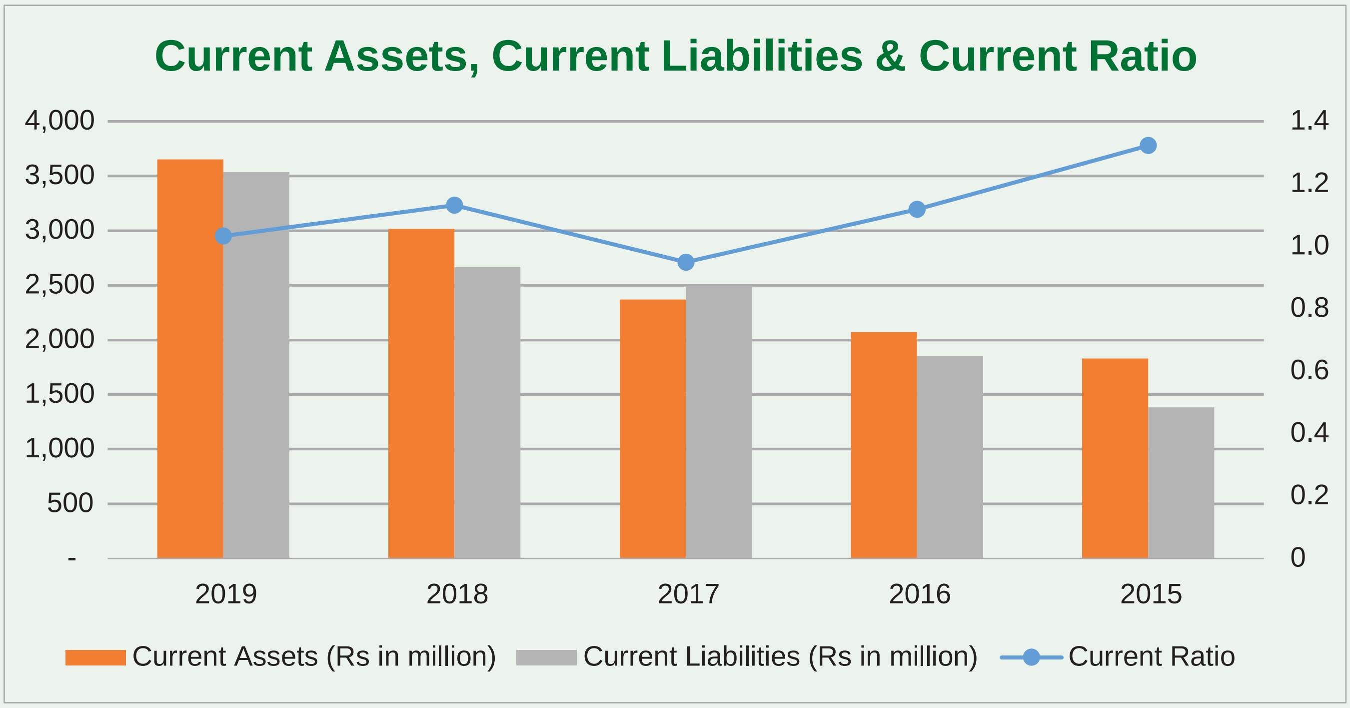


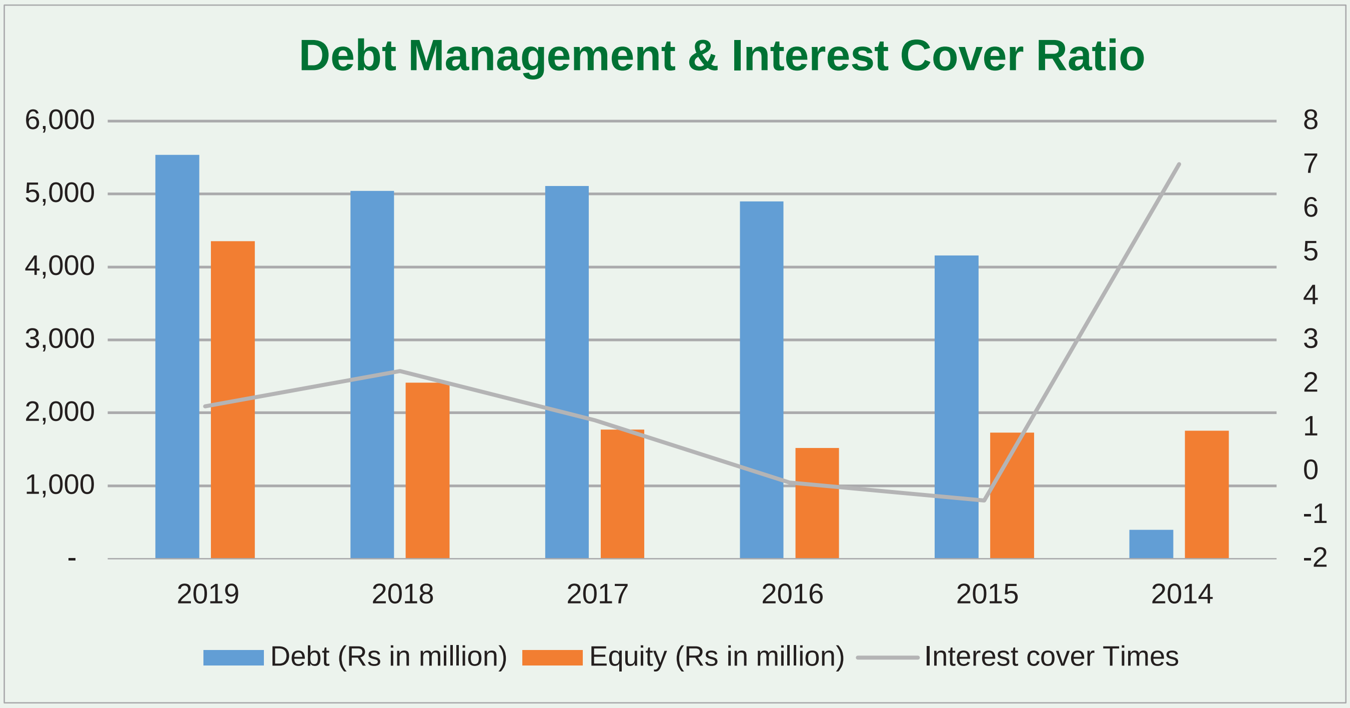
Profit / (Loss) after Tax
500
400
300
200
100
-
-100
-200
-300
2019
2018
2017
2016
2015
2014
Profit / (Loss) after Tax (Rs. In million)

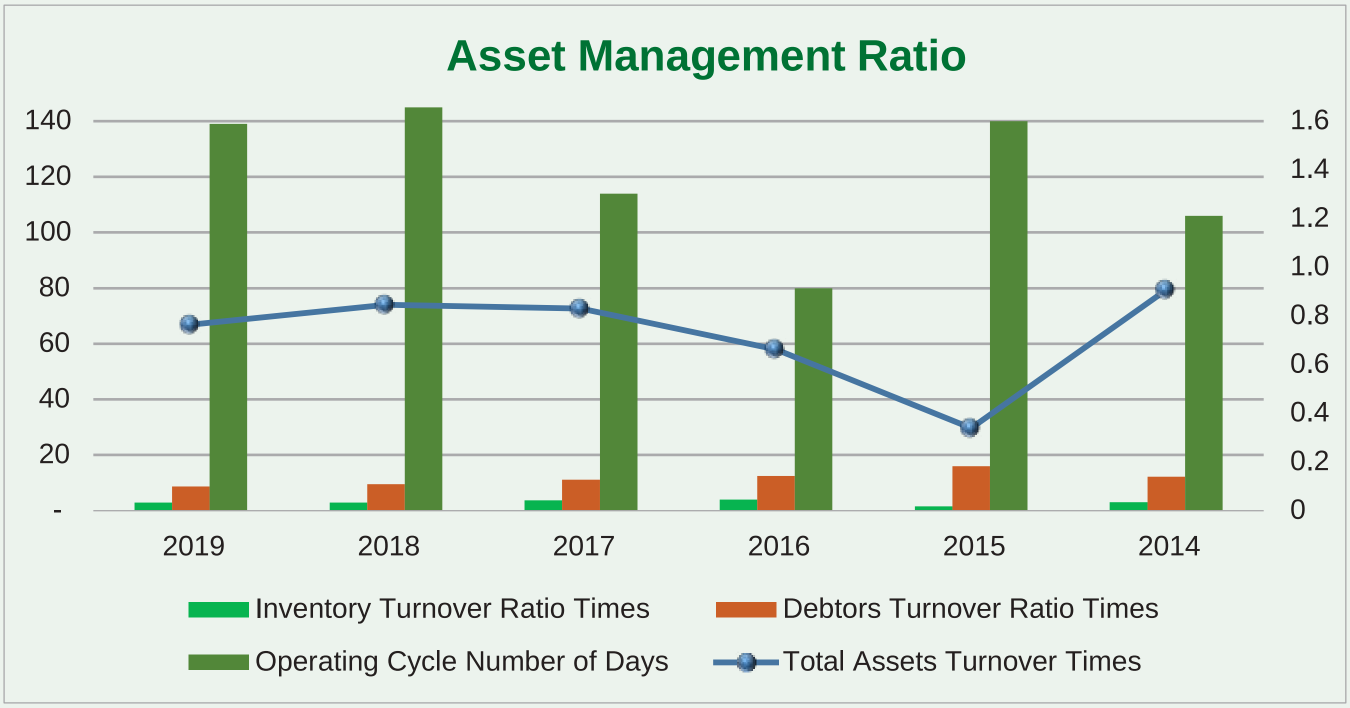

Profitability
20
15
10
5
-
-5
-10
25
20
15
10
5
0
-5
-10
-15
-20
2019
2018
2017
2016
2015
2014
Gross Profit %
Net Profit/(Loss) %
Return on Assets %
Return on Equity %


Earnings per Share
1,000
800
600
400
200
-
-200
-400
-600
2019
2018
2017
2016
2015
2014
Earnings per Share (Rupees per share)


Shareholders Equity
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2019
2018
2017
2016
2015
2014
Shareholders' equity / Breakup Value of Shares


Current Assets, Current Liabilities & Current Ratio
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
1.4
1.2
1.0
0.8
0.6
0.4
0.2
0
2019
2018
2017
2016
2015
Current Assets (Rs in million)
Current Liabilities (Rs in million)
Current Ratio


Debt Management & Interest Cover Ratio
6,000
5,000
4,000
3,000
2,000
1,000
-
8
7
6
5
4
3
2
1
0
-1
-2
2019
2018
2017
2016
2015
2014
Debt (Rs in million)
Equity (Rs in million)
Interest cover Times


Asset Management Ratio
140
120
100
80
60
40
20
-
1.6
1.4
1.2
1.0
0.8
0.6
0.4
0.2
0
2019
2018
2017
2016
2015
2014
Inventory Turnover Ratio Times
Debtors Turnover Ratio Times
Operating Cycle Number of Days
Total Assets Turnover Times

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2019

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
356	1	100	16,691
33	101	500	7,978
6	501	1000	5,080
9	1001	5000	22,157
1	30001	35000	34,950
1	40001	45000	40,600
1	50001	55000	51,050
1	130001	135000	134,747
1	185001	190000	186,747
409			**500,000**

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDER	SHARES HELD	PERCENTAGE
Directors, their Spouse(s) and Minor	9	384,891	76.98
Public Sector companies & Corporations	2	150	0.03
Mutual Funds	1	34,950	6.99
Others	6	43,420	8.68
General Public	391	36,589	7.32
	409	500,000	100.00

DETAIL CATEGORIES OF SHAREHOLDERS

		No. of Shareholders	Shares Held
DIRECTORS, THEIR SPOUSE(S) & MINOR CHILDREN			
Mr. Anwar Ahmed Tata	(Chairman)	1	134,747
Mr. Shahid Anwar Ahmed Tata	(Chief Executive)	1	186,747
Mr. Adeel Shahid Anwar	(Director)	1	3,447
Mr. Bilal Shahid Anwar	(Director)	1	2,500
Mr. Muhammad Naseem	(Director)	1	2,500
Mr. Farooq Advani	(Director)	1	100
Miss Samar Shahid Tata	(Director)	1	100
Mrs. Parveen Anwar (W/o of Mr. Anwar Ahmed Tata)		1	51,050
Mrs. Saiqa Shahid (W/o of Mr. Shahid Anwar Tata)		1	3,700
		9	**384,891**

DETAIL CATEGORIES OF SHAREHOLDERS

	No. of Shareholders	Shares Held
PUBLIC SECTOR COMPANIES AND CORPORATIONS		
Investment Corporation of Pakistan	**2**	**150**
MUTUAL FUNDS		
CDC-Trustee AKD Opportunity Fund	1	34,950
	1	**34,950**
OTHERS		
Fateh Textile Mills Ltd.	1	50
Yasir Mahmood Securities (Pvt) Ltd.	1	350
Fikrees (Private) Limited	1	700
Golden Arrow Selected Stocks Fund Limited	1	40,600
Everfresh Farms (Pvt.) Limited	1	350
MRA Securities Limited - Mf	1	1,370
	6	**43,420**
GENERAL PUBLIC		
Local	**391**	**36,589**
Grand Total	**409**	**500,000**

Shareholders Holding 5% or more

Name of Shareholder		Shares Held	Percentage
Mr. Anwar Ahmed Tata	(Chairman)	134,747	26.95
Mr. Shahid Anwar Tata	(CEO)	186,747	37.35
Mrs. Parveen Anwar(W/o of Mr. Anwar Tata)		51,050	10.21
Golden Arrow selected Stock Fund Limited		40,600	8.12
CDC - Trustee AKD Opportunity Fund		34,950	6.99

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **50th Annual General Meeting** of the Shareholders of **Island Textile Mills Limited** will be held on **Thursday,** the **November 21, 2019 at 2:30 p.m.** at **5th Floor, Textile Plaza, M. A. Jinnah Road, Karachi** to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the last Extra Ordinary General Meeting held on October 24, 2019.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2020. The present auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants, retiring and being eligible, have offered themselves for reappointment.
4. To consider and approve the following as recommended by the Board of Directors for the year ended June 30, 2019

   - Final Cash Dividend @ 50% (i.e. Rs.5/- per share)
   - Distribution specie dividend as follows;

   o 366,300/= ordinary shares of Salfi Textile Mills Limited (SALT) in the ratio of 1000:732 i.e. for 1,000 shares of ILTM, shareholders will get 732 shares of SALT.

   o 434,798/= ordinary shares of Tata Textile Mills Limited (TATM) in the ratio of 1000:869 i.e. for 1,000 shares of ILTM, shareholders will get 869 shares of TATM.

   For distribution of specie dividend, pass the following ordinary resolution if deemed appropriate:

   RESOLVED THAT fractional entitlement of the members shall be consolidated into whole shares and sold in the stock market and the sale proceeds shall be donated to any registered charitable institution.

   FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of specie dividend.

SPECIAL BUSINESS

Ordinary Resolution

5. To consider and pass the following ordinary resolutions:

a) "RESOLVED that the transactions carried out in normal course of business with associated companies as disclosed in Note No. 35 of the audited financial statements for the year ended June 30, 2019 be and are hereby ratified and approved."

b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2020 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Special Resolution

6. To consider and approve the adoption of revised Article of Association and if thought fit, to pass the following resolution as Special Resolutions, with or without modification so as to conform to the provisions of Companies Act, 2017 and other Rules / Regulations made thereunder from time to time.

   "Resolved that the changes/update in Articles of Association, as proposed by the Board of Directors, be and are hereby adopted."

"Further Resolved that the Company Secretary, be and hereby authorized and empowered to do all acts, deeds and things that may be necessary to give effect to this resolution."

"Further Resolved that in case the Securities Exchange Commission of Pakistan (SECP) suggests any correction in the text of the Articles of Association, the Company Secretary be and is hereby authorized to make necessary corrections in the documents as permitted under the law in letter and spirit."

7. To transact any other ordinary business or businesses with the permission of the Chairman.

Statement under section 134(3) of the Companies Act, 2017 pertaining to the Special Business is being annexed.

By Order of the Board of Directors

Muhammad Hussain
Company Secretary

Karachi:
Dated: October 30, 2019

Notes:

1. The Register of Member and Share Transfer Books of the Company will remain closed from November 14, 2019 to November 21, 2019 (both days inclusive). Transfer received in order at the office of Share Register, M/s CDC Share Registrar Service Limited, CDC, House, 99-B, Block S.M.C.H.S., Main Shahra-e-Faisal, Karachi by the close of business on November 13, 2019 will be considered in time to attend and vote at the meeting.
2. A member entitled to attend, speak and vote at this meeting may appoint any other member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order, must be received at the Company's Registered Office duly stamped and signed not later than 48 hours before the time of 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 Board of Directors' resolution/power of attorney with specimen signature of the nominee.
4. Members are requested to notify their change of address, Zakat declaration (CZ-50) and tax exemption certificate (if any) immediately to Company's Share Registrar , M/s CDC Share Registrar Service Limited.
5. Members are requested to provide their International Banking Account Number (IBAN) together with a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission, all future dividend payments may be withheld.
6. **CNIC / NTN** Pursuant to the directive of the Securities Exchange Commission of Pakistan (SECP), CNIC of members are mandatorily required to be mentioned on Tax/ Zakat certificate. Members are therefore requested to submit a copy of their valid CNIC (if not already provided) to Company's Share Registrar M/s CDC Share Registrar Service Limited.
7. **UNCLAIMED DIVIDENDS & BONUS SHARES** Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact Company's Share Registrar M/s CDC Share Registrar Services Limited to collect/ enquire about their unclaimed dividend or pending shares, if any. Please note that in compliance with Section 244 of the Companies

Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three (3) years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

8. **E-DIVIDEND** As per Section 242 of the Companies Act, 2017, in case of a Public listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their bank account details in the Central Depository System through respective participants. In case of physical shares, to provide bank account details to our Share Registrar, M/s CDC Share Registrar Services Limited on E-Dividend mandate form. Please note that after 31st October 2017 all cash dividends, declared by the Company, will only be remitted to designated bank accounts and not otherwise, so please ensure an early update of your particulars to avoid any inconvenience in future.

9. **E-Voting** Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

10. **Video Conference** Pursuant to SECP Circular No 10 of 2014 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide the information to the Share Registrar Office of the Company i.e. Messrs. CDC Share Registrar Services Limited, CDC House, 99-B, Shahrahe- Faisal, Karachi PABX No. (+9221) 111-111-500 and email info@cdcpak.com

11. **CIRCULATION OF NOTICE OF MEETING & ANNUAL ACCOUNTS** With reference to SRO 787(I/2014 dated 8th September 2014 issued by SECP, shareholders have an option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent on prescribed format to our Shares Registrar, M/s CDC Share Registrar Services Limited at CDC House, 99-B, Block-B, S.M.C.H.S, Shahrah-e-Faisal, Karachi to update our record if they wish to receive Annual Audited Financial Statement and Notice of General Meeting through email. However, if a shareholder, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven (7) days of receipt of such request.

12. **DEDUCTION OF INCOME TAX FROM DIVIDEND** Members are informed that the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment, have been revised in case of person not appearing in Active Tax Payer List (ATL) which as under:

    a) For filers of income tax returns 15%. b) For non-filers of income tax returns 30%.

    To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, members whose names are not entered in to the ATL provided on website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL.

    Further, according to clarification received from FBR, withholding tax will be determined separately on Filer/Non-Filer status of Principal Member as well as Join-holder(s) based on their shareholding proportions, in case of joint accounts.

13. **PLACEMENT OF AUDITED FINANCIAL ON WEBSITE** Annual Audited Financial Statements of the Company for the year ended June 30,2019 have been placed on Company's website i.e. www.tatapakistan.com/island-textile-mills

Statement under Section 134(3)(B) of the Companies Act, 2017

This statement is annexed to the notice of Annual General Meeting of the members of Tata Textile Mills Ltd. to be held on November 21, 2019 and sets out the material facts concerning the following Special Business to be transacted at the meeting for approval of members.

Ordinary Resolution

1. Agenda Item No. 5(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2019 to be passed as an Ordinary Resolution.

   The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to Clause 15 of Listed Companies Code of Corporate Governance Regulations 2017.

   During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the quorum of directors could not be formed for approval some of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting.

   In view of the above, the transactions carried out during the financial year ended June 30, 2019 with associated companies shown in note No. 35 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

   The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

2. Agenda Item No. 5(b) of the Notice – Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2020 to be passed as an Ordinary Resolution.

