TATA PAKISTAN

Annual Report
2017

TATA TEXTILE MILLS LIMITED

Content

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 Mr. Muhammad Salman H. Chawala (NIT) Mr. Muhammad Naseem
AUDIT COMMITTEE **CHAIRMAN:**	Mr. Muhammad Naseem
MEMBERS:	Mr. Asif Saleem Mr. Bilal Shahid Tata
SECRETARY:	Mr. Owais Ahmed Abbasi
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. Farooq Advani
BANKERS:	Faysal Bank Limited Dubai Islamic Bank (Pakistan) Limited Bank Alfalah Limited Meezan Bank Limited Habib Metropolitan Bank Limited The Bank of Punjab MCB Bank Limited National Bank of Pakistan Soneri Bank Limited Allied Bank Limited Bank Islami Pakistan Limited JS Bank Limited Askari Bank Limited Samba Bank Limited NIB Bank Limited
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

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 **2017OK0300**

for the following articles

100% greige cotton yarn and its blends with elastane and PVA.Partly 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 (CPSIA; with the exception of accessories made from glass).

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

The certificate 2012PK0018 is valid until 31.03.2018

Alcoy (Alicante) España, 31.03.2017

Silvia Devesa Valencia
Innovation Assistant Manager

Isabel Soriano Sarrió
Chief of Innovation Area

CERTIFICATE

USTERIZED®

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

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

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

Uster / Switzerland, 22 October 2017

Dr. Geoffrey Scott
Chief Executive Officer

Thomas Nasiou
Executive Vice President
Textile Technology

USTER®
Think quality

COTTON USA

COTTON COUNCIL INTERNATIONAL

CERTIFIES THAT

TATA Textile Mills Ltd.

IS A CERTIFIED

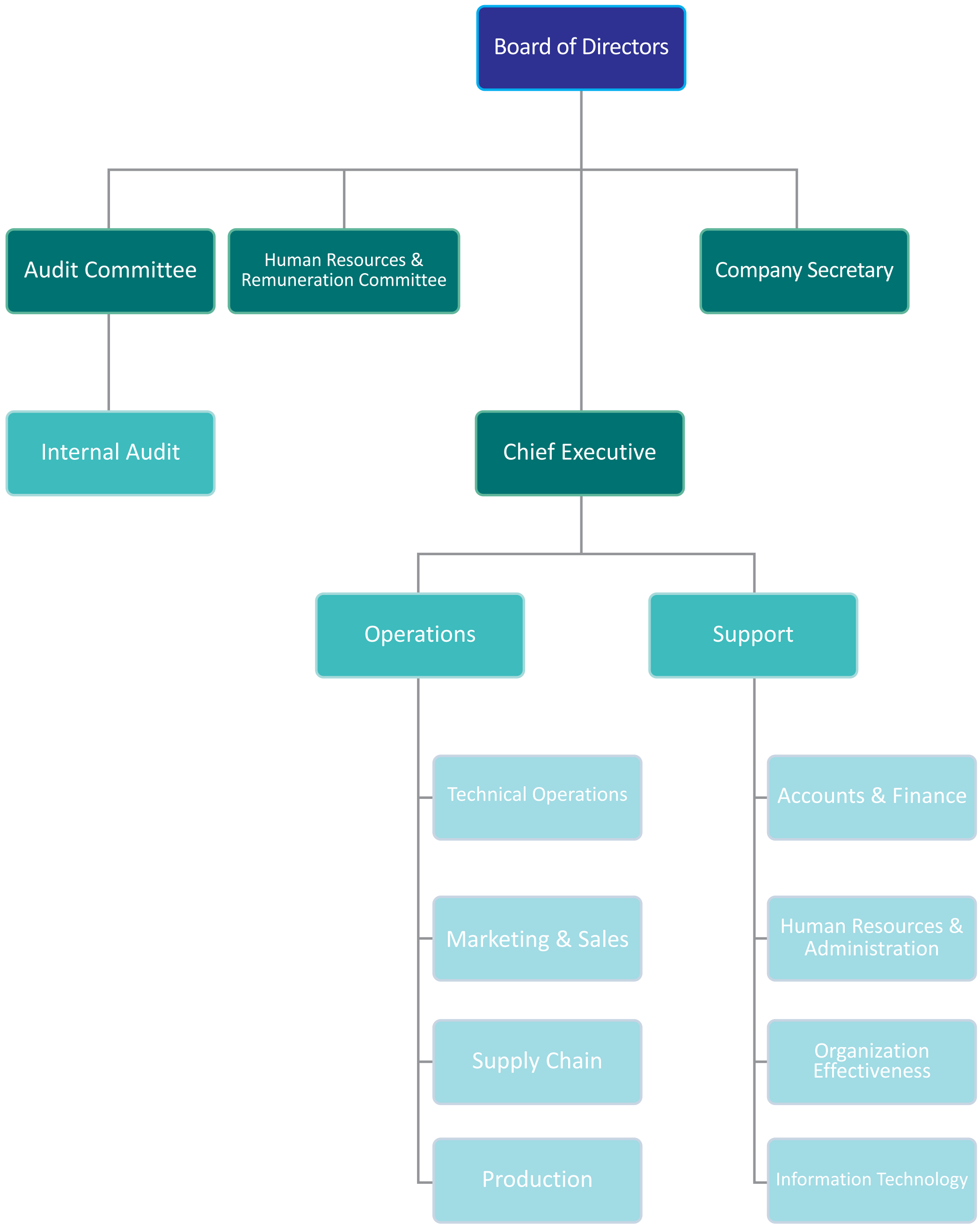
COTTON USA LICENSEE

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 2017

Manager, Global Operations
Cotton Council International

Organization Chart



CHAIRMAN'S REVIEW

Assalam-o-Alaikum

As Chairman of Tata Textile Mills Limited, I am pleased to present the Annual Audited Accounts along with the auditors' report, thereon, for the year ended June 30, 2017. During the period under review, the financial results of the organization has shown a substantial improvement, whereby, the Company has incurred a pre-tax profit of PKR.83.698 as compared to a pre-tax loss of PKR.160.365 Million, during the corresponding period of last year.

TEXTILE INDUSTRY

In January 2017, the Prime Minister had announced Incentive Package of PKR.180 Billion for the Export Industries but only PKR 4 Billion has been allocated for the Textile Sector, which reveals the non-serious attitude of the Government towards the Textile Industry. The Government is not giving any priority to this most important Industry, which is the second largest employment generating sector of the Country. It is therefore advised to release maximum funds under the Prime Minister Export Package and expedite the process of disbursement of Duty Drawbacks and release all pending Sales Tax Refunds and hence rescue the Textile Industry from the financial crunch being confronted since last few years.

BURDEN OF TAXES.

There is no change in the current Tax Policy and your company continues to be burdened with numerous taxes. Besides paying exorbitant withholding taxes, we are also hampered with various Government levies, such as, Custom Duties, Professional Tax, SRB on Services, Textile Cess, Education Cess, Cotton Cess, GIDC Cess, PESSI, EOBI, etc. In addition, effective from July 2017, the Government has re-imposed Custom Duty at 4% and Sales Tax of 5% on import of Cotton, which will consequently affect the cost of doing business and will make it more difficult to compete in the International Market. It is most unfortunate that the Government is collecting Tax from the already existing taxpayers and has failed to expand the Tax Net.

RAW MATERIAL

We presume that the cotton consumption in Pakistan will be near about 13 Million bales, however, generally speaking, it is too early to estimate the crop yield as the final figures will only be known by end September. As the consumption will be less so it is expected that the Cotton production will cover the domestic requirement and due to this it is most likely that the results will be favorable for the Textile Industry, in the coming year.

FOREIGN EXCHANGE

The Pakistani Currency has remained overvalued for many years now, in fact, the inflationary pressures in Pakistan have pushed the cost of doing business to a very high level, whereas, the currency has not been adjusted accordingly, so this makes the exports totally uncompetitive.

Despite the record high current account deficit of USD 12.098 Billion recorded in FY'17 which is almost 4% of the GDP, the Government has remained apathetic towards devaluation of Pak Rupee, which is hurting the Export Oriented Industries. If the FCY reserves fall below the cumulative 3 months of imports, Pakistan will soon be ineligible for obtaining loans from institutions like World Bank and others, which have a pre-requisite that loan seeking country should have official currency reserves equivalent of at least 3 months import bill.

According to IMF and analyst PKR is overvalued by approximately 15 to 20%.

COST OF LABOUR

One of the challenging aspect of cost of production is high labour 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 labour cost in past decade which is around USD.200/- as minimum wage.

COST OF POWER

The power cost has remain high in Pakistan as compare to regional countries and on the other hand the energy mix compels the Industries to use both Grid and Gas power in order to meet the production requirement. This makes the units inefficient in production due to shut down of Gas supply and the Grid power, which in turn increases the fix cost burden on the product.

As per news report, the tariff for Industrial Gas in Pakistan is 173% higher than Bangladesh, 44% higher than India and 12% higher than Vietnam, whereas, the Electricity tariff for Textile Industry in Pakistan is around USD 0.12 per KWh as opposed to USD 0.09 in Bangladesh, USD 0.09 in India and USD 0.08 in Vietnam.

INFORMATION TECHNOLOGY

The Company has been embraced with an adequate standard corporate IT infrastructure and a structured IT Department comprising of multiple sub-sections and seasoned professionals, qualified and certified in relevant areas of expertise, committed to stay updated with the growing needs and global technology advancements. Since a decade approximately, the Company took corporation decision and implemented tear one Enterprise Resource Planning – ERP Solution from Oracle with the scope of covering Financials, Supply Chain Management and Oracle Manufacturing process automation along with other integrated customized Oracle based in-house developed modules of Quality Management System and Payroll. The Business Intelligence, HRMS and Enterprise Asset Management are essential part of Corporate Future IT Strategy.

In 2016, the group took a serious revolutionary corporate decision through investing more in Information Technology in order to have exemplary Network Infrastructure, Communication, Business Continuity Planning, Disaster Recovery Site Deployment, Centralized Controlled Environment, Documented Policies / Strategy and Change Management through Manipulation of certain Approved Templates / Forms. The changes enlightened the essential domination of IT Department which made the effective recognition of IT Faculty in Corporate simultaneously possessing a significant role of strategic partner and custodian of corporate electronic information.

The ERP Applications facilitates information flows between all business functions, and ensures timely availability of secured / integrated information to its process owners / stakeholders all over which is key factor of right decision making in the light of data provided through certain lucrative ERP based reports.

HUMAN RESOURCE DEVELOPMENT

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 people 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 & development initiatives and employee engagement activities. Our HR systems are technology driven that helps us to work in efficient and effective way.

GOING FORWARD

In order to keep up with the Market Trend and demand, the Management has plans for replacement of old Ring Frames with the latest Compact Ring Frames with this modification there will be further enhancement in the quality and increase in yarn production.

The Management has added HFO Generation System for uninterrupted Power availability in case of Gas and Grid Shutdown. Further, your Company plans to replace old Gas Generators which will help in reducing the fuel cost and Spare Parts cost as these Generators are approximately 8 to 10% fuel efficient.

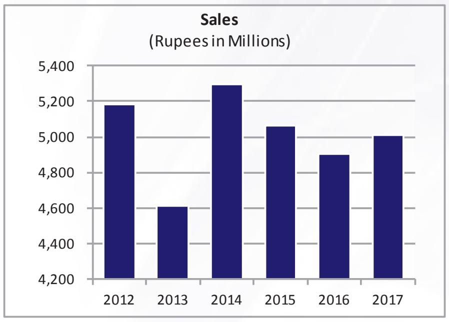
The Management is also taking initiatives in every area to optimize and reduce the Production Cost.

