

**TATA TEXTILE
MILLS LIMITED**

Annual Report
2018

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COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN:	Mr. Anwar Ahmed Tata
CHIEF EXECUTIVE:	Mr. Shahid Anwar Tata
DIRECTORS:	Mr. Adeel Shahid Tata Mr. Bilal Shahid Tata Mr. Asif Saleem Ms. Shahbano Hameed (NIT) Mr. Muhammad Naseem

AUDIT COMMITTEE

CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Asif Saleem Mr. Bilal Shahid Tata
SECRETARY:	Mr. Ghulam Raza Hemani

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Shahid Anwar Tata Mr. Bilal Shahid Tata
SECRETARY:	Mr. Aadil Riaz

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:

Mr. Haseeb Hafeezuddeen

BANKERS:

Faysal Bank Limited
Dubai Islamic Bank (Pakistan) Limited
Bank Alfalah Limited
Meezan Bank Limited
The Bank of Punjab
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Allied Bank Limited
Bank Islami Pakistan Limited
JS Bank Limited
Askari Bank Limited
Samba Bank Limited

AUDITORS:

M/s. Deloitte Yousuf Adil
Chartered Accountants

LEGAL ADVISOR:

Rajwana & Rajwana Advocates

SHARE REGISTRAR:

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

REGISTERED OFFICE:

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

WEB SITE ADDRESS:

www.tatapakistan.com

E- MAIL ADDRESS:

ttm.corporate@tatapakistan.com

MILLS:

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



VISION STATEMENT

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

MISSION STATEMENT

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

OEKO-TEX®
CONFIDENCE IN TEXTILES

CERTIFICATE

The company

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

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the OEKO-TEX® mark, based on our test report 20170K0300

for the following articles

100% greige cotton yarn and its blends with elastane and PVA. Party based on material pre-certified according to OEKO-TEX® Standard 100.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, product class I have shown that the above mentioned goods meet the human-ecological requirements of the standard presently established for baby articles.

The certified articles fulfil the requirements of Annex XVII of REACH (incl. the use of azo-dyes, nickel, etc.) as well as the American requirement regarding total content of lead in children's articles (CPSA), with the exception of accessories made from glass.

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 2012PK0018 is valid until 31.03.2019

Alcoy (Alicante) España, 21.03.2017


 Silvia Davesa Valencia
Innovation Assistant Manager


 Isabel Soriano Sarrió
Chief of Innovation Area

OEKO-TEX® Association | Grenzstrasse 21 | P.O. Box 2006 | D-90727 Zettlitz

CERTIFICATE





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

Tata Textile Mills Ltd.
10 km M. M. Road
Khas Pur Bagha Sitar
Muzaffargarh
Punjab
Pakistan

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

Uster / Switzerland, 20 October 2018


 Dr. Geoffrey Scott
Chief Executive Officer


 Thomas Nestou
Executive Vice President
Textile Technology





COTTON USA

COTTON COUNCIL INTERNATIONAL

CERTIFIES THAT

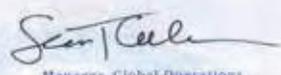
TATA Textile Mills Ltd.

IS A CERTIFIED

COTTON USA LICENSEE

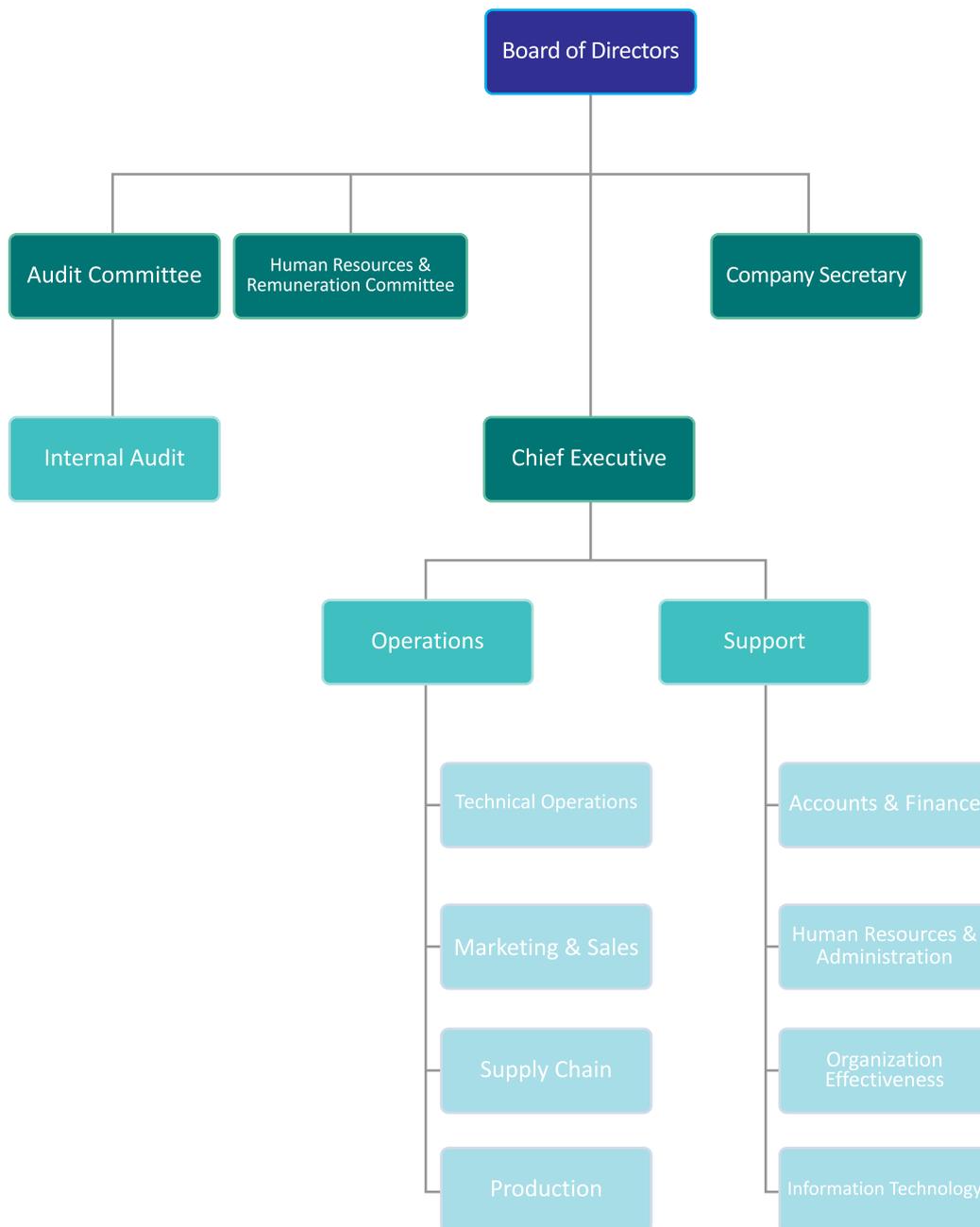
This licensee has complied with the necessary licensing requirements and has been granted the right to use CCI's registered trademark on all qualifying labels, print and promotional materials for one calendar year from the date of the certificate.

Issued this 1st day of January 2018


 Scott Keeler
Manager, Global Operations
Cotton Council International



Organization Chart



CHAIRMAN'S REVIEW

Assalam-o-Alaikum,

I feel pleasure in presenting the financial results in the annual report along with the Auditor's report for the year ended June 30, 2018.

By the grace of Allah, I am pleased to report that our company has achieved a pre-tax profit of Rs.321.433 Million (2016-2017 Rs.83.698 Million) which is 284% higher than same period last year. Overall sales volume is also up 20.48% year on year.

Textile Industry

The primary reason for the profit is due to inventory gains owing to efficient buying of raw material and rupee devaluation during the year. However, I strongly feel that the fundamental problems and issues confronting the Textile Industry in general, especially the exporting Industries have not been corrected. These include high cost of doing business in Pakistan, especially cost of energy, withholding taxes which totals 64 in number and number of levies, as well as SRB enforced by the Government like Sales Tax on Services etc. In addition, our labor cost is the highest in the region. Further, another serious reason that continues to chain our ability to fight this competitive textile world is that huge amounts of refunds are stuck up with the Government and so far we see no sight of the refunds. These include, Sales Tax refunds, Income Tax refunds, DDTR claims, DLT claims and Custom Rebates, which are all held back. All these issues and other inefficiencies of the Government Sector plus so many other concerns have not been corrected. We hope the Government who have recently taken over will understand and realize this very difficult situation for the exporting industry and that their focus will change from Import and Consumption led growth to Export and Productivity.

I would like to further add that there are serious economic global uncertainties as well, as there seems to be some trade wars going on between the major blocks and we really do not know how it will ultimately affect the flow of International Trade. The recent development which came as a surprise to everyone i.e. Brexit, America's protective policies and getting out of their previously signed Trade Agreement are all very disturbing. Another very interesting phenomena, as I recall, is that the world was considered to be a global village and every country was pursuing the policy of Free Trade and flow of Goods between the countries, but now on the contrary lot of countries are looking inward and being protective and putting restrictions on free flow of goods through Tariff barriers.

Raw Material

It is a berserk Policy of the Government to put duties and taxes on import of Cotton when the Pakistan Textile Industry is confronting severe Cotton shortage for the last couple of years. I agree that there has to be a system of minimum guaranteed price for the farmers but that is the responsibility of the Government but unfortunately instead of resorting to MSP the Government increases the domestic Cotton prices, through practically banning Cotton import through fiscal measures. We have faced cotton crop failure for the last 3 consecutive years and the Industry had to import 3.5 Million bales and this year again there is a Crop failure in the country because of water shortage and other impediments and yet the Government has imposed 3% Duty, 2% Additional Custom, 5% Sales Tax and 1% Income Tax on import of Cotton.

Further, there has been no serious and due attention paid for the improvement of Cotton crop in the country. From seed development to monitoring of adulteration in pesticides to fertilizers and to availability of modern technology, no progress has been made in these areas and I feel we are even far behind the African countries. Moreover, the trading of Cotton itself remains most primitive. Our cotton segment, from picking to transportation to ginning to wrapping, everything is so obsolete and the whole system is so untrustworthy that buying cotton locally has become very treacherous and undependable.

Cost of Energy

Everyone acknowledges that our Energy cost is the highest in the region, especially if we compare it to the competing countries in Textile, where it is available around 6 cents. Our Energy cost remains exorbitantly high particularly in Punjab where the RLNG cost is sky rocketing. Recently another news items that has frighten us is that the Government is contemplating a very steep rise in the Gas and Electricity cost, which is alarming.

Interest Rates

The Interest Rates have risen by 200 basis points and there is every likelihood that it will be further increased, so this is another very serious development which can add to the burden of the Textile Industry.

Inflationary Pressures

The inflationary pressure which was stable during the recent years now seems to be getting out of control. So, this is another grave concern which will make all our inputs expensive other than power and interest as already mentioned which will yet again put burden on our ability to export.

Tax burden

Pakistan has one of the most elaborate Withholding Tax regime in the world. The Revenues are collected at source either in the form of Advance Taxes against any Income Tax liability or as fixed taxes. In particular, many of the fixed taxes have acquired the character of indirect taxes and in some cases are clearly regressive in incidence. Today, almost three-fourths of the total revenues from direct taxes come from the withholding tax regime. The Tax regime has been extended to sales transactions, utility bills, transports, imports, exports, provision of services like contracts, etc. There are currently 64 sections / sub sections in Income Tax relating to levy of Withholding taxes. The Government usually collects more than the actual liability due from the Industries which results in accumulation of huge Refund amounts. Your company also has a long pending accumulated Refunds of Income Tax, Sales Tax and Rebate amount of Rs.399.266 Million. This is a very critical area which the Government should deliberate, as it gravely affects the liquidity of the Company.

There is a need to focus more on a return and documentation based Income Tax System, thereby, reducing reliance on Withholding taxes, many of which are indirect and regressive in nature. We should explore the potential for broad-basing the sales tax and bring it closer to being a value added tax. The Government should work on reforms to minimize multiplicity of taxation, escalation in tax rates and focus on gradual rationalization of rates with broad-basing of revenue sources. It should formulate a tax policy that is more evidence-based and consistent.

Cost of Labor

One of the challenging aspect of cost of product is the excessive labor cost which is relatively higher as compared to the regional market players. Pakistan is considered to be one of the expensive country in terms of labor cost in past decade which is around USD.150/- as minimum wage / month.

Human Resource Development

Alhamdulillah, I am proud to state that we honor and fulfill all our responsibilities towards our employees, especially the labor class and comply with 100% of our liabilities towards our workers. Our Human Capital Function's primary responsibility is to take care of our human resource by investing in them which results in contribution in the revenue stream and profitability. Having said that, we provide a highly congenial and professional working environment to our employees to ensure provision of all necessary resources for employee's efficient working for productivity. We respect individuals and care for their professional and personal development by reciprocating their dedication and efforts through employee incentives schemes. We also strongly advocate career advancement, transparent performance evaluations and market competitive remunerations. Our performance management system has a proper feedback mechanism and development aspect which an employee need to succeed in their roles. To motivate, retain and develop people, we have various learning and development initiatives and employee engagement activities. Our HR systems are technology driven that helps us to work in efficient and effective way.

Information Technology

The Management of TATA Pakistan has strong believed in a structured organization fully automated through enterprise business solutions. Consequently, as a result of continuous strategic planning and significant investment over automation, TATA Pakistan has now been adequately equipped with standard Information Technology and continuously striving for optimum excel in IT. TATA Pakistan has formed a well-structured congenial Corporate IT Department comprising of innovative and seasoned professionals, qualified & certified in relevant areas of expertise. The IT Department has essential domination which made the effective recognition of IT Faculty in Corporate, simultaneously playing a role of strategic partner and custodian of corporate electronic information. The IT facilitates through information flows between all business functions, and ensure timely availability of secured / integrated information to its stakeholders all over, which is key factor of right decision making in the light of data provided through ERP.

A well-designed, controlled, reliable and centralized network infrastructure is deployed to guarantee secure manipulation of information / communication throughout the corporate.

Going Forward

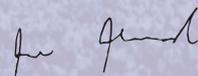
There are six major segments in Textile Industry in Pakistan, namely, Denim, Towel, Home Textile, Knitted Garments, Yarn and Grey Fabric. To a great extent, export of Yarn and Grey Fabric depends on the Chinese Market but as mentioned earlier, because of the uncertainty due to the trade war between China and USA, our exports have severely declined and this is leading to over capacity of stock which is very detrimental to business and we fear that lot of Mills will shut down. We hope the new Government will review this critical situation being confronted by the textile sector, during the beginning of the season and work on providing a major share to Textile Industry in the trade agreement with China.

We on our part are endeavoring to become the most efficient and cost effective Mill and making every efforts to ensure that our Textile Company remains one of the top Textile Mill in Pakistan. Hence, in order to keep up with the Market Trend and demand, the Management has several plans to increase and diversify the production by adding state-of-the-art compact ring frames with link coner, core yarn, slub yarn and slub/core yarn attachments, to capture the fancy yarn market.

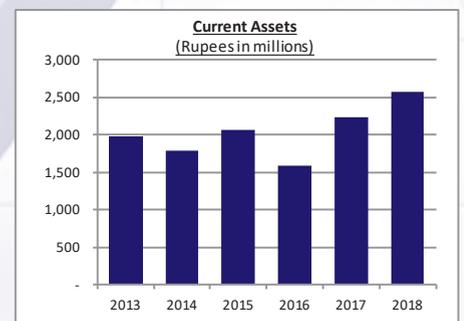
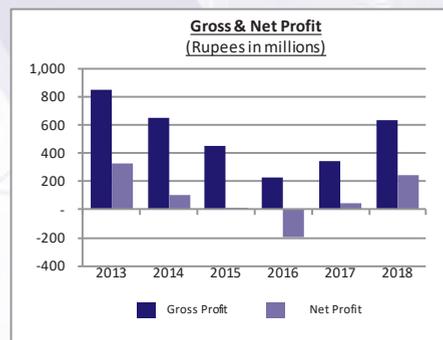
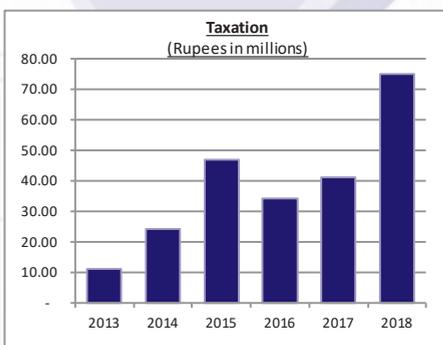
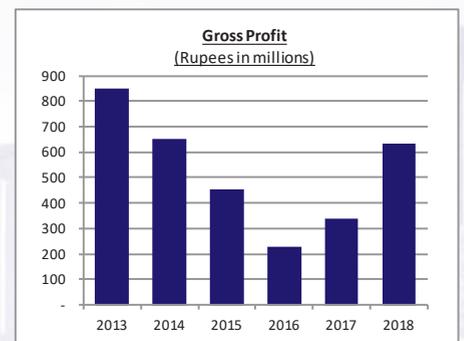
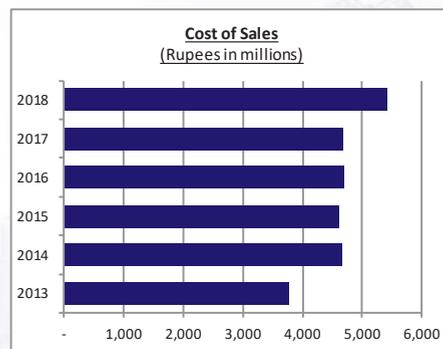
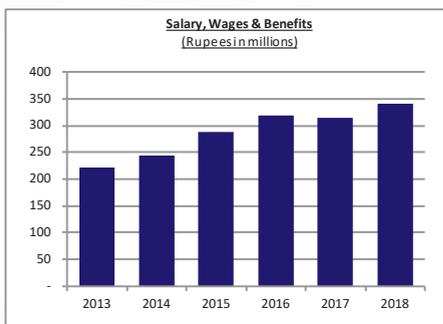
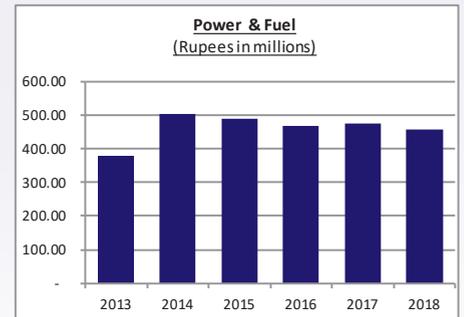
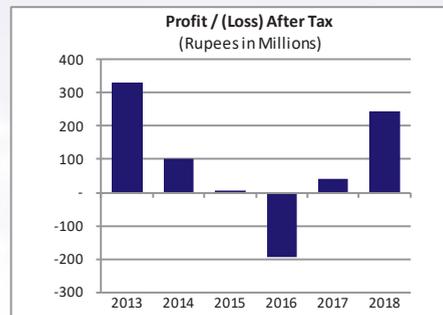
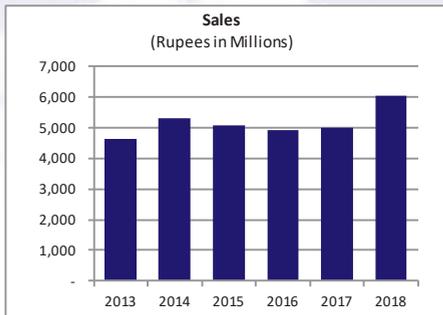
The Management is also keen in adopting latest tool for better control of energy, production and maintenance management by installing Real time ERP Maintenance Module, Energy Module and Uster Sentinel. Furthermore, Management is very enthusiastic to promote Renewable/Alternate Energy Resources to save the energy cost and also promote the concept of a green environment.