   The Company is expected to be conducting transactions with associated companies in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

   In order to comply with the provisions of Clause 15 of Listed Companies Code of Corporate Governance Regulations 2017, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2020.

Special Resolution

Revision of Article of Association of Company

In order to comply with the requirements laid down in the Companies Act, 2017 and the rules and regulations introduced by the Commission for listed companies, it is proposed to substitute the present Articles of Association with new Article of Association and to pass the following resolution with or without modification, as Special Resolution;

> "Resolved that the changes/update in Articles of Association, as proposed by the Board of Directors, be and are hereby adopted."
>
> "Further Resolved that the Company Secretary, be and hereby authorized and empowered to do all acts, deeds and things that may be necessary to give effect to this resolution."

“Further Resolved that in case the Securities Exchange Commission of Pakistan(SECP) suggests any correction in the text of the Articles of Association, the Company Secretary be and is hereby authorized to make necessary corrections in the documents as permitted under the law in letter and spirit.”

S. No	Clause No. Subject	Present	Proposed Change / Amendments
1	General Updated/replaced in Whole Article of Association	Companies Ordinance 1984	Companies Act 2017
		Code of Corporate Governance	Listed Companies (Code of Corporate Governance) Regulations 2017
		Stock Exchange	Pakistan Stock Exchange
2	2 Interpretation	Code of Corporate Governance” means under the Listing Requirements as directed by the Commission in accordance with section 34 (4) of the Securities and Exchange Ordinance.	Code of Corporate Governance” means the Listed Companies (Code of Corporate Governance) Regulation 2017
		“Commission” means the Securities and Exchange Commission of Pakistan established under section 3 of the Securities and Exchange Commission Act.	Commission” means the Securities and Exchange Commission of Pakistan.
		"Register" means, unless the context otherwise requires, both the Register of the Members to be kept at the office, pursuant to Section 147 of the Companies Ordinance 1984 and Central Depository Register.	"Register" means, unless the context otherwise requires, both the Register of the Members to be kept at the office, pursuant to Section 119 and 120 of the Act and Central Depository Register.
		“Registrar” means a registrar defined in Section 2(1)(31), performing the duty of registration of companies under the Ordinance.	“Registrar” means a registrar defined in Section 2(1) (57) performing the duty of registration of companies under the Companies Act 2017.
			“Share Registrar” means the Registrar appointed by Board of Directors possessing such qualification and performing such functions as specified by the Commission under the Share Registrar and Balloters Regulations 2017
		“Ordinance” means Companies Ordinance, 1984, applicable to Pakistan or any modification or re-enactment thereof for the time being in force	“Act” means the Companies Act, 2017, as in force and any amendment or re-enactment thereof for the time being in force

S. No	Clause No. Subject	Present	Proposed Change / Amendments
Business			
3	4 Commencement	Section 146	Section 19
SHARE			
4	8 Power To Issue Shares with Different Rights and Privileges	Section 90 , 85 and 95(4)	Section 58 , 86 and 87
5	10 Allotment of Shares under the control of the Directors	Section 73	Section 68 to 70
		Provided that upon issue of any shares the Directors shall comply with the provisions of Section 86 of the Ordinance	Deleted
CERTIFICATE			
6	18 Book-Entry Securities / Share Certificates	Section 74	Section 71
	19 Duplicate Certificate	Section 75	Section 73
TRANSFER AND TRANSMISSION OF SHARES			
7	23 Registration of Transfer	If the directors refuse to register a transfer of shares, they shall within one month, or when the transferee is a Central Depository, within five days, or such other period as may be required by the applicable Law,	If the directors refuse to register a transfer of shares, they shall within fifteen days or when the transferee is a Central Depository, within ten days, or such other period as may be required by the applicable Law.
CONSOLIDATION AND SUB-DIVISION OF SHARES			
8	31 Consolidation Division, Sub-Division and Cancellation of Shares	Subject to the provision of Section 92(1)(d), 92(3) and 93 of the Central Depositories Act 1997, the company may by ordinary resolution:	Subject to the provision of Section 85 of the Act and section 13 of the Central Depositories Act 1997, the company may by ordinary resolution:

S. No	Clause No. Subject	Present	Proposed Change / Amendments
BORROWING POWERS			
9	35 Disclosure of interest by Directors	The Directors shall cause a proper Register, including all Electronic forms thereof, to be kept in accordance with Section 125 of the Ordinance of all mortgages and charges specifically affecting the property of the Company, and shall duly comply with the requirements of Section 121 and 122 of the Ordinance, in regard to the registration of mortgages and charges therein specified and otherwise and shall also duly comply with the requirements of Section 130 of the Ordinance, as to keeping a copy of every instrument creating any mortgage or charge by the Company at the office.	Every director or his relative who is in any way, whether directly or indirectly concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the company shall disclose the nature of his concern or interest at a meeting of the directors, as required by section 205 of the Act
10	37 Register of Mortgage and Charge	Section 136, 130 and 155 of the Ordinance.	Section 124, 107 and 129
11	38 Copies to Registrar	Section 150	Section 124
GENERAL MEETINGS			
12	42 Annual General Meeting	A general meeting, to be called annual general meeting, shall be held in accordance with the section 158 and the Listing Requirements, within eighteen months from the date of incorporation of the company and thereafter once at least in every year within the period as per applicable law.	A general meeting, to be called annual general meeting, shall be held in accordance with the provisions of section 132 of the Act and the Rule book of Pakistan Stock Exchange, within sixteen months from the date of incorporation of the company and thereafter once in every calendar year within a period of one hundred and twenty days following the close of financial year or the period as per applicable law.
			Annual general meetings shall be held in the town in which the registered office of the company is situate or in a nearest city

S. No	Clause No. Subject	Present	Proposed Change / Amendments
13	43 Extra Ordinary General Meeting	An Extra-ordinary General Meeting may, at any time, be called by the Managing Director or by the Directors and shall be so called on a requisition of shareholders having not less than one tenth of voting power as provided by section 159 of the Companies Ordinance 1984.	All general meetings of a company other than the statutory meeting or an annual general meeting mentioned in section 131 and 132 of the Act respectively shall be called extraordinary general meetings.
14	44 Calling of Extra Ordinary General Meeting	The Directors calling any General Meeting and the Shareholders calling any Extraordinary General Meeting other than a meeting for the passing of a special resolution, shall respectively give at least twenty one (21) days clear notice or such other period as per applicable law with a statement of the business to be transacted at the meeting specifying the time and place of the meeting. Where it is proposed to pass a special Resolution, at least twenty one days' notice or such other period as per applicable law must be given specifying the intention to propose the resolution as a Special Resolution	The directors may, whenever they think fit, call an extraordinary general meeting. Extraordinary general meeting shall also be called on such requisition, or in default, may be called by such requisitionists, as is provided under the applicable law. If at any time there are not within Pakistan sufficient number of directors capable of acting to form a quorum, any director of the company may call an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be called by the directors
15	44-A Attendance at General Meeting through Video Conference	The company may provide video conference facility to its Members at places other than the town in which general meeting is taking place after considering the geographical dispersal of its Members, subject to the condition that Members collectively holding ten percent (10%) or more shareholding residing at a geographical location provide their consent to participate in the general meeting through video conference at least ten (10) days prior to the date of the general meeting. The company shall arrange video conference facility subject to availability of such facility in that city and intimation to the Members shall be given by the Company at least five (5) days before the date of general meeting regarding venue of video conference facility along with complete information. However, the quorum, as required under the Ordinance, as well as the Chairman of the general meeting, shall be present at the place of the general meeting.	The company may provide video link facility to its Members on the demand residing in a city subject to the condition that Members collectively holding ten percent (10%) or more shareholding provide their consent to participate in the general meeting through video link at least seven days prior to the date of the general meeting.

S. No	Clause No. Subject	Present	Proposed Change / Amendments
NOTICE AND PROCEEDINGS AT GENERAL MEETINGS			
16	45 Notice of Meeting	At any General Meeting. Provided that the Company may waive the notice period for a General Meeting in accordance with Section 36 or, in the case of an emergency affecting the business of the Company, hold, with permission of the Registrar an Extraordinary General Meeting at such shorter notice as may be specified..	At any General Meeting. Provided that the Company may waive the notice period for a General Meeting in accordance with Section 132 or, in the case of an emergency affecting the business of the Company, hold, with permission of the Registrar and/or Commissioner Securities Exchange Commission of Pakistan, an Extraordinary General Meeting at such shorter notice as may be specified.
17	47 Quorum	At least Ten members or such other numbers as required by the applicable law, entitled to vote and present in person, representing not less than twenty five per cent of the total voting power either of their own account or as proxy shall be a quorum for General Meeting for all purposes	No business shall be transacted at any general meeting unless a quorum of members is present at that time when the meeting proceeds to business; save as herein otherwise provided, not less than ten members having twenty five per cent of the voting power, present personally, or through video link or such other number as required by the applicable law, personally present shall be a quorum.
18	49 Adjourned Meeting	by proxy	through video link
19	54 Manner and Time of taking Poll	Section 168	Section 145
VOTES OF MEMBERS			
20	58 Right to Vote	Section 160 and 178	Section 134 , 135 and 159

S. No	Clause No. Subject	Present	Proposed Change / Amendments
21	58-A E-Voting	The provisions and requirements for E-voting as prescribed by the Commission from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of the other provisions of these Articles and notwithstanding anything contradictory therein	A member may exercise his vote at a meeting by postal ballot or electronic means by e-voting in the manner prescribed by the Commission under the Companies (Postal Ballot Regulations, 2018 as may be in force from time to time.
22	61 Vote may be given either personally or proxy and voting by corporate representative	Votes may be given either personally or by proxy, or by agent acting under a duly executed power of attorney. Where a corporation (whether a company within the meaning of the Ordinance or not) is a member of the Company, a person duly appointed by resolution of directors to represent such corporation at a meeting of the Company in accordance with the provisions of Section 162 shall not be deemed to be an instrument of proxy or power of attorney and the production at the meeting of a copy of such resolution certified as being a true copy by a Director of such corporation or by the Managing Director thereof (if any) shall on production at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment	A corporation, foundation or a Company being a Member of the Company may by a resolution of its Directors under Section 138 of the Act authorize any of its officers or any other to act as its representative at any General Meeting of the Company and the person so authorized shall be entitled to exercise the same power on behalf of the Company which he represents as if he/she were an individual Member of the Company.
23	62 Proxy to be in Writing	Section 161	Section 137
24	65 Form of Proxy	Regulation 39	Regulation 42
		MANAGEMENT	
25	66 Appointment of Chief Executive Officer	section 198 to 201	section 186 to 189
26	70 Ineligibility	section 187	section 153
27	71 Other Principal Officers	Section 204(a)	Section 194 and 195
		DIRECTORS	
28	79 Removal of Director	Section 181 , 176 ,180 and 178	Section 163 , 157 or Section 161 and 159

S. No	Clause No. Subject	Present	Proposed Change / Amendments
29	81 Casual Vacancy	If any casual vacancy occurs on the Board of Directors it may be filled up by the Directors within the time period required by the applicable law. Any person so chosen shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred. The continuing Director may act notwithstanding any vacancy in their body, but so that if the number falls below the minimum above fixed, the Directors shall not, except for the purposes of filling vacancies, act so long as the number is below the minimum.	The directors may at any time appoint any persons to be a Director to fill a casual vacancy in the Board within a period of ninety (90) days. Any director so appointed shall hold office for the remainder of the term of the Director in whose place he is appointed
30	83 Vacation of office	section 195	section 182
PROCEEDINGS OF DIRECTORS			
31	86 Meeting of Directors	The Chief Executive Officer / Managing Director or any Director may at any time convene a meeting of the Directors. The Board may determine to hold a meeting through telephone and video conferencing or any other technology whereby all the Directors can simultaneously,	At least once in each quarter of a year. The Chairman may at any time, and shall on the written requisitions of the Managing Director, or of any two Directors, summon a meeting of the Board. At least seven days' notice shall be given to all the Directors for the meeting of the Board, and such notice shall set forth the purpose or purposes for which such meeting is summoned, and such notice shall be sent by courier, facsimile or email to the Directors. With the consent in writing of all the Directors entitled to receive notice of a meeting, or to attend or vote at any such meeting, a meeting of the Board may be convened by shorter notice than specified in this Article. The Board may determine to hold a meeting through telephone and video conferencing or any other technology whereby all the Directors can simultaneously,
THE SEAL			
32	94 Official Seal	Section 213	Section 203

S. No	Clause No. Subject	Present	Proposed Change / Amendments
		BOOKS AND ACCOUNT	
33	101 Copies to be sent to members	section 245 Listing Requirements	section 237 Listing Regulation
		AUDIT	
34	102 Audit	section 252 to 255	section 246 to 251
35	103 Accounts to be audited	section 252 to 257	section 246 to 251
		DIVIDENDS AND RESERVE	
36	117 Mode of Payment	Unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the member entitled, or in the case of joint holders to the registered address of that one whose name stands first on the register in respect of the joint holding and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be responsible for the loss in transmission of any Cheque or warrant or other document sent through the post to the registered address of any Member, whether or not at his request.	Dividend payable in cash shall only be paid through electronic mode directly in the bank account designated by the entitled Members. A notice of the foregoing seeking information from Member for payment of dividend through electronic mode shall be obtained by the Company in accordance with the provision of Section 242 of the Act. The Company shall place Standard Request Form for payment of dividend electronically on website of the Company.
37	119 Unclaimed Dividends	All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and all dividend unclaimed for three (3) years after having been declared may be forfeited by the Directors for the benefit of the company.	Dividends which have been declared by the Company and remained un-claimed or un-paid for a period of three (3) years from the date it is due and payable or any share which remained un-claimed for a period of three (3) years, the Company shall give ninety (90) days notice to the Member/Shareholders to file claim in accordance with the provisions of section 244 of the Act. After expiry of notice period of ninety (90) days, final notice in the specified form shall be published in two daily newspaper of which one will be in Urdu and one in English having wide circulation. If no claim is made before the Company by the Members/Shareholders, the Company shall after ninety (90) days from the date of publication of the notice, the un-claimed / un-paid dividends shall be deposited to the credit of the Federal Government. The un-claimed shares shall be reported and delivered to the Commission.

S. No	Clause No. Subject	Present	Proposed Change / Amendments
38	120 Time of Payment	The dividends shall be paid to the members, within forty five (45) days of its declaration, or such other period as may be required by the applicable law.	The Profits distribution as dividends shall be declared and paid within the periods for payment thereof specified in the Act.
AMALGAMATION, DIVISION AND RECONSTRUCTION			
39	126 Amalgamation, Division and Reconstruction	Section 287	Section 282
INDEMNITY			
40	127 Directors and other Right to Indemnity	Section 488	Section 492

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

Deloitte.

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

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21-3454 1314
www.deloitte.com

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ISLAND TEXTILE MILLS LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Island Textile Mills Limited (the Company) for the year ended June 30, 2019 in accordance with the requirements of Regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a 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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and ave 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Chartered Accountants

Deloitte Yousuf Adil

Place: Karachi

Date: October 22, 2019

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan
Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21-3454 1314
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISLAND TEXTILE MILLS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Island Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

Key audit matter	How our audit addressed the key audit matter
1. Revenue Recognition	
The Company is engaged in manufacturing and sale of yarn. Revenue recognition policy has been explained in notes 3.19, and the related amounts of revenue recognized during the year are disclosed in note 24 to the financial statements. The Company generates revenue from sale of goods to domestic and export customers. Revenue from the local (including indirect exports) and export sales is recognized when control of goods is transferred to the customer. We identified revenue recognition as key audit matter since it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized on point in time basis i.e. when control of goods is transferred to the customer, in line with the accounting policy adopted and may not have been recognized in the appropriate period.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • obtained understanding and evaluated design and implementation of controls designed to ensure that revenue is recognized in the appropriate accounting period and based on transfer of control of goods to the customers; • assessed appropriateness of the Company's accounting policies for revenue recognition in light of applicable accounting and reporting standards; • checked on a sample basis whether the recorded local and export sales transactions were based on actual transfer of control of goods to the customer; and • tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents.
2. Valuation of stock in trade	
Stock-in-trade has been valued following an accounting policy as stated in note 3.5 and the related value of stock-in-trade is disclosed in note 10 to the financial statements. Stock-in-trade forms material part of the Company's assets comprising of around 23% of total assets. The valuation of finished goods within stock-in-trade at cost has different components, which includes judgment in relation to the allocation of overheads costs, which are incurred in bringing the finished goods to its present location and condition. Judgments are also involved in determining the net realizable value (estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale) of stock-in-trade items in line with accounting policy.	Our audit procedures to address the valuation of stock-in-trade, included the following: • obtained an understanding of mechanism of recording purchases and valuation of stock-in-trade; • tested on a sample basis purchases with underlying supporting documents; • verified on test basis, the weighted average calculations of raw material stock as per accounting policy; • tested the calculations of the actual overhead costs and checked allocation of labor and overhead costs to the finished goods and work in process; • obtained an understanding of management's process for determining the net realizable value and checked:

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

Key audit matter	How our audit addressed the key audit matter
Due to the above factors, we have considered the valuation of stock in trade as key audit matter.	• future selling prices by performing a review of sales close to and subsequent to the year-end; and • determination of cost necessary to make the sales. • checked the calculations of net realizable value of itemized list of stock-in-trade, on selected sample and compared the net realizable value with the cost to ensure that valuation of stock-in-trade is in line with the accounting policy.
3. Revaluation of freehold land, buildings on freehold land, plant and machinery and electric installations	
As disclosed in note 3.1 to the accompanying financial statements, freehold land, buildings on freehold land, plant and machinery and electric installations are carried at revaluation model. The revaluation exercise performed by the management external valuer (the expert) during the year has resulted in an increase of Rs. 1,852 million bringing carrying value from Rs. 3,791 million to Rs. 5,644 million. We have considered the above matters to be a key audit matter due to the judgments inherent within the valuation exercise.	• Our audit procedures to address the revaluation of freehold land, buildings on freehold land, plant and machinery and electric installations, included the following: • discussed with management and challenged the appropriateness of the valuation methodology adopted by the management expert through involvement of our own valuation expert; • our valuation expert checked the reasonableness of the fair values recorded by management; • checked the relevance, completeness and accuracy of source data; and • assessed the accounting implications in accordance with the applicable financial reporting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement of therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under law. We have nothing to report in this regard.

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of comprehensivew income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) 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

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

Deloitte Yousuf Adil

Chartered Accountants
Date: October 22, 2019
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

FINANCIAL STATEMENTS
for the year ended June 30, 2019

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		.... Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	5,646,123,442	3,985,927,057
Intangible assets	5	796,715	606,666
Investment in associates	6	584,987,982	451,070,522
Long term investments	7	4,400,000	-
Long-term deposits		1,433,682	1,291,788
		6,237,741,821	4,438,896,033
CURRENT ASSETS			
Stores, spares and loose tools	9	43,422,904	38,001,993
Stock-in-trade	10	2,229,104,660	1,831,840,804
Trade debts	11	868,462,268	666,375,705
Loans and advances	12	389,148,245	323,011,513
Short-term prepayments		979,027	1,696,930
Other receivables	13	8,824,405	57,350,336
Other financial assets	14	34,340,781	26,068,311
Sales tax refundable		56,995,604	52,700,065
Cash and bank balances	15	21,118,860	18,425,466
		3,652,396,754	3,015,471,123
TOTAL ASSETS		9,890,138,575	7,454,367,156
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	5,000,000	5,000,000
General reserve		900,591,481	899,270,660
Unappropriated profit		889,738,101	677,913,363
Surplus on revaluation of property, plant and equipment	17	2,557,353,003	829,008,941
		4,352,682,585	2,411,192,964
NON-CURRENT LIABILITIES			
Deferred liabilities	18	305,593,158	80,406,717
Long-term finances	19	1,697,330,740	2,297,330,735
		2,002,923,898	2,377,737,452
CURRENT LIABILITIES			
Trade and other payables	20	557,742,289	303,319,506
Unclaimed dividend		1,039,712	1,047,709
Short-term borrowings	21	2,148,499,144	1,902,983,725
Interest / mark-up accrued on borrowings	22	155,041,156	96,744,927
Current portion of long-term finance	19	599,999,998	361,340,873
Provision for income tax		72,209,793	-
		3,534,532,092	2,665,436,740
TOTAL EQUITY AND LIABILITIES		9,890,138,575	7,454,367,156
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 43 form an integral part of these financial statements.