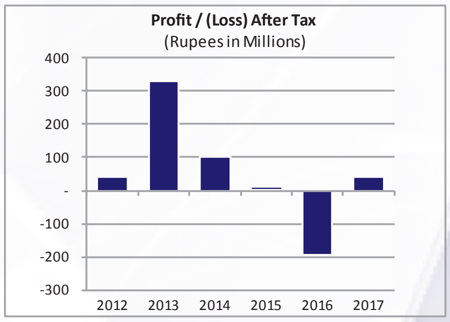
ACKNOWLEDGEMENT

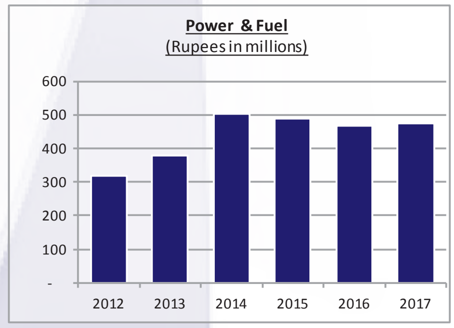
We sincerely acknowledge and appreciate the untiring endeavors of our various teams who are constantly engaged in upholding their commitment to make this organization surpass all the benchmarks of quality and productivity set by the giants of the Industry. As a team we stand highly grateful towards our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

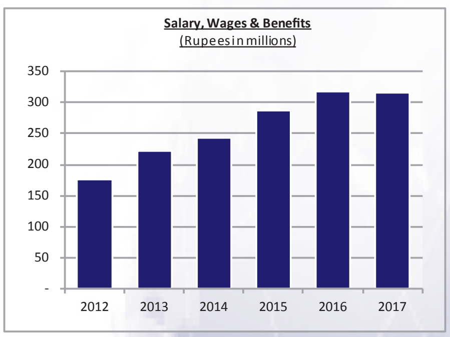
Karachi.
Dated: September 14, 2017

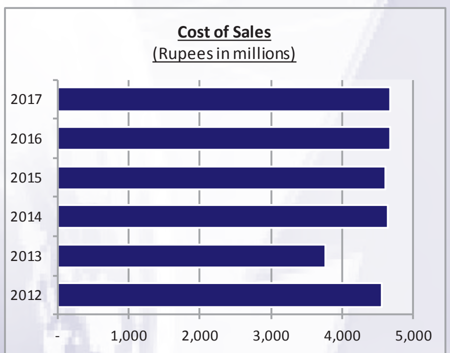
Anwar Ahmed Tata
Chairman

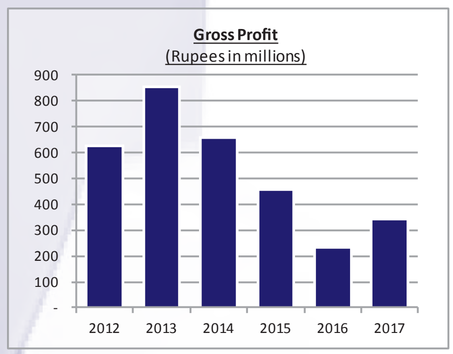

Sales
(Rupees in Millions)
5,400
5,200
5,000
4,800
4,600
4,400
4,200
2012 2013 2014 2015 2016 2017

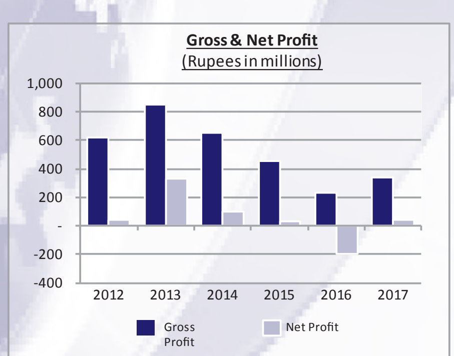

Profit / (Loss) After Tax
(Rupees in Millions)
400
300
200
100
-
-100
-200
-300
2012 2013 2014 2015 2016 2017

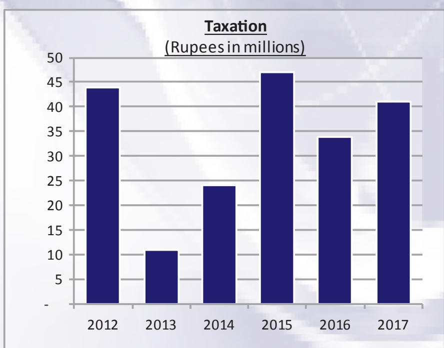

Power & Fuel
(Rupees in millions)
600
500
400
300
200
100
-
2012 2013 2014 2015 2016 2017

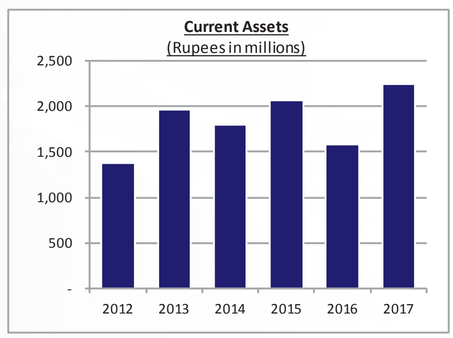

Salary, Wages & Benefits
(Rupees in millions)
350
300
250
200
150
100
50
-
2012 2013 2014 2015 2016 2017

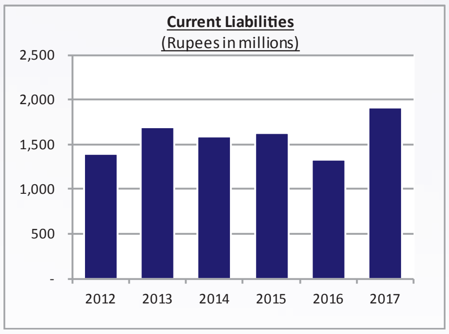

Cost of Sales
(Rupees in millions)
2017
2016
2015
2014
2013
2012
- 1,000 2,000 3,000 4,000 5,000

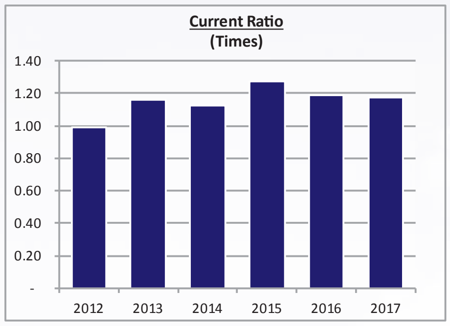

Gross Profit
(Rupees in millions)
900
800
700
600
500
400
300
200
100
-
2012 2013 2014 2015 2016 2017

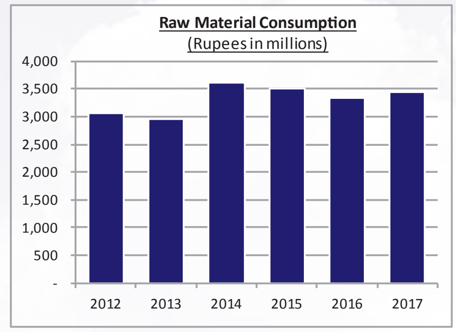

Gross & Net Profit
(Rupees in millions)
1,000
800
600
400
200
-
-200
-400
2012 2013 2014 2015 2016 2017
Gross Profit
Net Profit

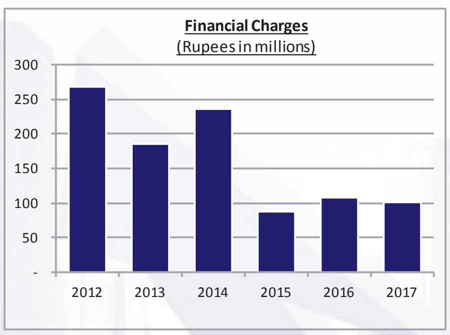

Taxation
(Rupees in millions)
50
45
40
35
30
25
20
15
10
5
-
2012 2013 2014 2015 2016 2017

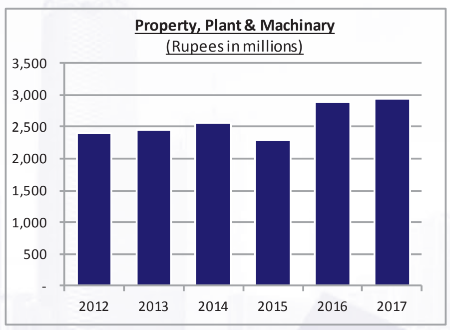

Current Assets
(Rupees in millions)
2,500
2,000
1,500
1,000
500
-
2012 2013 2014 2015 2016 2017

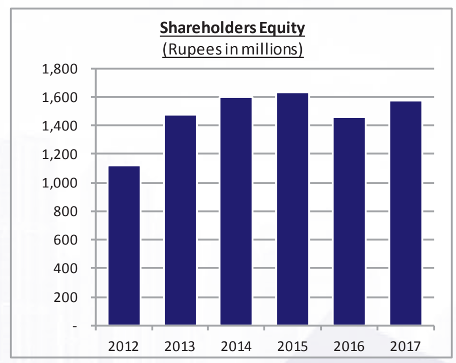

Current Liabilities
(Rupees in millions)
2,500
2,000
1,500
1,000
500
-
2012 2013 2014 2015 2016 2017

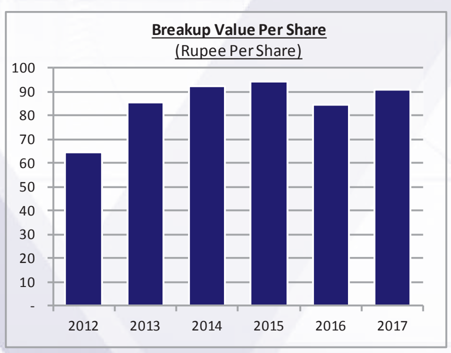

Current Ratio
(Times)
1.40
1.20
1.00
0.80
0.60
0.40
0.20
-
2012 2013 2014 2015 2016 2017

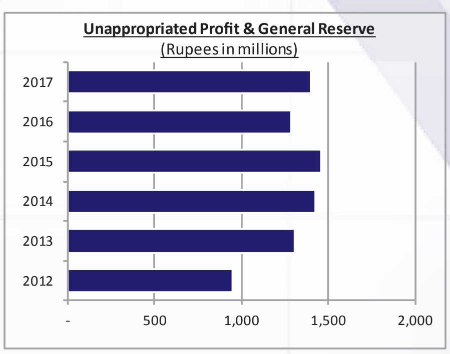

Raw Material Consumption
(Rupees in millions)
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2012 2013 2014 2015 2016 2017

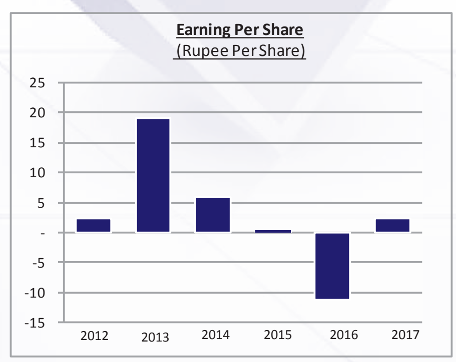

Financial Charges
(Rupees in millions)
300
250
200
150
100
50
-
2012 2013 2014 2015 2016 2017


Property, Plant & Machinary
(Rupees in millions)
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2012 2013 2014 2015 2016 2017


Shareholders Equity
(Rupees in millions)
1,800
1,600
1,400
1,200
1,000
800
600
400
200
-
2012 2013 2014 2015 2016 2017


Breakup Value Per Share
(Rupee Per Share)
100
90
80
70
60
50
40
30
20
10
-
2012 2013 2014 2015 2016 2017


Unappropriated Profit & General Reserve
(Rupees in millions)
2017
2016
2015
2014
2013
2012
- 500 1,000 1,500 2,000


Earning Per Share
(Rupee Per Share)
25
20
15
10
5
-
-5
-10
-15
2012 2013 2014 2015 2016 2017

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting before you the 31st Annual Report together with the Audited Accounts for the year ended June 30, 2017.