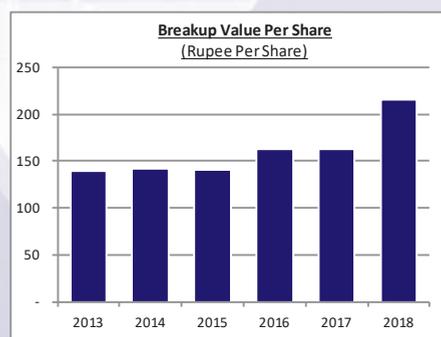
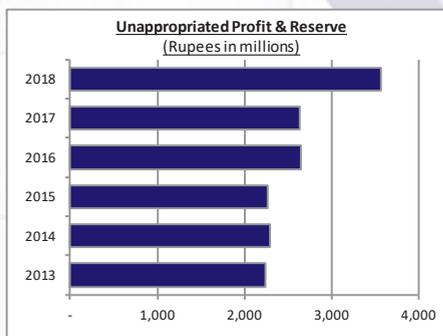
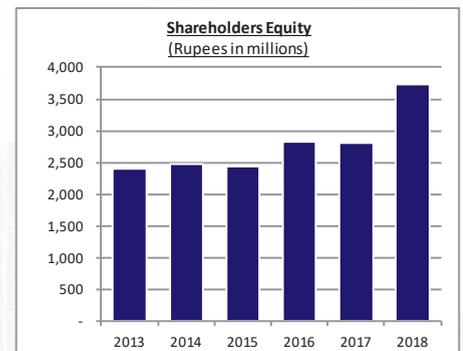
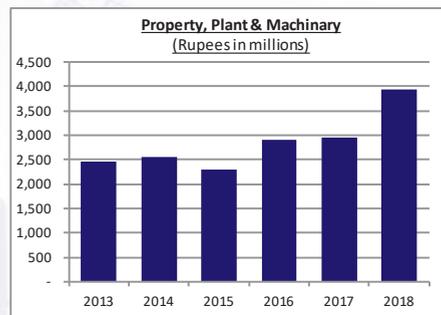
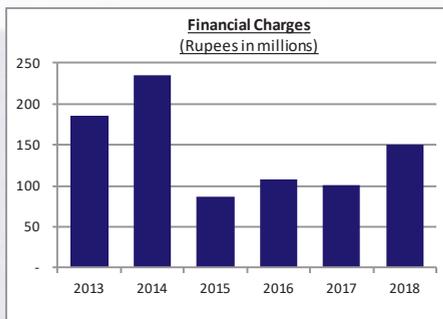
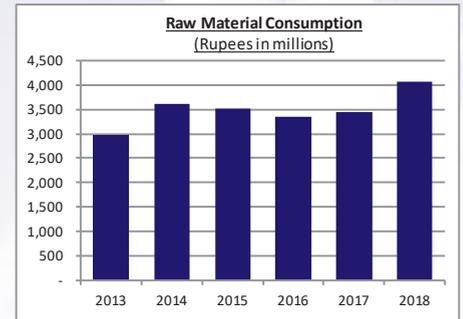
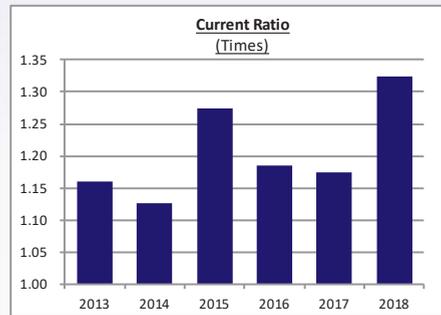
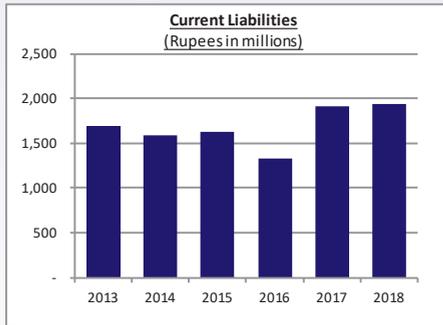
Acknowledgment

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.


Anwar Ahmed Tata
Chairman

Karachi.
Dated: September 24, 2018





DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting this report, together with the Audited Financial Statement of the Company for the year ended June 30, 2018.

Composition of Board

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, 2018 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. Asif Saleem	- Director
6)	Ms. Shahbano Hameed (NIT)	- Director
7)	Mr. Muhammad Naseem	- Director

Change in Board

During the year, one casual vacancy occurred in the Board which was filled by continuing directors within 90 days by appointing Ms. Shahbano Hamid as director in place of Mr. Salman H. Chawala who resigned.

Committees of the Board

The Board has formed two sub committees namely Audit Committee and Human Resource & Remuneration Committee. The composition of both these committees is disclosed as follows:

- **Audit Committee**
 - Mr. Muhammad Naseem - Chairman (Independent)
 - Mr. Asif Saleem - Member
 - Mr. Bilal Shahid Tata - Member
- **Human Recourse and Remuneration Committee**
 - Mr. Muhammad Naseem - Chairman (Independent)
 - Mr. Shahid Anwar Tata - Member
 - Mr. Bilal Shahid Tata - Member

Principal Activities of the Company

Tata Textile Mills Limited (TTML) (the Company) is incorporated in Pakistan as public limited company and is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn.

Development & Performance of the Company's Business

Volumes	June-2018	June-2017	Variation
	Amount in PKR	Amount in PKR	%
Sales	6,041,555,707	5,014,434,040	20.48%
Cost of Sales	(5,407,032,219)	(4,673,997,854)	15.68%
Gross Profit	634,523,488	340,436,186	86.39%
Profit before taxation	321,433,192	83,698,404	284.04%
Profit after taxation	246,103,513	42,368,798	480.86%

In a challenging business environment, financial year 2017-18 was year of record performance with highest ever sales of over Rs.6 billion which was 20% higher than last year, earning Gross Profit of Rs.635 million. Profit before tax for the year increase by 284%. Due to inventory gains due to efficient buying of raw material and higher domestic and international margin. The Directors and management have been closely monitoring the performance of the business with focus on achieving continued improvements in productivity and efficiency while optimizing cost and process to ensure sustainable growth of the Company.

The increase in sales revenue is attributable to higher sales volume, increase in selling prices and better product mix. The management was focused on improving internal efficiency, product quality and continued its efforts to reduce the cost of doing business. The Company is well poised to counter future challenges through additional new measures including innovation, planning and controlling costs, operational analysis, expanding product base and prudent financial management. The Company is also constantly exploring business development opportunities to expand our foot print in yarn products.

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.

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

TTML 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.

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.

Change in accounting policy

The current year financial statements have been restated due to change in accounting policy for recording of revaluation surplus on property, plant and equipment as part of equity. This change is due to the fact that the provision in Companies Ordinance, 1984 requiring revaluation surplus to be recorded as a separate financial statement line item has not been carried forward in the Companies Act, 2017, thereby aligning the treatment with International Accounting Standard – 16 (IAS-16).

As a result of this overall equity has increased by Rs.1.84 billion and Rs.1.24 billion for the year ended June 30, 2018 and June 30, 2017 respectively. Further, gain on revaluation surplus net of deferred tax amounting to Rs.697 million has been recorded in other comprehensive income for the year ended June 30, 2018 to comply with the requirements of IAS-16.

Principal Risks and Uncertainties

Despite the facts that the Company's financial performance has significantly improved during the year and was able to overcome many barriers 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.

Dividend

The Board of Directors in its meeting held on September 24, 2018 proposed a cash dividend of Re. 1.00 per share (2017: Nil per share) amounting to Rs.17.32 million (2017: Nil) subject to the approval of the members at the forthcoming annual general meeting of the Company.

Appointment of Auditors

The present auditors Messrs Deloitte Yousuf Adil Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The director endorse as to recommendation of the Audit Committee for the re-appointment of Messrs Deloitte Yousuf Adil Chartered Accountants as auditors for the financial year ending June 30, 2019 on such terms and conditions and remuneration be decided in AGM.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Report.

Compliance with the Best Practices of Corporate Governance

As required under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchange, the Board is pleased to state that the management of the Company is compliant with the best practices of corporate governance. The Board acknowledges its responsibility in respect of the corporate and financial reporting framework and thus states that:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

- The highlights of operating and financial data for the last six years are presented in a summarized form in annexure.
- The statement of pattern of shareholding of the Company as at June 30, 2018 is annexed. This statement is prepared in accordance with the Code of Corporate Governance.
- During the year under review, four Board of Directors Meetings, four Audit Committee Meetings and four Human Resource & Remuneration committee meeting were held. The attendance of the directors is as follow:

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

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

- No trading in Company's shares was carried out by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit other Executives and their spouse(s) and minor children during the year.

Corporate Social Responsibility

Tata Textile Mills Ltd. is committed to achieving tangible, sustainable fulfillment of its corporate social responsibility. During the year under review the Company contributed Rs.18.5 million in Education Sector by collaborating with The Citizen Foundation with an aim to provide quality education to a deprived and neglected area of Khanpur-Baggasher, thus lifting them from poverty. The Company has also contributed Rs.2.8 million in Health Sector by collaborating with The Aga Khan Hospital & Medical College Foundation and The Indus Hospital, for health and well-being of the poor people of the country.

Significant features of remuneration policy of non-executive directors

Non-executive directors including the independent director are entitled only for fee for attending the meetings.

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.

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.

ON BEHALF OF THE BOARD OF DIRECTORS



SHAHID ANWAR TATA
CHIEF EXECUTIVE

Karachi:

Date: September 24, 2018

KEY OPERATING AND FINANCIAL DATA

Description		2018	2017	2016	2015	2014	2013
OPERATING DATA							
Sales	Rs.'000'	6,041,556	5,014,434	4,906,547	5,066,353	5,297,307	4,615,713
Cost of Goods Sold	Rs.'000'	5,407,032	4,673,998	4,678,634	4,614,332	4,643,041	3,764,303
Gross Profit	Rs.'000'	634,523	340,436	227,914	452,022	654,266	851,410
Profit / (Loss) Before Taxation	Rs.'000'	321,434	83,698	(160,365)	48,127	124,522	340,413
Profit / (Loss) After Taxation	Rs.'000'	246,105	42,369	(194,417)	1,161	101,021	328,973
FINANCIAL DATA							
Equity Balance	Rs.'000'	3,737,465	2,810,288	2,817,966	2,443,598	2,466,794	2,408,898
Property, Plant & Equipment	Rs.'000'	3,935,299	2,945,461	2,891,141	2,287,376	2,556,791	2,454,098
Current Assets	Rs.'000'	2,564,400	2,238,875	1,579,856	2,068,139	1,791,631	1,967,311
Current Liabilities	Rs.'000'	1,935,945	1,906,683	1,333,030	1,624,130	1,591,008	1,694,464
RATIOS							
PROFITABILITY RATIOS							
Gross Profit Margin	%	10.50	6.79	4.65	8.92	12.35	18.45
Operating Profit / (Loss) Margin	%	3.54	0.38	(3.38)	0.91	1.15	7.21
Net Profit / (Loss) Margin	%	4.07	0.84	(3.96)	0.02	1.91	7.12
LIQUIDITY RATIOS							
Current Ratio	Times	1.32	1.17	1.19	1.27	1.13	1.16
Quick Ratio	Times	0.72	0.56	0.49	0.60	0.33	0.26
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	46.36	29.36	22.93	47.17	17.51	14.59
Accounts Receivable Turnover	Times	7.77	12.26	15.70	7.63	20.56	24.67
Inventory Turnover	Times	4.96	4.19	5.46	4.44	3.86	2.53
Total Assets Turnover	Times	0.93	0.97	1.10	1.16	1.22	1.04
Return on Total Assets	%	3.78	0.82	(4.34)	0.03	2.32	7.43
Return on Equity	%	6.58	1.51	(6.90)	0.05	4.10	13.66
LEVERAGE RATIOS							
Long Term Debt to Equity Ratio	%	22.21	16.73	11.50	12.01	12.08	13.56
Total Debt to Equity Ratio	%	74.00	84.57	58.80	78.47	76.57	83.90
Long Term Debt to Total Assets	Times	0.13	0.09	0.07	0.07	0.07	0.07
Total Debt to Total Assets	Times	0.43	0.46	0.37	0.44	0.43	0.46
Equity to Total Assets	Times	0.57	0.54	0.63	0.56	0.57	0.54
Interest Coverage Ratio	Times	3.14	1.83	(0.49)	1.56	1.53	2.84
OTHERS							
Earning per Shares	Rs	14.21	2.45	(11.22)	0.07	5.83	18.99
Breakup Value of Shares	Rs	215.73	162.21	162.66	141.05	142.39	139.04
Cash Dividend	%	10.00	-	-	10.00	10.00	20.00

ANALYSIS OF THE FINANCIAL STATEMENTS BALANCE SHEET

Particulars	2018	2017	2016	2015	2014	2013
		----- Ruppes in '000' -----				
Assets						
Non Current Assets						
Property, plant and equipment	3,935,299	2,945,461	2,891,141	2,287,376	2,556,791	2,454,098
Intangible assets	1,004	472	1,956	3,614	5,336	6,530
Long-term Deposits	2,670	2,227	2,077	1,964	1,964	1,964
Total Non Current Assets	3,938,973	2,948,160	2,895,174	2,292,954	2,564,091	2,462,592
Current Assets						
Stores, Spares and loose tools	70,433	50,823	50,533	48,902	54,044	44,130
Stock-in-trade	1,089,874	1,114,902	857,649	1,040,235	1,203,400	1,486,943
Trade debts	777,983	408,950	312,585	663,881	257,670	187,118
Loans and Advances	279,606	221,309	229,348	190,709	118,166	105,138
Short-term prepayment	1,278	1,710	22,019	1,122	1,667	2,672
Other receivables	95,724	21,771	362	71	467	1,304
Other financial assets	19,670	269,361	14,852	10,102	-	5,352
Sales tax refundable	116,432	61,727	32,146	51,426	27,050	22,961
Cash and bank balances	113,399	88,322	60,364	61,691	129,168	111,693
Total Current Assets	2,564,399	2,238,875	1,579,858	2,068,139	1,791,632	1,967,311
Total Assets	6,503,372	5,187,035	4,475,032	4,361,093	4,355,723	4,429,903
Equity and Liabilities						
Share Capital & Reserves						
Share Capital	173,248	173,248	173,248	173,248	173,248	173,248
General Reserve	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Unappropriated Profit	723,171	400,246	287,263	457,641	425,198	299,053
Surplus on revaluation of Property, Plant & Equipment	1,841,046	1,236,795	1,357,456	812,709	868,349	936,596
Total Share Capital and Reserves	3,737,465	2,810,289	2,817,967	2,443,598	2,466,795	2,408,897
Non Current Liabilities						
Long Term Loans	464,100	234,984	158,733	186,412	215,347	267,399
Deferred Liabilities	365,862	235,079	165,302	106,954	82,573	59,143
Total Non Current Liabilities	829,962	470,063	324,035	293,366	297,920	326,542
Current Liabilities						
Trade and other Payables	388,853	226,802	349,065	282,505	275,889	290,583
Interest/ Markup accrued on Borrowings	27,442	16,373	12,482	14,996	24,351	31,904
Short Term Borrowings	1,361,957	1,563,772	855,315	1,229,469	1,209,994	1,270,876
Current Portion of Long Term Finance	118,367	61,874	64,394	54,205	52,061	74,290
Unclaimed dividend	4,893	4,918	4,918	-	-	-
Taxation-income tax	34,433	32,944	46,856	42,954	28,713	26,811
Total Current Liabilities	1,935,945	1,906,683	1,333,030	1,624,129	1,591,008	1,694,464
Total Equity and Liabilities	6,503,372	5,187,035	4,475,032	4,361,093	4,355,723	4,429,903