SHAHID ANWAR TATA	HASEEB HAFEEZUDDEEN	ADEEL SHAHID TATA
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		................Rupees	....
Revenue from contract with customers - net	24	**7,557,243,473**	6,303,217,062
Cost of goods sold	25	**(6,545,638,425)**	(5,386,092,785)
Gross profit		**1,011,605,048**	917,124,277
Investment in associates			
Distribution cost	26	**(115,504,280)**	(119,150,344)
Administrative expenses	27	**(125,324,963)**	(89,214,183)
Other operating expenses	28	**(70,326,840)**	(54,389,019)
Finance cost	29	**(473,161,530)**	(318,799,525)
		(784,317,613)	(581,553,071)
Share of (loss) / profit from associates - net of tax	6	**(8,702,333)**	31,871,849
Other income	30	**7,880,410**	42,837,494
		(821,923)	**74,709,343**
Profit before taxation		**226,465,512**	410,280,549
Provision for taxation	31	**(41,736,362)**	49,792,882
Profit for the year		**184,729,150**	460,073,431
Other comprehensive income		-	
Items that will not be reclassified subsequently through profit or loss		-	
Company's share in unrealised gain / (loss) on remeasurement of associates' investments	6	-	5,011
	8	-	(752)
Less: deferred tax thereon		-	4,259
Items that will not be reclassified subsequently through profit or loss			
Remeasurement of defined benefit plan	18.1.4	**(843,475)**	835,613
Less: deferred tax thereon	8	**104,675**	(108,964)
Adjustment of surplus on revaluation of property plant and equipment due to change in tax rate		-	-
Surplus on revaluation of land, buildings, electric installations and plant and machinery of associates		**143,737,462**	
Less: deferred tax thereon		**(21,560,619)**	
Surplus on revaluation of land, buildings, electric installations and plant and machinery on owned assets		**1,852,456,645**	-
Less: deferred tax thereon		**(217,962,618)**	
		1,755,932,070	726,649
Company's share in remeasurement gain on associates' defined benefit plan	6	**154,700**	324,371
Less: deferred tax thereon	8	**(23,205)**	(48,656)
		131,495	275,716
Other comprehensive income		**1,756,063,565**	1,006,624
Total comprehensive income for the year		**1,940,792,715**	461,080,055
Earnings per share - basic and diluted	32	**369.46**	920.15

The annexed notes from 1 to 43 form an integral part of these financial statements.

SHAHID ANWAR TATA	HASEEB HAFEEZUDDEEN	ADEEL SHAHID TATA
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

		Note	2019	2018
			……………..Rupees……………..	
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit before taxation		226,465,512	410,280,549
	Adjustments for :			
	Depreciation	4.3	208,404,223	219,343,185
	Amortization	5	226,957	83,486
	Provision for staff gratuity	18.1.5 & 18.1.13	29,875,854	34,559,219
	Provision for compensated absences		7,402,176	7,133,285
	Finance cost	29	473,161,530	318,799,525
	(Gain) / loss on disposal / write off of property, pant and equipment	30	(836,550)	5,059,058
	Share of loss / (profit) from associates	6	8,702,333	(31,871,849)
	Charge for doubtful debts	27	2,018,364	-
	Operating cash flows before changes in working capital		955,420,399	963,386,458
	Decrease / (increase) in current assets			
	Stores, spares and loose tools		(5,420,911)	(7,454,520)
	Stock-in-trade		(397,263,856)	(425,189,414)
	Trade debts		(204,104,927)	(152,112,939)
	Loans and advances		31,869,698	(20,460,058)
	Short-term prepayments		717,903	(55,040)
	Other receivables		48,525,931	(16,580,570)
	Sales tax refundable		(4,295,539)	39,695,048
	Increase / (decrease) in current liabilities			
	Trade and other payables		254,422,783	41,345,813
	Cash generated from operations		679,871,481	422,574,778
	Finance cost paid		(414,865,301)	(315,047,609)
	Staff gratuity paid		(10,697,876)	(13,875,568)
	Compensated absences paid		(7,231,744)	(6,561,090)
	Income tax paid		(98,678,333)	(83,240,296)
	Net cash generated from operating activities		148,398,227	3,850,215
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Additions to property, plant and equipment		(16,822,913)	(18,453,481)
	Additions to intangible assets		(417,006)	(576,821)
	Proceeds from disposal of property, plant and equipment	4.6	1,515,500	5,285,494
	Purchase of investments		(12,672,470)	(168,661)
	Dividend received		1,167,398	
	Long term deposits		(141,894)	313,322
	Net cash used in investing activities		(27,371,385)	(13,600,147)

C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Repayment of long-term finance	19.5	**(361,340,870)**	(341,328,392)
	Short-term borrowings obtained - net	21.5	**371,336,473**	245,037,763
	Dividend paid		**(2,507,997)**	(8,549)
	Net cash generated from financing activities		**7,487,606**	(96,299,178)
	Net decrease in cash and cash equivalents (A+B+C)		**128,514,448**	(106,049,110)
	Cash and cash equivalents at beginning of the year		**(786,025,156)**	(679,976,046)
	Cash and cash equivalents at end of the year	33	**(657,510,708)**	(786,025,156)

The annexed notes from 1 to 43 form an integral part of these financial statements.

SHAHID ANWAR TATA **CHIEF EXECUTIVE**	**HASEEB HAFEEZUDDEEN** **CHIEF FINANCIAL OFFICER**	**ADEEL SHAHID TATA** **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Note	Issued, subscribed and paid up capital	Revenue reserves				Capital reserve	
		Share capital	General reserve	Other reserve	Company's share in other comprehensive income of associates	Unappropriated profit	Revaluation surplus	Total
		Rupees						
Balance at July 01, 2017		**5,000,000**	**900,000,000**	**591,481**	**(1,600,796)**	**186,611,212**	**677,600,153**	**1,768,202,050**
Total comprehensive income for the year								
Profit for the year		-	-	-	-	460,073,431	-	460,073,431
Other comprehensive income for the year								
Company's share in associates on								
Surplus on leasehold land, buildings on leasehold land and plant and machinery - net of tax		-	-	-	-	-	92,909,595	92,909,595
Remeasurement gain of defined benefit plan - net of tax		-	-	-	-	726,649	-	726,649
Company's share in unrealised loss on remeasurement of associates' investments classified as fair value through profit or loss - net of tax		-	-	-	4,259	-	-	4,259
Company's share in remeasurement gain on associates' defined benefit plan - net of tax		-	-	-	275,716	-	-	275,716
		-	-	-	279,975	726,649	-	1,006,624
Transferred from surplus on revaluation of property, plant and equipment on account of:								
-incremental depreciation	17	-	-	-	-	21,619,244	(21,619,244)	-
-disposal		-	-	-	-	3,400,172	(3,400,172)	-
Add: Adjustment of surplus on revaluation of property plant and equipment due to change in tax rate		-	-	-	-	-	89,352,909	89,352,909
		-	-	-	-	25,019,416	64,333,493	89,352,909
Company's share in associates' surplus on revaluation of land, buildings, electric installations and plant and machinery on account of:								
-incremental depreciation	17	-	-	-	-	5,018,510	(5,018,510)	-
-disposal		-	-	-	-	464,146	(464,146)	-
Less: Adjustment of surplus on revaluation of property plant and equipment due to change in tax rate in associate		-	-	-	-	-	(351,644)	(351,644)
		-	-	-	-	5,482,655	(5,834,300)	(351,644)
Balance as at June 30, 2018		**5,000,000**	**900,000,000**	**591,481**	**(1,320,821)**	**677,913,363**	**829,008,941**	**2,411,192,964**

	Note	Issued, subscribed and paid up capital	Revenue reserves				Capital reserve	
		Share capital	General reserve	Other reserve	Company's share in other comprehensive income of associates	Unappropriated profit	Revaluation surplus	Total
		Rupees						
Impact of IFRS-9		-	-	-	(11,806)	11,806	-	-
Total comprehensive income for the year								
Profit for the year		-	-	-	-	184,729,150	-	184,729,150
Other comprehensive income for the year								
Surplus on revaluation of land, building, electric installations and plant and machinery - net of tax		-	-	-	-	-	1,634,494,027	1,634,494,027
Company's share in associates on Surplus on leasehold land, buildings on leasehold land and plant and machinery - net of tax		-	-	-	-	-	122,176,843	122,176,843
Remeasurement gain of defined benefit plan - net of tax		-	-	-	-	(738,800)	-	(738,800)
Company's share in unrealised loss on remeasurement of associates' investments as fair value through profit or loss - net of tax		-	-	-	-	-	-	-
Company's share in remeasurement gain on associates' defined benefit plan - net of tax		-	-	-	131,495	-	-	131,495
		-	-	-	131,495	(738,800)	-	(607,305)
Transferred from surplus on revaluation of property, plant and equipment on account of:								
-incremental depreciation	17	-	-	-	-	25,397,063	(25,397,063)	-
-disposal		-	-	-	-	-	-	-
Add: Adjustment of surplus on revaluation of property plant and equipment due to change in tax rate		-	-	-	-	-	3,285,553	3,285,553
		-	-	-	-	25,397,063	(22,111,510)	3,285,553
Company's share in associates' surplus on revaluation of land, buildings, electric installations and plant and machinery on account of:								
-incremental depreciation	17	-	-	-	-	6,126,651	(6,126,651)	-
-disposal		-	-	-	-	-	-	-
Less: Adjustment of surplus on revaluation of property plant and equipment due to change in tax rate in associate		-	-	-	-	-	(88,647)	(88,647)
		-	-	-	-	6,126,651	(6,215,298)	(88,647)
Transaction with owners								
Final cash dividend for the year ended June 30, 2018 @ Rs. 5 per share		-	-	-	-	(2,500,000)	-	(2,500,000)
Balance as at June 30, 2019		**5,000,000**	**900,000,000**	**591,481**	**(1,189,326)**	**890,927,427**	**2,557,353,003**	**4,352,682,585**

The annexed notes from 1 to 43 form an integral part of these financial statements.

SHAHID ANWAR TATA CHIEF EXECUTIVE	HASEEB HAFEEZUDDEEN CHIEF FINANCIAL OFFICER	ADEEL SHAHID TATA DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

Island Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan on May 20, 1970 under the repealed Companies Act 1913 now Companies Act 2017 and listed on Pakistan Stock Exchange Limited. 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 Kotri Industrial Estate, Kotri in the Province of Sindh.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

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

- certain property, plant and equipment measured at revalued amounts less accumulated depreciation;
- recognition of certain staff retirement benefits at present value; and
- investment in associates recognized and measured using equity method of accounting.

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)
- impairment of financial and non-financial assets (note 3.8 & note 3.22)
- staff retirement benefit - gratuity scheme (note 3.13)
- taxation (note 3.18)
- contingency (note 23.1)
- provision (note 11.4)

2.5 Initial application of standards and amendments to existing standards

a) Standards and amendments which became effective during the year

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures and the impact of IFRS 9.

Standards / Amendments / Interpretations	Effective date (accounting periods beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' - This standard superseded IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	January 01, 2018
IFRS 15 'Revenue from Contracts with Customers' - This standard will superseded IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

Changes in accounting policies due to the applicability of certain international financial reporting standards (IFRS)

IFRS 15 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

Impact of adoption of IFRS 15 on these unconsolidated financial statements:

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any significant impact on the revenue recognition of the Company because there is mostly one performance obligation and revenue is recognized at a point of time except of the terminologies that are to be used in accordance with IFRS 15 as mentioned below and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is nil.

The effect of adopting IFRS 15 is only to the extent of change in terminologies as in accordance with IFRS 15 " Contract Liabilities" is used for " Advances from Customers" and "Revenue from contract with customer" is used for "Sales".

Certain annual improvements have also been made to a number of IFRSs, which are also not relevant for the Company.

2.6 New accounting standards / amendments and IFRS interpretations that are not yet effective

2.6.1 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 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.

	Effective from accounting period beginning on or after:
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019

	Effective from accounting period beginning on or after:
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs, which are also not expected to have material impact on final reporting of the Company.

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 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

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 leasehold land, buildings on leasehold land, plant and machinery and electric installations are stated at cost less accumulated depreciation and impairment, if any.

Leasehold land, buildings on leasehold land, 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 performedwith 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 each reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the year in which these are incurred.

Assets are derecognised when disposed or when no future economic benefit are expected to flow from their use or disposal. Gains and losses on disposal of assets, if any, are recognized as and when incurred.

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

Capital work-in-progress (CWIP)

Capital work-in-progress (CWIP) is stated at cost less any impairment loss, if any. All expenditures connected to the 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 assets 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 programmes 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 assets with a definite useful life are amortised on a straight line basis over their useful life. Amortisation 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. Amortisation charge is recognised in the profit and loss account. The rates of amortisation are disclosed in note 5.

3.3 Investment in associates

Associates are all entities over which the Company has significant influence but not control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Company's share of its associates' post acquisition profits or losses is recognised in profit and loss account and its share in associates' post acquisition other comprehensive income is taken in Company's other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments. Distributions received from associates reduce the carrying amount of the investment. When the Company's share of losses in associates equals or exceeds its interest in the associates including any other long term unsecured receivable, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

Gain on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any, is recognised in the profit and loss account.

3.4 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.

3.5 Stock-in-trade

Stock-in-trade is valued at lower of cost or 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 consists 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.

3.6 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade debts and other receivables considered irrecoverable are written off.

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

3.7 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 are subject to insignificant risk of change in value, and short-term running finance. Running finances under mark-up arrangements are shown with short term borrowings in current liabilities on the balance sheet.

3.8 Adoption of IFRS 9 - Financial Instruments

Financial assets

IFRS 9 'Financial Instruments' was issued on July 24, 2014. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018, and consequently has been adopted by the Company. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

IFRS 9 introduces new requirements for:

1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's financial statements are described below except the General Hedge Accounting which the Company does not apply. The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

3.8.1 Classification and measurement

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost (“AC”),
- Fair value through other comprehensive income (“FVTOCI”) and
- Fair value through profit or loss (“FVTPL”).

Financial asset at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL;

1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Asset at FVTOCI

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss.

Recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Measurement

Under IFRS 9, a necessary condition for classifying a loan or receivable at amortized cost or FVTOCI is whether the asset is part of a group or portfolio that is being managed within a business model whose objective is to collect contractual cash flows (Amortized Cost), or to both collect contractual cash flow and to sell (FVTOCI). Otherwise, the asset is classified and measured at FVTPL.

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

1) Hold to collect business model

2) Hold to collect and sell business model

3) FVTPL business model

Hold to collect business model

If an entity's objective is to hold the asset (or portfolio of assets) to collect the contractual cash flows, the assets (or the portfolio) will be classified under the 'hold to collect' business model, subjective to meeting the Sole Payment of Principle and Interests (SPPI) requirements.

Hold to collect and sell business model

An entity can hold financial assets to achieve a particular objective by both collecting contractual cash flow and selling financial assets; this will qualify for the 'hold to collect and sell' business model (also known as the FVTOCI business model), subjective to meeting the Sole Payment of Principle and Interests (SPPI) requirements. The objective of this business model is achieved by collecting contractual cash flows and selling financial assets, unlike the 'hold to collect' business model discussed above.

FVTPL business model

If a financial asset or group of financial assets is not held within the 'hold to collect' or the 'hold to collect and sell' business model, then it is measured at FVTPL, the default category.

Classification and measurement of financial liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of financial assets

For financial assets measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Company is required to measure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Impact of the new impairment model

The Company always recognises lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The impact of ECL on trade debts is very minimal and hence, the same has not been accounted for in these financial statements.

For other financial assets, majority of the assets of the Company exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

Impact of change in accounting policies due to adoption of IFRS 9

Financial assets and financial liabilities	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
Financial assets					
Long term deposits	LR	AC	1,291,788	1,291,788	-
Trade debts	LR	AC	666,375,705	666,375,705	-
Loans to employees	LR	AC	9,267,441	9,267,441	-
Other receivables	LR	AC	-	-	-
Cash and bank balances	LR	AC	18,425,466	18,425,466	-
Other financial assets	LR	AC	26,068,311	26,068,311	-
Financial liabilities					
Long term finance including current portion	OFL	AC	2,658,671,608	2,658,671,608	-
Trade and other payables	OFL	AC	264,980,876	264,980,876	-
Unclaimed dividend	OFL	AC	1,047,709	1,047,709	-
Interest / mark-up accrued on borrowings	OFL	AC	96,744,927	96,744,927	-
Short term borrowings	OFL	AC	1,902,983,725	1,902,983,725	-

- "LR" is loans and receivables
- "AC" is amortised cost
- "OFL" is other financial liabilities

3.8.2 Measurement principles and provision

The measurement basis of financial instruments is determined as follows:

Basis of valuation of instruments at amortised cost

Subsequent to initial recognition, financial assets classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

3.8.3 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.8.4 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.9 Transition to IFRS 9 Financial Instruments

Accounting policies applied to financial instruments prior to July 01, 2018.

3.9.1 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 and 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-salefinancial assets are non-derivativesthat 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 in this category.

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-saleare 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-saleequity 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-salefinancial 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-saleare 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 differencein respective carrying amounts is recognised in the profit and loss account.

3.9.2 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 derivativesare 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.

3.9.3 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.

3.9.4 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.

3.10 Share capital

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

3.11 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.

3.12 Surplus on revaluation of property, plant and equipment

Increases in the carrying amounts arising on revaluation of leasehold land, buildings on leasehold land, plant and machinery and electric installations are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset' s original cost, net of tax, is reclassified from the revaluation surplus to retained earnings.

3.13 Staff retirement benefits

The Company has categorized its employees into workmen and non-workmen for post-employment benefits that comprise defined benefit plan and other staff retirement benefits respectively. Both plans are un-funded.The details of plans 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 schemes on the basis of actuarial valuation and charged to profit and loss and other comprehensive income. The most recent valuation was carried out as at June 30, 2019 using Projected Unit Credit Method. The amount recognized in the balance sheet represents the present value of defined benefit obligations. Remeasurement which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

Defined benefit plan - Non workmen

The Company also maintains a retirement plan for all its employees under non-workmen category. Under this plan, 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 with respect 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 leaves in the period in which it is earned. Under the policy, leaves of 14 and 10 days for workmen and non-workmen category respectively can be accumulated and carried forward.

3.14 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.

3.15 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of the past event, 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.

3.16 Trade and other payables

Liabilities are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

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 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 assessments 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. after considering, the effects of deferred taxation of the portion of income subject to final tax regime.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences and carry forward of 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.

3.19 Revenue recognition

Revenue from contracts with customers is recognized at the time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled to in exchange for those goods.

Interest income is recognized on a time proportionate basis using the effective rate of return.

3.20 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.

3.21 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.

3.22 Impairment of non financial assets

The Company assesses at each reporting date whether there is any indication that assets except inventories 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. 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 or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in revaluation.

3.23 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.