FINANCIAL RESULTS

The Company made a pre-tax profit of Rs.83.698 million after charging costs, expenses and depreciation for the year ended June 30, 2017.

	(Rupees)
Pre-tax profit for the year	83,698,404
Taxation	(41,329,606)
Profit after taxation	42,368,798
Other Comprehensive income	805,483
Transfer from Surplus on Revaluation of Property Plant & Equipment	69,808,960
Accumulated Profit Brought Forward	287,262,597
Accumulated Profit Carried Forward	**400,245,838**

CHAIRMAN'S REVIEW

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

DIVIDEND

Since the results for the year under review are not encouraging, therefore your directors recommend to pass on the dividend for the year.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

a. The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.

b. Proper books of account of the Company have been maintained.

c. Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

e. There are no significant doubts upon the Company's ability to continue as a going concern.

f. The system of internal control is sound in design and has been effectively implemented and monitored.

g. Key operating and financial data of last six years in a summarized form is annexed.

h. Outstanding duties, statutory charges and taxes if any have been adequately disclosed in the annexed audited financial statements.

i. 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	3	N/A	N/A
Mr. Bilal Shahid Tata	3	4	4
Mr. Muhammad Naseem	4	4	4
Mr. Muhammad Salman H. Chawala (NIT)	4	N/A	N/A
Mr. Asif Saleem	3	4	N/A

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

a. Four directors of the Company have already completed Director's Training Program (DTP). In addition two directors met the criteria of exemption under Code of Corporate Governance. Further, DTP for the remaining director would be completed as per the requirements of Code of Corporate Governance.

b. The statement of pattern of shareholding of the Company as at June 30, 2017 is annexed. This statement is prepared in accordance with the Code of Corporate Governance.

c. 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.

AUDITORS

The Auditors Messer Deloitte Yousuf Adil Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible to offer themselves for reappointment for the financial year ending June 30, 2018.

ON BEHALF OF THE BOARD OF DIRECTORS

SHAHID ANWAR TATA
CHIEF EXECUTIVE

Karachi:
Date: September 14, 2017

KEY OPERATING AND FINANCIAL DATA

Description		2017	2016	2015	2014	2013	2012
OPERATING DATA							
Sales	Rs.'000'	5,014,434	4,906,547	5,066,353	5,297,307	4,615,713	5,186,235
Cost of Goods Sold	Rs.'000'	4,673,998	4,678,634	4,614,332	4,643,041	3,764,303	4,564,204
Gross Profit	Rs.'000'	340,436	227,914	452,022	654,266	851,410	622,031
Profit / (Loss) Before Taxation	Rs.'000'	83,698	(160,365)	48,127	124,522	340,413	85,119
Profit / (Loss) After Taxation	Rs.'000'	42,369	(194,417)	1,161	101,021	328,973	41,375
FINANCIAL DATA							
Equity Balance	Rs.'000'	1,573,493	1,460,510	1,630,889	1,598,445	1,472,301	1,119,638
Property, Plant & Equipment	Rs.'000'	2,945,461	2,891,141	2,287,376	2,556,791	2,454,098	2,400,344
Current Assets	Rs.'000'	2,238,875	1,579,856	2,068,139	1,791,631	1,967,311	1,371,909
Current Liabilities	Rs.'000'	1,906,683	1,333,030	1,624,130	1,591,008	1,694,464	1,387,803
RATIOS							
PROFITABILITY RATIOS							
Gross Profit Margin	%	6.79	4.65	8.92	12.35	18.45	11.99
Operating Profit / (Loss) Margin	%	0.38	(3.39)	0.91	1.15	7.22	1.42
Net Profit / (Loss) Margin	%	1.67	(3.27)	0.95	2.35	7.38	1.64
LIQUIDITY RATIOS							
Current Ratio	Times	1.17	1.19	1.27	1.13	1.16	0.99
Quick Ratio	Times	0.56	0.49	0.60	0.33	0.26	0.28
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	29.36	22.93	47.17	17.51	14.59	8.27
Accounts Receivable Turnover	Times	12.26	15.70	7.63	20.56	24.67	43.55
Inventory Turnover	Times	4.19	5.46	4.44	3.86	2.53	4.89
Total Assets Turnover	Times	0.97	1.10	1.16	1.22	1.04	1.37
Return on Total Assets	%	0.82	(4.34)	0.03	2.32	7.43	1.09
Return on Equity	%	1.51	(6.90)	0.05	4.10	13.66	1.97
LEVERAGE RATIOS							
Long Term Debt to Equity Ratio	%	16.73	11.50	12.01	12.08	13.56	14.11
Total Debt to Equity Ratio	%	84.57	58.80	78.47	76.57	83.90	80.26
Long Term Debt to Total Assets	Times	0.09	0.07	0.07	0.07	0.07	0.08
Total Debt to Total Assets	Times	0.46	0.37	0.44	0.43	0.46	0.45
Equity to Total Assets	Times	0.54	0.63	0.56	0.57	0.54	0.55
Interest Coverage Ratio	Times	1.83	(0.49)	1.56	1.53	2.84	1.32
OTHERS							
Earning per Shares	Rs	2.45	(11.22)	0.07	5.83	18.99	2.39
Breakup Value of Shares w/o Revaluation Surplus	Rs	90.82	84.30	94.14	92.26	84.98	64.63
Breakup Value of Shares with Revaluation Surplus	Rs	162.21	162.66	141.05	142.39	139.04	121.10
Cash Dividend	%	-	-	10.00	10.00	20.00	10.00

ANALYSIS OF THE FINANCIAL STATEMENTS
BALANCE SHEET

Particulars	2017	2016	2015	2014	2013	2012
		------------------- Rupees in '000' -------------------				
Assets						
Non Current Assets						
Property, plant and equipment	2,945,461	2,891,141	2,287,376	2,556,791	2,454,098	2,400,344
Intangible assets	472	1,957	3,614	5,336	6,530	7,768
Long-term Deposits	2,227	2,077	1,964	1,964	1,964	1,939
Total Non Current Assets	2,948,160	2,895,175	2,292,954	2,564,091	2,462,592	2,410,051
Current Assets						
Stores, Spares and loose tools	50,823	50,533	48,902	54,044	44,130	47,285
Stock-in-trade	1,114,902	857,649	1,040,235	1,203,400	1,486,943	933,111
Trade debts	408,950	312,584	663,881	257,670	187,118	119,081
Loans and Advances	221,309	229,348	190,709	118,166	105,138	94,716
Trade Deposit & short-term prepayment	1,710	22,019	1,122	1,667	2,672	3,388
Other receivables	21,771	362	71	467	1,304	33,800
Other financial assets	269,361	14,852	10,102	-	5,352	8,145
Sales tax refundable	61,727	32,146	51,426	27,050	22,961	13,277
Cash and bank balances	88,322	60,364	61,691	129,168	111,693	119,105
Total Current Assets	2,238,875	1,579,857	2,068,139	1,791,632	1,967,311	1,371,908
Total Assets	5,187,035	4,475,032	4,361,093	4,355,723	4,429,903	3,781,959
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	-
Unappropriated Profit	400,246	287,263	457,641	425,198	299,053	946,389
Total Share Capital and Reserves	1,573,494	1,460,511	1,630,889	1,598,446	1,472,301	1,119,637
Surplus on revaluation of Property, Plant & Equipment	1,236,795	1,357,456	812,709	868,349	936,596	978,446
Non Current Liabilities						
Long Term Loans	234,984	158,733	186,412	215,347	267,399	234,982
Deferred Liabilities	235,080	165,302	106,954	82,573	59,143	61,092
Total Non Current Liabilities	**470,064**	**324,035**	**293,366**	**297,920**	**326,542**	**296,074**
Current Liabilities						
Trade and other Payables	231,719	353,983	282,505	275,889	290,583	273,299
Interest/ Markup accrued on Borrowings	16,373	12,482	14,996	24,351	31,904	37,048
Short Term Borrowings	1,563,772	855,315	1,229,469	1,209,994	1,270,876	943,063
Current Portion of Long Term Finance	61,874	64,394	54,205	52,061	74,290	80,822
Taxation-income tax	32,944	46,856	42,954	28,713	26,811	53,570
Total Current Liabilities	1,906,682	1,333,030	1,624,129	1,591,008	1,694,464	1,387,802
Total Equity and Liabilities	5,187,035	4,475,032	4,361,093	4,355,723	4,429,903	3,781,959

ANALYSIS OF THE FINANCIAL STATEMENTS
BALANCE SHEET VERTICAL ANALYSIS

Particulars	2017	2016	2015	2014	2013	2012
Assets	%	%	%	%	%	%
Non Current Assets						
Property, plant and equipment	56.78	64.61	52.45	58.70	55.40	63.47
Intangible assets	0.01	0.04	0.08	0.12	0.15	0.21
Long-term Deposits	0.04	0.05	0.05	0.05	0.04	0.05
Total Non Current Assets	56.84	64.70	52.58	58.87	55.59	63.72
Current Assets						
Stores, Spares and loose tools	0.98	1.13	1.12	1.24	1.00	1.25
Stock-in-trade	21.49	19.17	23.85	27.63	33.57	24.67
Trade debts	7.88	6.99	15.22	5.92	4.22	3.15
Loans and Advances	4.27	5.13	4.37	2.71	2.37	2.50
Trade Deposit & short-term prepayment	0.03	0.49	0.03	0.04	0.06	0.09
Other receivables	0.42	0.01	0.00	0.01	0.03	0.89
Other financial assets	5.19	0.33	0.23	-	0.12	0.22
Sales tax refundable	1.19	0.72	1.18	0.62	0.52	0.35
Cash and bank balances	1.70	1.35	1.41	2.97	2.52	3.15
Total Current Assets	43.16	35.30	47.42	41.13	44.41	36.28
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00
Equity and Liabilities						
Share Capital & Reserves						
Share Capital	3.34	3.87	3.97	3.98	3.91	4.58
General Reserve	19.28	22.35	22.93	22.96	22.57	-
Unappropriated Profit	7.72	6.42	10.49	9.76	6.75	25.02
Total Share Capital and Reserves	30.34	32.64	37.40	36.70	33.24	29.60
Surplus on revaluation of Property, Plant & Equipment	23.84	30.33	18.64	19.94	21.14	25.87
Non Current Liabilities						
Long Term Loans	4.53	3.55	4.27	4.94	6.04	6.21
Deferred Liabilities	4.53	3.69	2.45	1.90	1.34	1.62
Total Non Current Liabilities	9.06	7.24	6.73	6.84	7.37	7.83
Current Liabilities						
Trade and other Payables	4.47	7.91	6.48	6.33	6.56	7.23
Interest/ Markup accrued on Borrowings	0.32	0.28	0.34	0.56	0.72	0.98
Short Term Borrowings	30.15	19.11	28.19	27.78	28.69	24.94
Current Portion of Long Term Finance	1.19	1.44	1.24	1.20	1.68	2.14
Taxation-income tax	0.64	1.05	0.98	0.66	0.61	1.42
Total Current Liabilities	36.76	29.79	37.24	36.53	38.25	36.70
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	2017	2016	2015	2014	2013	2012
	------------------ Rupees in '000' ------------------					
Profit and Loss Accounts						
Sales	5,014,434	4,906,547	5,066,353	5,297,307	4,615,713	5,186,235
Cost of Goods Sold	(4,673,998)	(4,678,634)	(4,614,332)	(4,643,041)	(3,764,303)	(4,564,204)
Gross Profit	340,436	227,913	452,021	654,266	851,410	622,031
Distribution cost	(86,157)	(129,699)	(175,154)	(220,753)	(206,549)	(175,742)
Administrative expenses	(124,327)	(139,657)	(116,433)	(114,060)	(88,719)	(65,167)
Other operating expenses	(9,733)	(16,988)	(27,863)	(23,295)	(38,111)	(40,035)
Financial Cost	(101,391)	(107,722)	(86,670)	(235,089)	(184,571)	(267,609)
	(321,608)	(394,066)	(406,120)	(593,197)	(517,950)	(548,553)
Other Income	64,870	5,787	2,225	63,453	6,953	11,642
Profit/(loss) before taxation	83,698	(160,366)	48,126	124,522	340,413	85,120
Provision for taxation	(41,330)	(34,052)	(46,966)	(23,500)	(11,440)	(43,744)
Profit / (loss) after taxation	42,368	(194,418)	1,160	101,022	328,973	41,376