ANALYSIS OF THE FINANCIAL STATEMENTS BALANCE SHEET VERTICAL ANALYSIS

Particulars	2018	2017	2016	2015	2014	2013
	%	%	%	%	%	%
Assets						
Non Current Assets						
Property, plant and equipment	60.51	56.79	64.61	52.45	58.70	55.40
Intangible assets	0.02	0.01	0.04	0.08	0.12	0.15
Long-term Deposits	0.04	0.04	0.05	0.05	0.05	0.04
Total Non Current Assets	60.57	56.84	64.70	52.58	58.87	55.59
Current Assets						
Stores, Spares and loose tools	1.08	0.98	1.13	1.12	1.24	1.00
Stock-in-trade	16.76	21.49	19.17	23.85	27.63	33.57
Trade debts	11.96	7.88	6.99	15.22	5.92	4.22
Loans and Advances	4.30	4.27	5.13	4.37	2.71	2.37
Short-term prepayment	0.02	0.03	0.49	0.03	0.04	0.06
Other receivables	1.47	0.42	0.01	0.00	0.01	0.03
Other financial assets	0.30	5.19	0.33	0.23	-	0.12
Sales tax refundable	1.79	1.19	0.72	1.18	0.62	0.52
Cash and bank balances	1.74	1.70	1.35	1.41	2.97	2.52
Total Current Assets	39.43	43.16	35.30	47.42	41.13	44.41
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00
Equity and Liabilities						
Share Capital & Reserves						
Share Capital	2.66	3.34	3.87	3.97	3.98	3.91
General Reserve	15.38	19.28	22.35	22.93	22.96	22.57
Unappropriated Profit	11.12	7.72	6.42	10.49	9.76	6.75
Surplus on revaluation of Property, Plant & Equipment	28.31	23.84	30.33	18.64	19.94	21.14
Total Share Capital and Reserves	57.47	54.18	62.97	56.03	56.63	54.38
Non Current Liabilities						
Long Term Loans	7.14	4.53	3.55	4.27	4.94	6.04
Deferred Liabilities	5.63	4.53	3.69	2.45	1.90	1.34
Total Non Current Liabilities	12.76	9.06	7.24	6.73	6.84	7.37
Current Liabilities						
Trade and other Payables	5.98	4.37	7.80	6.48	6.33	6.56
Interest/ Markup accrued on Borrowings	0.42	0.32	0.28	0.34	0.56	0.72
Short Term Borrowings	20.94	30.15	19.11	28.19	27.78	28.69
Current Portion of Long Term Finance	1.82	1.19	1.44	1.24	1.20	1.68
Unclaimed dividend	0.08	0.09	0.11	-	-	-
Taxation-income tax	0.53	0.64	1.05	0.98	0.66	0.61
Total Current Liabilities	29.77	36.76	29.79	37.24	36.53	38.25
Total Equity and Liabilities	100.00	100.00	100.00	100.00	100.00	100.00

**ANALYSIS OF THE FINANCIAL STATEMENTS
PROFIT AND LOSS ACCOUNTS**

Particulars	2018	2017	2016	2015	2014	2013
	----- Ruppes in '000' -----					
Sales - net	6,041,556	5,014,434	4,906,547	5,066,353	5,297,307	4,615,713
Cost of Goods Sold	(5,407,032)	(4,673,998)	(4,678,634)	(4,614,332)	(4,643,041)	(3,764,303)
Gross Profit	634,524	340,436	227,913	452,021	654,266	851,410
Distribution cost	(101,914)	(86,157)	(129,699)	(175,154)	(220,753)	(206,549)
Administrative expenses	(128,904)	(124,327)	(139,657)	(116,433)	(114,060)	(88,719)
Other operating expenses	(39,398)	(9,733)	(16,988)	(27,863)	(23,295)	(38,111)
Financial Cost	(150,399)	(101,391)	(107,722)	(86,670)	(235,089)	(184,571)
	(420,615)	(321,608)	(394,066)	(406,120)	(593,197)	(517,950)
Other Income	107,525	64,870	5,787	2,225	63,453	6,953
Profit / (Loss) before taxation	321,434	83,698	(160,366)	48,126	124,522	340,413
Provision for taxation	(75,330)	(41,330)	(34,052)	(46,966)	(23,500)	(11,440)
Profit / (Loss) after taxation	246,104	42,368	(194,418)	1,160	101,022	328,973

ANALYSIS OF THE FINANCIAL STATEMENTS PROFIT AND LOSS ACCOUNTS VERTICAL ANALYSIS

Particulars	2018	2017	2016	2015	2014	2013
	%	%	%	%	%	%
Sales - net	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Goods Sold	(89.50)	(93.21)	(95.35)	(91.08)	(87.65)	(81.55)
Gross Profit	10.50	6.79	4.65	8.92	12.35	18.45
Distribution cost	(1.69)	(1.72)	(2.64)	(3.46)	(4.17)	(4.47)
Administrative expenses	(2.13)	(2.48)	(2.85)	(2.30)	(2.15)	(1.92)
Other operating expenses	(0.65)	(0.19)	(0.35)	(0.55)	(0.44)	(0.83)
Financial Cost	(2.49)	(2.02)	(2.20)	(1.71)	(4.44)	(4.00)
	3.54	0.38	(3.38)	0.91	1.15	7.21
Other Income	1.78	1.29	0.12	0.04	1.20	0.15
Profit / (Loss) before taxation	5.32	1.67	(3.27)	0.95	2.35	7.37
Provision for taxation	(1.25)	(0.82)	(0.69)	(0.93)	(0.44)	(0.25)
Profit / (Loss) after taxation	4.07	0.84	(3.96)	0.02	1.91	7.12

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2018**

NO. OF SHAREHOLDERS	SHARE-HOLDING		TOTAL SHARES HELD
	FROM	TO	
954	1	100	46,388
453	101	500	107,203
362	501	1000	249,891
158	1001	5000	414,650
32	5001	10000	250,611
18	10001	15000	225,999
7	15001	20000	128,218
7	20001	25000	165,500
3	25001	30000	82,272
2	30001	35000	69,500
3	45001	50000	149,500
2	50001	55000	106,767
3	55001	60000	169,460
2	65001	70000	132,250
2	85001	90000	172,300
1	95001	100000	98,500
1	200001	205000	202,824
1	230001	235000	232,000
1	240001	245000	241,315
3	280001	285000	852,337
1	320001	325000	320,664
1	430001	435000	434,798
1	445001	450000	450,000
1	1835001	1840000	1,836,498
1	5035001	5040000	5,036,478
1	5145001	5150000	5,148,827
2021			17,324,750

CATEGORIES OF SHAREHOLDERS

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDER	SHARES HELD	PERCENTAGE
Directors, their Spouse(s) and Minor Children	8	10,841,880	62.58
Associated Companies, Undertakings and Related Parties	1	434,798	2.51
Public Sector companies & Corporations	5	25,814	0.15
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarbas and pension funds	2	203,488	1.17
Mutual Funds	1	1,836,498	10.60
Others	18	237,701	1.37
General Public	1,986	3,744,571	21.61
	<u>2,021</u>	<u>17,324,750</u>	<u>100.00</u>

DETAIL CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2018

No. of
Shareholders

Shares Held

DIRECTORS, THEIR SPOUSE(S) & MINOR CHILDREN

Mr. Anwar Ahmed Tata (Chairman/Director)	1	5,148,827
Mr. Shahid Anwar Tata (Chief Executives)	1	5,036,478
Mr. Adeel Shahid Tata (Director)	1	26,872
Mr. Bilal Shahid Tata (Director)	1	1,099
Mr. Muhammad Naseem (Director)	1	500
Mr. Asif Saleem (Director)	1	66,125
Mrs. Parveen Anwar (W/o Mr. Anwar Ahmed Tata)	1	241,315
Mrs. Saiqa Shahid (W/o Mr. Shahid Anwar Tata)	1	320,664
	8	10,841,880

ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

Island Textile Mills Ltd.	1	434,798
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PUBLIC SECTOR COMPANIES AND CORPORATIONS

Investment Corporation of Pakistan	2	19,982
National Development Finance Corporation	1	3,223
IDBL (ICP Unit)	1	1,365
National Bank Of Pakistan	1	1,244
	5	25,814

BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARBAS AND PENSION FUNDS

Central Insurance Co. Ltd.	1	664
Trustee National Bank of Pakistan Employee Pension Fund	1	202,824
	2	203,488

MUTUAL FUNDS

CDC - Trustee National Investment (Unit) Trust	1	1,836,498
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OTHERS

Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	1	7,117
Naseer Shahid Ltd.	1	23
Securities & Exchange Authority.	1	1
Y.S. Securities & Services (Pvt) Ltd.	1	132
Fateh Textile Mills Ltd.	1	65
NH Capital (Private) Limited	1	2
Maple Leaf Capital Limited	1	1
Apex Capital Securities (Pvt) Limited	1	18,000
Seven Star Securities (Pvt.) Ltd.	1	7,000
Fikrees (Private) Limited	1	577
Guardian Modaraba Management (Pvt) Ltd	1	5,483
Fortune Securities Limited	1	8,000
Premier Fashions (Pvt) Ltd	1	35,000
Naveena Industries Limited	1	85,300
Providus Capital (Pvt.) Limited	1	49,500
Ali Husain Rajabali Limited	1	4,000
Salim Sozer Securities (Pvt.) Ltd.	1	15,000
Pakistan Memon Educational & Welfare Society	1	2,500
	18	237,701

GENERAL PUBLIC

Local	1,986	3,744,571
Grand Total	2,021	17,324,750

Shareholders Holding 5% or more

As at June 30, 2018

	Shares Held	Percentage
Anwar Ahmed Tata	5,148,827	29.72
Shahid Anwar Tata	5,036,478	29.07
CDC - Trustee National Investment (Unit) Trust	1,836,498	10.60

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

Name of Company: Tata Textile Mills Limited.
Year ended: June 30, 2018

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. Adeel Shahid Tata
Non-Executive Directors	Mr. Anwar Ahmed Tata
	Mr. Bilal Shahid Tata
	Ms. Shahbano Hamid (NIT)
	Mr. Asif Saleem

The Chairman of the board is not a non-executive director as per the Companies Act 2017, due to the beneficial owner of the Company and of its associated companies. The Company is in a process to hire a non-executive director.

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 except for the policy related to permissible fee for non-executive directors and independent directors which are exist in draft form and will approved in upcoming Board of Directors meeting.
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 do not have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. Such policy is exist in draft form and will approved in upcoming Board of Directors meeting.
9. During the year the board did not arrange any training program for its directors. The Company is in process of applying for the exemption certificate from Commission as per criteria mentioned in Regulation 20.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, however, the CFO and Company Secretary of the Company is the same person. The Company is in the process of appointing separate person as Company Secretary.

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. Asif Saleem - Member
 - iii. Mr. Bilal Shahid Tata - Member
 - b. HR and Remuneration Committee
 - i. Mr. Muhammad Naseem - Chairman
 - ii. Mr. Shahid Anwar Tata - Member
 - iii. Mr. Bilal 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 - Quarterly
15. The board has appointed head of internal who is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company. Once, the internal audit manual is finalized, Company will outsource its internal audit function to a professional firm.
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

Karachi

Dated: September 24, 2018

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **32nd Annual General Meeting** of the Shareholders of **Tata Textile Mills Limited** will be held on **Monday, the October 22, 2018 at 4:30 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 31st Annual General Meeting held on October 23, 2017
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors for the year ending June 30, 2019 and fix their remuneration. The retiring auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.
4. To approve the payment of cash dividend @ 10% (i.e. Re.1.00per share), for the year ended June 30, 2018 as recommended by the Board of Directors.

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, 2018 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, 2019 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."
6. To transact any other ordinary business or businesses with the permission of the **Chairman**.

By Order of the Board of Directors
Tata Textile Mills Limited



Haseeb Hafeezuddeen
Company Secretary

Karachi:
Dated: October 01, 2018

Notes:

1. The Register of Member and Share Transfer Books of the Company will remain closed from October 15, 2018 to October 22, 2018 (both days inclusive). Transfer received in order at the office of Share Register, M/s Central Depository Company of Pakistan Ltd. CDC, House, 99-B, Block S.M.C.H.S., Main Shakra-e-Faisal, Karachi by the close of business on October 12, 2018 will be considered in time to attend and vote at the meeting.
2. A member entitled to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote on his/her behalf. The instrument appointing proxy must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.
3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her Original CNIC or Passport to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the Board of Directors' resolution/power of attorney with specimen signature of the nominee.
4. Members are requested to promptly notify any change in their address.
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. Members are requested to submit declaration (CZ-50) as per Zakat & Ushr Ordinance 1980 for zakat exemption, if any.
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 our Share Registrar M/s Central Depository Company of Pakistan Ltd. 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 Central Depository Company of Pakistan Ltd. 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 PAKISTAN LIMITED, CDC House, 99-B, Shakra-e-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 Pakistan Ltd. 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. **FILER AND NON FILER STATUS** The Government of Pakistan through Finance Act, 2018 have made certain amendments in Section 150 of the Income Tax Ordinance, 2001, whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

a) For filers of income tax returns 15%. b) For non-filers of income tax returns 20%.

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL.

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

This statement sets out the material facts concerning the Special Business, given in agenda item No. 5 the Notice will be considered to be passed by the members.

1. Agenda Item No. 5(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2018 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 Section 15 of Listed Companies Code of Corporate Governance, Regulation 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, 2018 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, 2019 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 Section 15 of Listed Companies Code of Corporate Governance, Regulation 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, 2019.

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

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TATA 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 Tata Textile Mills Limited (the Company) for the year ended June 30, 2018 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 have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out 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, 2018.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the note reference where these are stated in the Statement of Compliance:

Note

Reference	Description
2	The Chairman of the board is not a non-executive director;
5	Approved policy related to permissible fee for non-executive directors and independent directors does not exist;
8	Approved policy pertaining to the remuneration of directors does not exist;
9	Certain directors are exempt from training and such exemption has been applied from Commission;
10	The Chief Financial Officer and Company Secretary is the same person.

Deloitte Yousuf Adil

Chartered Accountants

Place: Karachi

Dated: September 24, 2018

Member of
Deloitte Touche Tohmatsu Limited

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

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Tata Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and statement of comprehensive income, the statement of changes in equity, the statement of cash flows 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, statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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, 2018 and of the profit, the 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 Matter

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 year. 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:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Revaluation of leasehold land, buildings on leasehold land and plant and machinery</p> <p>As disclosed in note 3.1 to the accompanying financial statements, land, building and plant and machinery are carried at revaluation model.</p> <p>The total net book value of revalued properties as at June 30, 2018 is Rs. 3,849 million.</p> <p>The revaluation exercise performed by the management external valuer (the expert) during the year has resulted in a net increase of Rs. 697 million versus carrying value of Rs. 1,825 million</p> <p>Further, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of fixed assets with retrospective effect as a consequence of the application of the Companies' Act, 2017 (the Act), as explained in detail in Note 4</p> <p>We have considered the above matters to be a key audit matter due to the judgements inherent within the valuation exercise and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.</p>	<ul style="list-style-type: none"> discussed with management and challenged the appropriateness of the valuation methodology adopted by the management expert; discussed the reasonableness of the assumptions used by expert for e.g.: exchange and discount rates; checked the relevance, completeness and accuracy of source data; In respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to in note 4 to the accompanying financial statements, considered the adequacy and appropriateness of such disclosure; and assessed the accounting implications in accordance with the applicable financial reporting standards.
2.	<p>Current and deferred tax</p> <p>As disclosed in note 3.21, 17.2 and 29 to the accompanying financial statements, the Company has recorded tax expense amounting to Rs. 75.33 million.</p> <p>The Company's total sales comprise of local and export sales and carry different tax implications under The Income Tax Ordinance, 2001. These include incidence, tax rates and admissibility of relevant expenses. To determine the tax liability for such companies, The Institute of Chartered Accountants of Pakistan (ICAP) has issues a Technical Release (TR 27) to facilitate the allocation of admissible expenses between local and export sales.</p> <p>The calculation of deferred tax asset/liability also entails certain assumptions in developing a reasonable estimate for expected turnover and composition thereof based on the said TR</p> <p>We have considered the above matters to be a key audit matter due to the judgements and estimates inherent in the calculation of tax expense.</p>	<ul style="list-style-type: none"> developed an understanding of management process for calculating tax expense; assessed the extent to which provisions are supported by underlying circumstances and determined that they are being made on a basis consistent with previous years; assessed the appropriateness of provisions recorded in the financial statements by using our specialist tax knowledge and reviewing the latest tax returns filed by the Company; critically analysed and challenged the assumptions used by the management in calculating tax expense; and ensured that the tax calculated is in accordance with the requirements of IAS 12, Income Tax Ordinance 2001 and TR 27.



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

Management is responsible for the other information. The other information comprises the report of audit committee, chairman's review, director's report and analysis on financial performance.

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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 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 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 profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows 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) no zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

The engagement partner on the audit resulting in this independent auditor's report is Ms. Hena Sadiq.