	Note	2019	2018
		---------------- Rupees ---------------	
PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	5,643,873,093	3,973,057,401
Capital work-in-progress	4.8	2,250,349	12,869,656
		5,646,123,442	3,985,927,057

Operating assets

Particulars	Cost / revalued amount at July 01, 2018	Additions	Disposals	Adjustment for accumulated depreciation on revaluation	Revaluation surplus during the year	Cost / revalued amount at June 30, 2019	Accumulated depreciation at July 01, 2018	Depreciation for the year	Accumulated depreciation on disposals	Adjustment for accumulated depreciation on revaluation	Accumulated depreciation at June 30, 2019	Written down value at June 30, 2019	Rate
	--------	--------	--------	--------	--------	Rupees	--------	--------	--------	--------	--------	--------	%
Leasehold land	123,570,000	-	-	-	96,110,000	219,680,000	-	-	-	-	-	219,680,000	-
Buildings on leasehold land	-						-						
Mills	723,728,056	-	-	(86,992,471)	382,322,516	1,019,058,101	53,480,072	33,512,399	-	(86,992,471)	-	1,019,058,101	5
Other	225,766,656	198,334	-	(26,756,582)	42,895,528	242,103,936	16,275,408	10,481,174	-	(26,756,582)	-	242,103,936	5
Office premises	3,156,699	-	-	-	-	3,156,699	941,300	221,540	-	-	1,162,840	1,993,859	10
Plant and machinery	2,947,164,580	15,114,196	-	(353,748,480)	1,271,769,904	3,880,300,200	216,906,568	136,841,912	-	(353,748,480)	-	3,880,300,200	5
Electric installations	194,915,799	-	-	(43,946,596)	59,358,697	210,327,900	27,172,240	16,774,356	-	(43,946,596)	-	210,327,900	10
Mills equipment	21,345,967	666,042	-	-	-	22,012,009	7,793,763	1,373,665	-	-	9,167,428	12,844,581	10
Computer equipment	17,836,531	8,061,809	(391,775)	-	-	25,506,565	11,222,215	3,142,545	(384,440)	-	13,980,320	11,526,245	30
Furniture and fixtures	44,607,231	1,281,775	-	-	-	45,889,006	12,412,730	3,303,256	-	-	15,715,986	30,173,020	10
Office equipment	4,600,263	-	-	-	-	4,600,263	2,085,190	251,507	-	-	2,336,697	2,263,566	10
Leasehold improvements	11,266,700	-	-	-	-	11,266,700	5,329,018	593,768	-	-	5,922,786	5,343,914	10
Vehicles	24,817,225	2,120,064	(1,896,080)	-	-	25,041,209	16,099,802	1,908,101	(1,224,465)	-	16,783,438	8,257,771	20
June 30, 2019	4,342,775,707	27,442,220	(2,287,855)	(511,444,129)	1,852,456,645	5,708,942,588	369,718,306	208,404,223	(1,608,905)	(511,444,129)	65,069,495	5,643,873,093	

For comparative period

Particulars	Cost / revalued amount at July 01, 2017	Additions	Disposals	Adjustment for accumulated depreciation on revaluation	Revaluation	Cost / revalued amount at June 30, 2018	Accumulated depreciation at July 01, 2017	Depreciation for the year	Accumulated depreciation on disposals	Adjustment for accumulated depreciation on revaluation	Accumulated depreciation at June 30, 2018	Written down value at June 30, 2018	Rate
	---Rupees---												%
Leasehold land	123,570,000	-	-	-	-	123,570,000	-	-	-	-	-	123,570,000	-
Buildings on leasehold land													
Mills	722,475,816	1,252,240	-	-	-	723,728,056	18,247,805	35,232,267	-	-	53,480,072	670,247,984	5
Other	225,766,656	-	-	-	-	225,766,656	5,249,553	11,025,855	-	-	16,275,408	209,491,248	5
Office premises	3,156,699	-	-	-	-	3,156,699	695,145	246,155	-	-	941,300	2,215,399	10
Plant and machinery	2,941,184,939	16,154,140	(10,174,500)	-	-	2,947,164,580	74,131,191	143,465,777	(690,401)	-	216,906,568	2,730,258,012	5
Electric installations	167,264,554	27,651,245	-	-	-	194,915,799	8,628,821	18,543,419	-	-	27,172,240	167,743,559	10
Mills equipment	19,509,096	1,836,871	-	-	-	21,345,967	6,318,376	1,475,387	-	-	7,793,763	13,552,204	10
Computer equipment	16,449,002	1,455,729	(68,200)	-	-	17,836,531	8,559,839	2,720,460	(58,085)	-	11,222,215	6,614,316	30
Furniture and fixtures	42,359,601	2,247,630	-	-	-	44,607,231	8,913,547	3,499,183	-	-	12,412,730	32,194,501	10
Office equipment	4,600,263	-	-	-	-	4,600,263	1,805,737	279,453	-	-	2,085,190	2,515,073	10
Leasehold improvements	11,266,700	-	-	-	-	11,266,700	4,669,276	659,742	-	-	5,329,018	5,937,682	10
Vehicles	28,876,206	97,400	(4,156,381)	-	-	24,817,225	17,210,359	2,195,487	(3,306,044)	-	16,099,802	8,717,423	20
June 30, 2018	4,306,479,532	50,695,255	(14,399,081)	-	-	4,342,775,707	154,429,649	219,343,185	(4,054,530)	-	369,718,306	3,973,057,401	

Leasehold lands of the Company are located at A/12 & A/15, S.I.T.E. Kotri, District Jamshoro, Sindh with an area of 13.73 acres.

	Note	2019	2018
		------------Rupees------------	
4.3 Depreciation for the year has been allocated as under:			
Cost of goods manufactured	25.1	**204,090,073**	215,672,185
Administrative expenses	27	**4,314,150**	3,671,000
		208,404,223	219,343,185

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

	June 30, 2019			June 30, 2018		
	Cost	Accumulated depreciation	Written down value	Cost	Accumulated depreciation	Written down value
	Rupees			Rupees		
Leasehold land	**1,056,000**	**-**	**1,056,000**	1,056,000	-	1,056,000
Buildings on leasehold land						
Mills	**679,341,520**	**151,033,681**	**528,307,839**	679,341,520	123,228,005	556,113,515
Others	**86,734,280**	**23,753,790**	**62,980,490**	86,535,946	20,442,507	66,093,439
Plant and machinery	**3,131,343,824**	**727,521,328**	**2,403,822,496**	3,116,229,629	601,453,511	2,514,776,118
Electric installations	**161,690,461**	**59,169,068**	**102,521,393**	161,690,461	47,777,802	113,912,659
	4,060,166,085	**961,477,867**	**3,098,688,218**	4,044,853,556	792,901,825	3,251,951,731

Valuation of leasehold land, buildings on leasehold land-mills and others, plant and machinery and electric installations was revalued by the independent professional valuer M/S Iqbal Nanjee and Company (Private) Limited as at June 30, 2019 on the basis of market value or depreciated replacement values as applicable. In estimating the fair value of the assets, the highest and best use of the premises is its current use. As a result, revaluation surplus of Rs. 1.852 billion has been credited to Surplus on revaluation of property, plant and equipment has been credited to equity account to comply with the requirement of Companies Act 2017.

4.5 Force sale values of leasehold land, buildings on leasehold land and plant and machinery (including electric installation) is Rs. 175.74 million, 1,008.93 million and 3,272.50 million respectively.

4.6 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of disposal	Particular of buyers
	-------	-------	-Rupees-	-------	-------		
Vehicles	1,755,780	1,096,133	659,647	1,497,000	837,353	Negotiation	Maaz Saleem House no 2290, Block-2, Metrowill-3, Malir,
Assets having carrying value less than Rs. 500,000	532,075	512,772	19,303	18,500	(803)	Negotiation	Various
June 30, 2019	**2,287,855**	**1,608,905**	**678,950**	**1,515,500**	**836,550**		
June 30, 2018	14,399,081	4,054,531	10,344,550	5,285,494	(5,059,058)		

4.7 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage of immovable property	Total Area (In acres)	Covered Area (In sq.ft)
a) A/12 & A/15, S.I.T.E. Kotri, District Jamshoro, Sindh	Manufacturing facility	13.73	598,079

4.8 Capital work-in-progress

	Building	Plant and machinery	Capital inventory items	Head office-Vehicle	Total
Year ended June 30, 2019					
Balance as at July 1, 2018	182,213	5,330,940	5,302,503	2,054,000	12,869,656
Additions during the year	641,046	6,570,934	9,421,783	21,328	16,655,091
Transfer to operating assets	(198,334)	(11,901,874)	(13,098,862)	(2,075,328)	(27,274,398)
Balance as at June 30, 2019	**624,925**	**-**	**1,625,424**	**-**	**2,250,349**
Year ended June 30, 2018					
Balance as at July 1, 2017	-	9,591,936	35,519,496	-	45,111,432
Additions during the year	182,213	5,330,940	11,463,148	2,054,000	19,030,301
Transfer to operating assets	-	(9,591,936)	(41,680,141)	-	(51,272,077)
Balance as at June 30, 2018	182,213	5,330,940	5,302,503	2,054,000	12,869,656

5. INTANGIBLE ASSETS

Particulars	Cost as at July 01, 2018	Additions	Cost as at June 30, 2019	Accumulated amortisation as at July 01, 2018	Amortisation for the year	Accumulated amortisation as at June 30, 2019	Book value as at June 30, 2019	Rate of amortisation
	Rupees							%
License fee	839,733	-	839,733	800,275	35,141	835,416	4,317	20
Bar Code software	576,820	417,006	993,826	9,613	191,816	201,429	792,397	20
ERP software	4,802,084	-	4,802,084	4,802,083	-	4,802,083	1	
	6,218,637	**417,006**	**6,635,643**	**5,611,971**	**226,957**	**5,838,928**	**796,715**	

For comparative period

Particulars	Cost as at July 01, 2017	Additions	Cost as at June 30, 2018	Accumulated amortisation as at July 01, 2017	Amortisation for the year	Accumulated amortisation as at June 30, 2018	Book value as at June 30, 2018	Rate of amortisation
	Rupees							%
License fee	839,733	-	839,733	726,402	73,873	800,275	39,458	20
Bar Code Sotware	-	576,820	576,820	-	9,613	9,613	567,207	20
ERP software	4,802,084	-	4,802,084	4,802,083	-	4,802,083	1	
	5,641,817	576,820	6,218,637	5,528,485	83,486	5,611,971	606,666	

6. INVESTMENT IN ASSOCIATES

- on Equity method

	Salfi Textile Mills Limited	Tata Textile Mills Limited	Total 2019	Total 2018
Opening balance	357,259,934	93,810,587	451,070,521	309,977,584
Share of profit / (loss) of associates - net of tax	(9,525,852)	823,519	(8,702,333)	31,871,849
Share of unrealized (loss) / gain on remeasurement of investment available-for-sale	-	-	-	5,011
Share of adjustment in deferred tax due to				
- Adjustment of surplus on revaluation of property plant and equipment due to change in tax rate in associate	153,692	(258,663)	(104,971)	(413,699)
Revaluation arising on property, plant and equipment	125,602,244	18,135,219	143,737,463	109,305,406
Remeasurement of defined benefit	29,940	124,760	154,700	324,371
Dividend received	(732,600)	(434,798)	(1,167,398)	-
	115,527,424	18,390,037	133,917,461	141,092,938
Closing balance	472,787,358	112,200,624	584,987,982	451,070,522

	Note	2019	2018
		-----------Rupees	-------------
Salfi Textile Mills Limited			
Number of shares held		366,300	366,300
Cost of investment (Rupees)		1,998,000	1,998,000
Ownership interest		10.96%	10.96%
Market value of investment (Rupees)		48,267,351	60,439,500
Tata Textile Mills Limited			
Number of shares held		434,798	434,798
Cost of investment (Rupees)	6.1	-	-
Ownership interest		2.51%	2.51%
Market value of investment (Rupees)		11,522,147	16,087,526

6.1 In 2013, Salfi Textile Mills Limited (STML) an associated undertaking distributed its investment in Tata Textile Mills Limited (TTML) as a specie dividend. The Company received 434,798 shares of TTML in the ratio of 1,187 shares of TTML against 1,000 shares in STML which were recognized as an investment in associate.

6.2 Summarized financial highlights of the associates are as follows:

	Note	2019	2018
		------------Rupees	------------
Salfi Textile Mills Limited			
Total assets		8,472,089,786	6,451,048,323
Total liabilities		4,158,337,995	3,191,378,012
Sales		6,770,628,949	5,958,498,617
(Loss) / Profit for the year		(86,914,748)	234,440,017
Other comprehensive income		1,147,681,368	840,567,272
Tata Textile Mills Limited			
Total assets		8,088,523,247	6,503,371,941
Total liabilities		3,618,389,978	2,765,906,825
Sales		6,727,419,432	6,041,555,707
Profit for the year		32,809,511	246,104,515
Other comprehensive income		717,184,393	697,554,394

7. LONG TERM INVESTMENTS

Amortised cost

	Note	2019	2018
Government bonds	7.1	4,400,000	-

7.1 This represent 440 government bonds having face value Rs. 100,000 received as refund against sales tax refundable with maturity of three years and carrying markup @ 10% per annum.

8. DEFERRED TAXATION

	Opening balance	Deferred tax (asset) / liabilities recognised in: Profit and loss account	Other comprehensive income	Surplus on revaluation of property, plant and equipment	Closing balance
	………………………	………Rupees………	………………………		
Movement for the year ended June 30, 2019					
Deferred tax liabilities on taxable temporary differences arising in respect of :					
- Property, plant and equipment	196,365,739	(91,860)	-	-	196,273,879
- Investment in associate	67,360,877	(1,480,460)	7,464	21,560,619	87,448,500
- Surplus on revaluation of property, plant and equipment	68,700,586	(3,636,652)	-	214,677,063	- 279,740,997
- Trade debts - Export and SPO	-	4,768,871	-	-	4,768,871
	332,427,202	(440,101)	7,464	236,237,682	568,232,247
Deferred tax assets on deductible temporary differences arising in respect of :					
- Provision for doubtful debts	(623,285)	(1,348,181)	-	-	(1,971,466)
- Staff gratuity	(10,370,196)	(1,775,273)	(104,675)	-	(12,250,144)
- Compensated absenses	(223,804)	(10,338)	-	-	(234,142)
- Intangible assets	(282,027)	150,546	-	-	(131,481)
- Unabsorbed loss	(311,256,739)	(37,393,718)	-	-	(348,650,457)
Tax credit under Section 65B	(9,671,151)	9,671,151	-	-	-
	-	(31,145,914)	(97,211)	236,237,682	204,994,557

	Opening balance	Deferred tax (asset) / liabilities recognised in: Profit and loss account	Other comprehensive income	Surplus on revaluation of property, plant and equipment	Closing balance
		………………	………Rupees………	………………	
Movement for the year ended June 30, 2018					
Deferred tax liabilities on taxable temporary differences arising in respect of :					
- Property, plant and equipment	417,864,853	(221,499,114)	-	-	196,365,739
- Investment in associate	46,196,938	4,780,777	(12,649)	16,395,811	67,360,877
- Surplus on revaluation of property, plant and equipment	168,786,438	(10,732,944)	-	(89,352,908)	68,700,586
	632,848,229	(227,451,281)	(12,649)	(72,957,097)	332,427,202
Deferred tax assets on deductible temporary differences arising in respect of :					
- Provision for doubtful debts	(1,433,938)	810,653	-	-	(623,285)
- Staff gratuity	(17,652,717)	7,173,557	108,964	-	(10,370,196)
- Compensated absenses	(343,228)	119,424	-	-	(223,804)
- Intangible assets	(560,307)	278,280	-	-	(282,027)
- Unabsorbed loss	(422,772,151)	111,515,412	-	-	(311,256,739)
Tax credit under Section 65B	(67,710,608)	58,039,457	-	-	(9,671,151)
	122,375,280	(49,514,498)	96,315	(72,957,097)	-

9. STORES, SPARES AND LOOSE TOOLS

	Note	2019	2018
		-------------Rupees	-------------
Stores and spares	9.1	**43,366,919**	37,935,560
Loose tools		**55,985**	66,433
		43,422,904	38,001,993

9.1 Stores, spares and loose tools include items which may result in fixed capital expenditure but are not distinguishable.

10. STOCK-IN-TRADE

	Note	2019	2018
		-------------Rupees	-------------
Raw material		**1,956,459,956**	1,592,740,194
Work-in-process		**63,440,915**	48,217,413
Finished goods	10.2	**202,339,601**	173,405,108
Waste		**6,864,188**	17,478,089
		2,229,104,660	1,831,840,804

10.1 Raw material includes stock in transit amounting to Rs 481.37 million (2018: nil).

10.2 The above balance is net of provision for write-down of inventories to their net realizable values aggregating to Rs.0.321 (2018: Rs. 0.29 million). The write-down pertaining to finished goods has been charged to cost of good sold.

11. TRADE DEBTS

	Note	2019	2018
		-------------Rupees	-------------
Considered good			
Export - secured	11.1	**124,845,001**	245,886,801
Local - unsecured		**743,617,267**	420,488,904
Considered doubtful			
Local- unsecured		**6,798,158**	4,779,794
Provision for doubtful debts	11.4	**(6,798,158)**	(4,779,794)
		-	-
		868,462,268	666,375,705

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

11.2 Trade debts are non-interest bearing and are generally on 7 to 120 days credit terms.

11.3 As at June 30, 2019, trade debts aggregating Rs. 656.88 million (2018: Rs. 409.72 million) were past due for which the Company has made provision of Rs. 2.02 million (2018: Rs. Nil).The ageing of these past due trade debts is as follows:

11.3.1 Ageing of past due but not impaired

	Note	2019	2018
		-------------Rupees	-------------
1-30 days		**599,543,959**	355,113,700
31-90 days		**53,040,923**	46,570,544
91-120 days		**466,800**	165,004
121 days and above		**3,826,340**	7,873,672
		656,878,022	409,722,920

11.4 The movement in provision during the year is as follows:

	Note	2019	2018
		-------------Rupees	-------------
Balance at beginning of the year		**4,779,794**	4,779,794
Charge for the year	27	**2,018,364**	-
Balance at end of the year		**6,798,158**	4,779,794

12. LOANS AND ADVANCES

	Note	2019	2018
Due from employees	12.1	**15,668,720**	9,267,441
Advance to suppliers		**41,332,296**	86,626,027
Advance income tax		**324,323,157**	226,316,727
Advance against letters of credit		**7,824,072**	801,318
		389,148,245	323,011,513

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

13. OTHER RECEIVABLES

	Note	2019	2018
		-------------Rupees	-------------
Considered good			
Rebate on export sales		**3,760,292**	57,350,336
Others		**5,064,113**	-
		8,824,405	57,350,336

14. OTHER FINANCIAL ASSETS

	Note	2019	2018
Amortised cost			
Term Deposit Receipts	14.1	**34,340,781**	26,068,311
		34,340,781	26,068,311

14.1 These carry profit / mark-up rate ranging from 6.60% to 8.35% per annum (2018: 4.75% to 5.75% per annum) and have a maturity period of six months.

15. CASH AND BANK BALANCES

	Note	2019	2018
		-------------Rupees	-------------
Cash at bank			
In current accounts		**19,798,522**	14,408,650
In savings accounts	15.1	**662,167**	2,394,970
		20,460,689	16,803,620
Cash in hand		**658,171**	1,621,846
		21,118,860	18,425,466

15.1 These carry mark-up rate ranging from 4.50% to 10.25% (2018: 3.75% to 4.5%) per annum.

16. SHARE CAPITAL

2019	2018		2019	2018
Number of ordinary Shares of Rs. 10 each			-------------Rupees	-------------
1,000,000	1,000,000		**10,000,000**	10,000,000
500,000	500,000		**5,000,000**	5,000,000

16.1 There were no movements during the reporting year.

16.2 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.

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

17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book value resulting from the revaluation of leasehold land, buildings, plant and machinery and electric installations of both own assets and Company's share in associates surplus.