ANALYSIS OF THE FINANCIAL STATEMENTS
PROFIT AND LOSS ACCOUNTS VERTICAL ANALYSIS

Particulars	2017	2016	2015	2014	2013	2012
	%	%	%	%	%	%
Profit and Loss Accounts						
Sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Goods Sold	(93.21)	(95.35)	(91.08)	(87.65)	(81.55)	(88.01)
Gross Profit	6.79	4.65	8.92	12.35	18.45	11.99
Distribution cost	(1.72)	(2.64)	(3.46)	(4.17)	(4.47)	(3.39)
Administrative expenses	(2.48)	(2.85)	(2.30)	(2.15)	(1.92)	(1.26)
Other operating expenses	(0.19)	(0.35)	(0.55)	(0.44)	(0.83)	(0.77)
Financial Cost	(2.02)	(2.20)	(1.71)	(4.44)	(4.00)	(5.16)
	0.38	(3.39)	0.92	1.15	7.21	1.41
Other Income	1.29	0.12	0.04	1.20	0.15	0.22
Profit/(loss) before taxation	1.67	(3.27)	0.95	2.35	7.37	1.64
Provision for taxation	(0.82)	(0.69)	(0.93)	(0.44)	(0.25)	(0.84)
Profit / (loss) after taxation	0.85	(3.96)	0.02	1.91	7.12	0.80

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2017

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
965	1	100	46,518
459	101	500	109,006
358	501	1000	245,383
150	1001	5000	394,726
31	5001	10000	237,525
13	10001	15000	161,499
5	15001	20000	91,218
4	20001	25000	92,500
3	25001	30000	82,272
1	30001	35000	34,500
2	45001	50000	100,000
2	50001	55000	106,767
2	55001	60000	115,545
2	65001	70000	132,250
1	80001	85000	82,500
1	85001	90000	85,300
1	95001	100000	99,000
1	200001	205000	202,824
1	230001	235000	232,000
1	240001	245000	241,315
3	280001	285000	852,337
1	320001	325000	320,664
1	430001	435000	434,798
1	495001	500000	500,000
1	2135001	214000	2,138,998
1	5035001	5040000	5,036,478
1	5145001	5150000	5,148,827
2012			**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	2,138,998	12.35
Others	16	143,603	0.83
General Public	1,979	3,536,169	20.41
	2,012	17,324,750	100.00

DETAIL OF CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2017

	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**
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**	**2,138,998**
OTHERS		
Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	1	7,117
Naseer Shahid Ltd.	1	23
Naveena Industries	1	85,300
Securities & Exchange Authority.	1	1
Ali Husain Rajabali Ltd	1	4,000
Y.S. Securities & Services (Pvt) Ltd.	1	132
Fateh Textile Mills Ltd.	1	65
NH Capital Fund Ltd	1	2
Maple Leaf Capital Limited	1	1
Apex Capital Securities (Pvt) Limited	1	18,000
Ismail Abdul Shakoor Securities (Private) Limited	1	2,402
Seven Star Securities (Pvt.) Ltd.	1	7,000
Fikree's (SMC-Pvt) Ltd.	1	577
Intermarket Securities Limited - MF	1	4,000
Bawa Securities (Pvt) Ltd. - MF	1	9,500
Guardian Modaraba Management (Pvt) Ltd	1	5,483
	16	**143,603**
GENERAL PUBLIC		
Local	**1,979**	**3,536,169**
Grand Total	**2,012**	**17,324,750**

Shareholders Holding 5% or more
As at June 30, 2017

	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	2,138,998	12.35

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

Tata Textile Mills Limited (the company) has applied the principles contained in the CCG in the following manner:

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

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

   The independent director meets the criteria of independence under clause 5.19.1of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution (DFI) or a Non-Banking Financial Institution (NBFI) or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred on the Board during the year under review.

5. The Company has prepared a ‘Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condition of employment of the Chief Executive and other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. Four directors of the Company have already completed Director’s Training Program (DTP). In addition, two directors met the criteria of exemption under Code of Corporate Governance. Further, DTP for the remaining director would be completed as per the requirements of Code of Corporate Governance.

10. No new appointment of CFO, Company Secretary and Head of Internal Audit was made during the year.

11. The directors’ report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by Chief Executive and Chief Financial Officer before approval of the Board.

13. The directors, chief executive and executives do not hold any interest in the share of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an audit committee. It comprises three members, all of them are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors including the chairman of the committee who is also an independent director.

18. The Board has setup an effective internal audit function within the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (“ICAP”), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

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

21. The ‘closed period’, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company’s securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchange.

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

ON BEHALF OF THE BOARD OF DIRECTORS

SHAHID ANWAR TATA
CHIEF EXECUTIVE

Karachi
Dated: September 14, 2017

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **31st Annual General Meeting** of the Shareholders of **Tata Textile Mills Limited** will be held on **Monday,** the **October 23, 2017 at 12:30 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 30th Annual General Meeting held on October 20, 2016

2. To receive, consider and adopt Annual Audited Accounts of the Company for the year ended June 30, 2017 together with the Directors' and Auditors' Report thereon.

3. To elect Seven Directors of the Company as fixed by the Board for a term of three years in accordance with the provision of Section 159 of the Companies Act, 2017. Retiring Directors are;

(i)	Mr. Anwar Ahmed Tata	(ii)	Mr. Shahid Anwar Tata
(iii)	Mr. Adeel Shahid Tata	(iv)	Mr. Bilal Shahid Tata
(v)	Mr. Muhammad Naseem	(vi)	Mr. Asif Saleem
(vii)	Mr. M. Salman H. Chawala (NIT)		

The retiring Directors are eligible for re-election

4. To appoint Auditors for the year ending June 30, 2018 and fix their remuneration. The retiring auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.

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, 2017 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, 2018 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 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

Farooq Advani
Company Secretary

Karachi:
Dated: September 28, 2017

Notes:

1. The Register of Member and Share Transfer Books of the Company will remain closed from October 16, 2017 to October 23, 2017 (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 Shahra-e-Faisal, Karachi by the close of business on October 13, 2017 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. Any member who seeks to contest the election of directors shall file with the Company, not later than 14 days before the meeting his/her intention to offer himself/herself for election directors in terms of Section 150(3) of the Companies Act, 2017, together with consent to act as director in Form-28 completed as required under section 167(1) of the Companies Act, 2017. The intention/consent should be accompany the relevant declaration as required under the "Code of Corporate Governance."

5. Members are requested to promptly notify any change in their address.

6. As has already been notified by SECP from time to time, Members who have not yet submitted photocopies of their CNIC to the Company's Share Registrar, are requested to send the same at earliest.

7. **E-Voting**: Pursuant to SECP's Companies (E-Voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Executive Officer by the Intermediary as Proxy.

8. **Video Conference Facility**: Pursuant to provision of SECP Circular No.10 of 2014 dated May 21, 2014, if the Company receives consent from Members holding aggregate 10% or more shareholding residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

9. **Distribution of Annual Report through Email**: The SECP vide SRO 787(I)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Shareholders of the Company who wish to receive the Company's Annual Report and notices of annual general meeting by email are requested to provide the completed Electronic Communication Consent Form already dispatched, to the Company' Share Registrar, Central Depository Company of Pakistan Limited.

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. 4 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, 2017 to be passed as an Ordinary Resolution.

   The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 5.19.6 (b) of the Code of Corporate Governance.

   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, 2017 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, 2018 to be passed as an Ordinary Resolution.

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

   In order to comply with the provisions of clause 5.19.6 (b) of the Code of Corporate Governance, 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, 2018.

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

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Tata Textile Mills Limited** for the year ended June 30, 2017 to comply with the requirements of the regulations of Pakistan Stock Exchange Limited where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Dated: September 14, 2017
Karachi

Deloitte.

Deloitte Yousuf Adil
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We have audited the annexed balance sheet of **Tata Textile Mills Limited** (the Company) as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Dated: September 14, 2017
Karachi

Member of
Deloitte Touche Tohmatsu Limited

FINANCIAL STATEMENTS
for the year ended June 30, 2017

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017	2016
		……………… Rupees ………………	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,945,460,572	2,891,140,912
Intangible assets	5	471,797	1,955,850
Long-term deposits		2,227,499	2,077,499
		2,948,159,868	2,895,174,261
CURRENT ASSETS			
Stores, spares and loose tools	6	50,822,648	50,533,417
Stock-in-trade	7	1,114,901,894	857,648,831
Trade debts	8	408,950,411	312,583,612
Loans and advances	9	221,309,354	229,347,554
Trade deposits and short-term prepayments	10	1,709,611	22,018,996
Other receivables	11	21,771,116	361,572
Other financial assets	12	269,360,748	14,852,385
Sales tax refundable		61,727,432	32,145,846
Cash and bank balances	13	88,321,694	60,364,083
		2,238,874,908	1,579,856,296
TOTAL ASSETS		5,187,034,776	4,475,030,557
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	173,247,500	173,247,500
General reserve		1,000,000,000	1,000,000,000
Unappropriated profit		400,245,838	287,262,597
		1,573,493,338	1,460,510,097
Surplus on revaluation of property, plant and equipment	15	1,236,794,899	1,357,455,591
NON-CURRENT LIABILITIES			
Long-term finances	16	234,983,752	158,733,060
Deferred liabilities	17	235,079,876	165,301,658
		470,063,628	324,034,718
CURRENT LIABILITIES			
Trade and other payables	18	231,719,459	353,982,506
Interest / mark-up accrued on borrowings	19	16,372,979	12,482,293
Short-term borrowings	20	1,563,771,992	855,315,054
Current portion of long-term finances	16	61,874,308	64,394,380
Provision for income tax		32,944,173	46,855,918
		1,906,682,911	1,333,030,151
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		5,187,034,776	4,475,030,557

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

SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		……………..Rupees……………..	
Sales - net	22	**5,014,434,040**	4,906,547,408
Cost of goods sold	23	**(4,673,997,854)**	(4,678,633,526)
Gross profit		**340,436,186**	227,913,882
Distribution cost	24	**(86,156,501)**	(129,698,805)
Administrative expenses	25	**(124,327,427)**	(139,657,268)
Other operating expenses	26	**(9,733,067)**	(16,988,302)
Finance cost	27	**(101,390,535)**	(107,721,514)
		(321,607,530)	(394,065,889)
		18,828,656	(166,152,007)
Other income	28	**64,869,748**	5,786,560
Profit / (loss) before taxation		**83,698,404**	(160,365,447)
Provision for taxation	29	**(41,329,606)**	(34,051,524)
Profit / (loss) for the year		**42,368,798**	(194,416,971)
Other comprehensive income			
Items that will not be reclassified subsequently through profit or loss			
Remeasurement of defined benefit plan		**884,952**	(9,033,603)
Less: deferred tax thereon		**(79,469)**	430,000
		805,483	(8,603,603)
Total comprehensive income for the year		**43,174,281**	(203,020,574)
Earnings per share - basic and diluted	30	**2.45**	(11.22)