Deloitte Yousuf Adil

Chartered Accountants

Place: Karachi

Dated: September 24, 2018

Member of
Deloitte Touche Tohmatsu Limited



FINANCIAL STATEMENTS

for the year ended June 30, 2018



STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Re-stated	2016 Re-stated
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	3,935,298,709	2,945,460,572	2,891,140,912
Intangible assets	6	1,003,715	471,797	1,955,850
Long-term deposits		2,669,999	2,227,499	2,077,499
		3,938,972,423	2,948,159,868	2,895,174,261
CURRENT ASSETS				
Stores, spares and loose tools	7	70,433,465	50,822,648	50,533,417
Stock-in-trade	8	1,089,873,525	1,114,901,894	857,648,831
Trade debts	9	777,982,907	408,950,411	312,583,612
Loans and advances	10	279,606,412	221,309,354	229,347,554
Short-term prepayments		1,278,364	1,709,611	22,018,996
Other receivables	11	95,723,936	21,771,116	361,572
Other financial assets	12	19,670,177	269,360,748	14,852,385
Sales tax refundable		116,432,069	61,727,432	32,145,846
Cash and bank balances	13	113,398,663	88,321,694	60,364,083
		2,564,399,518	2,238,874,908	1,579,856,296
TOTAL ASSETS		6,503,371,941	5,187,034,776	4,475,030,557
EQUITY AND LIABILITIES				
EQUITY				
Share capital	14	173,247,500	173,247,500	173,247,500
General reserve		1,000,000,000	1,000,000,000	1,000,000,000
Unappropriated profit		723,170,297	400,245,838	287,262,597
Surplus on revaluation of property, plant and equipment	15	1,841,046,318	1,236,794,899	1,357,455,591
		3,737,464,115	2,810,288,237	2,817,965,688
NON-CURRENT LIABILITIES				
Long-term finances	16	464,100,070	234,983,752	158,733,060
Deferred liabilities	17	365,863,157	235,079,876	165,301,658
		829,963,227	470,063,628	324,034,718
CURRENT LIABILITIES				
Trade and other payables	18	388,852,527	226,801,564	349,064,611
Interest / mark-up accrued on borrowings	19	27,442,086	16,372,979	12,482,293
Short-term borrowings	20	1,361,957,480	1,563,771,992	855,315,054
Current portion of long-term finances	16	118,366,991	61,874,308	64,394,380
Unclaimed dividend		4,892,900	4,917,895	4,917,895
Provision for income tax		34,432,615	32,944,173	46,855,918
		1,935,944,599	1,906,682,911	1,333,030,151
CONTINGENCIES AND COMMITMENTS	21			
TOTAL EQUITY AND LIABILITIES		6,503,371,941	5,187,034,776	4,475,030,557

The annexed notes from 1 to 42 form an integral part of these financial statements.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER



ANWAR AHMED TATA
CHAIRMAN / DIRECTOR

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018.....Rupees.....	Re-stated 2017
Sales - net	22	6,041,555,707	5,014,434,040
Cost of goods sold	23	(5,407,032,219)	(4,673,997,854)
Gross profit		634,523,488	340,436,186
Distribution cost	24	(101,915,011)	(86,156,501)
Administrative expenses	25	(128,903,890)	(124,327,427)
Other operating expenses	26	(39,397,816)	(9,733,067)
Finance cost	27	(150,398,905)	(101,390,535)
		(420,615,622)	(321,607,530)
Other income	28	107,525,326	64,869,748
Profit before taxation		321,433,192	83,698,404
Provision for taxation	29	(75,329,679)	(41,329,606)
Profit for the year		246,103,513	42,368,798
Other comprehensive income			
<i>Items that will not be reclassified subsequently through profit or loss</i>			
Remeasurement of defined benefit plan		619,205	884,952
Less: deferred tax thereon		(64,707)	(79,469)
Adjustment of surplus on revaluation of property plant and equipment due to change in tax rate		(16,482,029)	(50,851,732)
Surplus on revaluation of land, buildings, electric installations and plant and machinery		762,503,311	-
Less: deferred tax thereon		(65,503,415)	-
		681,072,365	(50,046,249)
Total comprehensive income for the year		927,175,878	(7,677,451)
Earnings per share - basic and diluted	30	14.21	2.45

The annexed notes from 1 to 42 form an integral part of these financial statements.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER



ANWAR AHMED TATA
CHAIRMAN / DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018.....Rupees.....	2017
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		321,433,192	83,698,404
Adjustments for :			
Depreciation	5.4	156,399,877	149,718,892
Amortization	6	167,098	1,780,268
Provision for staff gratuity		31,993,079	30,745,875
Provision for compensated absences		7,363,055	5,425,090
Provision for doubtful debts		-	462,439
Finance cost	27	150,398,905	101,390,535
Loss on disposal of property, plant and equipment	26	18,848,135	4,838,453
Operating cash flows before changes in working capital		686,603,341	378,059,956
Decrease / (increase) in current assets			
Stores, spares and loose tools		(19,610,817)	(289,231)
Stock-in-trade		25,028,369	(257,253,063)
Trade debts		(369,032,496)	(96,829,238)
Loans and advances		(35,206,531)	6,631,680
Trade deposits and short-term prepayments		431,247	20,309,385
Other receivables		(73,952,820)	(21,409,544)
Other financial assets		249,690,571	(254,508,363)
Sales tax refundable		(54,704,637)	(29,581,586)
Increase / (decrease) in current liabilities			
Trade and other payables		162,050,963	(122,263,048)
Cash generated from / (used in) operations		571,297,190	(377,133,052)
Finance cost paid		(139,329,798)	(97,499,849)
Income tax paid		(56,190,422)	(45,930,721)
Staff gratuity paid		(23,497,815)	(17,439,489)
Staff compensated absences paid		(7,247,325)	(6,903,616)
Net cash generated from / (used in) operating activities		345,031,830	(544,906,727)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(417,177,302)	(215,636,255)
Proceeds from disposal of property, plant and equipment		14,594,463	6,759,250
Purchase of intangible assets		(699,016)	(296,215)
Long term deposits		(442,500)	(150,000)
Net cash used in investing activities		(403,724,355)	(209,323,220)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018.....Rupees.....	2017
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance obtained		347,483,310	138,125,000
Repayment of long-term finance		(61,874,309)	(64,394,380)
Short-term borrowings (repaid) / proceed - net		(232,251,282)	13,339,139
Dividend paid		(24,995)	-
Net cash generated from financing activities		53,332,724	87,069,759
Net decrease in cash and cash equivalents (A+B+C)		(5,359,801)	(667,160,188)
Cash and cash equivalents at beginning of the year		(1,053,071,474)	(385,911,286)
Cash and cash equivalents at end of the year	31	(1,058,431,275)	(1,053,071,474)

The annexed notes from 1 to 42 form an integral part of these financial statements.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER



ANWAR AHMED TATA
CHAIRMAN / DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

Note	Issued, subscribed and paid up capital	Revenue reserves General reserve	Unappropriated profit	Capital reserves Revaluation surplus	Total
	Rupees.....				
Balance at July 01, 2016	173,247,500	1,000,000,000	287,262,597	-	1,460,510,097
Impact of re-statement - note 4	-	-	-	1,357,455,591	1,357,455,591
Balance at July 01, 2016 re-stated	173,247,500	1,000,000,000	287,262,597	1,357,455,591	2,817,965,688
Total comprehensive income for the year					
Profit for the year	-	-	42,368,798	-	42,368,798
Gain on remeasurement of defined benefit plan	-	-	884,952	-	884,952
Less: deferred tax thereon	-	-	(79,469)	-	(79,469)
	-	-	805,483	-	805,483
Adjustment of surplus on revaluation of property plant and equipment due to change in tax rate				(50,851,732)	(50,851,732)
Other comprehensive income - net of tax	-	-	43,174,281	(50,851,732)	(7,677,451)
Transferred from surplus on revaluation of property, plant and equipment on account of:					
- incremental depreciation	-	-	62,883,055	(62,883,055)	-
- disposal of property, plant and equipment	-	-	6,925,905	(6,925,905)	-
	-	-	69,808,960	(69,808,960)	-
Balance at June 30, 2017 re-stated	173,247,500	1,000,000,000	400,245,838	1,236,794,899	2,810,288,237
Total comprehensive income for the year					
Profit for the year	-	-	246,103,513	-	246,103,513
Surplus on revaluation of land, buildings, electric installations and plant and machinery	-	-	-	762,503,311	762,503,311
Less: deferred tax thereon	-	-	-	(65,503,415)	(65,503,415)
	-	-	-	696,999,896	696,999,896
Gain on remeasurement of defined benefit plan	-	-	619,205	-	619,205
Less: deferred tax thereon	-	-	(64,707)	-	(64,707)
	-	-	554,498	-	554,498
Adjustment of surplus on revaluation of property plant and equipment due to change in tax rate	-	-	-	(16,482,029)	(16,482,029)
Other comprehensive income - net of tax	-	-	246,658,011	680,517,867	927,175,878
Transferred from surplus on revaluation of property, plant and equipment on account of:					
- incremental depreciation	-	-	55,875,398	(55,875,398)	-
- disposal of property, plant and equipment	-	-	20,391,050	(20,391,050)	-
15	-	-	76,266,448	(76,266,448)	-
Balance at June 30, 2018	173,247,500	1,000,000,000	723,170,297	1,841,046,318	3,737,464,115

The annexed notes from 1 to 42 form an integral part of these financial statements.


SHAHID ANWAR TATA
CHIEF EXECUTIVE


HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER


ANWAR AHMED TATA
CHAIRMAN / DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

Tata Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan on April 15, 1987 under the Companies Ordinance, 1984 (repealed) (now The 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 District Muzaffargarh, in the province of Punjab.

1.1 Significant transactions and events affecting the company's financial position and performance

- The Company has carried out a revaluation exercise of its leasehold land, buildings on leasehold land and plant and machinery. For details information please refer note 15.
- Devaluation of Pak Rupee with USD affecting the export sales which results in exchange gain.
- Applicability of the Companies Act, 2017 amounts reported for the previous period are restated. For detailed information please refer note 2.5 and note 4.

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:

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

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

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

2.5 New accounting standard / amendments and IFRS interpretation that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

a) Standards / Amendments / Interpretation	Effective date (accounting periods beginning on or after)
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017

Certain annual improvements have also been made to a number of IFRSs.

Changes in local laws

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of fixed assets as more fully explained in note 4, change in nomenclature of primary statements etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

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

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

Standards or Amendments

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions

Effective date (accounting periods beginning on or after)

January 01, 2018

Standards or Amendments

IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.

Effective date (accounting periods beginning on or after)

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018

IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

July 01, 2018

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities

January 01, 2019

IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.

July 01, 2018

IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.

January 01, 2019

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

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property

January 01, 2018. Earlier application is permitted.

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. Earlier application is permitted.

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.

2.6 IFRS 9 'Financial Instruments' Impact Assessment

2.6.1 IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 01, 2018.

Key requirements of IFRS 9 are as follows;

Classification and measurement of financial assets

- All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value.
- Debt investments that are held within a business model whose objective is to collect the contractual cash flows, that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.
- Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at fair value through other comprehensive income "FVTOCI".
- All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.
- In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

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

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above provision requirements in relation to debt securities for mutual funds.

2.6.2 Impact assessment

Based on the analysis of Fund's financial assets and liabilities as at June 30, 2018 considering facts and circumstances that exists at that date, the Management Company have assessed the impact of IFRS 9 to the Fund's financial statements as follows;

Financial assets classified as loans and receivables are held with a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. These financial assets will qualify to be classified and measured at "Amortised cost" upon application of IFRS 9.

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

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

Depreciation is charged to income applying the reducing balance method at the rates specified in note 5. Depreciation on all additions in fixed assets is charged from the month in which the asset is available for use and on disposals upto the month preceding the month of disposal.

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

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

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

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 is transferred directly to unappropriated profits.

Capital work-in-progress

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

3.2 Intangible assets

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

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

Intangible assets with a definite useful life are amortised on a straight line basis over its useful life. Amortization on all additions in intangible assets is charged from the month in which the asset is available for use and on disposals upto the month of disposal. Amortization charge is recognised in the profit and loss account. The rates of amortization are disclosed in note 6.

3.3 Stores, spares and loose tools

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

3.4 Stock-in-trade

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

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

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

Waste stock is valued and recorded at net realizable value.

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

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

3.5 Trade debts and other receivables

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

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

3.6 Cash and cash equivalents

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

3.7 Financial instruments

Financial assets

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

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

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term 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-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or the management intends to dispose of the investments within twelve months from the reporting date.

(iv) Held to maturity

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

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

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

Financial liabilities

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

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

3.8 Derivatives

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

3.9 Impairment

Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial

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

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

Non-financial assets

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

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

3.10 Offsetting of financial assets and financial liabilities

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

3.11 Foreign currency transactions and translation

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

3.12 Share capital

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

3.13 Dividend distribution

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

3.14 Surplus on revaluation of fixed assets

Increases in the carrying amounts arising on revaluation of land and buildings 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. The above policy has changed as a result of adoption of Companies' Act, 2017 and its impact is discussed in detail in Note 4.

3.15 Staff retirement benefits

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

Defined benefit plan - Workmen

The Company operates a gratuity scheme for all its employees under workmen category who have completed the minimum qualifying period of service as defined under the respective scheme. Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and charged to profit and loss and other comprehensive income. All actuarial gains and losses are recognised in 'other comprehensive income' as they occur. The most recent valuation was carried out as at June 30, 2016 using 'Projected Unit Credit Method'. The amount recognized in the balance sheet represents the present value of defined benefit obligation.

Defined benefit plan - Non workmen

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

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned. Under the policy, leaves of 10 and 14 days for non-workmen and workmen category respectively can be accumulated and carried forward.

3.16 Ijarah contracts

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

3.17 Borrowing cost

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

3.18 Provisions

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

3.19 Trade and other payables

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

3.20 Borrowings

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

3.21 Taxation

Current

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

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. After considering, the effects on deferred taxation on 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 carried forward unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

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

3.22 Revenue recognition

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

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

3.23 Earnings per share

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

3.24 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker (CODM). The Company considers Chief Executive as its CODM who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 39 to these financial statements.

4 CHANGES IN ACCOUNTING POLICY

Section 235 of the repealed Companies Ordinance, 1984 relating to accounting treatment and presentation of the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Consequently, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would be presented under equity.

As a result of this change, the treatment of surplus on revaluation would be as follows:

- Increases in the carrying amounts arising on revaluation of land and buildings to be 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 would first be recognised in profit or loss. Decreases that reverse previous increases of the same asset would first be recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases would be 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, would be reclassified from the revaluation surplus on land and building to retained earnings.

Surplus on revaluation would now form a part of reserves and the change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	As at June 30, 2017			As at June 30, 2016		
	As previously reported	As re-stated	Re - statement	As previously reported	As re-stated	Re - statement
.....Rupees.....						
Effect on statement of financial position						
Surplus on revaluation of fixed assets	1,236,794,899	-	(1,236,794,899)	1,357,455,591	-	(1,357,455,591)
Share capital and reserves	-	1,236,794,899	1,236,794,899	-	1,357,455,591	1,357,455,591
Effect on statement of changes in equity						
Capital reserve	-	1,236,794,899	1,236,794,899	-	1,357,455,591	1,357,455,591

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets
Capital work in progress

2017
.....Rupees.....

2018
.....Rupees.....

2,895,594,113
49,866,459
3,920,329,534

14,969,175
2,945,460,572
3,935,298,709

5.1
5.8

5.1 Operating assets

Particulars	Cost/ revalued amount at July 01, 2017	Additions during the year	Disposals during the year	Adjustment for accumulated depreciation on revaluation	Revaluation surplus during the year	Cos/ revalued amount at June 30, 2018	Accumulated depreciation at July 01, 2017	Depreciation for the year	Depreciation on disposals	Adjustment for accumulated depreciation on revaluation	Accumulated depreciation at June 30, 2018	Written down value at June 30, 2018	Rate
Owned													%
Freehold land	181,723,625	-	-	-	135,676,375	317,400,000	-	-	-	-	-	317,400,000	-
Buildings on freehold land	605,588,900	100,511,535	(12,875,345)	(72,515,346)	59,160,870	679,870,614	43,609,597	30,103,155	(1,197,406)	(75,515,346)	-	679,870,614	5
Plant and machinery	2,146,075,151	339,283,503	(22,409,816)	(252,125,200)	544,682,035	2,755,505,673	147,757,869	106,070,495	(1,703,164)	(252,125,200)	-	2,755,505,673	5-10
Factory and workshop equipment	16,853,537	120,000	(475,116)	-	-	16,498,421	8,842,593	800,556	(417,723)	-	9,225,426	7,272,995	10
Electric installations	63,557,109	680,000	-	(14,570,678)	21,784,031	71,450,462	9,108,852	5,461,826	-	(14,570,678)	-	71,450,462	10
Lease hold improvements	26,089,214	-	-	-	-	26,089,214	12,613,528	1,347,569	-	-	13,961,097	12,128,117	10
Furniture and fixtures	23,493,479	4,038,930	-	-	-	27,532,409	10,602,931	1,503,202	-	-	12,106,133	15,426,276	10
Office equipment	43,292,712	5,010,170	(897,600)	-	-	47,905,282	21,797,024	6,028,719	(372,408)	-	27,463,335	20,451,947	5-30
Vehicles	44,029,501	2,430,456	(2,330,005)	-	-	44,129,952	25,475,262	3,849,436	(1,354,582)	-	27,970,116	16,159,836	20
	3,150,703,228	452,074,594	(38,487,882)	(339,211,224)	761,303,311	3,986,382,027	279,807,656	155,164,958	(5,045,283)	(339,211,224)	90,716,107	3,895,665,920	
Under Diminishing Musharika Arrangement													
Plant and machinery	26,665,089	-	-	(3,201,475)	1,200,000	24,663,614	1,986,548	1,234,927	-	(3,201,475)	-	24,663,614	5
	3,177,368,317	452,074,594	(38,487,882)	(342,412,699)	762,503,311	4,011,045,641	281,774,204	156,399,885	(5,045,283)	(342,412,699)	90,716,107	3,920,329,534	

5.2 Freehold lands are located at Muzaffargarh with an area of 138.98 acres.

FOR COMPARATIVE PERIOD

Particulars	Cost/ revalued amount at July 01, 2016	Additions during the year	Disposals during the year	Adjustment for accumulated depreciation on revaluation	Revaluation surplus during the year	Cos/ revalued amount at June 30, 2017	Accumulated depreciation at July 01, 2016	Depreciation for the year	Depreciation on disposals	Adjustment for accumulated depreciation on revaluation	Accumulated depreciation at June 30, 2017	Written down value at June 30, 2017	Rate
Owned													%
Freehold land	179,732,500	1,991,125	-	-	-	181,723,625	-	-	-	-	-	181,723,625	-
Buildings on freehold land	580,308,974	25,279,926	-	-	-	605,588,900	14,497,085	29,112,512	-	-	43,609,597	561,978,303	5
Plant and machinery	1,986,398,132	171,012,019	(11,335,000)	-	-	2,146,075,151	49,481,794	98,944,134	(668,067)	-	147,757,869	1,998,317,282	5-10
Factory and workshop equipment	14,110,894	2,742,643	-	-	-	16,853,537	8,040,056	802,537	-	-	8,842,593	8,010,944	10
Electric installations	62,221,386	1,335,723	-	-	-	63,557,109	3,092,226	6,016,626	-	-	9,108,852	54,448,257	10
Lease hold improvements	26,089,214	-	-	-	-	26,089,214	11,116,230	1,487,298	-	-	12,613,528	13,475,686	10
Furniture and fixtures	22,553,782	939,697	-	-	-	23,493,479	9,228,374	1,374,557	-	-	10,602,931	12,890,548	10
Office equipment	27,555,806	15,736,906	-	-	-	43,292,712	15,883,063	5,913,961	-	-	21,797,024	21,485,688	5-30
Vehicles	37,376,092	9,457,800	(2,804,391)	-	-	44,029,501	22,591,545	4,757,346	(1,873,631)	-	25,475,262	18,554,239	20
	2,936,346,780	228,495,839	(14,139,391)	-	-	3,150,703,228	133,930,373	148,419,971	(2,541,688)	-	279,807,656	2,870,895,372	
Under Diminishing Musharika Arrangement													
Plant and machinery	26,665,089	-	-	-	-	26,665,089	666,627	1,299,921	-	-	1,966,548	24,698,541	5
	2,963,011,869	228,495,839	(14,139,391)	-	-	3,177,368,317	134,597,000	149,718,892	(2,541,688)	-	281,774,204	2,895,594,113	

	Note	2018.....Rupees.....	2017
5.4 Depreciation for the year has been allocated as under:			
Cost of goods manufactured	23.1	149,790,838	142,105,418
Administrative expenses	25	6,609,039	7,613,474
		156,399,877	149,718,892

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

	June 30, 2018			June 30, 2017		
	Cost	Accumulated depreciation	Written down value	Cost	Accumulated depreciation	Written down value
.....Rupees.....						
Freehold land	41,735,490	-	41,735,490	41,735,489	-	41,735,489
Buildings on freehold land	405,249,597	165,650,388	239,599,209	307,652,213	155,999,844	151,652,369
Plant and machinery	2,603,504,538	1,078,690,928	1,524,813,610	2,291,756,135	1,029,383,724	1,262,372,411
Electric installations	60,961,474	41,937,319	19,024,155	60,281,474	39,880,191	20,401,283
	3,111,451,099	1,286,278,635	1,825,172,464	2,701,425,311	1,225,263,759	1,476,161,552

Revaluation of freehold land, buildings on freehold land and plant and machinery was carried out on September 30, 2003, June 30, 2008, June 30, 2012 December 31, 2015 and June 30, 2018. All the revaluations were conducted by the independent professional valuer M/s. Iqbal A. Nanjee & Co. on the basis of market value or depreciated replacement values as applicable. Revaluation surplus has been credited to equity account to comply with the requirements of International Accounting Standards 16 "Property, Plant and Equipment".