	Own assets	Company's share in associate's surplus	2019 Total	2018 Total
	Rupees			
Opening balance	649,358,980	280,236,880	929,595,860	862,492,998
Increase arising on revaluation of property, plant and equipment	1,852,456,645	143,737,462	1,996,194,107	109,305,406
Transferred to unappropriated profit on account of:				
- incremental depreciation	(25,397,063)	(6,126,651)	(31,523,714)	(26,637,754)
- disposal of property, plant and equipment	-			(3,864,318)
Related deferred tax liability	(3,636,652)	(1,081,174)	(4,717,826)	(11,700,472)
	1,823,422,930	136,529,637	1,959,952,567	67,102,862
Closing balance	2,472,781,910	416,766,517	2,889,548,427	929,595,860
Related deferred tax liability				
Opening balance	68,700,585	31,886,334	100,586,919	184,892,845
Adjustment due to income subject to Final tax regime (FTR)	-	-	-	(89,001,265)
Change in tax rate	(3,285,553)	88,647	(3,196,906)	-
On revaluation surplus arising during the year	217,962,618	21,560,619	239,523,237	16,395,811
Transferred to profit and loss account on account of:	-	-	-	
- incremental depreciation	(3,636,652)	(1,081,174)	(4,717,826)	(10,161,347)
- disposal	-	-	-	(1,539,125)
Closing balance	(279,740,998)	(52,454,426)	(332,195,424)	(100,586,919)
	2,193,040,912	364,312,091	2,557,353,003	829,008,941

18. DEFERRED LIABILITIES

	Note	2019	2018
		Rupees	
Staff gratuity	18.1	98,711,880	78,690,428
Compensated absences		1,886,721	1,716,289
Deferred taxation	8	204,994,557	-
		305,593,158	80,406,717

18.1 Staff gratuity

	Note	2019	2018
Workmen	18.1.1	48,507,934	38,904,811
Non-workmen	18.1.13	50,203,946	39,785,617
		98,711,880	78,690,428

18.1.1 Workmen

The details of the workmen - defined benefit scheme obligation based on actuarial valuations carried out by independent actuary as at June 30, 2019 using the Projected Unit Credit Method, are as follows:

	2019	2018
Net liability in the balance sheet	-------------Rupees -------------	
Present value of defined benefit obligation	**48,507,935**	38,904,811

	Note	2019	2018
18.1.2 Expense recognised in the profit and loss account		-------------Rupees -------------	
Current service cost		**11,984,583**	13,585,476
Interest cost		**3,971,966**	2,520,743
		15,956,549	16,106,219
18.1.3 Remeasurement gain recognised in other comprehensive income			
Actuarial losses on defined benefit obligation:			
Experience adjustments		**843,475**	(835,613)
		843,475	(835,613)
18.1.4 Movement in defined benefit obligation			
Opening defined benefit obligation		**38,904,811**	32,382,305
Current service cost		**11,984,583**	13,585,476
Interest cost		**3,971,966**	2,520,743
Actuarial (gain) / loss		**843,475**	(835,613)
Benefits paid during the year		**(7,196,900)**	(8,748,100)
Closing defined benefit obligation		**48,507,935**	38,904,811
18.1.5 Movement in net liability in the balance sheet			
Opening balance of net liability		**38,904,811**	32,382,305
Add: Charge for the year		**15,956,549**	16,106,219
Remeasurement gain recognised in other comprehensive income		**843,475**	(835,613)
Less: Payment made during the year		**(7,196,900)**	(8,748,100)
Closing balance of net liability		**48,507,935**	38,904,811
18.1.6 The principal assumptions used			
Discount rate (% per annum)		**12.00**	11.25
Expected rate of salary increase (% per annum)		**12.00**	11.25
Mortality rate		**Adjusted SLIC 2001-05**	Adjusted SLIC 2001-05
Expected withdrawal rate for actuarial assumptions		**Moderate**	Moderate

18.1.7 Sensitivity analysis

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

		2019	
		Impact on obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		------------------Rupees------------------	
Discount rate	1%	**(4,864,398)**	**5,900,965**
Expected rate of salary increase	1%	**6,325,869**	**(5,290,686)**
Mortality rate	1 year	**(31,261)**	**30,996**

For comparative period

	Change in assumption	2018 Impact on obligation Increase in assumption	Decrease in assumption
		------------------Rupees------------------	
Discount rate	1%	(5,872,536)	7,431,501
Expected rate of salary increase	1%	7,769,743	(6,213,191)
Mortality rate	1 year	-	-

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.

18.1.8 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.

18.1.9 Expected contribution to the scheme for the year ending June 30, 2020 is Rs. 20.4 million.

18.1.10 There are no plan assets against defined benefit obligation.

18.1.11 The weighted average duration of the defined benefit obligation is 11.22 years (2018: 17.6 years).

18.1.12 The expected maturity analysis of undiscounted retirement benefit obligation is as follows:

	2019	2018
	Undiscounted payments	
	-------------Rupees -------------	
Year 1	**3,522,116**	2,851,211
Year 2	**4,801,846**	4,117,433
Year 3	**5,807,913**	5,408,250
Year 4	**6,636,298**	5,916,457
Year 5	**7,319,239**	6,585,129
Year 6 to Year 10	**41,811,570**	40,341,889
11 years and above	**144,173,678**	536,284,852

	Note	**2019**	2018
		-------------Rupees -------------	
18.1.13 Non-workmen			
Opening balance		**39,785,617**	26,460,085
Charge for the year		**13,919,305**	10,779,730
Transfer during the year		**-**	7,673,270
Payment made during the year		**(3,500,976)**	(5,127,468)
		50,203,946	39,785,617

19. LONG TERM FINANCE

From banking companies - secured	Note	2019	2018
		------------Rupees ------------	
Syndicate term finance	19.1	**1,818,881,600**	2,046,241,800
Syndicate SBP-LTFF facility-1	19.2	**307,016,356**	409,355,141
Syndicate SBP-LTFF facility-1	19.3	**81,405,852**	104,664,667
Syndicate SBP-LTFF facility-2	19.4	**90,026,930**	98,410,000
		2,297,330,738	2,658,671,608
Less: Current portion			
Syndicate term finance		**(454,720,400)**	(227,360,200)
Syndicate long term finance-1		**(125,597,600)**	(125,597,600)
Syndicate long term finance-2		**(19,681,998)**	(8,383,073)
		(599,999,998)	(361,340,873)
		1,697,330,740	2,297,330,735

19.1 It represents amount utilized out of a term finance facility of Rs. 3,000 million obtained from a syndicate of commercial banks. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to mark-up at the rates of 6 months' KIBOR plus 1.4 % per annum (2018: 6 months' KIBOR plus 1.4 % per annum). It is repayable in 07 years. Mark-up is payable semi annually in arrears and principal in equal semi-annual installments from August 2017.

19.2 It represents amount utilized against facility obtained from the agent of the syndicate under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 19.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to markup at SBP Refinance Rate of 4.5% per annum plus Bank spread i.e.1.4% (2018:4.5% per annum plus bank spread i.e 1.4%) . The facility is repayable in 07 years.

19.3 It represents amount utilized against facility obtained from the agent of the syndicate under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 19.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to markup at SBP Refinance Rate of 3% per annum plus Bank spread i.e.1.4% (2018:3% per annum plus bank spread i.e 1.4%) . The facility is repayable in 07 years.

19.4 It represents amount utilized against facility obtained from the agent of the syndicate under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 19.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to markup at SBP Refinance Rate of 2.0% per annum plus Bank spread i.e.1.5% (2018: 2% per annum plus bank spread i.e 1.5%). The facility is repayable in 07 years.

19.5 Reconciliation of liabilities arising from long term financing activities

The table below details changes in the Company's liabilities arising from the financing activities, including both cash and non-cash changes, if any. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

		Cash flows		
	July 1, 2018	**Obtained**	**Repaid**	**June 30, 2019**
Syndicate term finance	2,046,241,800	-	(227,360,200)	1,818,881,600
Syndicate SBP-LTFF facility-1	409,355,141	-	(102,338,785)	307,016,356
Syndicate SBP-LTFF facility-1	104,664,667	-	(23,258,815)	81,405,852
Syndicate SBP-LTFF facility-2	98,410,000	-	(8,383,070)	90,026,930
	2,658,671,608	-	(361,340,870)	2,297,330,738

20. TRADE AND OTHER PAYABLES

	Note	2019	2018
		------------Rupees------------	
Creditors		**117,443,526**	99,816,963
Accrued liabilities	20.1 & 20.2	**356,721,336**	165,163,913
Contract liabilties		**51,209,975**	3,960,539
Workers' Profit Participation Fund	20.3	**12,776,623**	20,628,471
Workers' Welfare Fund		**15,442,120**	11,916,082
Withholding income tax		**4,148,709**	1,833,538
		557,742,289	303,319,506

20.1 It includes Rs. 69.55 million (2018: Rs. 3.52 million) payable to an associated undertaking in respect of power charges.

20.2 It includes Rs. 111.46 million (2018: Rs. 90.84 million) on account 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 initially challenged by the Company along with other companies in the High Court of Sindh after which several proceedings were held. 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 favourable outcome however, as a matter of prudence, the Company has paid Rs. 111.46 million (50%) of the value of infrastructure cess in cash and recorded liability for the remaining amount.

20.3 Workers' Profits Participation Fund

	Note	2019	2018
		------------Rupees------------	
Opening balance		**20,628,471**	1,448,020
Add: Allocation for the year	28	**12,776,623**	20,628,471
Interest on funds utilized in the Company's business		**4,938,117**	67,749
		38,343,211	22,144,240
Less: Payments made to the fund		**(25,566,588)**	(1,515,769)
Closing balance		**12,776,623**	20,628,471

20.4 Interest on funds utilised is charged @ 37.5% (2018: 8.25%).

21. SHORT TERM BORROWINGS

From banking companies

	Note	2019	2018
Trust receipt finances	21.1	**1,387,619,576**	1,098,533,103
Finances against export	21.2	**82,250,000**	-
Running finances	21.3	**678,629,568**	804,450,622
	21.4	**2,148,499,144**	1,902,983,725

21.1 These facilities are subject to markup rate of rate of ranging from 2019: 7.57% to 13.80% inclusive of one to six months KIBOR per annum (2018: 6.96% to 8.42% inclusive of one to six months KIBOR per annum). These facilities are secured against pledge of imported merchandise, stocks, stores, spares,trust receipts, pari passu charge over current assets, ranking charge over fixed assets of the company.

21.2 These are subject to 3.25% inclusive of LIBOR mark-up rate (2018: nil). These facilities are secured against pari passu hypothecation charge over stocks and book debts of the Company for Rs. 266.67 Million including 25% margin.

21.3 These are subject to markup at the rate of ranging from 7.42% to 14.30% inclusive of one to six months KIBOR per annum (2018: 7.25% to 8.42% inclusive of three to six months KIBOR per annum).These facilities are secured against pledge of stock, pari passu charge over current assets and ranking charge over fixed assets of the company.

21.4 Total short term borrowing facilities available to the Company from various commercial banks amounted to Rs. 3,216 million (2018: Rs. 3,810 million). Aggregate unavailed short term borrowing facilities are of Rs 1,069 million (2018: Rs.1,898 million).

21.5 Reconciliation of liabilities arising from short term financing activities

The table below details changes in the Company's liabilities arising from the financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

		Cash flows		
	July 1, 2018	**Obtained**	**Repaid**	**June 30, 2019**
Trust receipt finances	1,098,533,103	1,387,619,576	(1,098,533,103)	1,387,619,576
Finances against export	-	82,250,000	-	82,250,000
	1,098,533,103	1,469,869,576	(1,098,533,103)	1,469,869,576

22. INTEREST / MARK-UP ACCRUED ON BORROWINGS

	Note	2019	2018
		------------Rupees	------------
On secured:			
Long term finance			
- Syndicate term finance		**97,152,396**	69,410,915
Short term borrowings		**57,888,760**	27,334,012
		155,041,156	96,744,927

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

	Note	2019	2018
Estimated financial impact of labour and workmen compensation cases in court of law		**465,136**	465,136

23.2 Commitments

	Note	2019	2018
Civil		**312,495**	120,286
Letters of credit in respect of purchase of:			
-Raw material		**75,066,953**	74,868,634
-Spares and machinery		**19,495,420**	2,336,067
Bank guarantees	23.3	**148,084,236**	125,566,109
Bills discounted		**275,403,971**	402,648,005
Outstanding sales contracts		**358,116,885**	54,088,800

23.3 This includes bank guarantee related to infrastructure cess for an amount of Rs. 128.5 million (2018: Rs. 101.8 million) refer

23.4 The Company's share in associates' contingencies and commitments is Rs. 234.06 million (2018: Rs. 151.04 million). The extent to which an outflow of funds will be required is dependent on the future operations of the associates being more or less favourable than currently expected.

24. REVENUE FROM CONTRACT WITH CUSTOMERS - NET

	Note	2019	2018
		------------Rupees------------	
Local			
- Yarn		2,704,842,595	2,096,789,120
- Raw material		111,329,227	28,733,420
- Waste		372,658,191	307,342,583
		3,188,830,013	2,432,865,123
Export			
-Yarn	24.1	2,074,003,431	2,142,468,434
-Yarn (indirect export)		2,333,544,750	1,722,180,465
-Waste		-	5,703,040
		4,407,548,181	3,870,351,939
		7,596,378,194	6,303,217,062
Less: Sales tax		(39,134,721)	-
		7,557,243,473	6,303,217,062

24.1 Following are the details of sales jurisdiction wise:

Jurisdiction	2019	2018
Asia	7,516,336,980	6,217,328,418
Europe	40,906,493	85,888,644
	7,557,243,473	6,303,217,062

25. COST OF GOODS SOLD

	Note	2019	2018
Cost of goods manufactured	25.1	6,453,328,313	5,420,413,478
Finished goods (including waste)			
Opening stock		190,883,197	129,813,508
Insurance Claim		-	-
Closing stock		(209,203,789)	(190,883,197)
		(18,320,592)	(61,069,689)
Cost of manufactured goods		6,435,007,721	5,359,343,789
Cost of raw material sold		110,630,704	26,748,996
		6,545,638,425	5,386,092,785

25.1 Cost of goods manufactured

	Note	2019	2018
Raw material	25.1.1	5,248,622,339	4,277,169,234
Stores and spares		102,198,794	78,108,689
Packing material		81,214,704	79,549,967
Fuel and power		480,538,083	447,399,191
Salaries, wages and benefits	25.1.2	318,449,219	298,120,475
Depreciation	4.3	204,090,073	215,672,185
Amortization	5	159,804	-
Insurance		14,644,678	11,372,940
Repairs and maintenance		6,033,081	4,486,094
Other overheads		12,601,040	11,794,639
		6,468,551,815	5,423,673,414
Work-in-process			
Opening stock		48,217,413	44,957,477
Closing stock		(63,440,915)	(48,217,413)
		(15,223,502)	(3,259,936)
		6,453,328,313	5,420,413,478

25.1.1 Raw material consumed

	Note	2019	2018
		-------------Rupees	-------------
Opening stock		1,592,740,194	1,231,880,405
Purchases - net		5,612,342,101	4,638,029,023
		7,205,082,295	5,869,909,428
Closing stock	10	(1,956,459,956)	(1,592,740,194)
		5,248,622,339	4,277,169,234

25.1.2 Salaries, wages and benefits include Rs. 26.59 million (2018: Rs. 22.55 million) in respect of staff retirement benefits

26. DISTRIBUTION COST

	Note	2019	2018
		-------------Rupees	-------------
Brokerage and commission		43,018,202	48,604,503
Export expenses		24,347,320	26,207,038
Local freight and handling		29,205,126	26,500,584
Sea freight		8,564,661	10,341,560
Staff salaries and benefits		10,368,971	7,496,659
		115,504,280	119,150,344

27. ADMINISTRATIVE EXPENSES

	Note	2019	2018
Staff salaries and benefits	27.1	79,749,155	53,904,790
Director`s remuneration		10,120,000	6,341,240
Depreciation	4.3	4,314,150	3,671,000
Legal and professional		2,625,313	3,582,930
Rent, rates and taxes		4,090,200	4,090,200
Fees and subscription		2,711,154	2,008,925
Utilities		1,851,497	1,772,078
Travelling and conveyance		2,736,360	2,547,067
Vehicles running		5,990,473	4,522,068
Printing and stationery		696,543	582,599
Postage and telephone		2,072,216	940,259
Amortization	5	67,157	83,486
Auditors' remuneration	27.4	1,075,821	986,265
Donation	27.2 & 27.3	3,400,000	2,400,000
Repairs and maintenance		494,251	739,837
Insurance		331,705	374,527
Entertainment		663,744	617,905
Advertisement		194,200	28,500
Bad debt expense	11.4	2,018,364	-
Other		122,660	20,507
		125,324,963	89,214,183

27.1 Salaries and benefits include Rs. 6.80 million (2018: Rs. 4.30 million) in respect of the staff retirement benefits.

27.2 None of the directors and their spouses had any interest in the donee's fund.

27.3 Donation charged in these financial statements is paid to the Chiniot Sheikh Society Rs 1.95 million (2018: 1.80 million) and to Islamia Hospital Chiniot Rs 0.60 million (2018: 0.60 million).

27.4 Auditors' remuneration

	2019	2018
	------------Rupees ------------	
Annual audit fee	840,000	650,000
Fee of review of:		
- Condensed interim financial information	100,000	75,000
- Compliance with Code of Corporate Governance	30,000	25,000
Certification and other services	105,821	236,265
	1,075,821	986,265

28. OTHER OPERATING EXPENSES

	Note	2019	2018
		------------Rupees ------------	
Worker`s welfare fund		3,526,039	8,373,790
Workers' profits participation fund	20.3	12,776,623	20,628,471
Realised foreign exchange loss - net		42,409,178	20,221,447
Unrealised foreign exchange loss - net		11,615,000	106,253
Loss on disposal of property, plant and equipment		-	5,059,058
		70,326,840	54,389,019

29. FINANCE COST

	2019	2018
Interest / mark-up on:		
-Long-term finance	227,839,724	194,749,497
-Short-term borrowings	210,708,826	107,537,267
Letters of credit discounting charges	20,179,973	11,741,723
Interest on Workers' Profit Participation Fund	4,938,117	67,749
Bank charges and commission	9,494,890	4,703,289
	473,161,530	318,799,525

30. OTHER INCOME

	2019	2018
Income from financial assets		
Profit on savings accounts	405,670	357,262
Profit on term deposits receipts	1,537,551	1,284,213
Rental income	51,425	60,000
Income from non financial assets		
Rebate on export sales	5,049,214	40,877,724
Income From Sale of store Item	-	258,295
Gain on disposal of property, plant and equipment	836,550	-
	7,880,410	42,837,494

31. TAXATION

	2019	2018
Current		
- for the year	72,209,793	-
- for prior year	672,483	(278,387)
Deferred	(31,145,914)	(49,514,495)
	41,736,362	(49,792,882)

31.1 Relationship between tax expense and accounting profit	Note	2019	2018
		------------Rupees ------------	
Accounting profit		226,465,512	410,280,549
Tax rate %		29%	30%
Tax on accounting profit		65,674,998	123,084,165
Effects of:			
Share of (loss) / Profit from associate chargeable to tax at reduced rates		(1,218,327)	(4,780,777)
Tax impact of tax credit		9,671,151	58,039,457
Income chargeable to tax under final tax regime		9,454,991	(12,309,656)
Prior Period tax		672,483	(278,387)
Due to change in tax rate		(12,804,455)	(320,352,409)
Minimum tax		14,927,227	(2,594,356)
Unused tax losses		(37,393,718)	111,515,412
Others		(7,247,988)	(2,116,331)
		41,736,362	(49,792,882)

31.2 The assessment for the tax year 2013 has been revised during the year raising tax liability of Rs 47,396,196 whereby the assessing officer treated certain indirect export sales as local sales consequently revised income and tax liability. The assessing officer also disallowed a part of already allowed credit under section 65B on the Company's investments made in plant and machinery for BMR and extension of its existing industrial undertaking. The assessing officer also made significant errors in calculating tax liability. The Company has filed an appeal there-against and is hopeful that the said assessment will be set-aside because the proceedings were conducted without allowing reasonable opportunity to the Company to present its case, and also marred by certain non-compliance of legal requirements. Accordingly, provision to this effect is not made in accounts and will be considered once exhausting with appeals in this context.

32. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company which is based on:

	2019	2018
Profit for the year (Rupees)	184,729,150	460,073,431
Weighted average number of ordinary shares outstanding during the year	500,000	500,000
Earnings per share (Rupees)	369.46	920.15

33. CASH AND CASH EQUIVALENTS

	Note	2019	2018
		------------Rupees ------------	
Cash and bank balances	15	21,118,860	18,425,466
Running / cash finances	21.3	(678,629,568)	(804,450,622)
		(657,510,708)	(786,025,156)

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

34.1 The aggregate amount for the year in respect of remuneration and benefits to the Chief Executive and Executives are as follows:

	2019		2018	
	Chief Executive	Executives	Chief Executive	Executives
	---------------Rupees---------------		---------------Rupees---------------	
Managerial remuneration	3,000,000	54,779,131	3,000,000	37,592,579
Bonus / Ex-gratia	250,000	2,859,035	250,000	2,404,939
Retirement benefits	250,000	4,187,996	250,000	2,287,300
Leave encashment	-	1,205,998	-	629,100
Medical	-	137,932	-	192,835
	3,500,000	63,170,092	3,500,000	43,106,753
No. of persons	1	14	1	11

34.2 The Chief Executive and certain executives are also entitled for use of Company maintained cars.

34.3 An amount of Rs. 0.49 million (2018: Rs.0.24 million) has been charged in these financial statements in respect of fee paid to directors for attending board meetings.