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

SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		……………….Rupees………………	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		**83,698,404**	(160,365,447)
Adjustments for :			
Depreciation	4.2	**149,718,892**	130,000,869
Amortization	5	**1,780,268**	1,744,727
Provision for staff gratuity		**30,745,875**	26,102,274
Provision for compensated absences		**5,425,090**	6,685,919
Provision for doubtful debts		**462,439**	220,004
Finance cost	27	**101,390,535**	107,721,514
Loss / (gain) on disposal of property, plant and equipment	26 & 28	**4,838,453**	(4,620,721)
Operating cash flows before changes in working capital		**378,059,956**	107,489,139
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(289,231)**	(1,631,093)
Stock-in-trade		**(257,253,063)**	182,586,407
Trade debts		**(96,829,238)**	351,077,603
Loans and advances		**6,631,680**	(13,880,383)
Trade deposits and short-term prepayments		**20,309,385**	(20,896,940)
Other receivables		**(21,409,544)**	(291,013)
Other financial assets		**(254,508,363)**	(4,750,000)
Sales tax refundable		**(29,581,586)**	19,279,719
(Decrease) / increase in current liabilities			
Trade and other payables		**(122,263,048)**	71,311,557
Cash (used in) / generated from operations		**(377,133,052)**	690,294,996
Finance cost paid		**(97,499,849)**	(110,235,131)
Income tax paid		**(45,930,721)**	(61,342,870)
Staff gratuity paid		**(17,439,489)**	(13,650,264)
Staff compensated absences paid		**(6,903,616)**	(8,128,288)
Net cash (used in) / generated from operating activities		**(544,906,727)**	496,938,443
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(215,636,255)**	(102,458,601)
Proceeds from disposal of property, plant and equipment		**6,759,250**	13,196,606
Purchase of intangible assets		**(296,215)**	(86,144)
Long term deposits		**(150,000)**	(113,430)
Net cash used in investing activities		**(209,323,220)**	(89,461,569)

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		……….Rupees……….	
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance obtained		138,125,000	44,666,899
Repayment of long-term finance		(64,394,380)	(62,156,886)
Short-term borrowings obtained / (repaid) - net		13,339,139	(424,997,603)
Dividend paid		-	(17,159,098)
Net cash generated form / (used in) financing activities		87,069,759	(459,646,688)
Net decrease in cash and cash equivalents (A+B+C)		(667,160,188)	(52,169,814)
Cash and cash equivalents at beginning of the year		(385,911,286)	(333,741,472)
Cash and cash equivalents at end of the year	31	(1,053,071,474)	(385,911,286)

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

SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Note	Issued, subscribed and paid up capital	Revenue reserve: General reserve	Revenue reserve: Unappropriated profit	Total
		…………………………….	……Rupees……	…………………………….	
Balance at July 01, 2015		173,247,500	1,000,000,000	457,640,989	1,630,888,489
Total comprehensive income for the year					
Loss for the year		-	-	(194,416,971)	(194,416,971)
Loss on remeasurement of defined benefit plan		-	-	(9,033,603)	(9,033,603)
Less: deferred tax thereon		-	-	430,000	430,000
Other comprehensive income - net of tax		-	-	(8,603,603)	(8,603,603)
		-	-	(203,020,574)	(203,020,574)
Transferred from surplus on revaluation of property, plant and equipment on account of:					
- incremental depreciation		-	-	48,985,698	48,985,698
- disposal of property, plant and equipment		-	-	981,234	981,234
		-	-	49,966,932	49,966,932
Transaction with owners					
Final cash dividend for the year ended June 30, 2015 @ Re. 1 per share		-	-	(17,324,750)	(17,324,750)
Balance at June 30, 2016		**173,247,500**	**1,000,000,000**	**287,262,597**	**1,460,510,097**
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)
Other comprehensive income - net of tax		-	-	805,483	805,483
		-	-	43,174,281	43,174,281
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
	15	-	-	69,808,960	69,808,960
Balance at June 30, 2017		**173,247,500**	**1,000,000,000**	**400,245,838**	**1,573,493,338**

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

SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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 repealed Companies Ordinance, 1984 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

The Companies Act, 2017 has been promulgated in Pakistan on May, 30 2017 but these financial statements have been prepared in accordance with the provisions of repealed Companies Ordinance, 1984 as instructed by Securities and Exchange Commission of Pakistan under Circular no. 17 of 2017, dated July 20, 2017.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

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

- Revaluation of certain items of property, plant and equipment (note 3.1)
- Useful lives of property, plant and equipment (note 3.1)
- Useful lives of intangible assets (note 3.2)
- Valuation of stores and spares and stock-in-trade (note 3.3 and 3.4)
- Impairment of financial and non-financial assets (note 3.9)
- Staff retirement benefit - gratuity scheme (note 3.15)
- Taxation (note 3.22)

2.5 New accounting standard / amendments and IFRS interpretation that are effective for the year ended June 30, 2017

2.5.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2017. 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 IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016

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

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 / Amendments	Effective date (accounting periods beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	January 01, 2018
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
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

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.

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- 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 4. Depreciation on all additions in fixed assets is charged from the month in which the asset is available for use and on disposals up to the month preceding the month of disposal.

The depreciation method and assets' useful lives are reviewed and adjusted, if appropriate, at each 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 up to the month of disposal. Amortization charge is recognised in the profit and loss account. The rates of amortization are disclosed in note 5.

3.3 Stores, spares and loose tools

These are valued at cost. The cost is determined on moving average basis less allowance for obsolete and slow moving items. Stores and spares in transit are stated at invoice values plus other charges incurred thereon up to 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 up to 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 inventories can be realized in the normal course of business less estimated cost of completion and costs necessary to make sale.

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

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value, and short-term running 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 mathod.

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.

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.

Financial liabilities

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

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

3.8 Derivatives

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

3.9 Impairment

Financial assets

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

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

Non-financial assets

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

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

a) depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

b) an amount equal to incremental depreciation for the year net of deferred taxation is transferred from 'Surplus on revaluation of property, plant and equipment' to accumulated profits through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

3.15 Staff retirement benefits

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

Defined benefit plan - Workmen

The Company operates a gratuity scheme for all its employees under workmen category who have completed the minimum qualifying period of service as defined under the respective scheme. Provisions are made to cover the obligations under the schemes on the basis of actuarial valuation and charged to profit and loss and other comprehensive income. The most recent valuation was carried out as at June 30, 2017 using Projected Unit Credit Method. The amount recognized in the balance sheet represents the present value of defined benefit obligations. Remeasurement which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

Defined benefit plan - Non workmen

The Company also maintains 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 of any non-workmen.

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned. Under the policy, leaves of 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 Diminishing musharika finance

Diminishing musharika finance is recognised initially at cost less attributable transaction cost. Subsequent to initial recognition this is stated at original cost less principal repayment.

3.20 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.

3.21 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.

3.22 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 of Pakistan.

3.23 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.

3.24 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.

3.25 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 PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		..........Rupees..........	
Operating assets	4.1	2,895,594,113	2,828,414,869
Capital work in progress	4.5	49,866,459	62,726,043
		2,945,460,572	2,891,140,912

4.1 Operating assets

Particulars	Cost/ revaluated amount at July 01, 2016	Additions during the year	Disposals during the year	Cost/ revalued amount at June 30, 2017	Accumulated depreciation at July 01, 2016	Depreciation for the year	Depreciation on disposals	Accumulated depreciation at June 30, 2017	Written down value at June 30, 2017	Rate
	Rupees									%
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	561,979,303	5
Plant and machinery	1,986,398,132	171,012,019	(11,335,000)	2,146,075,151	49,481,794	98,944,134	(668,057)	147,757,871	1,998,317,280	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	1,497,298	-	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	21,495,688	5-30
Vehicles	37,376,092	9,457,800	(2,804,391)	44,029,501	22,591,545	4,757,346	(1,873,631)	25,475,260	18,554,241	20
	2,936,346,780	228,495,839	(14,139,391)	3,150,703,228	133,930,373	148,418,971	(2,541,688)	279,807,656	2,870,895,572	
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
June 30, 2017	**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**	

FOR COMPARATIVE PERIOD

Particulars	Cost/ revalued amount at July 01, 2015	Additions during the year	Disposals during the year	Adjustment for accumulated depreciation on revaluation	Revaluation surplus during the year	Cost / revalued amount at June 30, 2016	Accumulated depreciation at July 01, 2015	Depreciation / (transfer) for the year	Depreciation on disposals	Adjustment for accumulated depreciation on revaluation	Accumulated depreciation at June 30, 2016	Written down value at June 30, 2016	Rate
	Rupees												%
Owned													
Freehold land	131,764,565	-	-	-	47,967,935	179,732,500	-	-	-	-	-	179,732,500	-
Buildings on freehold land	512,167,010	4,443,210	-	(82,743,915)	146,442,669	580,308,974	71,728,540	25,512,460	-	(82,743,915)	14,497,085	565,811,889	5
Plant and machinery	1,804,595,374	68,165,819	(5,261,121)	-286,212,208	405,110,268	1,986,398,132	247,265,595	88,493,786	(65,379)	(286,212,208)	49,481,794	1,936,916,338	5 -10
Factory and workshop equipment	13,418,899	691,995	-	-	-	14,110,894	7,198,403	841,653	-	-	8,040,056	6,070,838	10
Electric installations	60,355,838	452,250	-	(36,982,235)	38,395,533	62,221,386	35,752,045	4,322,416	-	(36,982,235)	3,092,226	59,129,160	10
Lease hold improvements	26,089,214	-	-	-	-	26,089,214	9,452,565	1,663,665	-	-	11,116,230	14,972,984	10
Furniture and fixtures	21,925,449	628,333	-	-	-	22,553,782	7,776,594	1,451,780	-	-	9,228,374	13,325,408	10
Office equipment	26,908,495	681,211	(33,900)	-	-	27,555,806	13,726,161	2,189,777	(32,875)	-	15,883,063	11,672,743	5-30
Vehicles	48,317,639	277,000	(11,218,547)	-	-	37,376,092	26,205,565	4,225,409	(7,839,429)	-	22,591,545	14,784,547	20
	2,645,542,483	75,339,818	(16,513,568)	(405,938,358)	637,916,405	2,936,346,780	419,105,468	128,700,946	(7,937,683)	(405,938,358)	133,930,373	2,802,416,407	
Under Diminishing Musharika Arrangement													
Plant and machinery *	26,665,089	-	-	(1,966,551)	1,966,551	26,665,089	1,333,255	1,299,923	-	(1,966,551)	666,627	25,998,462	5
June 30, 2016	**2,672,207,572**	**75,339,818**	**(16,513,568)**	**(407,904,909)**	**639,882,956**	**2,963,011,869**	**420,438,723**	**130,000,869**	**(7,937,683)**	**(407,904,909)**	**134,597,000**	**2,828,414,869**	

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

4.2 Depreciation for the year has been allocated as under:

	Note	2017	2016
		..........Rupees..........	
Cost of goods manufactured	23.1	**142,105,418**	122,199,634
Administrative expenses	25	**7,613,474**	7,801,235
		149,718,892	130,000,869

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

	June 30, 2017			June 30, 2016		
	Cost	Accumulated depreciation	Written down value	Cost	Accumulated depreciation	Written down value
	..........Rupees..........					
Freehold land	**41,735,489**	**-**	**41,735,489**	39,744,364	-	39,744,364
Buildings on freehold land	**307,652,213**	**155,999,844**	**151,652,369**	282,372,287	148,483,486	133,888,801
Plant and machinery	**2,291,756,135**	**1,029,383,724**	**1,262,372,411**	2,141,635,751	987,283,154	1,154,352,597
Electric installations	**60,281,474**	**39,880,191**	**20,401,283**	58,945,751	37,646,562	21,299,189
	2,701,425,311	**1,225,263,759**	**1,476,161,552**	2,522,698,153	1,173,413,202	1,349,284,951

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 and December 31, 2015. All the revaluations were conducted by the independent professional valuer M/s. Iqbal A. Nanjee & Co. on the basis of market value or depreciated replacement values as applicable. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment account to comply with the requirement of Section 235 of the repealed Companies Ordinance, 1984.