5.6 Force sale values of freehold land, buildings on freehold land and plant and machinery is Rs. 253.92 million, 543.90 million and 2,280.63 million respectively.

5.7 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) 10-KM M.M. Road, Khanpur, Baggasher, Muzaffargarh	Manufacturing facility	138.975	6,053,751

	2018.....Rupees.....	2017
5.8 Capital work in progress		
Civil works	2,969,390	48,006,688
Machinery and electric installations	11,999,785	1,859,771
	14,969,175	49,866,459

6 INTANGIBLE ASSETS

	Cost		Amortization		Book value as at June 30, 2018	Rate of Amortization		
	As at July 01, 2017	Additions	As at June 30, 2018	As at July 01, 2017			Charge for the year	As at June 30, 2018
..... Rupees								
License fee	1,009,343	699,016	1,708,359	676,025	116,203	792,228	916,131	20
ERP software	8,089,475	-	8,089,475	7,950,996	50,895	8,001,891	87,584	20
	9,098,818	699,016	9,797,834	8,627,021	167,098	8,794,119	1,003,715	

For comparative period

	Cost		Amortization		Book value as at June 30, 2017	Rate of Amortization		
	As at July 01, 2016	Additions	As at June 30, 2017	As at July 01, 2016			Charge for the year	As at June 30, 2017
..... Rupees								
License fee	713,128	296,215	1,009,343	513,652	162,373	676,025	333,318	20
ERP software	8,089,475	-	8,089,475	6,333,101	1,617,895	7,950,996	138,479	20
	8,802,603	296,215	9,098,818	6,846,753	1,780,268	8,627,021	471,797	

7 STORES, SPARES AND LOOSE TOOLS

Stores and spares
Loose tools

	2018	2017
	.....Rupees.....	
	70,409,653	50,816,264
	23,812	6,384
	70,433,465	50,822,648

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

8 STOCK-IN-TRADE

Raw material
Work-in-process
Finished goods
Waste stock

	Note	2018	2017
		.....Rupees.....	
	8.1	861,045,325	791,265,059
		47,895,397	51,824,025
	8.2	118,406,584	227,505,538
		62,526,219	44,307,272
		1,089,873,525	1,114,901,894

8.1 Raw material includes stock in transit amounting to Rs. 115.02 million (2017: Rs 104.16 million)

8.2 The above balances are net of provision for write-down of inventories to their net realizable values aggregating to Rs. 0.93 million (2017: Rs. 7.35 million)

9 TRADE DEBTS

Considered good

Export - secured
Local - unsecured

Considered doubtful

Local - unsecured
Less: provision for doubtful debts

	Note	2018	2017
		.....Rupees.....	
	9.1	461,993,435	35,253,086
	9.2 & 9.3	315,989,472	373,697,325
		682,443	682,443
	9.5	(682,443)	(682,443)
		777,982,907	408,950,411

- 9.1 These are secured against letters of credit in favor of the Company.
- 9.2 Trade debts are non-interest bearing and are generally on 7 to 90 days credit term.
- 9.3 Trade debts local includes Rs. 28.39 million receivable from Island Textile Mills Limited (related party) against sale of raw cotton at year end which is also the aggregate maximum amount that is outstanding in any of the month end.
- 9.4 As at June 30, 2018, local trade debts aggregating Rs. 280.42 million (2017: Rs. 369.63 million) were past due for which the Company has made a provision of Rs. 0.68 million (2017: Rs. 0.68 million). The ageing of these past due trade debts is as follows:

	Note	2018.....Rupees.....	2017
Ageing of past due but not impaired			
1-30 days		249,768,166	338,907,497
31-90 days		30,350,159	30,629,442
91 days and above		305,063	93,884
		280,423,388	369,630,823

- 9.5 The movement in provision during the year is as follows:

	Note	2018.....Rupees.....	2017
Balance at the beginning of the year		682,443	220,004
Provision for the year		-	462,439
Balance at the end of the year		682,443	682,443

- 9.6 Following are the details of debtors in relation to export sales:

Jurisdiction	Category		
Asia	Letter of credit	454,557,849	23,935,586
Europe	Letter of credit	7,435,586	-
Middle east	Letter of credit	-	11,317,500

10 LOANS AND ADVANCES

Considered good

	Note	2018	2017
Due from employees	10.1	8,361,477	12,223,657
Advance to creditors		66,041,205	7,181,903
Advance for expenses		95,666	241,261
Advance income tax		187,420,592	164,330,065
Advance against letters of credit		9,099,320	25,096,501
Advance ijarah rental		8,588,152	12,235,967
		279,606,412	221,309,354

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

11 OTHER RECEIVABLE

	Note	2018.....Rupees.....	2017
Rebate on export sales		95,414,337	21,465,513
Others		309,599	305,603
		95,723,936	21,771,116

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12 OTHER FINANCIAL ASSETS

Held-to-maturity

Term Deposit Receipts	12.1	19,670,177	269,360,748
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12.1 These represent term deposit receipts held at Soneri Bank for a period of four months with a markup rate of 5.75% per annum (2017: 5.25% to 5.5%).

13 CASH AND BANK BALANCES

	Note	2018.....Rupees.....	2017
Cash at bank			
In current accounts		10,309,046	37,519,427
In savings accounts	13.1	101,541,364	49,756,283
		111,850,410	87,275,710
Cash in hand		1,548,253	1,045,984
		113,398,663	88,321,694

13.1 These carry markup rates ranging from 3.75% to 4.5% (2017: 3.75% to 4.5%) per annum.

14 SHARE CAPITAL

2018	2017		2018	2017
Number of shares			.....Rupees.....	
20,000,000	20,000,000	Authorised	200,000,000	200,000,000
		Ordinary shares of Rs. 10 each		
		Issued, subscribed and paid-up capital		
		Ordinary shares of Rs. 10 each:		
13,100,000	13,100,000	- issued for cash	131,000,000	131,000,000
4,224,750	4,224,750	- issued as bonus shares	42,247,500	42,247,500
17,324,750	17,324,750		173,247,500	173,247,500

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

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

	2018	2017
	Number of ordinary shares of Rs. 10 each	
Island Textile Mills Limited	434,789	434,789

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

15 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book value resulting from the revaluation of freehold land, buildings on freehold land, plant and machinery and electric installations. (refer note 5.3).

	Note	2018.....Rupees.....	2017
Balance at July 01		1,345,006,455	1,418,303,398
Revaluation surplus during the year		762,503,311	-
Transferred to unappropriated profit on account of			
- incremental depreciation		(55,875,398)	(62,883,055)
- disposal of property, plant and equipment		(20,391,050)	(6,925,905)
Related deferred tax liability		(7,524,420)	(3,487,983)
		(83,790,868)	(73,296,943)
Balance at June 30		2,023,718,898	1,345,006,455

Less: Related deferred tax liability	Note	2018.....Rupees.....	2017
Balance at July 01		108,211,556	60,847,807
Effect of revaluation carried out during the year		65,503,415	-
Adjustment due to change in rate on			
- income subject to final tax regime	15.1	16,482,029	50,851,732
Transferred to profit and loss on account of:			
- incremental depreciation - net of deferred tax		(5,144,897)	(2,804,675)
- disposal - net of deferred tax		(2,379,523)	(683,308)
Balance at June 30		<u>(182,672,580)</u>	<u>(108,211,556)</u>
		<u>1,841,046,318</u>	<u>1,236,794,899</u>

- 15.1** This represents effect on opening deferred tax liability due to revision of deferred tax rate from 8.98% to 10.45% (2017: 4.76% to 8.98%) in order to incorporate the affect of change in proportion of export sales to local sales which falls under Final Tax Regime (FTR).

16 LONG-TERM FINANCE

From banking companies - secured

	Note	2018.....Rupees.....	2017
Demand finances	16.1	33,067,344	66,134,689
Term finances	16.2	157,848,138	75,203,039
SBP - LTFF	16.3	380,481,823	138,125,000
Diminishing musharika	16.4	11,069,756	17,395,332
		<u>582,467,061</u>	<u>296,858,060</u>

Less: Current portion shown under current liabilities

Demand finances	(33,067,344)	(33,067,344)
Term finances	(37,502,468)	(22,481,388)
SBP - LTFF	(41,471,603)	-
Diminishing musharika	(6,325,576)	(6,325,576)
	<u>(118,366,991)</u>	<u>(61,874,308)</u>
	<u>464,100,070</u>	<u>234,983,752</u>

- 16.1** The facilities are secured against first pari passu charge over land, building, plant and machinery of the Company, specific charge over new machinery. These facilities are subject to mark-up rate of 3 months' KIBOR plus 1.5% per annum (2017: 3 months' KIBOR plus 1.5%) in 20 quarterly payments upto June 2019.
- 16.2** The finances are secured against first pari passu charge on all present and future fixed assets including land, building, plant and machinery and charge on specific machinery. These facilities are subject to markup at the rate 3 and 6 months' average KIBOR plus 1% and 1.75% per annum (2017: 3 and 6 months' average KIBOR plus 1% and 1.25%). These are repayable in equal half yearly installments upto October 2024.
- 16.3** The finances are secured against first pari passu charge on all present and future plant & machineries, land and building as well as charge on specific machineries. These facilities are subject to markup at SBP rate plus bank spread i.e. (2% + 1.5% to 1.75%) per annum ((2017: 2% + 1.5%) per annum). These are repayable in 32 equal quarterly installments.
- 16.4** The facility is obtained to finance the import of machineries which is subject to profit chargeable at the rate of three months KIBOR + 1.25% per annum. The facility is secured against first exclusive hypothecation charge over musharika assets up to their respective values and 25% security margin over and above of facility limit is being covered through first pari passu hypothecation charge over plant and machinery of the Company. This loan is repayable in 16 quarterly installments ending on February 26, 2020.

	Note	2018.....Rupees.....	2017
17 DEFERRED LIABILITIES			
Staff gratuity	17.1	115,541,228	107,665,169
Compensated absences		1,678,792	1,563,061
Deferred taxation	17.2	248,643,137	125,851,646
		365,863,157	235,079,876
17.1 Staff gratuity			
Defined benefit plan			
Workmen	17.1.1	58,030,214	48,700,929
Non-workmen	17.1.13	57,511,014	58,964,240
		115,541,228	107,665,169
17.1.1 Workmen - Defined benefit scheme			
The details of the workmen - defined benefit plan obligation based on actuarial valuations carried out by independent actuary as at June 30, 2018 under the Projected Unit Credit Method, are as follows:			
Net liability in the balance sheet			
Present value of defined benefit obligation		58,030,214	48,700,929
17.1.2 Expense recognised in the profit and loss account			
Current service cost		15,363,849	15,359,250
Interest cost		3,961,141	3,842,062
		19,324,990	19,201,312
17.1.3 Remeasurement (gain) recognised in other comprehensive income			
Actuarial losses on defined benefit obligation - Experience adjustments		(619,205)	(884,952)
		(619,205)	(884,952)
17.1.4 Movement in defined benefit obligation			
Opening defined benefit obligation		48,700,929	42,797,569
Current service cost		15,363,849	15,359,250
Interest cost		3,961,141	3,842,062
Actuarial (gain)		(619,205)	(884,952)
Benefits paid during the year		(9,376,500)	(12,413,000)
Closing defined benefit obligation		58,030,214	48,700,929
17.1.5 Movement in net liability in the balance sheet			
Opening balance of net liability as at July 01		48,700,929	42,797,569
Add: Charge for the year		19,324,990	19,201,312
Remeasurement (gain) recognised in other comprehensive income		(619,205)	(884,952)
Less: Payment made during the year		(9,376,500)	(12,413,000)
Closing balance of net liability as at June 30		58,030,214	48,700,929

17.1.6 The principal assumptions used in the valuation of gratuity (Workmen - Defined benefit scheme)

Discount rate (% per annum)
Expected rate of salary increase (% per annum)
Mortality rate

Expected withdrawal rate for actuarial assumptions

2018
.....Rupees.....

2017

11.25	9.00
11.25	9.00
Adjusted SLIC 2001-05 Moderate	Adjusted SLIC 2001-05 Moderate

17.1.7 Sensitivity analysis

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

		Impact on obligation	
		Increase in assumption	Decrease in assumption
		.....Rupees.....	
Discount rate	1%	(8,540,495)	10,679,538
Expected rate of salary increase	1%	11,186,944	(9,051,026)
Withdrawal limited	10%	-	-
Mortality rate	1 year	-	-

For comparative period

		Impact on obligation	
		Increase in assumption	Decrease in assumption
		.....Rupees.....	
Discount rate	1%	(7,471,285)	9,194,946
Expected rate of salary increase	1%	9,629,564	(7,908,855)
Withdrawal limited	10%	579,541	(589,281)
Mortality rate	1 year	97,402	(95,900)

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.

17.1.8 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.

17.1.9 Expected contribution to the scheme for the year ending June 30, 2019 is Rs. 24,204,584.

17.1.10 The weighted average duration of the defined benefit obligation is year 16.97 years (2017: 16.89 years).

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

	Undiscounted payments	
	2018	2017
	.....Rupees.....	
Less than a year	3,671,478	3,334,513
Between 1-2 years	5,037,807	4,511,633
Between 2-3 years	6,777,519	5,384,236
Between 3-4 years	6,789,424	6,091,258
Between 4-5 years	7,533,229	6,658,424
Between 6-10 years	47,263,263	37,471,914
11 years and above	599,569,658	126,875,162

17.1.12 There are no plan assets against defined benefit obligation.

	2018	2017
	.....Rupees.....	
17.1.13 Non workmen - Defined benefit scheme		
Opening balance	58,964,240	52,446,165
Charge for the year	12,668,089	11,544,563
Payment during the year	(14,121,315)	(5,026,488)
Closing balance	57,511,014	58,964,240

17.2 Deferred taxation

Balance At July 01, 2017	Deferred tax recognised in		Balance At June 30, 2018
	Profit and loss account	Other comprehensive income	
..... Rupees			
Movement for the year ended June 30, 2018			
Deferred tax liabilities on taxable temporary differences arising in respect of :			
- Property, plant and equipment	70,184,006	28,262,203	98,446,209
- Surplus on revaluation of property, plant and equipment	108,211,556	(7,524,420)	182,672,580
	178,395,562	20,737,783	281,118,789
Deferred tax assets on deductible temporary differences arising in respect of :			
- Staff gratuity	(9,668,332)	(2,470,433)	(12,074,058)
- Provision of doubtful debts	(61,283)	(10,032)	(71,315)
- Intangible assets	-	(309,507)	(309,507)
- Unused tax losses	(42,814,300)	22,793,528	(20,020,772)
	125,851,647	40,741,339	248,643,137

Balance At July 01, 2016	Deferred tax recognised in		Balance At June 30, 2017
	Retained earnings	Other comprehensive income	
..... Rupees			

Movement for the year ended June 30, 2017

Deferred tax liabilities on taxable temporary differences arising in respect of :

- Property, plant and equipment	27,950,355	42,233,651	70,184,006
- Surplus on revaluation of property, plant and equipment	60,847,807	(3,487,983)	108,211,556
	88,798,162	38,745,668	178,395,562

	Deferred tax recognised in			Balance At June 30, 2017
	Balance At July 01, 2016	Retained earnings	Other comprehensive income	
Deferred tax assets on deductible temporary differences arising in respect of :	..... Rupees			
- Staff gratuity	(4,533,602)	(5,214,199)	79,469	(9,668,332)
- Provision of doubtful debts	-	(61,283)	-	(61,283)
- Unused tax losses	(17,248,224)	(25,566,076)	-	(42,814,300)
	67,016,336	7,904,110	50,931,201	125,851,647

18 TRADE AND OTHER PAYABLES

	Note	2018.....Rupees.....	2017
Creditors	18.1	38,452,341	40,736,250
Accrued liabilities	18.2	207,745,657	175,885,276
Foreign bills payable		114,139,044	-
Retention money		5,168,632	1,426,421
Withholding income tax		994,340	2,420,079
Workers' profit participation fund	18.3	17,980,426	2,154,924
Workers' welfare fund	18.4	4,351,033	3,106,086
Other liabilities		21,054	1,072,528
		388,852,527	226,801,564

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

18.2 This includes Rs. 78.28 million (2017: 69.72 million) provision for Sindh Development and Infrastructure Cess which was levied by the Excise and Tax Department of Government of Sindh on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. The levy was challenged by the Company along with other companies in Sindh High Court (SHC). SHC through its interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. The management is confident for a favorable outcome, however, as a matter of prudence Company has paid Rs. 78.28 million upto June 30, 2018 (50%) of the value of infrastructure cess in cash and recorded liability for the remaining amount which is supported by a bank guarantee.