35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors, key management personnel and their relatives. The Company carries out transactions with various related parties at agreed terms. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with them, other than those which have been disclosed elsewhere in these financial statements, are as follows:

35.1 Name and nature of relationship

Associated Companies due to common directorship & common management

- Salfi Textile Mills Limited
- Tata Textile Mills Limited
- Tata Energy Limited
- Tata Best Foods Limited

Relationship with the party	Nature of transactions	2019	2018
		-------------Rupees	-------------
Associated undertakings	Purchase of power	**422,673,721**	350,601,610
	Share of expenses received	**2,958,395**	4,839,473
	Share of expenses paid	**3,529,992**	3,595,745
	Sale of Store Items	**156,289**	-
	Sale of Cotton	**106,885,246**	-
	Dividend received	**1,167,398**	-
	Purchase of raw material	**-**	155,133,790
	Purchase of machinery	**-**	5,000,000
	Gowdown Rent	**600,000**	600,000
Directors	Godown rent	**1,200,000**	1,200,000
	Office rent	**4,090,200**	4,090,200
	Dividend paid	**1,626,705**	-

36. PLANT CAPACITY AND ACTUAL PRODUCTION

	2019	2018
Total number of spindles installed	**45,984**	45,984
Total number of spindles worked	**45,984**	45,984
Number of shifts per day	**3**	3
Installed capacity after conversion into 20/s count-kgs	**16,701,735**	16,701,735
Actual production of yarn after conversion into 20/s count-kgs	**18,257,540**	18,451,307

37. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2019 and 2018 respectively are as follows:

	2019	2018
Average number of employees	**1,099**	1,112
Number of employees as at June 30	**1,087**	1,111

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial Instrument by category

	2019	2018
Financial assets as per balance sheet	-------------Rupees	-------------
Amortized cost		
- Long term deposits	**1,433,682**	1,291,788
- Trade debts	**868,462,268**	666,375,705
- Loans and advances	**15,668,720**	9,267,441
- Other receivables	**5,064,113**	-
- Cash and bank balances	**21,118,860**	18,425,466
- Long term investment	**4,400,000**	-
- Other financial assets	**34,340,781**	26,068,311
	950,488,424	721,428,711
Financial liabilities as per balance sheet		
Financial liabilities measured at amortized cost		
- Long term finance	**2,297,330,738**	2,658,671,608
- Trade and other payables	**474,164,862**	264,980,876
- Accrued interest / mark-up on borrowings	**155,041,156**	96,744,927
- Short term borrowings	**2,148,499,144**	1,902,983,725
	5,075,035,900	4,923,381,136

38.2 Financial risk management objectives and policies

38.2.1 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 programme 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.

The Company's principal financial liabilities comprise long-term finances, short-term borrowings, accrued mark-up/interest and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise of trade debts, loans and advances, trade deposits, other receivables, other financial assets and cash and bank balances that arrive directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, and price risk), credit risk and liquidity risk.

38.2.2 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 to foreign customers which exposes it to currency risk. As at June 30, 2019, financial assets include bank balances and debtors in foreign currency amounting to Rs. 130.25 million (2018: Rs. 250.68 million) equivalent to US$ 0.79 million (2018: US$ 2.064 million) and financial liabilities include foreign commission payable and finance obtained against export/import amounting to Rs. 279.54 million (2018: Rs. 60.07 million) equivalent to US$ 1.704 million (2018: US$ 0.494 million). The average rates applied during the year is Rs. 136.26 (2018: Rs. 109.9/ US $) and the spot rate as at June 30, 2019 was Rs.164/ US$ (2018: Rs. 121.4/ US$).

At June 30, 2019, 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 14.93 milllion (2018: Rs. 19.06 million), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade debts and

(b) Interest rate risk management

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.3.966 billion (financial liabilities on a net basis) (2018: 3.946 billion net financial liabilities). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

Variable rate instruments	**2019**	2018
	-------------Rupees	**-------------**
Financial assets		
- Savings accounts	**662,167**	2,394,970
Financial liabilities		
- Syndicate term finance	**1,818,881,600**	2,046,241,800
- Short term borrowings	**2,148,499,144**	1,902,983,725
	3,967,380,744	3,949,225,525
	(3,966,718,577)	(3,946,830,555)
Fixed rate instruments		
Financial assets		
- Term deposit receipts	**34,340,781**	26,068,311
- Government Bonds	**4,400,000**	-
Financial liabilities		
- Syndicate long-term finance	**478,449,138**	746,410,481
	517,189,919	772,478,792

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 loss for the year and shareholder's equity by Rs. 39.67 million (2018: Rs. 45.66 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2018.

(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 carried at fair value through profit or loss which are subject to equity price risk. Therefore, a change in market rate at the reporting date would not affect profit or loss of the Company.

38.2.3 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.950.48 million (2018 : 777.48 million), the financial assets which are subject to credit risk amounted to Rs. 949.82 million (2018 : Rs. 775.9 million).

The Company is exposed to credit risk from its operating activities (primarily for trade debts and loans and other receivables) 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.

Name of	Credit Rating	
	Short-term	Long-term
Allied Bank Limited	A1+	AAA
Askari Bank Limited	A1+	AA+
Bank Alfalah Limited	A1+	AA+
BankIslami Pakistan Limited	A1	A+
Dubai Islamic Bank Limited	A-1	AA
Habib Bank Limited	A-1+	AAA
Habib Metropolitan Bank Limited	A1+	AA+
JS Bank Limited	A1+	AA-
MCB Bank Limited	A1+	AAA
Meezan Bank Limited	A-1+	AA+
National Bank of Pakistan	A1+	AAA
Soneri Bank Limited	A1+	AA-
The Bank of Punjab	A1+	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 trade debts, where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. At June 30, 2019 the Company had approximately 17 (2018: 12) major customers that owed more than Rs.10 million each and accounted for approximately 70% (2018 : 64%) of local trade debts. Other debts amounting to Rs. 124.85 million (2018 : Rs. 245.88 million) are secured against letters of credit.

Credit risk related to other assets

Credit risk from other assets primarily relates to Company's investment in term deposits issued by a bank (note 14). The risk is managed through ensuring that such investments are made in instruments issued by reputed banks with good credit ratings. The credit rating of the investee bank is as A1+ and AA++ for short term and long term credit.

38.2.4 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 loans 62% of the Company's debt will mature in less than one year at June 30, 2019 (2018: 50%) 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-derivativefinancial 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	1 - 3 months	3 months -	1 - 5 years	More than	Total
		-----------------	-----------------	---------Rupees	-----------------	-----------------	-----------------
2019							
Trade and other payables		117,443,526	356,721,336	-	-	-	474,164,862
Interest / mark-up accrued on loans		57,888,760	97,152,396	-	-	-	155,041,156
Unclaimed dividend		1,039,712	-	-	-	-	1,039,712
Syndicate term finance	6	-	227,360,200	227,360,200	1,364,161,200	-	1,818,881,600
Syndicate long term finance - Facility 1	5.90%	-	-	102,338,785	204,677,571	-	307,016,356
Syndicate long term finance - Facility 1	4.40%	11,629,407	-	11,629,407	58,147,037	-	81,405,851
Syndicate long term finance - Facility 2	3.50%	8,383,073	2,915,852	8,383,073	70,344,929	-	90,026,927
Short term borrowings							
Trust receipt finance	Six months average of 7.57% to 13.80% inclusive of KIBOR p.a.	-	-	1,387,619,576	-	-	1,387,619,576
Finance against export	3.25% inclusive of LIBOR	-	-	82,250,000	-	-	82,250,000
Running finance	7.42% to 14.30% inclusive of Six months KIBOR p.a	-	678,629,568	-	-	-	678,629,568
		196,384,478	1,362,779,352	1,819,581,041	1,697,330,737	-	5,076,075,608

	Interest rate	Less than 1	1 - 3 months	3 months -	1 - 5 years	More than	Total
		-----------------	-----------------	---------Rupees	-----------------	-----------------	-----------------
2018							
Trade and other payables		32,695,850	111,076,008	122,256,724		-	266,028,582
Interest / mark-up accrued on loans		13,364,955	83,379,972	-	-	-	96,744,927
Unclaimed dividend		1,047,709	-	-	-	-	1,047,709
Syndicate term finance	6 months KIBOR plus 1.4%	-	-	227,360,200	1,818,881,600	-	2,046,241,800
Syndicate long term finance - Facility	5.90%	-	-	102,338,784	307,016,354	-	409,355,138
Syndicate long term finance - Facility 1	4.40%	11,629,407	-	11,629,407	81,405,852	-	- 104,664,666
Syndicate long term finance - Facility	3.50%	-	-	8,383,073	78,727,991	11,298,936	98,410,000 -
Short term borrowings							
Trust receipt finance	Three months average of 6.96% to 8.42% inclusive of KIBOR p.a	-	1,098,533,103	-	-	-	1,098,533,103
		-	-	-	-	-	-
Running finance	7.25% to 8.42% inclusive of three/Six months KIBOR p.a	-	804,450,622	-	-	-	804,450,622
		58,737,921	2,097,439,705	471,968,188	2,286,031,797	11,298,936	4,925,476,547

38.2.5 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.

39. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(b) Fair value estimation

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 year end, there are no financial instruments carried at fair value which require classification in above mentioned levels.

39.1 The Company's leasehold land, building on leasehold land, plant and machinery and electric installations are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's freehold land, building and plant and machinery and electric installation as at September 30, 2003, June 30, 2012 30 June 2019 were performed by an independent valuer Iqbal A.Nanji & Company (Private) Limited and as at December 31, 2016 by MYK Associates (Private) Limited. The valuers are listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery. The fair value of the freehold land was determined by ascertaining the current market value of similar land, which is being sold in the near surroundings.The fair value of the buildings on freehold land was determined by carrying out the physical inspection of buidling with actual measurement and have worked out covered area of each building occupation wise with specification of civil works. The fair value of the plant and machinery and electric installations was determined by verifying the supplier invoices where available or considered the historical cost of machines, after taking into consideration the devaluation of the Pakistani Rupee over the years and the current tariff, further the installation, clearing and transportation cost has been considered to arrive at the reinstatement value. In estimating the fair value of the assets, the highest and best use of the premises is its current use.

Details of Company's leasehold land, building, electric installations, plant and machinery and long-term investment in associates and information about the fair value hierarchy as at end of June 30, 2019 are as follows:

	Level 1	Level 2	Level 3	Total
	June 30, 2019			
	------------------------------Rupees ------------------------------			
Leasehold land	-	219,680,000	-	219,680,000
Buildings on leasehold land	-	1,261,162,037	-	1,261,162,037
Plant and machinery	-	3,880,300,200	-	3,880,300,200
Electric installations	-	210,327,900	-	210,327,900
	-	5,571,470,137	-	5,571,470,137

There were no transfers between levels of fair value hierarchy during the year.

For comparative period

Details of Company's free hold land, building, electric installations, plant and machinery and long-term investment in associates and information about the fair value hierarchy as at end of June 30, 2018 are as follows:

	Level 1	Level 2	Level 3	Total
	June 30, 2018			
	------------------------------Rupees ------------------------------			
Leasehold land	-	123,570,000	-	123,570,000
Buildings on Leasehold land	-	879,739,232	-	879,739,232
Plant and machinery	-	2,730,258,012	-	2,730,258,012
Electric installations	-	167,743,559	-	167,743,559
	-	3,901,310,803	-	3,901,310,803

40. 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 capital structure of the Company consists of shareholders' equity and surplus on revaluation of property, plant and equipment. Shareholders' equity consist of share capital, capital reserve and unappropriated profit. 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 amount of dividend paid to the shareholders or issue new shares. The Company's overall strategy remains unchanged from 2018.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company’s target is to achieve a normal return on

The Company is not subject to any externally imposed capital requirements.

The gearing ratio at June 30, 2019 and June 30, 2018 were as follows:

	2019	2018
	-------------Rupees -------------	
Total debts	4,445,829,882	4,561,655,333
Less: Cash and bank balances	(21,118,860)	(18,425,466)
Net debt	4,424,711,022	4,543,229,867
Total equity	4,352,682,585	2,411,192,964
Adjusted capital	8,777,393,607	6,954,422,831
Gearing ratio	0.50	0.65

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 22, 2019

42. RECLASSIFICATION

Corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparison.

43. GENERAL

Figures have been rounded off to the nearest Rupee.

43.1 SUBSEQUENT EVENTS

The Board of Directors at their meeting held on October 22, 2019 propose a cash dividend of Re. 5.00 per share (2018: Re. 5.00 per share)for the year ended June 30, 2019, amounting to Rs. 2,500 million (2018: Rs. 2,500 million) in addition to following specie dividend,subject to the approval of members at the annual general meeting to be held on November 21, 2019.

Distribution specie dividend;

- 366,300/= ordinary shares of Salfi Textile Mills Limited (SALT) in the ratio of 1000:732 i.e. for 1,000 shares of ILTM, shareholders will get 732 shares of SALT.
- 434,798/= ordinary shares of Tata Textile Mills Limited (TATM) in the ratio of 1000:869 i.e. for 1,000 shares of ILTM, shareholders will get 869 shares of TATM.

SHAHID ANWAR TATA	HASEEB HAFEEZUDDEEN	ADEEL SHAHID TATA
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

کپاس کی فصل کی پیداوار اچھی معلوم ہوتی ہے لیکن حالیہ سیلابوں اور بارشوں کے باعث فصل کو ہونے والے نقصان کے بارے میں ہم بے یقینی کی کیفیت میں ہیں اور صرف کپاس کی اچھی پیداوار مقدار اور معیار دونوں کیلیئے ہی دعا گو ہو سکتے ہیں۔ اس کے بعد ہم مقامی کپاس پر زیادہ انحصار کرنے کا ارادہ رکھتے ہیں اور درآمد شدہ کپاس پر طویل مدتی پوزیشن نہیں لیں گے۔

امریکہ چین تجارتی تنازع کے تسلسل کے باعث پالیسٹر اسٹیپل فائبر کی قیمت بہت ہی غیر مستحکم رہی ہے۔ قیمتوں میں اتار چڑھاؤ کی وجہ سے فی الحال پی ایس ایف نیچے کی طرف گامزن ہے، لہٰذا کاروباری ماحول میں غیر یقینی صورتحال پائی جاتی ہے۔

بورڈ کی کارکردگی اور تاثیر:

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کے تقاضوں کی تعمیل میں بورڈ کی کارکردگی کا سالانہ تخمینہ لگایا گیا تھا۔ اس تخمین کا مقصد یہ یقینی بنانا ہے کہ کمپنی کے مجموعی کاروباری مقاصد اور انتظامی ڈھانچے کے تناظر میں بورڈ کی کارکردگی کی پیمائش یقینی بنائی جائے۔ بورڈ نے اس سال کے دوران کمپنی کو بالحاظ ترقی چیلنج سے بھرپور راستے پر آگے بڑھانے میں ایک اہم کردار ادا کیا۔ ڈائریکٹرز کے عزم اور موثر نگرانی کے ذریعے آپ کی کمپنی نے کارپوریٹ گورننس اور کمپلائنس کی شفافیت یقینی بنائی۔ بورڈ نے کمپنی کی مجموعی مینجمنٹ اور معاملات کی نگرانی کے لئے اپنا کردار اور ذمہ داریاں ادا کیں اور اپنی امانتی ذمہ داریوں سے بخوبی واقف رہے۔

آڈٹ کمیٹی اور افرادی وسائل اور مشاہرہ کمیٹی کی طرف سے اپنے متعلقہ شعبوں میں رہنمائی اور موثر حل تجویز کرنے کے ذریعے ادا کئے گئے اہم کرداروں کا ذکر اور نشاندہی کرنا بھی اہم ہے۔

آخر میں بورڈ کی جانب سے میں کمپنی کی مسلسل کامیابی میں اپنے تمام ملازمین کی شراکت کا اعتراف کرنا چاہتا ہوں۔ میں اپنے شراکت داروں، صارفین، سپلائرز، بینکرز اور دوسرے اسٹیک ہولڈرز کے اعتماد اور ان کی حمایت کیلیئے بھی ان کا شکریہ ادا کرنا چاہتا ہوں۔ بورڈ مکمل اعتماد کے ساتھ اگلے سال کا منتظر ہے۔

کراچی؛

مورخہ: 22 اکتوبر 2019ء

انوار احمد ٹاٹا

چیئرمین

چیئرمین کا جائزہ

السلام وعلیکم،

مجھے 30 جون 2019ء کو ختم ہونے والے مالی سال کیلئے سالانہ رپورٹ میں مالیاتی نتائج بمعہ آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس ہورہی ہے۔ کمپنی نے دوران سال اچانک اور غیر مستحکم غیر ملکی کرنسی کی نقل وحرکت کے باعث بعد از ٹیکس منافع مبلغ 184.729 ملین روپے (2018 میں مبلغ 460.073 ملین روپے کا منافع) حاصل کیا۔ اس کے باوجود یارن کی فروخت کا حجم مبلغ 43.694 ملین پاؤنڈز کے کاروبار میں 19.89 فیصد اضافہ ہوا۔

کمپنی کے منافع کو متعدد عوامل نے متاثر کیا جن میں روپے کی قدر میں مثالی کمی، پاکستان اور چین میں معاشی سست روی، چین امریکہ تجارتی تنازعہ جس نے یارن کی قیمتوں، درآمد شدہ کپاس کی لاگت، زیادہ شرح سود اور افراط زر کے عمومی اثرات کو متاثر کیا، شامل ہیں۔ چین امریکہ ٹیرف تجارتی تنازعہ اور عالمی اور چینی معاشی سست روی کے باعث یارن کی فروخت کی قیمتیں نیچے گرتی رہیں، اور اس کے ساتھ ہی چین کی طرف سے کپاس کی درآمد بھی کم ہوگئی جس کے باعث یارن کے بڑے برآمداتی ملک خاص طور پر پاکستان اور بھارت متاثر ہوئے۔ کمپنی نے فصلوں کے ہدف سے کم مقدار کی وجہ سے درآمد شدہ کپاس پر بھاری انحصار کیا جو کہ پاکستانی روپے کی قدر میں کمی اور ڈسکاؤنٹ ریٹ میں 6.75 فیصد سے 13.75 تک تیزی سے اضافہ ایک اور پہلو تھا جس نے ہمارے منافع کو متاثر کیا ہے جس سے مالی معاوضوں میں 48.42 فیصد کا اضافہ جو کہ 318.799 ملین روپے سے 473.161 ملین روپے ہوگیا۔

آنے والا سال:

اس سال کا آغاز ٹیکسٹائل سیکٹر سے حاصل ہونے والی زیرو ریٹنگ سے دستبرداری کے ساتھ ہوا اور اس کے نتیجے میں 17 فیصد سیلز ٹیکس لگایا گیا اور بہت سارے ود ہولڈنگ ٹیکسوں کی شرح میں غیر معمولی اضافہ ہوا جس سے مقامی مارکیٹ جس پر ہم یارن کی فروخت پر زیادہ بھروسہ کرتے ہیں، پر مکمل طور پر خلل پڑا۔ لہٰذا عالمی معاشی سست روی کے ساتھ ٹیکسوں میں زبردست اضافے نے ہماری فروخت کو بری طرح متاثر کیا۔ اگرچہ حکومت نے پاکستانی روپے کی قیمت میں کمی کے ذریعے کرنٹ اکاؤنٹ خسارے کو تقریباً ختم کردیا ہے، تاہم برآمدات کو بڑھانے کیلئے تجارتی ترقی کی طرف بہت کم کوششیں کی گئیں۔ پاکستان کو اب بھی شدید مالی خسارے کا سامنا ہے جس کے لئے اس پر دباؤ ڈالا جارہا ہے کہ وہ بڑے پیمانے پر ٹیکس اکھٹا کرے، اس کے نتیجے میں مارکیٹ میں لیکویڈیٹی کی انتہائی قلت پیدا ہوگئی جس سے نجی شعبے کے لئے قیمتی وسائل بڑھ گئے۔

پہلے دو تین مہینوں کے دوران ایف بی آر کی دستاویزاتی ضرورت کے نفاذ کے ساتھ اور خریداروں کی نشاندہی کرنے کی شرط کا بھی ٹیکسٹائل انڈسٹری کے چلنے پر بڑا اثر پڑا ہے۔ روپے کی قدر میں کمی کے بعد 17 فیصد سیلز ٹیکس کے نتیجے میں لیکویڈیٹی میں مزید بگاڑ کا امکان پیدا ہوگیا۔ جس سے اس کا زندہ رہنا مشکل ہوجائے گا کیونکہ کمپنی کی لیکویڈیٹی انسانی جسم میں خون کی طرح ہے۔

خام مال:

ملک میں خام مال کی دستیابی میں شدید کمی واقع ہوئی ہے اور اب بھی مارکیٹ غیر مستحکم ہے کیونکہ ہمیں نہیں معلوم کہ مارکیٹ کون سی سمت اختیار کرے گی۔ اس دور میں غیر یقینی صورتحال اور زیادہ سود کی لاگت کے اس عرصہ کے دوران، کمپنی کی پالیسی اور مقصد کم سے کم خام مال اور تیار سامان کی انوینٹری کے ساتھ موثر انداز میں چلنا ہے۔