4.4 Disposal of property, plant and equipment

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

Part	Cost / revalued amount	Accumulated depreciation	Written down value	Sale Proceeds	Mode of disposal	Particulars of buyer
	......Rupees......					
Machinery	775,000	35,117	739,883	350,000	Negotiation	Kohinoor Textile Mills Ltd. 42, Lawrence Road, Lahore.
Machinery	4,224,000	242,880	3,981,120	1,725,000	Negotiation	Crescent Cotton Mills Ltd. 408-409, business Avenue, Shahra-e-Faisal, Karachi.
Machinery	4,224,000	260,040	3,963,960	1,725,000	Negotiation	Diamond Intl. Corp, Ltd. B-238, H.I.T.E. Chowki Distt. Lasballa, Hub
Machinery	2,112,000	130,020	1,981,980	862,500	Negotiation	Diamond Intl. Corp, Ltd. B-238, H.I.T.E. Chowki Distt. Lasballa, Hub
Vehicle	1,585,615	1,080,690	504,925	1,275,000	Negotiation	Sheraz Khan House No. B-98, Block-3, Metrovil, Karachi.
Vehicle	905,000	610,921	294,079	750,000	Negotiation	M. Aamir Khan House No.R-210, Sector-8, North Karachi.
Assets having carrying value less than Rs.50,000 each	313,776	182,020	131,756	71,750	-	Various
June 30, 2017	**14,139,391**	**2,541,688**	**11,597,703**	**6,759,250**		
June 30, 2016	16,513,568	7,937,683	8,575,885	13,196,606		

4.5 Capital work in progress

	2017	2016
	..........Rupees..........	
Civil works	**48,006,688**	37,119,241
Machinery and electric installations	**1,859,771**	25,606,802
	49,866,459	62,726,043

5 INTANGIBLE ASSETS

	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**	

For comparative period

	Cost			Amortization			Book value as at June 30, 2016	Rate of Amortization
	As at July 01, 2015	Additions	As at June 30, 2016	As at July 01, 2015	Charge for the year	As at June 30, 2016		
	.... Rupees							%
License fee	713,128	-	713,128	371,027	142,625	513,652	199,476	20
ERP software	8,003,331	86,144	8,089,475	4,730,999	1,602,102	6,333,101	1,756,374	20
	8,716,459	86,144	8,802,603	5,102,026	1,744,727	6,846,753	1,955,850	

		2017	2016
		..........Rupees..........	
6 STORES, SPARES AND LOOSE TOOLS			
Stores and spares		**50,816,264**	50,525,742
Loose tools		**6,384**	7,675
		50,822,648	50,533,417

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

	Note	2017	2016
		..........Rupees..........	
7 STOCK-IN-TRADE			
Raw material	7.1	**791,265,059**	514,636,744
Work-in-process		**51,824,025**	41,588,970
Finished goods	7.2	**227,505,538**	276,998,841
Waste stock		**44,307,272**	24,424,276
		1,114,901,894	857,648,831

7.1 Raw material includes stock in transit amounting to Rs. 104.16 million (2016: Rs Nil)

7.2 The above balances are net of provision for write-down of inventories to their net realizable values aggregating to Rs. 7.35 million (2016: Rs. 3.55 million)

	Note	2017	2016
		..........Rupees..........	
8 TRADE DEBTS			
Considered good			
Export - secured	8.1	**35,253,086**	45,197,530
Local - unsecured	8.2	**373,697,325**	267,386,082
Considered doubtful			
Local - unsecured		**682,443**	220,004
Less: provision for doubtful debts	8.4	**(682,443)**	(220,004)
		-	-
		408,950,411	312,583,612

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

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

8.3 As at June 30, 2017, local trade debts aggregating Rs. 369.63 million (2016: Rs. 241.91 million) were past due for which the Company has made a provision of Rs 0.68 million (2016: Rs. 0.22 million). The ageing of these past due trade debts is as follows:

	2017	2016
	……….Rupees……….	
Ageing of past due but not impaired		
1-30 days	**338,907,497**	206,154,768
31-90 days	**30,629,442**	34,270,304
91 days and above	**93,884**	1,480,473
	369,630,823	241,905,545

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

	Note	2017	2016
		……….Rupees……….	
Balance at the beginning of the year		**220,004**	-
Provision for the year		**462,439**	**220,004**
Balance at the end of the year		**682,443**	**220,004**

9 LOANS AND ADVANCES

Considered good

	Note	2017	2016
Due from employees	9.1	**12,223,657**	9,907,248
Advance to creditors		**7,181,903**	7,015,956
Advance for expenses		**241,261**	129,608
Advance income tax		**164,330,065**	165,736,585
Advance against letters of credit		**25,096,501**	26,459,331
Advance ijarah rental		**12,235,967**	20,098,826
		221,309,354	229,347,554

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

10 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2017	2016
		……….Rupees……….	
Bank guarantee margin		**-**	311,241
Prepayments		**1,709,611**	21,707,755
		1,709,611	22,018,996

11 OTHER RECEIVABLES

	2017	2016
Rebate on export sales	**21,465,513**	-
Others	**305,603**	361,572
	21,771,116	361,572

12 OTHER FINANCIAL ASSETS

Held-to-maturity

	Note	2017	2016
Term Deposit Receipts	12.1	**269,360,748**	14,852,385

12.1 These represent term deposit receipts held for a period of six months with a markup rate of 5.25% to 5.5% per annum (2016: 4.05% to 6%).

13 CASH AND BANK BALANCES

	Note	2017	2016
		……….Rupees……….	
Cash at bank			
In current accounts		37,519,427	55,166,331
In savings accounts	13.1	49,756,283	3,673,468
		87,275,710	58,839,799
Cash in hand		1,045,984	1,524,284
		88,321,694	60,364,083

13.1 These carry markup rates ranging from 3.75% to 4.5% (2016: 3.75% to 4.5%) per annum.

14 SHARE CAPITAL

2017	2016		2017	2016
Number of shares			……….Rupees……….	
		Authorised		
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	200,000,000	200,000,000
		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.

	2017	2016
	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 4.3).

	Note	2017	2016
		..........Rupees..........	
Balance at July 01		**1,418,303,398**	830,884,672
Revaluation surplus during the year		**-**	639,882,956
Transferred to unappropriated profit on account of			
- incremental depreciation		**(62,883,055)**	(48,985,698)
- disposal of property, plant and equipment		**(6,925,905)**	(981,234)
Related deferred tax liability		**(3,487,983)**	(2,497,298)
		(73,296,943)	(52,464,230)
Balance at June 30		**1,345,006,455**	1,418,303,398
Less:			
Related deferred tax liability			
Balance at July 01		**60,847,807**	18,176,066
Effect of revaluation carried out during the year		**-**	28,175,155
Adjustment due to change in rate on			
- normal tax		**-**	(1,136,004)
- income subject to final tax regime	15.1	**50,851,731**	18,129,888
Transferred to profit and loss on account of:			
- incremental depreciation - net of deferred tax		**(2,804,675)**	(2,448,257)
- disposal - net of deferred tax		**(683,307)**	(49,041)
Balance at June 30		**(108,211,556)**	(60,847,807)
		1,236,794,899	1,357,455,591

15.1 This represents effect on opening deferred tax liability due to revision of deferred tax rate from 4.76 % to 8.98 % (2016: 2.46% to 4.76%) 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 FINANCES

	Note	2017	2016
		..........Rupees..........	
From banking companies - secured			
Demand finances	16.1	**66,134,689**	99,202,033
Term finances	16.2	**40,843,888**	58,953,444
SBP- LTFF	16.3	**138,125,000**	-
Car finance		**-**	20,073
Export oriented projects (EOP)	16.4	**34,359,151**	41,230,983
Diminishing musharika	16.5	**17,395,332**	23,720,907
		296,858,060	223,127,440
Less: Current portion shown under current liabilities			
Demand finances		**(33,067,344)**	(33,067,344)
Term finances		**(15,609,556)**	(18,109,556)
Car finance		**-**	(20,073)
Export oriented projects (EOP)		**(6,871,832)**	(6,871,831)
Diminishing musharika		**(6,325,576)**	(6,325,576)
		(61,874,308)	(64,394,380)
		234,983,752	158,733,060

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 (2016: 3 months' KIBOR plus 1.5%) in 20 quarterly payments up to 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 1.25% per annum (2016: 3 and 6 months' average KIBOR plus 1% and 1.25%). These are repayable in equal half yearly installments up to October 2020.

16.3 The finances are secured against first pari passu charge on all present and future plant & machineries and charge on specific machineries. These facilities are subject to markup at SBP rate plus bank spread i.e. (2% + 1.5%) per annum (2016: Nil). These are repayable in 32 equal quarterly installments.

16.4 These loans are secured against joint/first pari passu charge on all present and future fixed assets including land, building, plant and machinery and charge on specific machinery. These loans are subject to mark-up ranging from 3 month KIBOR plus 1.5% per annum (2016: 3 month KIBOR + 1.5%). These loans are repayable in 26 quarterly installments.

16.5 The facility is obtained to finance the import of machineries which is subject to profit chargeable at the rate of three months KIBOR + 1.25% per annum. The facility is secured against first exclusive hypothecation charge over 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	2017	2016
		……….Rupees……….	
17 DEFERRED LIABILITIES			
Staff gratuity	17.1	**107,665,169**	95,243,734
Compensated absences		**1,563,061**	3,041,588
Deferred taxation	17.2	**125,851,646**	67,016,336
		235,079,876	165,301,658
17.1 Staff gratuity			
Defined benefit plan			
Workmen	17.1.1	**48,700,929**	42,797,569
Non-workmen	17.1.13	**58,964,240**	52,446,165
		107,665,169	95,243,734

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, 2017 under the Projected Unit Credit Method, are as follows:

Net liability in the balance sheet

	2017	2016
Present value of defined benefit obligation	**48,700,929**	42,797,569

17.1.2 Expense recognised in the profit and loss account

	2017	2016
Current service cost	**15,359,250**	11,739,269
Interest cost	**3,842,062**	2,486,552
	19,201,312	14,225,821

17.1.3 Remeasurement (gain) / loss recognised in other comprehensive income

	2017	2016
Actuarial losses on defined benefit obligation		
Changes in financial assumptions	**-**	12,228,951
Changes in demographic assumptions	**-**	-
Experience adjustments	**(884,952)**	(3,195,348)
	(884,952)	9,033,603

	2017	2016
	..........Rupees..........	

17.1.4 Movement in defined benefit obligation

	2017	2016
Opening defined benefit obligation	**42,797,569**	27,824,745
Current service cost	**15,359,250**	11,739,269
Interest cost	**3,842,062**	2,486,552
Actuarial (gain) / loss	**(884,952)**	9,033,603
Benefits paid during the year	**(12,413,000)**	(8,286,600)
Closing defined benefit obligation	**48,700,929**	42,797,569

17.1.5 Movement in net liability in the balance sheet

	2017	2016
Opening balance of net liability as at July 01	**42,797,569**	27,824,745
Add: Charge for the year	**19,201,312**	14,225,821
Remeasurement (gain) / loss recognised in other-comprehensive income	**(884,952)**	9,033,603
Less: Payment made during the year	**(12,413,000)**	(8,286,600)
Closing balance of net liability as at June 30	**48,700,929**	42,797,569

17.1.6 The principal assumptions used in the valuation of gratuity

	2017	2016
Discount rate (% per annum)	**9.00**	10.50
Expected rate of salary increase (% per annum)	**9.00**	10.50
Mortality rate	**Adjusted SLIC 2001-05**	Adjusted SLIC 2001-05
Expected withdrawal rate for actuarial assumptions	**Moderate**	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%**	**(7,471,285)**	**9,194,946**
Expected rate of salary increase	**1%**	**9,629,564**	**(7,908,855)**
Withdrawal rate	**10%**	**579,541**	**(589,281)**
Mortality rate	**1 year**	**97,402**	**(95,900)**

For comparative period

		Impact on obligation	
		Increase in assumption	Decrease in assumption
		..........Rupees..........	
Discount rate	1%	(6,545,865)	8,251,569
Expected rate of salary increase	1%	8,398,266	(6,762,853)
Withdrawal rate	10%	513,571	(556,368)
Mortality rate	1 year	(42,798)	(42,798)

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, 2018 is Rs. 19,596,880.