	Note	2018.....Rupees.....	2017
18.3 Workers' Profits Participation Fund			
Opening balance		2,154,924	-
Add: Allocation for the year	26	17,980,426	2,154,924
Interest on funds utilized in the Company's business (note 27)	18.3.1	100,824	-
		20,236,174	2,154,924
Less: Payments made to the fund during the year		(2,255,748)	-
Closing balance		17,980,426	2,154,924

18.3.1 Interest on funds utilized is charged @ 8.25% (2017: Nil%) per annum.

18.4 During the previous year, Supreme Court of Pakistan has passed an order dated November 10, 2016 that the Workers' Welfare Fund (WWF) is a fee, not a tax. Hence, the amendments made through Finance Act, 2006 and 2008 have been declared invalid in the said order. Therefore, the management believe that in the light of the aforementioned judgment, all cases pertaining to WWF, pending for adjudication would be decided in the favour of the company and therefore management has reversed expense recognised in prior periods. The current year liability represents the provision against workers welfare fund as per Sindh Workers Welfare Fund Act, 2014.

	Note	2018.....Rupees.....	2017
19 INTEREST / MARK-UP ACCRUED ON BORROWINGS			
Long-term finances		4,945,346	2,800,516
Short-term borrowings		22,496,740	13,572,463
		27,442,086	16,372,979
20 SHORT-TERM BORROWINGS			
From banking companies - secured			
Running / cash finances	20.1	1,171,829,938	1,141,393,168
Finance against import / export	20.2	190,127,542	422,378,824
	20.3	1,361,957,480	1,563,771,992

20.1 These are subject to mark-up at the rate of one to three months' KIBOR plus spread ranging between 0.5% and 0.8% (2017: one to six months KIBOR plus spread ranging between 0.3% and 1.25%) per annum. These facilities are secured against pledge of stock and pari passu charge over stocks and receivables.

20.2 These facilities are subject to mark-up at the rate of six months' KIBOR plus spread ranging between 0.5% to 1%. (2017: mark-up at floating rate (inclusive of KIBOR) ranging from 6.62% to 6.87% and fixed rate of 2% inclusive of LIBOR) per annum. These arrangements are secured against pledge of stocks of the Company

20.3 Total facilities available from various commercial banks amounts to Rs. 4,495 million (2017: Rs. 5,070 million) from which the aggregate unavailed short-term borrowings facilities are of Rs. 3,133 million (2017: Rs. 3,506 million).

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

Sui Northern Gas Pipeline Limited (SNGPL) applied tariff for Captive Consumers in their billing to the Company, while the Company claims to be an Industrial Consumer. The Company challenged the applicability of tariff before the Lahore High Court, Multan Bench. The Company has issued a Security Bond for tariff differential amount of Rs. 7.892 million as required by the Court. Management is confident of favourable outcome and, therefore no provision has been made.

Management is confident of favourable outcome and, therefore no provision has been made.

21.2 Commitments

	Note	2018.....Rupees.....	2017
(i) Civil works		14,855,328	-
(ii) Letters of credit			
- plant and machinery		30,359,687	718,477,642
- stores and spares		12,357,210	18,769,240
- raw material		9,410,746	273,426,365
(iii) Bank guarantees issued on behalf of the Company	21.2.1	178,627,690	171,018,261
(iv) Bills discounted			
- Export		264,633,680	312,164,993
- Local		29,053,000	34,007,000
		293,686,680	346,171,993
(v) Rentals under ijarah finance agreements			
- not later than one year		48,345,851	57,126,165
- later than one year and not later than 5 years		103,943,430	152,087,188
- later than 5 years		-	-
	21.2.2	152,289,281	209,213,353
(vi) Outstanding sales contract		194,587,713	-

- 21.2.1** This includes bank guarantee related to Sindh Development Infrastructure Cess amounting to Rs. 58.70 million (2017: Rs. 51.40 million). Refer note 18.2.
- 21.2.2** Represents four ijarah agreements entered into with an Islamic Bank in respect of machineries. Total future ijarah payments under agreements are Rs. 152.29 million (2017: Rs. 209.21 million) and are payable in quarterly installments latest by June, 2022. These commitments are secured against the exclusive ownership of machineries and third ranking charge against property, plant and equipment with 25% margin.

	Note	2018.....Rupees.....	2017
22 SALES - NET			
Export			
-Yarn		2,250,227,619	1,083,923,718
-Yarn (indirect export)		1,796,775,695	1,460,983,087
-Waste		78,109,114	43,283,850
		4,125,112,428	2,588,190,655
Local			
-Yarn		1,442,102,876	2,053,807,586
-Raw material		48,757,338	41,472,247
-Waste		450,137,049	356,522,307
		1,940,997,263	2,451,802,140
Less: Sales tax		(24,553,984)	(25,558,755)
		6,041,555,707	5,014,434,040
23 COST OF GOODS SOLD			
Cost of goods manufactured	23.1	5,268,181,542	4,611,974,681
Finished goods (including waste)			
Opening stock		271,812,810	301,423,117
Closing stock		(180,932,803)	(271,812,810)
		90,880,007	29,610,307
Cost of goods sold		5,359,061,549	4,641,584,988
Cost of raw material sold		47,970,670	32,412,866
		5,407,032,219	4,673,997,854
23.1 Cost of goods manufactured			
	Note	2018.....Rupees.....	2017
Raw material consumed	23.1.1	4,068,901,900	3,442,306,477
Stores and spares		84,671,004	100,927,046
Packing material		78,170,547	58,516,447
Power and fuel		457,869,144	473,728,733
Salaries, wages and benefits	23.2	340,629,972	315,212,292
Depreciation	5.4	149,790,838	142,105,418
Insurance		10,125,605	12,457,507
Repairs and maintenance		5,053,582	7,777,555
Ijarah rentals		60,575,290	60,533,231
Other overheads		8,465,032	8,645,030
		5,264,252,914	4,622,209,736
Work-in-process			
Opening stock		51,824,025	41,588,970
Closing stock	8	(47,895,397)	(51,824,025)
		3,928,628	(10,235,055)
		5,268,181,542	4,611,974,681

	2018	2017
Note	.....Rupees.....	
23.1.1 Raw material consumed		
Opening stock	791,265,059	514,636,744
Purchases - net	4,138,682,166	3,718,934,792
	4,929,947,225	4,233,571,536
Closing stock	8 (861,045,325)	(791,265,059)
	4,068,901,900	3,442,306,477

23.2 Salaries, wages and benefits include Rs. 26.64 million (2017: Rs. 25.68 million) in respect of staff retirement benefits.

	2018	2017
Note	.....Rupees.....	

24 DISTRIBUTION COST

Brokerage and commission		43,597,839	37,520,242
Staff salaries and benefits	24.1	6,166,667	10,860,973
Ocean freight		11,416,136	5,968,107
Inland freight on export		9,730,450	5,122,340
Inland freight on local sales		9,349,850	8,637,431
Bank charges and commission		8,365,238	7,042,581
Customers claims		158,025	779,085
Export development surcharge		5,420,511	2,930,585
Wharfage		3,888,755	2,526,480
Forwarding charges		694,307	499,836
Miscellaneous export expenses		395,071	349,560
Postage and telegram		1,051,320	1,673,170
Others		1,680,842	2,246,111
		101,915,011	86,156,501

24.1 Staff salaries and benefits include Rs. 0.43 million (2017: Rs. 0.85 million) in respect of staff retirement benefits.

	2018	2017
Note	.....Rupees.....	

25 ADMINISTRATIVE EXPENSES

Staff salaries and benefits	25.1 & 32	57,261,051	59,668,105
Director's remuneration		10,720,000	10,380,000
Travelling and conveyance		2,591,924	5,128,538
Donation	25.2.1	21,522,091	12,137,788
Vehicles running		4,002,943	3,416,933
Legal and professional		4,602,340	2,720,863
Rent, rates and taxes		4,314,184	2,863,027
Utilities		3,521,488	3,449,119
Fees and subscription		4,705,987	3,602,881
Printing and stationery		1,003,926	1,341,808
Postage and telephone		1,803,548	1,562,940
Depreciation	5.4	6,609,039	7,613,474
Amortization	6	167,097	1,780,268
Repairs and maintenance		2,931,501	4,640,973
Auditors' remuneration	25.3	840,800	1,329,000
Insurance		742,768	867,283
Provision for doubtful debts		-	462,439
Advertisement		198,259	178,400
Others		1,364,944	1,183,588
		128,903,890	124,327,427

25.1 Staff salaries and benefits include Rs. 4.93 million (2017: Rs. 4.21 million) in respect of staff retirement benefits.

25.2.1 Donation charged in these financial statements is paid to The Citizen Foundation Rs. 18.53 million (2017: 4.40 million), The Indus Hospital Rs. 2.2 (2017: 2.92 million), Islamia Hospital Chiniot Rs. 0.60 million (2017: 1.20 million) and The Aga Khan Hospital And Medical College Foundation Rs. Nil (2017: 3.4 million).

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

	2018	2017
	.....Rupees.....	
25.3 Auditors' remuneration		
Annual audit fee	650,000	650,000
Fee for review of :		
- Condensed interim financial information	80,000	75,000
- Code of Corporate Governance Certification	25,000	25,000
	85,800	579,000
	840,800	1,329,000
26 OTHER OPERATING EXPENSES		
Workers' Profit Participation Fund	17,980,426	2,154,924
Workers' Welfare Fund	1,244,947	-
Loss on disposal of property and equipment	18,848,135	4,838,453
Expenses of agriculture farm - net	1,324,308	2,732,690
Others	-	7,000
	39,397,816	9,733,067
27 FINANCE COST		
Interest / mark-up on :		
Long-term finances	21,705,935	17,399,002
Short-term borrowings	115,189,606	73,132,515
Workers' Profit Participation Fund	100,824	-
Letters of credits discounting charges	8,378,541	5,779,940
Bank guarantee commission	985,403	873,168
Bank charges	4,038,596	4,205,910
	150,398,905	101,390,535
28 OTHER INCOME		
Income from financial assets		
Profit on bank accounts and term deposit receipts	1,676,613	1,454,663
Foreign exchange gain - net	19,498,092	3,920,450
Others	-	106,700
Income from non-financial assets		
Rebate on export sales	86,233,881	21,465,513
Workers' Welfare Fund	-	37,922,422
Others	116,740	-
	107,525,326	64,869,748
29 TAXATION		
Current		
-for the year	34,432,615	32,944,173
-for prior year	155,725	481,323
Deferred	40,741,339	7,904,110
	75,329,679	41,329,606

18.3

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- 29.1** The numerical reconciliation between the tax expense and accounting profit has not been presented for the current year in these financial statements as the total income of the Company for the current year attracted minimum tax under Section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.
- 29.2** The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analysed as follows:

Year	Provision for taxation	Tax assessed	Excess / (short)
2017	32,944,173	33,077,746	(133,573)
2016	46,855,918	42,203,667	4,652,251
2015	42,953,635	36,583,884	6,369,751

30 EARNINGS PER SHARE - BASIC AND DILUTED

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

		2018	2017
Profit/(loss) for the year	Rupee	246,103,513	42,368,798
Weighted average number of ordinary shares outstanding during the year		17,324,750	17,324,750
Earnings per share	Rupee	14.21	2.45
Cash and bank balances	13	113,398,663	88,321,694
Running / cash finances	20.1	(1,171,829,938)	(1,141,393,168)
		(1,058,431,275)	(1,053,071,474)

31 CASH AND CASH EQUIVALENTS

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2018		2017	
	Chief Executive	Executives	Chief Executive	Executives
	Rupees			
Managerial remuneration	10,720,000	48,800,392	10,380,000	54,480,300
Bonus / Ex-gratia	865,000	3,452,373	-	-
Retirement benefits	-	4,278,022	-	5,084,250
Leave encashment	-	1,426,007	-	1,694,750
Utilities	1,246,536	-	1,125,731	-
	<u>12,831,536</u>	<u>57,956,794</u>	<u>11,505,731</u>	<u>61,259,300</u>
Number of persons	<u>1</u>	<u>21</u>	<u>1</u>	<u>19</u>

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

32.2 An amount of Rs. 0.34 million (2017: Rs 0.25 million) has been charged in these financial statements in respect of fee paid to Directors for attending Board meetings.

33 PLANT CAPACITY AND ACTUAL PRODUCTION

	2018	2017
Number of spindles installed	44,400	44,400
Number of spindles worked	44,400	44,400
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count-kgs	15,312,002	15,312,002
Actual production of yarn after conversion into 20/s count-kgs	16,362,283	15,922,293

34 NUMBER OF EMPLOYEES	Factory		Others	
	2018	2017	2018	2017
Average number of employees during the year	1,222	1,217	40	49
Number of employees as at June 30	1,203	1,139	37	49

35 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors, key management personnel and their relatives. The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted along with relationship and transactions with related parties, 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

Island Textile Mills Ltd.
Salfi Textile Mills Ltd.
Tata Energy Ltd.
Tata Best Foods Ltd.

Associated Companies due to shareholding

- Island Textile Mills Limited (note 14.2)

Relationship with the party	Nature of transactions	2018	2017
		.....Rupees.....	
Associated undertakings	Share of expenses paid	5,108,664	5,011,866
	Share of expenses received	2,865,701	3,346,505
	Purchase of cotton	-	37,725,145
	Purchase of store	3,314,451	371,947
	Sale of fiber	-	376,306
	Sale of cotton	48,390,472	-
	Sale of fixed assets	5,000,000	-
Directors	Rent expense		
	- godown	240,000	240,000
	- office premises	4,090,200	2,863,140

36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

36.1 Financial instrument by category

Financial assets as per balance sheet

Loans and receivables at amortized cost

- Long term deposits
- Trade debts
- Loans to employees
- Other receivables
- Cash and bank balances

Held to maturity

- Other financial assets

	2018	2017
	..... Rupees	
- Long term deposits	2,669,999	2,227,499
- Trade debts	777,982,907	408,950,411
- Loans to employees	8,361,477	12,223,657
- Other receivables	95,723,936	21,771,116
- Cash and bank balances	113,398,663	88,321,694
	998,136,982	533,494,377
Held to maturity		
- Other financial assets	19,670,177	269,360,748
	1,017,807,159	802,855,125

	2018	2017
	..... Rupees	
Financial liabilities as per balance sheet		
Financial liabilities measured at amortized cost		
- Long term finance including current portion	582,467,061	296,858,060
- Trade and other payables	365,526,728	219,120,475
- Unclaimed dividend	4,892,900	4,917,895
- Interest / mark-up accrued on borrowings	27,442,086	16,372,979
- Short term borrowings	1,361,957,480	1,563,771,992
	2,342,286,255	2,101,041,401

36.2 Financial risk management objectives and policies

36.2.1 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 program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

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

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

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.

36.2.2 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

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

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company exports yarn and waste stock to foreign customers and maintain foreign currency accounts for the payment to foreign suppliers which exposes it to currency risk. As at June 30, 2018, financial assets include Rs. 467.08 million (2017: Rs. 40.64 million) equivalent to US\$ 3.85 million (2017: US\$ 0.39 million) and financial liabilities include foreign commission payable and finance obtained against import / export amounting to Rs. 128.17 million (2017: Rs. 88.55 million) equivalent to US\$ 1.06 million (2017: US\$ 0.84 million). The average rates applied during the year is Rs. 121.8 / US \$ (2017: Rs. 104.8 /US \$) and the spot rate as at June 30, 2018 was Rs.121.4 / US\$ (2017: Rs. 105 /US\$).

At June 30, 2018, if the Pakistan Rupee had weakened/strengthened by 10% against the US Dollar with all other variables held constant, loss / profit for the year would have been lower / higher by Rs. 33.89 million (2017: Rs. 4.79 million), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade debts and accrued expenses.

(b) Interest rate risk

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

The Company's interest rate risk arises from bank deposit accounts, long term finance, term deposit receipts and short term borrowings amounting to Rs. 1.46 billion (financial liabilities on a net basis) (2017: Rs. 1.67 billion). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

Variable rate instruments

	Carrying amount	
	2018	2017
	.....Rupees.....	
Financial assets		
- Saving accounts	101,541,364	49,756,283
Financial liabilities		
- Long term finance	201,985,238	158,733,060
- Short term borrowings	1,361,957,480	1,563,771,992
	(1,563,942,718)	(1,722,505,052)
Net financial liabilities at variable interest rates	(1,462,401,354)	(1,672,748,769)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit for the year and shareholder's equity by Rs. 14.62 million (2017: Rs. 16.73 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2017.

Fixed rate instruments

The Company has invested an amount of Rs 19.67 million (2017: 269.67 million) at interest rate of 5.75% per anum (2017: 5.25% to 5.5%) in Term Deposits Receipts (TDRs).

Fair value sensitivity analysis for fixed rate instruments

The company does not measure fixed rate instruments at fair value, therefore, a change in market interest rate would not effect the profit and loss account.

(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 which are subject to equity price risk.