کارپوریٹ گورننس کے معاملات:

آپ کے پڑھنے کی سہولت کیلئے پالیسی، بورڈ اور گورننس سے متعلق تمام معاملات کارپوریٹ گورننس سیکشن میں پیش کئے جاتے ہیں اور انہیں ڈائریکٹرز کی رپورٹ کا حصہ سمجھا جاتا ہے۔

چیئرمین کا جائزہ:

کمپنی کے ڈائریکٹرز چیئرمین کی جائزہ رپورٹ کی توثیق کرتے ہیں جو کہ ڈائریکٹرز کی رپورٹ کا حصہ ہے۔

اعتراف:

ہم اپنی تمام ٹیموں کی محنت اور کاوشوں کا اعتراف کرتے ہیں اور اُن کی محنت کو قابل تحسین گردانتے ہیں جو کمپنی کی ترقی اور اعلیٰ معیار کو برقرار رکھنے میں اپنا بھرپور کردار ادا کر رہے ہیں اور اُن کی انہی کوششوں کی وجہ سے آج ہم اپنی انڈسٹری کی بڑی کمپنیوں کے قائم کردہ معیارات کو برقرار رکھنے میں کامیاب رہے ہیں۔ بحیثیت ایک ٹیم ہم اپنے، وینڈرز بینکرز اور کاروباری ایسوسی ایٹس کا بھی شکریہ ادا کرتے ہیں جو ہر قسم کے معاشی اور سماجی مسائل و حالات میں ہمارے ساتھ کھڑے رہے۔ لیکن ان سب سے زیادہ ہم اپنے صارفین کے شکر گذار ہیں جو ہماری مصنوعات کی رینج کو پسند کرتے ہیں اور ہمیں مزید محنت اور جدت پیدا کرنے کی جلا بخشتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

شاہد انوار ٹاٹا
چیف ایگزیکیٹیو

عدیل شاہد ٹاٹا
ڈائیریکٹر

کراچی مورخہ 22 اکتوبر 2019ء

تعامل کے ساتھ باقاعدہ طور پر مناسب سطح پر طلب کئے جاتے ہیں، (PPE's) کا استعمال باقاعدہ مشقیں، آگاہی اور تربیت سیشنز، HSE مانیٹرنگ/ آڈٹ رپورٹس، ماحولیاتی ٹیسٹ رپورٹس کے نتائج، واقعہ/ حادثے کی رپورٹنگ اور ریگولیٹری تعمیل کے استحکام کی توثیق بذریعہ EVP ٹیکنیکل آپریشنز ڈپارٹمنٹ کے ذریعہ سہ ماہی بنیاد پر ایگزیکیٹو مینجمنٹ کو کارکردگی کی رپورٹ۔

کارپوریٹ سوشل ذمہ داری:

ملک میں کارپوریٹ سیکٹر کے سرفہرست کھلاڑیوں میں شامل ہونے کے ناطے ہمیں معاشرے کیلئے اپنی ذمہ داری کا مکمل طور پر احساس ہے۔ ہماری خواہش ہے کہ معاشرے میں لوگوں کے معاشی حالات کو اٹھائیں، اپنے اقدامات اور دوستانہ پالیسیوں کے ذریعہ ماحول کی حفاظت کریں اور عام طور پر انسانیت کی فلاح و بہبود میں اپنا حصہ ڈالیں۔

اسی تناظر میں کمپنی نے تعلیم کے حصول کے خلاف رکاوٹوں کو توڑنے اور اس قوم کے مستقبل کی تعمیر کیلئے مدد کرنے کیلئے مستقل عزم کا اظہار کیا ہے۔ ہمارے ہدف میں ایک ہدف یہ بھی ہے کہ تمام مریضوں کو ان کی ادائیگی کی اہلیت سے قطع نظر بغیر کسی امتیاز کے صحت کی دیکھ بھال کو قابل رسائی بنا کر معیاری صحت کا نظام مرتب کریں۔ مذکورہ بالا کے علاوہ کمپنی تعلیم اور کھیلوں، ہیلتھ کیئر سروسز اور جنرل فنانشل ایڈ کے شعبوں میں متعدد مخیّر خدمات انجام دے رہی ہے اور مستقل طور پر مصروف عمل ہے۔

مستقبل کا نظریہ:

حکومت کی طرف سے مقرر کردہ محصولاتی اہداف، اعلیٰ شرح سود، 2011 کے (1)1125 SRO کی واپسی اور بڑے عالمی ممالک کے مابین تجارتی تنازعہ کے پیش نظر آئندہ مالی سال کیلئے مستقبل کا نقطہ نظر کافی چیلنجنگ نظر آتا ہے۔ تاہم حکومت کی اہم توجہ معیشت کو دستاویزی بنانا ہے اور اس ضمن میں اٹھائے جانے والے اقدامات سے امید ہے کہ ملک میں طویل مدتی استحکام اور ترقی ہوگی۔ پہلے سے اٹھائے گئے اقدامات اس مالی سال کے پہلے دو سہ ماہیوں میں معاشی سرگرمیوں کو کم کردیں گی لیکن توقع ہے کہ اس رفتار میں اضافہ شروع ہوگا۔

کمپنی نے چیلنجز پر قابو پانے کیلئے ملکی مارکیٹ پر توجہ مرکوز کرکے حکمت عملی تیار کی ہے جو غیر ملکی برانڈز کو پورا کرنے کی صلاحیت میں توسیع کررہی ہے۔ مقامی مارکیٹ کیلئے نئی مصنوعات اور برآمدی منڈی میں ویلیو ایڈڈ یارن تیار کرے گی۔ یہ امید بھی کی جاتی ہے کہ عالمی طاقت کے مابین ایک بار ختم ہونے والی تجارت کی جنگ عالمی معیشت اور خاص طور پر کمپنی کی برآمدات پر مثبت اثرات مرتب کرے گی۔ برآمدی کمپنیوں کے لئے سیلز ٹیکس ریفنڈ بانڈز متعارف کرانے کے علاوہ، امید ہے کہ حکومت ٹیکسٹائل شعبے کے لئے کچھ اور لائحہ عمل تیار کرے گی بشمول لیکن GIDC معاملے کی قرارداد تک محدود نہیں، بروقت سیلز/ انکم ٹیکس کی ادائیگی اور DLTL کی واپسی ٹیکس کریڈٹ کے خاتمے کے اثرات کو کم کرنے کے لئے سرمائے میں سرمایہ کاری اور ٹرن اوور ٹیکس میں اضافہ۔ اس سے امید ہے کہ ٹیکسٹائل کے شعبے کا اعتماد بڑھے گا اور کمپنی کو عالمی مارکیٹ میں برابری کا موقع ملے گا۔ IMF بیل آؤٹ پیکیج کی منظوری کے ساتھ دوست ممالک سے حاصل کردہ مراعات یافتہ قرضے، غیر ملکی زرمبادلہ کے لین دین کو منظم کرنے کیلئے سخت پالیسیاں، اور سال کے دوران تجارت میں بہترین توازن، بنیادی طور پر درآمدی بلوں میں کمی کے باعث توقع کی جارہی ہے کہ روپیہ مستحکم ہوجائے گا۔ اس کے استحکام اور سود کی شرح آنے والے سالوں میں کم ہونا شروع ہوجائے گی۔

کمپنی مستقل طور پر اپنی لاگت میں اضافے پر توجہ دے رہی ہے اور آنے والے دنوں میں کپاس کے اسٹاکس میں مقررہ مقدار اور لاگت کو کم کرنے کی کوشش کرے گی۔ کمپنی اپنے منافع کے زیادہ سے زیادہ حصول اور نقد رقم کے مثبت حصول کیلئے حکمت عملی بھی تیار کرے گی۔ اس کے علاوہ CAPEX کے ذریعے مشین کی کارکردگی کو بہتر بنانے اور توانائی کے اخراجات کو کم کرنے کی منصوبہ بندی کی جارہی ہے جو آئندہ سالوں میں مثبت کیش فلو سے فائدہ اٹھائے گی۔

مالیاتی ڈیٹا اور گرافس:

آپریٹنگ/ مالیاتی ڈیٹا اور گراف کی تفصیلات مالی سیکشن میں پیش کی گئی ہیں۔

شیئر ہولڈنگ کا اسلوب:

شیئر ہولڈنگ کے اسلوب کی معلومات سالانہ رپورٹ کے ساتھ منسلک ہیں۔

ہیومن ریسورسز:

صنعتی تعلقات:

ہم اپنے ملازمین کو اپنا قیمتی اثاثہ تسلیم کرتے ہیں۔لہٰذا انتظامیہ ملازمین کے ساتھ پرامن تعلقات کو یقینی بناتی ہے اور ہیڈ آفس اور فیکٹریوں میں کام کرنے کے لئے سازگار ماحول مہیا کرنے کی کوشش کرتی ہے۔کام اور زندگی کے درمیان توازن کو برقرار رکھنے پر اہمیت دی جاتی ہے۔انتظامیہ روزگار کے تمام قوانین اور مزدور قانون سازی کی تعمیل کو بھی یقینی بناتی ہے۔اس کے نتیجے میں ملازمین بغیر کسی تنازعہ کے اپنے اہداف کے حصول کیلئے سخت محنت کرتے ہیں۔

طویل خدمات کے سلسلے میں ایوارڈز:

طویل خدمت کے ایوارڈز ان ملازمین کی عقیدت اور وفاداری کو پہچاننے اور انعام دینے کیلئے فراہم کئے جاتے ہیں جن کا کمپنی کے ساتھ طویل عرصہ ہوتا ہے۔

گریجوئٹی:

یہ کمپنی ملازمین کو غیر شراکت دار تعریفی فوائد گریجوئٹی اسکیم کی شکل میں حتمی فائدہ فراہم کرتی ہے۔سال کے آخر میں گریجوئٹی واجبات کی مالیت 129.78 ملین روپے تھی۔

تربیت:

ملازمین کی صلاحیتوں کو بہتر بنانے کیلئے تربیت ضروری ہے تاکہ وہ کمپنی کو اس کے مقاصد کے حصول میں مدد کرسکیں۔اس بات کو مدنظر رکھتے ہوئے مالیاتی سال 19-2018 کے دوران تربیت کی ضرورت کے تجزیہ کے نتائج کو مدنظر رکھتے ہوئے مختلف تیکنیکی اور مہارتوں کے تربیتی پروگرامز کا انعقاد کیا گیا۔دوران سال کی جانے والی کچھ نمایاں تربیت میں درج ذیل شامل تھیں: **انرجی مینجمنٹ سسٹم** کی تربیت مل اور ہیڈ آفس میں تیکنیکی عملے کیلئے UNIDO کے اشتراک سے کی گئی۔اس کے علاوہ UNIDO نے ہمارے عملے کے لئے توانائی سسٹم کی اصلاح،توانائی کے تحفظ اور قابل تجدید توانائی سمیت بہت سی دوسری تربیتیں بھی انجام دیں۔ **M/S Excel Advanced** ڈیٹا کے ساتھ کام کرنے والے ان تمام لوگوں کیلئے ایک لازمی ٹول ہے۔ملازمین کو اعلیٰ درجے کی ایکسل مہارت کی فراہمی کیلئے کارپوریٹ آفس اور مل میں دوران سال متعدد تربیتیں انجام دی گئیں۔کپاس کی گریڈنگ اور درجہ بندی ہمارے کاروبار کیلئے ضروری خام مال ہے اور اچھے معیار کی کپاس اچھے معیار کے یارن کی پہچان سمجھا جاتا ہے۔لہٰذا ہماری کپاس کے ذرائع کی ٹیم کو کپاس کی شناخت اور درجہ بندی کرنے کی مہارت سے آراستہ کرنے کیلئے انہیں کپاس کی گریڈنگ اور درجہ بندی پر 2 ہفتوں کا ڈپلومہ فراہم کرلیا گیا۔یہ تربیت کراچی کاٹن ایسوسی ایشن نے کی۔

روزگار کے مساوی مواقع: ہم ایک مساوی مواقع کے حامل آجر ہیں اور زیادہ سے زیادہ تنوع کی حوصولہ افزائی کرتے ہیں۔اہلیت (بشمول قابلیت) کی بنیاد پر افراد کیلئے مواقع فراہم کئے جاتے ہیں۔اپنی وابستگی کے سچے ہونے کی وجہ سے ہم نے کمپنی میں متعدد قابل افراد کو ملازمت دی ہے۔ہمارا مستقبل میں تنوع کو مزید جامع بنانا ہے۔

صحت حفاظت اور ماحول:

کمپنی اپنے کام کی قوت،انفراسٹرکچر اور آپریشن کو محفوظ رکھنے کی کوشش کرتی ہے۔صحت مند کام کے ماحول اور طریقوں کی حوصلہ افزائی کرتی ہے اور ماحول دوست رہنے کیلئے اقدامات کرتی ہے۔

شعور،بیداری،تربیت اور مشقوں کو مستقل طور پر آگے بڑھایا گیا ہے تاکہ وہ HSE کی تازہ ترین ترقی کے ساتھ برابر رہیں۔قانونی تقاضوں کی تعمیل کو یقینی بنانے اور تیکنیکی ترقی کی وجہ سے HSE چیلنجز کا انتظام کریں۔HSE اقدامات،پیشرفت،ترقی اور بہتری کے مواقعوں کا جائزہ لینے کیلئے مقاصد بیان کئے گئے ہیں۔کارکردگی کے جائزے درج ذیل

یہ کمپنی مستقل حکمت عملی کے ذریعہ اپنے مقاصد کو حاصل کرنے میں کامیاب رہی ہے جس میں اخلاقیات، معیار، مسابقت، مصنوعات کا فرق، مستحکم کاروباری طریقے اور ممکن حد تک اعلیٰ معیار والی مصنوعات میں اضافے پر زور دیا گیا ہے۔

آئی لینڈ کمپنی کی مصنوعات کی ایک طویل رینج ہے جو کہ مارکیٹ کی ضروریات پر قائم ہے اور یہ مستقل طور پر نئی مارکیٹوں اور مصنوعات کیلئے جدوجہد کر رہی ہے۔

آئی لینڈ کمپنی اس بات کو یقینی بناتی ہے کہ اعلیٰ معیاری اور کم اخراجات کے خام مال کے حصول کیلئے سپلائرز کے ساتھ بہترین روابط قائم کئے جائیں اور مارکیٹ کے طریقہ کار کا قریب سے جائزہ لیا جائے۔

ایک معاشرتی ذمہ دار ادارہ کی حیثیت سے ہم اپنے wastage کو کم سے کم کرنے کیلئے مستقل طریقے تلاش کر رہے ہیں اور ماحولیات پر پڑنے والے اثرات کو کم کرنے کیلئے تمام ضروری اقدامات کر رہے ہیں۔

ہماری پیداواری کارکردگی کی بناء پر حادثات کا تناسب صفر ہے جو کہ ہمارے ملازمین کی مرہون منت ہے جن کو کام کے ماحول کے مطابق باقاعدہ تربیت دی جاتی ہے۔

ہماری کمپنی اپنے صارفین کو مطمئن کرنے کیلئے اعلیٰ معیاری پیداوار کو یقینی بناتی ہے۔

سرمایہ کی ساخت:

30 جون 2019 کو ایکوئٹی کا تناسب 45:55 تھا جس کا موازنہ 30 جون 2018 کی ایکوئٹی 43:57 سے کیا جا سکتا ہے۔

ڈویڈنڈز:

بورڈ آف ڈائریکٹرز نے کمپنی کی آئندہ سالانہ جنرل میٹنگ میں ممبران کی منظوری سے مشروط 22 اکتوبر 2019ء کو منعقدہ اس میٹنگ میں مندرجہ ذیل ڈویڈنڈز کی تجویز پیش کی:

☆ حتمی کیش ڈویڈنڈ فی 50 فیصد (یعنی 5 روپے فی شیئر)

☆ اسپیسی ڈویڈنڈ کی تقسیم درج ذیل ہے:

- 366,300 شیئرز سلفی ٹیکسٹائل ملز لمیٹڈ تقسیم کا تناسب 1000:732 یعنی آئی لینڈ ٹیکسٹائل ملز لمیٹڈ (ITML) کے 1000 شیئرز پر شیئر ہولڈرز کو سلفی ٹیکسٹائل ملز لمیٹڈ کے 732 شیئرز ملیں گے۔
- 434,798 شیئرز ٹاٹا ٹیکسٹائل ملز لمیٹڈ تقسیم کا تناسب 1000:869 یعنی آئی لینڈ ٹیکسٹائل ملز لمیٹڈ کے 1000 شیئرز پر شیئر ہولڈرز کو ٹاٹا ٹیکسٹائل ملز لمیٹڈ کے 869 شیئرز ملیں گے۔

PACRA ریٹنگ:

PACRA کی مشق کے تحت مختصر مدتی مالیاتی ریٹنگ A2 اور طویل مدتی مالیاتی ریٹنگ +BBB ہے۔

آڈیٹرز:

کمپنی کے موجودہ آڈیٹرز میسرز ڈیلوئیٹ یوسف عادل چارٹرڈ اکاؤنٹینٹس ہیں جو کہ سبکدوش ہو رہے ہیں اور اہل ہونے کی حیثیت سے خود کو دوبارہ تقرری کے لئے پیش کرنے کے اہل ہیں۔ انہوں نے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) سے اطمینان بخش QCR کی درجہ بندی حاصل کرنے اور ICAP کے ذریعہ بین الاقوامی فیڈریشن آف اکاؤنٹینٹس (IFAC) کے ضابطہ اخلاق کے رہنما اصولوں کی تعمیل کی تصدیق کی ہے۔ بورڈ آف ڈائریکٹرز نے باہمی اتفاق رائے کے تحت میسرز ڈیلوئیٹ یوسف عادل چارٹرڈ اکاؤنٹینٹس کو بطور آڈیٹرز مالیاتی سال 30 جون 2020 کیلئے انہی شرائط وضوابط اور اجرت پر دوبارہ تقرر کرنے کیلئے سفارش پیش کی ہے۔

مالیاتی سال19-2018 میں ملکی جی ڈی پی میں 3.3 فیصد کی شرح سے اضافہ دیکھا گیا جبکہ گذشتہ سال کے دوران یہ شرح 5.8 فیصد تھی۔ اگر چہ معیشت کو متاثر کرنے والے گہرے ساختی امور نے2018 کے اختتام کی طرف دوبارہ بحرانی شروع کردی تھی۔ حکومت کا معیشت کو پائیدار نموء کی راہ پر گامزن کرنے کیلئے درکار مشکل فیصلوں کو لینے کی بنیاد پر اس میں مزید شدت پیدا ہوگئی ہے اور توقع کی جارہی ہے کہ آئندہ دو سالوں کیلئے بھی معاشی سرگرمی موجودہ سطح پر برقرار رہے گی۔ نئی حکومت کو اب جو مشکل چیلنج درپیش ہے وہ محدود مالی وسائل کے ساتھ اعلیٰ شرح سود والے ماحول میں مجموعی طلب کو بڑھا رہا ہے۔ سخت شرائط کے باوجود ہم توقع کرتے ہیں کہ حکومت آئندہ معاشی اور سیاسی استحکام کی بنیاد پانے کیلئے پائیدار پالیسیوں پر عمل پیرا ہونے سے نہیں رکے گی۔ معیشت کی دستاویزات اور ٹیکس کی بنیاد میں مختصر مدت کیلئے اضافہ ایک تکلیف دہ اقدام ثابت ہو رہا ہے، تاہم پورے ملک اور خاص طور پر منظّم شعبے کو طویل مدت تک اس طرح کے اقدامات سے فائدہ اٹھانا ہے۔ مالیاتی سال 2019ء کے دوران، کپاس کی پیداوار میں گذشتہ سال کے مقابلے میں 17.5 فیصد کمی واقع ہوئی ہے۔ اس سے ٹیکسٹائل کے شعبے کو حالیہ ایکسچینج ریٹ میں کمی کا فائدہ اٹھانے سے روکا گیا۔ کیونکہ گزشتہ سال سے برآمدات میں بمشکل اضافہ ہوا تھا۔ بین الاقوامی منڈی میں مایوس کن قیمتوں کے درمیان زیادہ پیداواری لاگت، خاص طور پر بجلی کی زیادہ قیمت، درآمدی مشینری اور مزدوری کی لاگت نے اس صنعت کا مارجن ختم ہوگیا ہے۔ معروف ملکی ٹیکسٹائل کمپنیوں نے اپنی توجہ گھریلو منڈیوں کی طرف مبذول کروائی جہاں برآمدات کے مقابلے میں مارجن زیادہ ہوتا ہے۔ اس کے نتیجے میں برآمد ہونے والا سرپلس ختم ہوگیا ہے۔ لہٰذا معیشت غیر ملکی زرمبادلہ کی کمائی سے محروم رہتی رہی جو ٹیکسٹائل کا شعبہ ممکنہ طور پر حاصل کرسکتا ہے۔