17.1.10 The weighted average duration of the defined benefit obligation is year 16.89 years (2016: 15.46 years).

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

	Undiscounted payments	
	2017	2016
	……….Rupees……….	
Less than a year	**3,334,513**	3,133,431
Between 1-2 years	**4,511,633**	4,517,526
Between 2-3 years	**5,384,236**	5,573,764
Between 3-4 years	**6,091,258**	6,437,727
Between 4-5 years	**6,658,424**	7,123,303
Between 6-10 years	**37,471,914**	41,000,243
11 years and above	**126,875,162**	144,565,419

17.1.12 There are no plan assets against defined benefit obligation.

17.1.13 Non workmen - Defined benefit scheme

	2017	2016
	……….Rupees……….	
Opening balance	**52,446,165**	45,933,376
Charge for the year	**11,544,563**	11,876,453
Payment during the year	**(5,026,488)**	(5,363,664)
Closing balance	**58,964,240**	52,446,165

17.2 Deferred taxation

	Balance At July 01, 2016	Deferred tax recognised in: Profit and loss account	Deferred tax recognised in: Other comprehensive income	Deferred tax recognised in: Surplus on revaluation of assets	Balance At June 30, 2017
	....	....	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)	-	50,851,731	108,211,555
	88,798,162	38,745,668	-	50,851,731	178,395,561
Deferred tax assets on deductible temporary differences arising in respect of :					
- 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**	**79,469**	**50,851,731**	**125,851,646**

	Balance At July 01, 2015	Deferred tax recognised in: Profit and loss account	Deferred tax recognised in: Other comprehensive income	Deferred tax recognised in: Surplus on revaluation of assets	Balance At June 30, 2016
	....	....	Rupees	....	....
Movement for the year ended June 30, 2016					
Deferred tax liabilities on taxable temporary differences arising in respect of :					
- Property, plant and equipment	15,485,706	12,464,649	-	-	27,950,355
- Surplus on revaluation of property, plant and equipment	18,176,066	(2,497,298)	-	45,169,039	60,847,807
	33,661,772	9,967,351	-	45,169,039	88,798,162
Deferred tax assets on deductible temporary differences arising in respect of :					
- Staff gratuity	(1,814,450)	(2,289,152)	(430,000)	-	(4,533,602)
- Unused tax losses	(3,135,382)	(14,112,842)	-	-	(17,248,224)
	28,711,940	(6,434,643)	(430,000)	45,169,039	67,016,336

18 TRADE AND OTHER PAYABLES

	Note	2017	2016
		……….Rupees……….	
Creditors	18.1	**40,736,250**	87,969,465
Accrued liabilities	18.2	**175,885,276**	214,510,171
Retention money		**1,426,421**	1,426,421
Withholding income tax		**2,420,079**	1,814,648
Workers' profit participation fund	18.3	**2,154,924**	-
Workers' welfare fund	18.4	**3,106,086**	41,028,508
Unclaimed dividend		**4,919,960**	4,917,895
Other liabilities		**1,070,463**	2,315,398
		231,719,459	353,982,506

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

18.2 This includes Rs. 69.72 million (2016: 66 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. 69.72 million up to June 30, 2017 (50%) of the value of infrastructure cess in cash and recorded liability for the remaining amount which is supported by a bank guarantee.

18.3 Workers' Profits Participation Fund

		Note	2017	2016
			……….Rupees……….	
	Opening balance		**-**	3,183,345
Add:	Allocation for the year	26	**2,154,924**	-
	Interest on funds utilized in the Company's business (note 27)	18.3.1	**-**	227,762
			2,154,924	3,411,107
Less:	Payments made to the fund during the year		**-**	(3,411,107)
	Closing balance		**2,154,924**	-

18.3.1 Interest on funds utilized is charged @ Nil % (2016: 9% to 9.5 %) per annum.

18.4 During the 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.

19 INTEREST / MARK-UP ACCRUED ON BORROWINGS

	Note	2017	2016
		……….Rupees……….	
Long-term finances		**2,800,516**	1,714,856
Short-term borrowings		**13,572,463**	10,767,437
		16,372,979	12,482,293

20 SHORT-TERM BORROWINGS

From banking companies - secured

	Note	2017	2016
Running / cash finances	20.1	**1,141,393,168**	446,275,369
Finance against import / export	20.2	**422,378,824**	409,039,685
	20.3	**1,563,771,992**	855,315,054

20.1 These are subject to mark-up at the rate of one to six months KIBOR plus spread ranging between 0.3% and 1.25% (2016: three months KIBOR plus 0.5% to 1%) per annum. These facilities are secured against pledge of stock and pari passu charge over stock and receivables.

20.2 These facilities are subject to mark-up at floating rate (inclusive of KIBOR) ranging from 6.62% to 6.87% and fixed rate of 2% (inclusive of LIBOR). (2016: 3 months average 1% to 1.35%, inclusive of LIBOR) per annum. These arrangements are secured against pledge of stock, pari passu charge over stock and receivables of the Company.

20.3 Total facilities available from various commercial banks amounts to Rs. 5,070 million (2016: Rs. 5,020 million) from which the aggregate unavailed short-term borrowings facilities are of Rs. 3,506 million (2016: Rs. 4,165 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 amount of claim is Rs. 7.89 million (2016: Rs. 7.89 million). Management is confident of favourable outcome and, therefore no provision has been made.

21.2 Commitments

		Note	2017	2016
			……….Rupees……….	
(i)	Letters of credit			
	- plant and machinery		**718,477,642**	382,130,075
	- stores and spares		**18,769,240**	11,331,895
	- raw material		**273,426,365**	24,281,446
(ii)	Bank guarantees issued on behalf of the Company	21.2.1	**171,018,261**	162,956,151
(iii)	Bills discounted			
	- Export		**312,164,993**	454,801,532
	- Local		**34,007,000**	43,414,500
			346,171,993	498,216,032
(iv)	Rentals under ijarah finance agreements			
	- not later than one year		**57,126,165**	57,281,720
	- later than one year and not later than 5 years		**152,087,188**	188,134,024
	- later than 5 years		**-**	21,424,403
		21.2.2	**209,213,353**	266,840,147

21.2.1 This includes bank guarantee related to Sindh Development Infrastructure Cess amounting to Rs. 51.40 million (2016: Rs. 48.40 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. 209.21 million (2016: Rs. 266.84 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	2017	2016
		……….Rupees……….	
22 SALES - NET			
Export			
-Yarn		**1,083,923,718**	2,386,532,558
-Yarn (indirect export)		**1,460,983,087**	954,031,367
-Waste		**43,283,850**	123,357,283
		2,588,190,655	3,463,921,208
Local			
-Yarn		**2,053,807,586**	1,306,768,210
-Raw material		**41,472,247**	411,331
-Waste		**356,522,307**	218,028,049
		2,451,802,140	1,525,207,590
Less: Sales tax		**(25,558,755)**	(82,581,390)
		5,014,434,040	4,906,547,408

23 COST OF GOODS SOLD

	Note	2017	2016
Cost of goods manufactured	23.1	**4,611,974,681**	4,536,918,757
Finished goods (including waste)			
Opening stock		**301,423,117**	442,591,727
Closing stock		**(271,812,810)**	(301,423,117)
		29,610,307	141,168,610
Cost of goods sold		**4,641,584,988**	4,678,087,367
Cost of raw material sold		**32,412,866**	546,159
		4,673,997,854	4,678,633,526

23.1 Cost of goods manufactured

	Note	2017	2016
Raw material consumed	23.1.1	**3,442,306,477**	3,339,206,270
Packing material		**58,516,447**	82,123,420
Stores and spares		**100,927,046**	101,601,280
Power and fuel		**473,728,733**	468,811,679
Salaries, wages and benefits	23.2	**315,212,292**	318,187,845
Depreciation	4.2	**142,105,418**	122,199,634
Insurance		**12,457,507**	17,488,762
Repairs and maintenance		**7,777,555**	14,906,251
Ijarah rentals		**60,533,231**	57,869,784
Other overheads		**8,645,030**	13,874,596
		4,622,209,736	4,536,269,521
Work-in-process			
Opening stock		**41,588,970**	42,238,206
Closing stock	7	**(51,824,025)**	(41,588,970)
		(10,235,055)	649,236
		4,611,974,681	4,536,918,757

23.1.1 Raw material consumed

	Note	2017	2016
Opening stock		**514,636,744**	555,405,305
Purchases - net		**3,718,934,792**	3,298,437,709
		4,233,571,536	3,853,843,014
Closing stock	7	**(791,265,059)**	(514,636,744)
		3,442,306,477	3,339,206,270

23.2 Salaries, wages and benefits include Rs. 25.68 million (2016: Rs. 20.55 million) in respect of staff retirement benefits.

24 DISTRIBUTION COST

	Note	2017	2016
		……….Rupees……….	
Brokerage and commission		**37,520,242**	43,897,569
Inland freight on local sales		**8,637,431**	6,642,620
Inland freight on export		**5,122,340**	12,774,196
Ocean freight		**5,968,107**	15,943,506
Staff salaries and benefits	24.1	**10,860,973**	10,629,539
Bank charges and commission		**7,042,581**	18,728,405
Customers claims		**779,085**	362,514
Export development surcharge		**2,930,585**	6,970,746
Wharfage		**2,526,480**	5,479,768
Forwarding charges		**499,836**	1,183,936
Miscellaneous export expenses		**349,560**	1,794,256
Postage and telegram		**1,673,170**	2,116,733
Others		**2,246,111**	3,175,017
		86,156,501	129,698,805

24.1 Staff salaries and benefits include Rs. 0.85 million (2016: Rs. 0.98 million) in respect of staff retirement benefits.

25 ADMINISTRATIVE EXPENSES

	Note	2017	2016
		……….Rupees……….	
Staff salaries and benefits	25.1 & 32	**59,668,105**	66,341,042
Director's remuneration		**10,380,000**	9,177,012
Depreciation	4.2	**7,613,474**	7,801,235
Legal and professional		**2,720,863**	6,642,124
Rent, rates and taxes		**2,863,027**	2,863,140
Fees and subscription		**3,602,881**	3,504,379
Utilities		**3,449,119**	3,163,968
Traveling and conveyance		**5,128,538**	6,113,613
Provision for doubtful debts		**462,439**	220,004
Vehicles running		**3,416,933**	3,883,483
Printing and stationery		**1,341,808**	1,144,718
Postage and telephone		**1,562,940**	2,193,303
Amortization	5	**1,780,268**	1,744,728
Auditors' remuneration	25.3	**1,329,000**	1,679,240
Donation	25.2	**12,137,788**	16,746,722
Repairs and maintenance		**4,640,973**	3,791,322
Insurance		**867,283**	1,031,187
Advertisement		**178,400**	184,160
Others		**1,183,588**	1,431,888
		124,327,427	139,657,268

25.1 Staff salaries and benefits include Rs. 4.21 million (2016: Rs. 4.57 million) in respect of staff retirement benefits.

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

	Note	2017	2016
		……….Rupees……….	