36.2.3 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. 1,017.81 million (2017: Rs. 802.71 million), the financial assets which are subject to credit risk amounted to Rs. 1,016.26 million (2017: Rs. 801.66 million).

The Company is exposed to credit risk from its operating activities (primarily balances with banks, trade debts and loans and advances 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.

Credit risk related to receivables

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

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

Credit risk related to other assets

Credit risk from other assets primarily relates to Company's investment in term deposits issued by bank (note 12). The risk is managed through ensuring that investments are made in instruments issued by reputed banks with good credit ratings. The credit rating of the investee banks is A1+ and AA++ for short term and long term respectively.

36.2.4 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 overdrafts. 76% of the Company's debt will mature in less than one year at June 30, 2018 (2017: 87%) based on the carrying value of borrowings reflected in the financial statements.

Liquidity and interest risk table

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has 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.

	Average Interest rate	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
2018 Rupees							
Long term financing including current portion	3 month KIBOR plus 1% to 1.5%	-	18,731,458	99,635,533	338,355,979	125,744,091	582,467,061
Trade and other payables	-	-	365,526,728	-	-	-	365,526,728
Unclaimed dividend	-	-	4,892,900	-	-	-	4,892,900
Interest / mark-up accrued on loans	-	22,496,740	4,945,346	-	-	-	27,442,086
<u>Short-term borrowings</u>							
Running finance / cash finance	One to three months Kibor plus 0.50% to 0.80%	-	-	1,171,829,938	-	-	1,171,829,938
Finance against import / export	Six months Kibor plus 0.5% to 1%	-	-	190,127,542	-	-	190,127,542
		22,496,740	394,096,432	1,461,593,013	338,355,979	125,744,091	2,342,286,255
2017							
Long term financing including current portion	Three months Kibor plus 1% to 1.5%	2,500,000	14,351,188	45,023,122	177,251,750	57,732,000	296,858,060
Trade and other payables	-	-	224,038,370	-	-	-	224,038,370
Unclaimed dividend	-	-	4,917,895	-	-	-	4,917,895
Interest / mark-up accrued on loans	-	13,572,463	2,800,516	-	-	-	16,372,979
<u>Short-term borrowings</u>							
Running finance / cash finance	One to six month Kibor plus 0.50% to 1.00%	-	-	1,141,393,168	-	-	1,141,393,168
Finance against import / export	mark-up at floating rate (inclusive of Kibor) ranging from 6.62% to 6.87% and fixed rate of 2% (inclusive of Libor) Six month Kibor	-	-	422,378,824	-	-	422,378,824
		16,072,463	246,107,969	1,608,795,114	177,251,750	57,732,000	2,105,959,296

36.2.5 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 behavior. Operational risks arise from all of the Company's activities.

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

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

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;

- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.
- operational and qualitative track record of the plant and equipment supplier and related service providers.

37 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

- (b) Fair value estimation

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

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

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

The Company's freehold land, building and plant and machinery 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 as at June 30, 2018 were performed by M/s Iqbal A.Nanjee & Company (Private) Limited (valuer), independent valuer not related to the Company. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery.

Details of Company's free hold land, building, electric installations and plant and machinery and information about the fair value hierarchy as at end of 30 June 2018 and 30 June 2017 are as follows:

	Level 1	Level 2	Level 3	Total
	.....Rupees.....			
Freehold land	-	317,400,000	-	317,400,000
Buildings on free hold	-	679,870,614	-	679,870,614
Plant and machinery	-	2,780,169,287	-	2,780,169,287
Electric installations	-	71,450,462	-	71,450,462
June 30, 2018	-	3,848,890,363	-	3,848,890,363
Freehold land	-	181,723,625	-	181,723,625
Buildings on free hold	-	561,979,303	-	561,979,303
Plant and machinery	-	2,023,015,821	-	2,023,015,821
Electric installations	-	54,448,257	-	54,448,257
June 30, 2017	-	2,821,167,006	-	2,821,167,006

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

38 CAPITAL RISK MANAGEMENT

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

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

The gearing ratio at June 30, 2018 and June 30, 2017 were as follows:

	2018.....Rupees.....	2017
Total debts	1,944,424,541	1,860,630,052
Less: Cash and bank balances	(113,398,663)	(88,321,694)
Net debt	1,831,025,878	1,772,308,358
Total equity	3,737,464,115	2,810,288,237
Adjusted capital	5,568,489,993	4,582,596,595
Gearing ratio	0.33	0.39

39 OPERATING SEGMENTS

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

The information with respect to operating segment is stated below:

- (a) 68.3 percent (2017: 51.6 percent) sales of the Company relate to export customers.
- (b) As at year end, all non-current assets of the Company are located within Pakistan.
- (c) There are no customers whom sales made during the year exceeded 10 percent of total sales for the year.

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on September 24, 2018.

41. RECLASSIFICATION

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

42 GENERAL

Figures have been rounded off to the nearest Rupee.

42.1 SUBSEQUENT EVENTS

The Board of Directors at their meeting held on September 24, 2018 have proposed a dividend of Re. 1 per share (2017: Nil) for the year ended June 30, 2018, amounting to Rs. 17.32 million (2017: Nil), subject to the approval of members at the annual general meeting to be held on October 22, 2018.

SHAHID ANWAR TATA
CHIEF EXECUTIVE

HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER

ANWAR AHMED TATA
CHAIRMAN / DIRECTOR

انفارمیشن ٹیکنالوجی :

TATA پاکستان کی انضمامیہ انٹریٹرز بزنس کے توسط سے ادارہ کی ساخت پر مکمل یقین رکھتا ہے جس کے نتیجے میں مستقل طور پر حکمت عملی کی پلاننگ کی گئی ہے۔ TATA پاکستان جو کہ معیاری انفارمیشن ٹیکنالوجی کے ساتھ منسلک ہے۔ TATA پاکستان نے کارپوریٹ IT پارٹنمنٹ تشکیل دی ہے جو کہ ماہرین، پیشہ ورانہ افراد پر مشتمل ہے۔ ہماری کمپنی کا IT پارٹنمنٹ نے کارپوریٹ میں IT فیکٹی کی موثر طور پر شناخت کروائی ہے جو کہ حکمت عملی کے پارٹنر کا کردار ادا کر رہا ہے اس کے علاوہ کارپوریٹ الیکٹرانک معلومات کا کسٹوڈین بھی ہے اور اپنے تمام اسٹیک ہولڈرز کو محفوظ اور موثر معلومات وقت کے اندر فراہم کرنے کو یقینی بنایا جاتا ہے جو کہ ERP کے توسط سے ڈیٹا کی روشنی میں صحیح فیصلہ کرنا ہم ہے۔

یہ بہترین ڈیزائن، کنٹرول کردہ، نیٹ ورک پر مشتمل انفراسٹرکچر ہے جو کہ کارپوریٹ کے تحت معلومات کی ضمانت ہے۔

پیش رفت :

پاکستان میں ٹیکسٹائل کی صنعت میں چھ اہم عناصر ہیں جس میں دینم، تولیہ، ہوم ٹیکسٹائل، گارمنٹس، یارن اور گرے فیبرک شامل ہیں۔ یارن اور گرے فیبرک کی ایکسپورٹ کی بنیاد چائنیز مارکیٹ پر ہے لیکن جیسا پہلے بھی بتایا گیا ہے امریکہ اور چائنا کے درمیان تجارتی جنگ کی وجہ سے غیر یقینی صورتحال ہے ان تمام حقائق کے پیش نظر ہمیں ڈر ہے کہ کئی ملز بند ہو جائیں گی۔ ہمیں امید ہے کہ نئی حکومت اس پیچیدہ صورتحال کا جائزہ لے گی۔ سیزن کے شروع کے دوران چائنا کے ساتھ تجارتی معاہدہ میں ٹیکسٹائل انڈسٹری کو شہر فرام کیا گیا ہے۔

ہم اس حوالہ سے بے خود موثر ملز کے حامل ہونے کی حیثیت رکھتے ہیں اور ہم اس بات کو یقینی بناتے ہیں کہ ٹیکسٹائل کمپنی پاکستان میں اعلیٰ ٹیکسٹائل مل ہے۔ ٹیکسٹائل ملز کو مارکیٹ میں مسلسل اعلیٰ اقدار کے مطابق چلائیں۔ مارکیٹ ٹریڈ اور ڈیمانڈ سے مطابقت کے لئے انضمامیہ پیداوار میں اضافہ کریں اور فینسی یارن مارکیٹ میں پوزیشن بنائیں۔

انضمامیہ نے انرجی، پروڈکشن اور مینٹی ننس کو بہتر کنٹرول کرنے کے لئے جدید ٹول کو اپنایا ہے اس کے لئے ریل ٹائم ERP مینٹی ننس موڈل کو نصب کیا ہے۔ مزید یہ کہ انضمامیہ نے انرجی کے اخراجات کو بچانے کے لئے قابل تجدید/متبادل ذرائع کو استعمال کیا۔

اعتراف:

ہم اپنی کئی ٹیموں کی محنت اور کاوشوں کا اعتراف کرتے ہیں اور ان 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 ان 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، مینیکرز اور کاروباری ایسوسی ایٹس کا بھی شکر یہ 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 گزار ہیں جو ہماری مصنوعات کی ریٹج کو پسند کرتے ہیں اور ہمیں مزید محنت اور جدت پیدا کرنے کی حلاوتیں ہیں۔



انوار احمد ٹانا

چیئر مین

کراچی:

مورخہ: 24 ستمبر 2018

انرجی کے اخراجات :

ہم سب جانتے ہیں کہ ریجن میں ہماری انرجی کے اخراجات بہت زیادہ ہیں اگر ہم ٹیکسٹائل میں دوسرے ممالک کے ساتھ اس کا موازنہ کریں تو یہ 6 سینٹس کے قریب دستیاب ہے جو کہ خاص طور پر پنجاب میں زیادہ ہے۔ حال ہی میں گیس اور بجلی کے نرخوں میں اضافہ کے بارے میں سنا ہے۔

انٹریسٹ ریٹس :

انٹریسٹ ریٹ میں 200 پوائنٹس کا اضافہ کیا ہے اور لگتا ہے کہ اس میں مزید اضافہ ہوگا۔ لہذا یہ ایک اور شدید تاثر ہے جو کہ ٹیکسٹائل کی صنعت پر بوجھ ہوگا۔

مہنگائی کا دباؤ :

یہ دباؤ حالیہ سالوں کے دوران رکا رہا لیکن اب یہ کنٹرول سے باہر ہو رہا ہے اور یہ مزید ہماری کارکردگی کو متاثر کر رہا ہے جو کہ ہماری ایکسپورٹ کی قوت پر مزید دباؤ ہوگا۔

ٹیکس کا بوجھ :

پوری دنیا میں پاکستان ودھ ہولڈنگ ٹیکس کا ایک بڑا ملک ہے اور ریونیو جو کہ انکم ٹیکس یا فیکسڈ ٹیکس کے تحت ایڈوانس ٹیکسز کی شکل میں لیا جاتا ہے۔ آج کل ودھ ہولڈنگ ٹیکس سے براہ راست ٹیکس سے کل آمدنی کا تین چوتھائی حصہ ہے اور اس کو سیلز کی لین دین، یوٹیلیٹی بلز، ٹرانسپورٹیشن، امپورٹس، ایکسپورٹ میں توسیع کی گئی ہے۔ اس وقت ودھ ہولڈنگ ٹیکسز سے متعلق انکم ٹیکس میں 64 سیکشن/سب سیکشن ہیں۔ آپ کی کمپنی کا بھی انکم ٹیکس، سیلز ٹیکس اور ریٹیٹ مبلغ 399.266 ملین روپے کی ریفرنڈ کا معاملہ اب تک زیر سماعت ہے۔ یہ ایک شدید نوعیت کا ایریا ہے جس پر حکومت کو فوری توجہ دینا ہوگی۔ کیونکہ یہ کمپنی کی کارکردگی کو متاثر کرنے کے درپے ہے۔

لہذا انکم ٹیکس سسٹم کی بنیاد پر ریٹرن اور دستاویزات پر زیادہ توجہ دینے کی ضرورت ہے اور ودھ ہولڈنگ پر انحصار میں کمی ہو ہمیں انکم ٹیکس کو زیادہ بنانا چاہئے۔ حکومت کو چاہئے کہ وہ ٹیکسیشن کی تقسیم کو ریفرنڈ کرنے پر کام کرے اور ریونیو کے ذرائع پر زیادہ توجہ دے اور اس حوالہ سے وسیع ٹیکس پالیسی تشکیل دی جانی چاہئے۔

لیبر کے اخراجات :

پروڈکٹ کے اخراجات پر ایک چیلنجنگ معاملہ اضافی لیبر کے اخراجات کا ہے جس کا موازنہ ریجنل مارکیٹنگ سے کیا گیا ہے۔ گزشتہ کئی سالوں سے لیبر اخراجات کے معاملہ میں پاکستان ایک مہنگا ملک ہے جس کے تحت 150 امریکی ڈالر کم سے کم اجرت/ ماہانہ ہے۔

ہیومن ریورسز ڈویلپمنٹ :

الحمد للہ مجھے فخر ہے کہ ہم نے اپنے ملازمین سے متعلق اپنی ذمہ داریوں کو پورا کیا ہے، بالخصوص لیبر کلاس کا، اور 100 فیصد ہم نے اس پر عملدرآمد کیا۔ ہماری ہیومن کیپیٹل فنکشن پر انٹری ذمہ داریوں کے تحت ان پر توجہ دینا ہے۔ ہم اپنے ملازمین کو اعلیٰ پیشہ ورانہ ماحول فراہم کرتے ہیں اور ملازمت کے دوران اپنے ملازمین کو تمام ضروری ذرائع فراہم کرتے ہیں۔ ہم ہر ایک کی عزت کرتے ہیں اور انکی پیشہ ورانہ صلاحیت کو اجاگر کرتے ہیں اور انعامی اسکیمز کے توسط سے ملازمین کی کارکردگی کی بنیاد پر مراعات دیتے ہیں تاکہ اس کی کارکردگی میں اور اضافہ ہو۔ ہماری کارکردگی مینجمنٹ سسٹم کا مناسب فیڈ بیک ہے تاکہ ملازم اپنی جگہ پر کامیابی سے اپنے فرائض انجام دے۔ ہمارا HRI سسٹمز ٹیکنالوجی پر مشتمل ہے جو کہ ہمیں کارکردگی میں تعاون کرتا ہے۔

مجھے 30 جون 2018 کو ختم ہونے والے سال کے لئے سالانہ رپورٹ میں مالیاتی نتائج جمع آڈیٹرز رپورٹ پیش کرنے میں خوشی محسوس ہو رہی ہے۔

اللہ تعالیٰ کے فضل و کرم سے میں یہ رپورٹ پیش کرتا ہوں کہ ہماری کمپنی نے قبل از ٹیکس منافع مبلغ 321.433 ملین روپے (2016-2017 مبلغ 83.698 ملین روپے) حاصل کیا ہے جو کہ گزشتہ سال کے مقابلہ میں 284 فیصدزائد ہے۔ فروخت کا مکمل حجم بھی ساہا سال 20.48 فیصد رہا ہے۔

ٹیکسٹائل کی صنعت :

منافع کی بنیادی وجہ سال کے دوران خام مال کی بروقت خریداری اور روپے کی قدر میں کمی کے سبب ہے چنانہ مجھے محسوس ہوتا ہے کہ ٹیکسٹائل کی صنعت کو بنیادی مسائل اور دیگر امور درپیش ہیں بالخصوص ایکسپورٹ کرنے والی صنعتوں کو صحیح نہیں کیا گیا ہے۔ جس میں پاکستان میں کاروبار کرنے کے لئے زیادہ اخراجات بھی شامل ہیں بالخصوص انرجی کے اخراجات، ودھ ہولڈنگ ٹیکسز جس میں لیویز کی کل تعداد 64 ہے اس کے علاوہ صوبائی حکومت کی جانب سے جاری کردہ SRB جیسے کہ سرومز پریسیل ٹیکس وغیرہ ہے اس کے علاوہ ہمارے لیبر کے اخراجات بھی اس رینج میں زیادہ ہیں۔ مزید اہم وجہ جو کہ صنعت کی دنیا میں مقابلہ کرنے کے لئے ہماری اہلیت کا تسلسل ہے کیونکہ ریفرنڈ کی ایک کثیر رقم حکومت نے روکی ہوئی ہے اور ہمیں ریفرنڈ کا کوئی راستہ نظر نہیں آتا ہے ان ریفرنڈز میں سیلز ٹیکس ریفرنڈز، انکم ٹیکس ریفرنڈز، DDTR کلیمز، اور کسٹم ریٹس شامل ہیں یہ تمام معلومات اور گورنمنٹ سیکٹر کی دیگر بے قاعدگیاں و دیگر امور کو صحیح نہیں کیا گیا۔ ہم موجودہ حکومت سے امید کرتے ہیں کہ ایکسپورٹ کرنے والی صنعت کے لئے اس مشکل صورتحال کو سمجھیں گے اور ان کی توجہ یقیناً ایکسپورٹ اور پیداوار اور امپورٹ کے میدان میں تبدیلی لائے گی۔

میں مزید یہ بھی کہنا چاہتا ہوں کہ ہمیں شدید اقتصادی غیر یقینی صورتحال کا سامنا ہے اور ہم دیکھ رہے ہیں کہ بڑے تاجروں کے بلاک کے مابین تجارتی جنگ کا سامنا ہے اور حالیہ ترقی جو کہ ہر ایک کے لئے حیران کن ہے جیسے کہ بریکسٹ، امریکہ کی تحفظاتی پالیسیاں جو کہ ماضی میں دستخط شدہ تجارتی معاہدہ کے خلاف ہیں ایک اور دلچسپ معاملہ جس کے تحت پورے عالم کو ایک ولج کے حوالہ سے جانا گیا تھا اور ہر ملک کو آزاد تجارت اور سامان کی ترسیل کی پالیسی چاہتا تھا لیکن اب کئی ممالک ٹیرف کے توسط سے آزاد تجارت پر پابندی لگا کر ترسیل کی خلاف ورزی کر رہے ہیں۔