جولائی، مارچ مالیاتی سال 2019ء میں پاکستان کی کپاس کی برآمدات 15.4 فیصد کم ہو کر 835.7 ملین امریکی ڈالر رہی۔ یہ کمی تقریباً پوری طرح سے ترسیلات میں 15.9 فیصد کمی کی وجہ سے چل رہی تھی کیونکہ یونٹ کی قیمتوں میں معمولی اضافہ ہوا تھا۔

کمپنی کے کاروبار کی کارکردگی اور ترقی:

حجم	جون2019 رقم پاکستانی روپے میں	جون2018 رقم پاکستانی روپے میں	تناسب فیصد
فروخت	7,557,243,473	6,303,217,062	19.90%
فروخت کی قیمت	(6,545,638,425)	(5,386,092,785)	21.53%
مجموعی منافع	1,011,605,048	917,124,277	10.30%
مالیاتی قیمت	473,161,530	318,799,525	48.42%
قبل از ٹیکس منافع	226,465,512	410,280,549	-44.80%
بعد از ٹیکس منافع	184,729,150	460,073,431	-59.85%
آمدنی فی شیئر	369.46	920.15	-59.85%

چین امریکہ تجارتی تنازع اور سنگین معاشی سست روی کی بے مثال روپے کی قدر میں کمی نے مل کر رواں سال کے مالی نتائج پر نمایاں اثر ڈالا ہے۔ گذشتہ سال کے مقابلے میں اب تک کی سب سے زیادہ فروخت 7.557 بلین روپے یعنی 19.90 فیصد زیادہ ریکارڈ ہونے کے باوجود سال کیلئے قبل از ٹیکس منافع میں 44.80 فیصد کمی واقع ہوئی ہے۔ بدقسمتی سے رواں سال کے دوران ہم نے روپے کی قدر میں کمی کے باعث درآمد شدہ کپاس اور کپاس کی قیمتوں پر زیادہ انحصار کیا جبکہ گلوبل نیویارک کی قیمتیں نچلی سطح میں گرتی رہیں، لہٰذا ہمیں یہ احساس ہے کہ یہ روپے کی قدر میں کمی کا فائدہ مقامی طور پر کپاس خرید کرنہ کرسکے، جو کہ کم منافع کی ایک بڑی وجہ رہی ہے، مزید یہ کہ ڈسکاؤنٹ ریٹ میں 6.75 فیصد سے 13.75 فیصد تک تیزی سے اضافہ ایک اور پہلو تھا جس نے ہمارے منافع کو متاثر کیا ہے جس سے مالی معاوضہ میں 48.42 فیصد کا اضافہ ہوا۔

سوتی کپاس کی برآمد:

سوتی کپاس کی برآمدات کئی سالوں سے کم ہورہی ہے اور 13-2012 میں 2.25 بلین امریکی ڈالر کی بلنڈی سے کم ہوکر گزشتہ سال کی اسی مدت کے مقابلے میں 16 فیصد کی کمی کے ساتھ 19-2018 میں صرف 1.14 بلین امریکی ڈالر ہوگئی ہے اور 2013 کے بعد سے اب تک تقریباً 50 فیصد کی کمی واقع ہوئی ہے۔ اس مدت کے دوران ملکی اور غیر ملکی دونوں عوامل نے کم برآمدات میں اپنا کردار ادا کیا۔ ملکی سطح پر یارن کی پیداوار میں گزشتہ سال کے مقابلے میں بنیادی طور پر کوئی تبدیلی نہیں ہوئی، جس کی اوسط 2.3 ملین میٹرک ٹن تھی۔ تاہم مقامی گارمنٹس بنانے والوں کی زیادہ طلب کے جواب میں اسپنرز کے ذریعہ یارن کی مانگ میں اضافہ ہوتا رہا ہے۔ زیادہ طلب کے دوران مستحکم پیداوار نے ملکی یارن کی قیموں میں اضافہ کیا۔ نتیجے کے طور پر اس نے ملکی اسپنرز کے لئے برآمدات کے بجائے مقامی طلب کو پورا کرنے کیلئے مزید کاروباری احساس پیدا کیا۔ نچلی سطح پر یارن برآمد کرنے کیلئے پاکستان کسی ایک ملک چین پر انحصار کرتا رہا ہے۔ طلب کی وجہ سے چین، بنگلہ دیش اور ہانگ کانگ کو درآمدات کی سست روی نے پاکستانی یارن کی مسابقتی پوزیشن کو بری طرح متاثر کیا ہے۔ بین الاقوامی منڈیوں میں سوتی کپاس کی اوسط یونٹ قیمت کا حصول کپاس کے معیار کی وجہ سے اس کے حریفوں کے مقابلے میں کم ہے جو کاشت کاروں کے ذریعہ کپاس کے بیج کو غیر اطمینان بخش ذخیرہ کرنے/سنبھالنے، کپاس کی اقسام میں ملاوٹ کرنے والے گنرز کی بد دیانتی، جننگ کے معیار میں کمی، بیلز اور پیداوار میں زیادہ تر موٹے/ درمیانے درجے کی یارن میں لنٹ دبانے سے پہلے زیادہ نمی کا نتیجہ ہے۔

خام مال:

پاکستان کپاس کی پیداوار کرنے والے صف اول کے ممالک میں شامل ہے، تاہم اس کی کپاس کی پیداوار نچلی سطح پر ہے اور یہ صرف 10.8 ملین بیلز کی مجموعی ضرورت کے مقابلے میں 14.4 ملین ہدف سے 25 فیصد کم پیداوار حاصل کرنے میں کامیاب ہے۔ لہٰذا پاکستان اپنی ضروریات کو پورا کرنے کیلئے درآمد شدہ کپاس پر انحصار کرتا ہے لیکن حکومت نے کپاس کی درآمد پر ڈیوٹی عائد کردی ہے۔ حکومت پاکستان اور وزارت ٹیکسٹائل کو زیادہ سے زیادہ بیج کی ٹیکنالوجی میں سرمایہ کاری کرنے اور کسانوں کے ساتھ مل کر کام کرنے کی ضرورت ہے تاکہ وہ جدید کاشتکاری کے جدید تیکنیکیوں سے ملک میں کپاس کی کاشت کرنے والے بڑے علاقوں میں پیداوار میں اضافہ کرسکیں۔

چیلنجز:

فی الحال ٹیکسٹائل اسپننگ کی صنعت کو بڑے پیمانے پر چیلنجز کا سامنا ہے۔ اس سال غیر یقینی صورتحال میں اضافہ ہوا جس کی بنیادی وجہ قیمتوں میں اچانک کمی اور خسارہ میں تبدیلی ہے جس کے نتیجہ میں خام مال کی زیادہ قیمت شرح سود میں 7 فیصد سے 12.25 فیصد اضافہ ہوا جس کے نتیجے میں افراط زر اور کمپنی کے ذرائع کو متاثر کیا گیا، اسپننگ کے شعبے کیلئے برآمد کی چھوٹ واپس لینے سے برآمدات میں کمی ہوئی۔ عالمی معیشتوں کے مابین تجارتی جنگ کے باعث چین جو پاکستان کی سب سے بڑی منڈی ہے، کی طرف سے کم آرڈر برآمد ہوئے۔ کمپنی مقامی طور پر اپنا یارن فروخت کرنے میں کامیاب رہی تھی لیکن اسے مقامی مارکیٹ میں نمایاں طور پر زیادہ کریڈٹ فراہم کرنا پڑا جس کے نتیجے میں زیادہ مالی لاگت خرچ ہوتی ہے۔ غیر متناسب حکومتی ٹیکس پالیسیاں جو اکیلے کمپنیاں کھڑی کرنے کے بجائے جامع یونٹوں کی حامی ہیں۔ 2019 کے فنانس ایکٹ نے کچھ نامناسب ٹیکس پالیسیاں متعارف کروائی ہیں جن میں زیرو ریٹنگ کو ختم کرنا شامل ہے جس میں مقامی فروخت پر 17 فیصد سیلز ٹیکس وصول کرنا اور کپاس کی مقامی خریداری پر 10 فیصد سیلز ٹیکس کی ادائیگی کی سہولت فراہم کی گئی ہے جس کی وجہ سے سود کی شرح میں اضافے سے لیکوئیڈٹی پر مزید اثر پڑے گا۔ سرمایہ کاری پر 10 فیصد BMR ٹیکس کریڈٹ بھی واپس لیا گیا ہے جس میں سرمایہ کاری کی ترغیب کم ہو اور غیر ملکی زرمبادلہ حاصل کرنے کی صلاحیت میں اضافہ ہو۔ حکومت وقتی طور پر سیلز، انکم ٹیکس اور برآمداتی چھوٹ کی واپسی کی فراہمی بھی نہیں کررہی ہے اور رقم کی واپسی بانڈز کے لئے ایک ثانوی مارکیٹ تیار نہیں ہوئی ہے۔ لہٰذا بہت زیادہ شرح سود پر لیکوئیڈٹی جکڑی ہوئی ہے۔ اجتماعی طور پر یہ تمام عوامل ٹیکسٹائل کے شعبے اور قیمتی زرمبادلہ حاصل کرنے کی اس کی صلاحیت کو نقصان پہنچا رہے ہیں۔

پاکستان کی معیشت:

ممبران کیلئے ڈائریکٹر کی رپورٹ

کمپنی کے ڈائریکٹرز 30 جون 2019ء کو ختم ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ مالیاتی حسابات کے ساتھ اپنی رپورٹ پیش کرتے ہوئے مسرت محسوس کررہے ہیں۔

عالمی اقتصادی جائزہ:

IMF کے ورلڈ اکنامک آؤٹ لک نے 2019ء میں امریکہ اور چین کے تجارتی تنازع، ترکی اور ارجنٹائن میں معاشی تنازع اور چین میں سخت کریڈٹ پالیسیوں کے باعث 2018ء کی دوسری ششماہی میں عالمی توسیع کے سبب 2018ء میں عالمی سطح پر 3.3 فیصد تک کمی کا اشارہ کیا ہے۔ تاہم توقع کی جارہی ہے کہ 2020ء سے آگے کی درمیانی مدت کے دوران ترقی کی شرح 3.6 فیصد ہوجائے گی۔ توقع کی جارہی ہے کہ 2024ء تک چین کی شرح 5.5 فیصد تک کم ہوجائے گی جس کے نتیجے میں چین کی شرح نمو، امریکہ کے ساتھ تجارتی تناؤ میں اضافہ، یوروزون میں سست روی، یورپین یونین کی برطانیہ سے نوڈیل بریکسٹ سے دستبرداری اور مستقل طور پر کمزور معاشی اعداد و شمار کی طرف اشارہ کرتے ہوئے یوروزون میں عالمی سطح پر ترقی کی سست روی اور مزید سست ہوجائے گی۔ اس روشنی میں لازمی طور پالیسی اقدامات اٹھانے ہیں جو کہ ممکنہ پیداوار میں اضافے کو فروغ دیں، شمولیت کو بہتر بنائیں اور ابھرنے کی قوت دیں، تجارتی اختلافات کو باہمی تعاون کے ساتھ حل کریں تاکہ آہستہ آہستہ عالمی معیشت کو استحکام حاصل ہو۔ ہمارے نزدیک اس کا مطلب زیادہ ویلیو ایڈڈ یارن تیار کرنا، نئی برآمدی منڈیوں کی کھوج کرنا اور مقامی مارکیٹ میں مزید راستہ بنانا ہے۔

کپاس کا عالمی منظر نامہ:

عالمی کپاس مارکیٹ کمزور چینی طلب کے اثرات، سپلائی چین کو تبدیل کرنے اور کمزور طلب کے درمیان ایک بہت بڑی امریکی اور برازیل کی فصل کو منتقل کرنے کی ضرورت کے بحران سے دوچار رہے۔ یورپ میں صارفین کی سطح پر چینی کی کھپت اور سست طلب میں کمی کے باعث 2019/2020 میں عالمی کپاس کے کم استعمال کا تخمینہ لگایا گیا ہے۔ مجموعی طور پر 2019/2020 کے لئے عالمی کپاس کی کھپت میں 120 ملین بیلز کا تخمینہ لگایا گیا ہے۔ تاہم یہ 2017/2018 کے مقابلے میں صرف 2.4 ملین بیلز کی کمی ہے جو 2008 کے عالمی مالیاتی بحران کے دوران 13 ملین بیلز کی کمی ہے۔ عالمی تجارت کا تخمینہ 40 ملین بیلز جس کا مقابلہ 2015/2016 سے کیا جاسکتا ہے جبکہ 113 ملین بیلز کی کھپت پر تجارت 35 ملین بیلز تک گرگئی۔ اعلیٰ پیداوار اور معمولی کم طلب کے پیش نظر یہ امکان ہے کہ کپاس کی قیمتیں مستحکم رہیں گی۔ لہٰذا ہمیں سال بھر کپاس کی خریداری کرنی چاہئے تاکہ اس طرح پیداواری ضروریات کو پورا کرنے کے لئے عام اسٹاک کو برقرار رکھا جاسکے۔

پاکستان میں یارن کی صنعت:

اسپننگ کی صنعت نٹنگ اور ویونگ صنعت کے لئے خام مال مہیا کرتی ہے اور اس کی توجہ یارن کے معیار کو بہتر بنانے پر مرکوز ہے جو مقابلہ کرنے کی اہلیت اور یارن کی قیمتوں کو یقینی بنائے گی۔ اسپننگ کی صنعت کی پیشرفت کو موثر کوالٹی کنٹرول کے ساتھ اعلیٰ پیداواری صلاحیت کی طرف موزوں کیا جاتا ہے تاکہ وہ خام مال سے ملنے کیلئے موزوں سامان اور اسپننگ کے حالات کا انتخاب کرکے موثر کوالٹی کنٹرول کے ساتھ رہے۔ ایشیاء میں اسپننگ کی بڑی گنجائش رکھنے والے کپاس کی دنیا میں پانچویں سب سے بڑے پیداواری ہونے کا موروثی فائدہ پاکستان کو حاصل ہے۔ درحقیقت چین اور ہندوستان کے بعد عالمی سطح پر اسپننگ صلاحیت میں پاکستان کا حصہ 5 فیصد ہے۔ پاکستان کے ٹیکسٹائل کے شعبے نے پاکستان کی 300 بلین ڈالر کی مجموعی اقتصادی پیداوار میں 8.5 فیصد کا حصہ ڈالا ہے اور اسپننگ کے تمام ویلیو ایڈیڈ، ویونگ، نٹنگ، پروسیسنگ، گارمنٹس اور میڈ اپس کی حمایت کرتا ہے۔ پاکستان کا اسپننگ سیکٹر ملکی صنعت کی ضروریات کو پورا کرتا ہے اور کپاس کی مجموعی پیداوار کا تقریباً ایک تہائی مختلف ملکوں میں برآمد کیا جاتا ہے۔

یارن کی پیداوار:

اس وقت اسپننگ سیکٹر ملک میں لگ بھگ 400 اسپننگ ملز پر مشتمل ہے جس میں 10 ملین اسپنڈلز کام کررہے ہیں۔ یارن کی پیداوار تقریباً 2 ملین میٹرک ٹن ہے۔ کورس کاؤنٹ میں یارن کے حصہ کی پیداوار 47 فیصد، میڈیم کاؤنٹ میں 24 فیصد جبکہ فائن اور سپر کاؤنٹ میں 5 فیصد اور مکسڈ پالیسٹر 24 فیصد بالترتیب ہے۔

Form of Proxy

I/We ______________________________________ of ____, being a Member of Island Textile Mills Limited, holder of ________________________________, Ordinary Share(s) as per Register Folio No________________ hereby Appoint Mr.____, having CNIC No. ______________________________ as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf at the Annual General Meeting of the company to be held on November 21, 2019 and at any adjournment thereof.

Signed this ___________ day of ____________2019.

Signature across Rs.5
Revenue Stamp

Witness 1 ____________________________

Signature ____________________________

Name ______________________________

CNIC # _____________________________

Witness 2 ____________________________

Signature ____________________________

Name ______________________________

CNIC # _____________________________

NOTES:

1. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as proxy who is not member of the company qualified to vote except that a corporation being a member may appoint a person who is not a member.
2. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.
3. CDC Shareholders or their Proxies should bring their original CNICs or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detail procedure is given in Notes to the Notice of AGM.

پراکسی فارم (مختار نامہ)

میں / ہم -- کا / کی --

بحیثیت رکن سلفی ٹیکسٹائیل ملز لمیٹڈ اور حامل ------------------ عام حصص بمطابق رجسٹرڈ فولیو نمبر ---------------------------

بذریعہ ہذا محترم/محترمہ ------------------------------ کمپیوٹرائزڈ قومی شناختی کارڈ نمبر -------------------------

مورخہ 21 نومبر 2019ء

کو اپنے/ ہمارے ایماء پر: --

منعقد ہونے والے کمپنی کے غیر معمولی اجلاسِ عام میں حقِ رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور مختار نامہ (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز............بتاریخ............2019 کو میرے/ ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

ممبر کے دستخط

ریونیو کی مہر 5 روپے

گواھان	گواھان
1۔	2۔
دستخط: --------------------------------------	دستخط: --------------------------------------
نام: --------------------------------------	نام: --------------------------------------
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ----------------------	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ----------------------

نوٹ:

1۔ پراکسی تقرری کے آلات تقرر کرنے والے کے دستخط یا اس کے باقاعدہ بااختیار وکیل کے تحریری اجازت نامہ، یا اگر تقرر کرنے والا کارپوریشن ہے تو عام مہر یا ایک آفیشل دستخط کے تحت یا ایسے بااختیار وکیل کے دستخط ہوں گے۔ جو کمپنی کا رکن نہیں ہے اسے پراکسی مقرر نہیں کیا جائے گا سوائے ایک کارپوریشن کے جو ووٹ ڈالنے کے لئے ایک غیر رکن شخص کو پراکسی مقرر کر سکتی ہے۔

2۔ پراکسی اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی نوٹریلی مصدقہ کاپی، کمپنی کے دفتر میں کم از کم 48 (اڑتالیس) گھنٹے قبل اجلاس جس میں ووٹ دینے کے مقاصد کے لئے انسٹرومنٹ میں نامزد شخص کی جمع کروایا جائے گا، بصورت دیگر پراکسی کا انسٹرومنٹ کارآمد تصور نہ ہوگا۔

3۔ سی ڈی سی حصص یافیگان یا ان کے پراکسیز کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ معہ پارٹیسپنٹ (شرکت) آئی ڈی نمبر اور اکاؤنٹ نمبر اپنی شناخت کی سہولت کے لئے اپنے ہمراہ لانا چاہئے۔ تفصیلی طریقہ کار نوٹس AGM کے نوٹ میں دیا گیا ہے۔


www.jamapunji.pk
Jama Punji
سرمایہ کاری سمجھداری کے ساتھ
Be aware, Be alert, Be safe
Learn about investing at www.jamapunji.pk
Key features:
Licensed Entities Verification
Scam meter*
Jamapunji games*
Tax credit calculator*
Company Verification
Insurance & Investment Checklist
FAQs Answered
Stock trading simulator (based on live feed from KSE)
Knowledge center
Risk profiler*
Financial calculator
Subscription to Alerts (event notifications, corporate and regulatory actions)
Jamapunji application for mobile device
Online Quizzes
jamapunji.pk
@jamapunji_pk
*Mobile apps are also available for download for android and ios devices
Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan
SECP

Printed by: Hyder Printers 021-36618892

HEAD OFFICE :
6th Floor, Textile Plaza,
M.A. Jinnah Road, Karachi-74000
Ph : 3241-2955-3 Lines, 3242-6761-2-4
Fax : (92-21) 3241-7710
E-Mail : ttm.corporate@tatapakistan.com

MILLS :
A/12. S.I.T.E. Kotri,
Distt. Jamshoro, Pakistan.

www.tatapakistan.com