خام مال :

یہ حکومت کی تند پالیسی ہے کہ کاٹن کی امپورٹ پر ڈیوٹی اور ٹیکسز عائد کرے جبکہ پاکستان ٹیکسٹائل انڈسٹری گزشتہ سالوں سے کاٹن کی شدید کمی سے دوچار ہے میں چاہتا ہوں کہ کسانوں کے لئے منیم سپورٹ پرائس (MSP) کا سسٹم ہو مگر یہ حکومت کی ذمہ داری ہے لیکن حکومت اس کی بجائے ملک میں کاٹن کی قیمتوں میں اضافہ کے درپے ہے۔ ہم گزشتہ 3 سالوں سے کاٹن کی فصل حاصل کرنے میں ناکام ہیں جبکہ انڈسٹری کو 3.5 بیلز امپورٹ کرنا تھی۔ اس سال پھر کاٹن کی فصل میں ناکامی ہوئی جو کہ پانی کی کمی کے سبب ہوئی۔ جبکہ دوسری طرف حکومت 3 فیصد ڈیوٹی، 2 فیصد اضافی کسٹم، 5 فیصد سیلز ٹیکس اور 1 فیصد انکم ٹیکس کاٹن کی امپورٹ پر عائد کی۔ اس کے علاوہ ملک میں کاٹن کی فصل کی بہتری کے لئے کوئی توجہ نہیں دی گئی اس حوالہ سے بچوں کی نگرانی، کیڑے مارا دیات جو کہ جدید ٹیکنالوجی کے لئے ضروری ہے ہمارے کاٹن کی پیکنگ سے لے کر ٹرانسپورٹیشن و دیگر امور کا تمام سسٹم غیر فعال ہے۔

کارپوریٹ سوشل ذمہ داری :

ٹاٹا ٹیکسٹائل ملز لمیٹڈ اس بات کا عہد کرتی ہے کہ وہ اپنی کارپوریٹ سوشل ذمہ داری کو مکمل طور پر پورا کرے گی۔ زیر جائزہ سال کے دوران دی سٹیژن فاؤنڈیشن کے ساتھ تعاون کرتے ہوئے تعلیمی شعبہ میں 18.5 ملین روپے ادا کئے تاکہ خانپور بگا شیر کے متاثرہ اور محروم علاقوں میں اعلیٰ تعلیم فراہم کی جاسکے اور غربت کا خاتمہ ہو سکے۔ کمپنی نے دی آغا خان ہسپتال اینڈ میڈیکل کالج فاؤنڈیشن اور انڈس ہسپتال کے ساتھ صحت کے شعبہ میں تعاون کرتے ہوئے مبلغ 2.8 ملین روپے ادا کئے تاکہ ملک میں غریب لوگوں کا بہتر علاج ہو سکے۔

نان ایگزیکٹو ڈائریکٹرز کی اجرتی پالیسی کی ساخت :

نان ایگزیکٹو ڈائریکٹرز بشمول دیگر ڈائریکٹرز صرف میٹنگ میں حاضری کیلئے فیس کے حقدار ہیں۔

بورڈ کا تخمینہ :

کوڈ آف کارپوریٹ گورننس ریگولیشن 2017ء میں شامل کمپنیز کے تحت بورڈ نے بورڈ آف ڈائریکٹرز کی کارکردگی کے تخمینہ کیلئے میکنزم ترتیب دیا ہے۔ اس سال کے دوران بورڈ آف ڈائریکٹرز کی کارکردگی کے تخمینہ کیلئے بورڈ کے تمام ممبران کے مابین سوالنامہ تقسیم کیا گیا ہے۔

چیئرمین کا جائزہ :

کمپنی کے ڈائریکٹرز چیئرمین کے جائزے کے تمام مندرجات کی تصدیق کرتے ہیں جو کہ اس ڈائریکٹرز رپورٹ کا حصہ ہیں۔

از طرف بورڈ آف ڈائریکٹرز



شاہد انوار ٹاٹا
چیف ایگزیکٹو

کراچی :

مورخہ : 24 ستمبر 2018

کارپوریٹ گورننس پر بہتر طور پر عملدرآمد کرنا:

- اسٹاک ایکسچینج کے قواعد کے تحت کوڈ آف کارپوریٹ گورننس کے تحت یہ ضروری ہے کہ کمپنی کی انتظامیہ بہترین کارکردگی کا مظاہرہ کرے۔ بورڈ کو کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک سے متعلق اپنی ذمہ داری کا احساس ہے اور یہ اقرار کرتا ہے کہ:
- ☆ مالیاتی حسابات جو کہ کمپنی کی انتظامیہ نے مرتب کئے ہیں اور اس میں تمام مندرجات بالکل صحیح پیش کئے گئے ہیں جس میں اس کے آپریشن، نقد کالین دین اور ایکویٹی میں تبدیلیاں شامل ہیں۔
 - ☆ کمپنی کے مناسب کھاتوں کو مرتب کیا گیا ہے۔
 - ☆ جیسا کہ مالیاتی حسابات کے نوٹس میں بتایا گیا ہے کہ اکاؤنٹنگ پالیسیوں کا اطلاق مستقل طور پر مالیاتی حسابات کی تیاری پر استعمال کیا جاتا ہے اور اکاؤنٹنگ کا تخمینہ جو کہ صحیح اور مناسب فیصلہ پر منحصر ہے۔
 - ☆ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز جس کا اطلاق پاکستان میں ہے جس کے تحت مالیاتی حسابات کی تیاری کے سلسلے میں عمل کیا جاتا ہے۔
 - ☆ داخلی کنٹرول کا سسٹم بے حد مضبوط ہے اور موثر طور پر اس پر عمل درآمد کیا جا رہا ہے۔
 - ☆ کمپنی کی مہارت پر کوئی شکوک و شبہات نہیں ہیں۔
 - ☆ کوئی بھی مواد کارپوریٹ گورننس کی اعلیٰ پریکٹس سے خالی نہیں ہے جس کی تفصیلات ریگولیشن کی فہرست میں دی گئی ہے۔
 - ☆ گذشتہ چھ سالوں کی مالیاتی تفصیلات اور اس کے استعمال کی تفصیلات منسلک ہیں۔
 - ☆ 30 جون 2018ء کو کمپنی کے حصص کنندگان کا اسٹیٹمنٹ منسلک ہے۔ یہ اسٹیٹمنٹ کمپنی کے ضابطہ اخلاق کے کوڈ کے مطابق تحریر کیا گیا ہے۔
 - ☆ زیر نظر سال کے دوران بورڈ آف ڈائریکٹرز کی چار میٹنگز، آڈٹ کمیٹی کی چار میٹنگز اور ہیومن ریسورس ریویو کمیٹی کی چار میٹنگز کا انعقاد ہو چکا ہے۔ ان میٹنگز میں ڈائریکٹرز کی حاضری درج ذیل ہے:-

میٹنگ میں حاضری کی تعداد			ڈائریکٹرز کا نام
ہیومن ریسورس ریویو کمیٹی	آڈٹ کمیٹی	بورڈ میٹنگ	
نا قابل اطلاق	نا قابل اطلاق	4	جناب انوار احمد ٹاٹا
4	نا قابل اطلاق	4	جناب شاہد انوار ٹاٹا
نا قابل اطلاق	نا قابل اطلاق	4	جناب عدیل شاہد انور ٹاٹا
4	4	3	جناب بلال شاہد انور ٹاٹا
4	4	4	جناب محمد نسیم
نا قابل اطلاق	4	4	جناب آصف سلیم
نا قابل اطلاق	نا قابل اطلاق	-	مس شاہ بانو حمید (NIT)
نا قابل اطلاق	نا قابل اطلاق	2	جناب ایم سلمان ایچ چاؤلہ

(غیر حاضر رہنے والے ڈائریکٹرز جو کہ کسی وجہ سے میٹنگ میں شرکت نہیں کر پائے ان کی غیر حاضری کو چھٹی تصور کیا گیا)۔

- ☆ درج ذیل لین دین کے علاوہ چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کی بیویاں اور نابالغ بچے سال کے دوران کمپنی کے شیئرز میں کوئی لین دین نہیں کی ہے۔

ٹی ٹی ایم ایل 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۔

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۔

اکاؤنٹنگ پالیسی میں تبدیلی:

رواں سال پائیدار اثاثوں کی قدر و قیمت کے تعین کے بعد حاصل سرپلس کی اکاؤنٹنگ پالیسی کو تبدیل کر کے اکویٹی کے حصے کے طور دکھایا گیا ہے جس کی بناء پر مالیاتی گوشواروں کو دوبارہ ترتیب دیا گیا ہے۔ یہ تبدیلی اس بناء پر ہوئی ہے کہ کمپنیز آرڈیننس 1984 کی پائیدار اثاثوں کی قدر و قیمت کے تعین کے بعد حاصل سرپلس کو علیحدہ لائن آئٹم کے طور پر دکھانے والی ریگولیشن کو کمپنیز ایکٹ 2017 میں کیری فارورڈ نہیں کیا گیا ہے اور انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-16) کے طریقے کے ساتھ ہم آہنگ کر دیا گیا ہے۔ نتیجتاً 30 جون 2017ء اور 2016ء کا شیئرز کمپیٹل اور ریزرو (مجموعی طور پر ایکویٹی) بالترتیب 1.84 بلین اور 1.24 بلین سے بڑھ گیا ہے۔ علاوہ ازیں پائیدار اثاثوں کی قدر و قیمت کے تعین کے بعد حاصل سرپلس بعد از ٹیکس کی مد میں 697 ملین کا منافع مالی سال 30 جون 2018ء کی دیگر جامع آمدنی میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 16 کے تحت ریکارڈ کیا گیا ہے۔

بنیادی خطرات اور غیر یقینی صورتحال:

باوجود اس حقیقت کے کہ مالی صورتحال پچھلے چند سالوں میں بہترین رہی اور کمپنی نے کامیابی کے ساتھ تمام تر رکاوٹوں کو عبور کرتے ہوئے کامیابی کی جانب اپنا سفر جاری رکھا پھر بھی مسابقت اور زرمبادلہ کی شرح کمپنی کے مستقبل کے مالیاتی گوشواروں پر اثر انداز ہونے والے اہم عوامل ہونگے۔

ڈویڈنڈ:

بورڈ آف ڈائریکٹرز نے ستمبر 24، 2018 کو اپنی منعقدہ میٹنگ میں کیش ڈویڈنڈ مبلغ -/1 روپیہ فی شیئر (Nil: 2017) مبلغ 17.32 بلین روپے (Nil: 2017) کی تجویز پیش کی ہے جو کہ کمپنی کی آنے والی سالانہ جنرل میٹنگ کے ممبران کی منظوری سے مشروط ہے۔

آڈیٹرز کا تقرر:

کمپنی کے موجودہ آڈیٹرز میسرز ڈیلویٹ یوسف عادل چارٹرڈ اکاؤنٹینٹس میں جو کہ سبکدوش ہو رہے ہیں اور اہل ہونے کی حیثیت سے خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ ڈائریکٹرز نے میسرز ڈیلویٹ یوسف عادل چارٹرڈ اکاؤنٹینٹس کو بطور آڈیٹرز مالیاتی سال 30 جون 2019 کیلئے انہی شرائط و ضوابط اور اجرت پر دوبارہ تقرر کرنے کیلئے سفارش پیش کی ہے۔

بعد ازاں واقعات:

مالیاتی سال کے آخر اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالیاتی حیثیت میں تبدیلی کیلئے کوئی اثرات مرتب نہیں ہوئے ہیں۔

☆ ہیومن ریسورسز اینڈ ریپوزیشن کمیٹی

چیئرمین (غیر جانبدار)

ممبر

ممبر

جناب محمد نسیم

جناب شاہد انوار ٹاٹا

جناب بلال شاہد ٹاٹا

کمپنی کی اہم سرگرمیاں :

ٹاٹا ٹیکسٹائل ملز لمیٹڈ (ٹی ٹی ایم ایل) جو کہ پاکستان میں بطور پبلک لمیٹڈ کمپنی قائم کی گئی ہے جس کا اندراج پاکستان اسٹاک ایکسچینج لمیٹڈ پر ہے۔ کمپنی کی اہم سرگرمی یارن کی پیداوار اور فروخت پر ہے۔

کمپنی کے کاروبار کی کارکردگی اور ترقی:

تناسب %	جون 2017 رقم پاکستانی روپے میں	جون 2018 رقم پاکستانی روپے میں	حجم
20.48%	5,014,434,040	6,041,555,707	فروخت
15.68%	(4,673,997,854)	(5,407,032,219)	فروخت کی قیمت
86.39%	340,436,186	634,523,488	مجموعی منافع
284.04%	83,698,404	321,433,192	قبل از ٹیکس منافع
480.86%	42,368,798	246,103,513	بعد از ٹیکس منافع

ان کاروباری حالات میں مالیاتی سال 2017-18 میں فروخت کا زیادہ سے زیادہ تناسب مبلغ 6 بلین روپے رہا جو کہ گزشتہ سال کے مقابلے میں 20 فیصد زیادہ تھا۔ جبکہ کل منافع کی آمدن 635 بلین روپے رہی۔ مذکورہ سال کے لئے منافع قبل از ٹیکس 284 فیصد اضافہ رہا جو کہ خام مال کی شاندار فروخت اور ملکی وغیر ملکی تناسب کی وجہ سے ہوا۔ ڈائریکٹرز اور انتظامیہ نے اس کاروباری کارکردگی کا جائزہ لیا اور ان کی تمام تر توجہ پیداوار میں مستقل بہتری اور اخراجات میں کمی پر مرکوز رہی تاکہ کمپنی کی پیداواری صلاحیت بہتر ہو سکے۔

فروخت کی آمدنی میں اضافہ کی اہم وجہ قیمت فروخت میں اضافہ اور بہتر پیداوار رہی۔ انتظامیہ نے اپنی تمام تر توجہ مستقل طور پر داخلی کارکردگی، مصنوعات کے معیار اور کاروباری اخراجات میں کمی پر مرکوز کی ہوئی ہے اور کمپنی ان نئے اقدامات، منصوبوں کے توسط سے مستقبل میں ان حالات کا مقابلہ کرنے کیلئے تیار ہے جس میں اخراجات کو قابو کرنا، پیداوار میں اضافہ کرنا اور کارکردگی کا مسلسل جائزہ لینا ہے۔ کمپنی اپنے کاروباری مواقعوں میں مزید اضافہ کیلئے مصروف عمل ہے تاکہ اس سلسلے میں کامیابی حاصل ہو۔

کمپنی اپنی حکمت عملی کے تحت اپنے مقاصد میں کامیابی حاصل کرنے کیلئے مصنوعات کے معیار اور کاروباری عمل اور زیادہ سے زیادہ پیداواری صلاحیت کیلئے مستقل طور پر کوشاں ہے۔

ٹی ٹی ایم ایل کی مصنوعات کی ایک طویل ریخ ہے جو کہ مارکیٹ کی ضروریات پر قائم ہے اور یہ مستقل طور پر نئی مارکیٹوں اور مصنوعات کیلئے جدوجہد کر رہی ہے۔

ممبران کیلئے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز اختتامی سال 30 جون 2018ء کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات بشمول رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

بورڈ کی شراکت:

بورڈ کی شراکت کوڈ آف کارپوریٹ گورننس کے قواعد 2017ء کے مطابق ہے جس کا اطلاق درج ذیل ہے:

ڈائریکٹرز کی مجموعی تعداد:

6	(۱)	مرد
1	(۲)	خاتون

شراکت:

1	(۱)	غیر جانبدار ڈائریکٹرز
2	(۲)	ایگزیکٹو ڈائریکٹرز
4	(۳)	نان ایگزیکٹو ڈائریکٹرز

30 جون 2018ء کو موجود ڈائریکٹرز کے نام درج ذیل ہیں:

۱۔	جناب انوار احمد ٹاٹا	چیئرمین
۲۔	جناب شاہد انوار ٹاٹا	ڈائریکٹر / چیف ایگزیکٹو آفیسر
۳۔	جناب عدیل شاہد ٹاٹا	ڈائریکٹر
۴۔	جناب بلال شاہد ٹاٹا	ڈائریکٹر
۵۔	جناب آصف سلیم	ڈائریکٹر
۶۔	مس شاہ بانو حمید (NIT)	ڈائریکٹر
۷۔	جناب محمد نسیم	ڈائریکٹر

بورڈ میں تبدیلی:

دوران سال بورڈ نے ایک غیر متوقع نشست منظور کی جو کہ مس شاہ بانو حمید کو 90 دن کے اندر بطور ڈائریکٹر تقرر کرنے پر دی گئی تھی جنہیں جناب سلمان ایچ چاولہ کے استعفیٰ کی بناء پر ان کی جگہ پر تعین کیا گیا۔

بورڈ کی کمیٹیاں:

بورڈ نے دو سب کمیٹیاں آڈٹ کمیٹی اور ایومن ریسورسز اینڈ ریویژن کمیٹی کے نام سے تشکیل دی ہیں۔ یہ دونوں کمیٹیاں درج ذیل پر مشتمل ہیں:

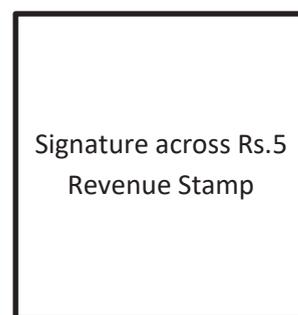
☆ آڈٹ کمیٹی:

جناب محمد نسیم	چیئرمین (غیر جانبدار)
جناب آصف سلیم	ممبر
جناب بلال شاہد ٹاٹا	ممبر

Form of Proxy

I/We _____ of _____, being a Member of Tata 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 October 22, 2018 and at any adjournment thereof.

Signed this _____ day of _____ 2018.



Witness 1 _____

Witness 2 _____

Signature _____

Signature _____

Name _____

Name _____

CNIC # _____

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.



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