25.3 Auditors' remuneration

Annual audit fee		650,000	650,000
Fee for review of :			
- Condensed interim financial information		75,000	75,000
- Code of Corporate Governance		25,000	25,000
Tax services		-	100,000
Certification		579,000	829,240
		1,329,000	1,679,240

26 OTHER OPERATING EXPENSES

	Note	2017	2016
Workers' profit participation fund		2,154,924	-
Workers' welfare fund		-	2,751,798
Loss on disposal of property and equipment		4,838,453	-
Exchange loss - net		-	14,220,504
Expenses of agriculture farm - net	26.1	2,732,690	-
Others		7,000	16,000
		9,733,067	16,988,302

26.1 During the year, the Company carried out agriculture farming on the available land at its mill premises.

27 FINANCE COST

	Note	2017	2016
		……….Rupees……….	
Interest / mark-up on :			
Long-term finances		17,399,002	20,746,979
Short-term borrowings		73,132,515	76,414,339
Workers' profit participation fund	18.3	-	227,762
Letters of credits discounting charges		5,779,940	6,281,334
Bank guarantee commission		873,168	1,649,925
Bank charges		4,205,910	2,401,175
		101,390,535	107,721,514

28 OTHER INCOME

	2017	2016
Income from financial assets		
Profit on bank accounts and term deposit receipts	1,454,663	1,165,839
Exchange gain - net	3,920,450	-
Others	106,700	-
Income from non-financial assets		
Gain on disposals of property plant and equipment	-	4,620,721
Rebate on export sales	21,465,513	-
Workers' welfare fund	37,922,422	-
	64,869,748	5,786,560

29 TAXATION

	2017	2016
	.... Rupees	
Current		
-for the year	**32,944,173**	46,855,918
-for prior year	**481,323**	(6,369,751)
Deferred	**7,904,110**	(6,434,643)
	41,329,606	34,051,524

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.

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 :

		2017	2016
Profit/(loss) for the year	**Rupee**	**42,368,798**	(194,416,971)
Weighted average number of ordinary shares outstanding during the year		**17,324,750**	17,324,750
Earnings per share	**Rupee**	**2.45**	(11.22)

31 CASH AND CASH EQUIVALENTS

	Note	2017	2016
		.... Rupees	
Cash and bank balances	13	**88,321,694**	60,364,083
Running / cash finances	20.1	**(1,141,393,168)**	(446,275,369)
		(1,053,071,474)	(385,911,286)

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:

	2017		2016	
	Chief Executive	**Executives**	**Chief Executive**	**Executives**
	.... Rupees			
Managerial remuneration	**10,380,000**	**54,480,300**	9,177,012	65,375,459
Bonus / Ex-gratia	**-**	**-**	764,751	5,324,333
Retirement benefits	**-**	**5,084,250**	764,751	5,324,333
Leave encashment	**-**	**1,694,750**	-	2,662,167
Utilities	**1,125,731**	**-**	1,058,908	-
	11,505,731	**61,259,300**	11,765,422	78,686,292
Number of persons	**1**	**19**	1	42

32.1 The Chief Executive and Executive Directors are also entitled for use of company maintained cars.

32.2 An amount of Rs. 0.25 million (2016: Rs 0.23 million) has been charged in these financial statements in respect of fee paid to Directors for attending Board meetings.

	2017	2016
33 PLANT CAPACITY AND ACTUAL PRODUCTION		
Number of spindles installed	**44,400**	44,400
Number of spindles worked	**44,400**	44,400
Number of shifts per day	**3**	3
Installed capacity after conversion into 20/s count-kgs	**15,312,002**	15,312,002
Actual production of yarn after conversion into 20/s count-kgs	**15,922,293**	16,418,816
34 NUMBER OF EMPLOYEES		
Average number of employees during the year	**1,266**	1,335
Number of employees as at June 30	**1,188**	1,352

35 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Remuneration of key management personnel is disclosed in note 32 and amount due in respect of staff retirement benefits is disclosed in note 17. Other significant transactions with related parties are as follows:

Relationship with the party	Nature of transactions	2017	2016
		……….Rupees……….	
Associated undertakings	Share of expenses paid	**5,011,866**	5,071,677
	Share of expenses received	**3,346,505**	2,896,734
	Purchase of cotton	**37,725,145**	54,982,814
	Purchase of store	**371,947**	-
	Sale of machinery	**-**	2,565,000
	Sale of fiber	**376,306**	-
	Dividend paid	**-**	434,798
Directors	Rent expense		
	- godown	**240,000**	240,000
	- office premises	**2,863,140**	2,863,140

36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

36.1. Financial instrument by category

Financial assets as per balance sheet

	2017	2016
Loans and receivables at amortized cost		
- Trade debts	**408,950,411**	312,583,612
- Loans to employees	**12,223,657**	9,907,248
- Trade deposits	**-**	311,241
- Other receivables	**21,771,116**	361,572
- Cash and bank balances	**88,321,694**	60,364,083
	531,266,878	383,527,756
Held to maturity		
- Other financial assets	**269,360,748**	14,852,385
	800,627,626	398,380,141

	2017	2016
Financial liabilities as per balance sheet	.... Rupees	
Financial liabilities measured at amortized cost		
- Long term finance including current portion	**296,858,060**	223,127,440
- Trade and other payables	**224,038,370**	311,139,350
- Interest / mark-up accrued on borrowings	**16,372,979**	12,482,293
- Short term borrowings	**1,563,771,992**	855,315,054
	2,101,041,401	1,402,064,137

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 market.

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

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company exports yarn and waste stock to foreign customers and maintain foreign currency accounts for the payment to foreign suppliers which exposes it to currency risk. As at June 30, 2017, financial assets include Rs. 40.64 million (2016: Rs. 53.01 million) equivalent to US$ 0.39

million (2016: US$ 0.51 million) and financial liabilities include foreign commission payable and finance obtained against import / export amounting to Rs. 88.55 million (2016: Rs. 278.93 million) equivalent to US$ 0.84 million (2016 US$ 2.66 million). The average rates applied during the year is Rs. 104.80 / US $ (2016: Rs. 103.40 /US $) and the spot rate as at June 30, 2017 was Rs.105 / US$ (2016: Rs. 104.6 /US$).

At June 30, 2017, 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. 4.79 million (2016: Rs. 22.59 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. 1.67 billion (financial liabilities on a net basis) (2016: Rs. 1.07 billion). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
	2017	2016
	……….Rupees……….	
Variable rate instruments		
Financial assets		
- savings accounts	**49,756,283**	3,673,468
Financial liabilities		
- long term finances	**158,733,060**	223,127,440
- short term borrowings	**1,563,771,992**	855,315,054
	(1,722,505,052)	(1,078,442,494)
Net financial liabilities at variable interest rates	**(1,672,748,769)**	(1,074,769,026)

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 loss / profit for the year and shareholder's equity by Rs. 16.73 million (2016: Rs. 10.75 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2016.

Fixed rate instruments

The Company has invested an amount of Rs 269.67 million (2016: 14.85 million) at interest rate of 5.25% to 5.5% per annum (2016: 4.05% to 6%) in Term Deposits Receipts (TDRs).

Cash flow sensitivity analysis for fixed rate instruments

A change of 100 basis points in interest rates at the year end would have increased or decreased the loss / profit for the year and shareholder's equity by Rs. 1.42 million (2016: Rs. 0.12 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2016.

(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. 800.63 million (2016: Rs. 398.38 million), the financial assets which are subject to credit risk amounted to Rs. 799.58 million (2016: Rs. 396.86 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 a bank (note 12). The risk is managed through ensuring that such investments are made in instruments issued by reputed banks with good credit ratings. The credit rating of the investee 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. 87% of the Company’s debt will mature in less than one year at June 30, 2018 (2017: 85%) 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.

2017	Average Interest rate	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
		.... Rupees	....				
Long term financing including current portion	3 month 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
Interest / mark-up accrued on loans	-	13,572,463	2,800,516	-	-	-	16,372,979
Short-term borrowings							
Running finance / cash finance	one to six month KIBOR plus spread ranging between 0.50% and 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	241,190,074	1,608,795,114	177,251,750	57,732,000	2,101,041,401

2016	Average Interest rate	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
		.... Rupees	....				
Long term financing including current	3 month KIBOR plus 1% to 1.5%	2,520,073	14,351,188	47,523,119	151,861,237	6,871,823	223,127,440
Trade and other payables	-	-	311,139,350	-	-	-	311,139,350
Interest / mark-up accrued on loans	-	10,767,437	1,714,856	-	-	-	12,482,293
Short-term borrowings							
Running finance / cash finance	one to three month KIBOR plus spread ranging between 0.50% and 1.00%	-	-	446,275,369	-	-	446,275,369
Finance against import / export	1.00% to 1.350% inclusive of LIBOR	-	-	409,039,685	-	-	409,039,685
		13,287,510	327,205,394	902,838,173	151,861,237	6,871,823	1,402,064,137

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

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

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

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

37. 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 December 31, 2015 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 2017 and 30 June 2016 are as follows:

	Level 1	Level 2	Level 3	Total
	……………………………….Rupees……………………………			
Freehold land	-	181,723,625	-	181,723,625
Buildings on free hold land	-	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
Freehold land	-	179,732,500	-	179,732,500
Buildings on free hold	-	565,811,889	-	565,811,889
Plant and machinery	-	1,962,914,800	-	1,962,914,800
Electric installations	-	59,129,160	-	59,129,160
June 30, 2016	-	2,767,588,349	-	2,767,588,349

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, 2017 and June 30, 2016 were as follows:

	2017	2016
	……….Rupees……….	
Total debts	**1,860,630,052**	1,078,442,494
Less: Cash and bank balances	**(88,321,694)**	(60,364,083)
Net debt	**1,772,308,358**	1,018,078,411
Total equity	**1,573,493,338**	1,460,510,097
Adjusted capital	**3,345,801,696**	2,478,588,508
Gearing ratio	0.53	0.41

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) 51.6 percent (2016: 51.2 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 14, 2017.

41 GENERAL

Figures have been rounded off to the nearest Rupee.

SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

2016ء میں گروپ نے انقلابی کارپوریٹ اقدام اٹھانے کا فیصلہ کیا۔ اس فیصلے کے مطابق انفارمیشن ٹیکنالوجی میں مزید سرمایہ کاری کرنا تھا جس کی بدولت اعلیٰ موثر نیٹ ورک انفرا سٹرکچر، کمیونی کیشن، کاروبار کو مسلسل جاری رکھنے کی صلاحیت کی پلاننگ، ہنگامی حالات سے نمٹنے کے لئے افرادی قوت کی موجودگی، سنٹرلائزڈ کنٹرولنگ انوائرمنٹ، تحریری پالیسیاں اور حکمت عملی اور تبدیلی کی مینجمنٹ کو اپنانا تھا۔ ای آر پی کے لاگو ہونے سے کاروبار کے تمام حصوں میں معلومات کی یکدم فراہمی ممکن ہوگئی اور اس ڈیٹا کی بنیاد پر تمام اسٹیک ہولڈرز میں درست فیصلہ کرنے کی صلاحیت میں اضافہ ہوا اور کمپنی موثر انداز میں اپنی مینجمنٹ کو برقرار رکھنے میں کامیاب ہوئی۔

افرادی قوت کی ترقی:

ہمارا انسانی سرمایہ ہمیں سب سے مقدم ہے اس لئے ہم اپنے لوگوں میں سرمایہ کاری کرنے کو سب سے احسن عمل سمجھتے ہیں جس کی وجہ سے ہمارے منافع کو تقویت ملتی ہے۔ علاوہ ازیں ہم اپنے ملازمین کو ایسا پروفیشنل ماحول دینے کے لئے کوشاں ہیں جہاں اُن کی تخلیقی صلاحیتوں کو اجاگر کیا جاسکے اور وہ اپنا سو فیصد ان پٹ دے سکیں۔ ہم اپنے ملازمین کی پروفیشنل اور پرسنل ڈولپمنٹ کو بڑھانے کے لئے ملازمین مراعاتی اسکیم متعارف کرواتے ہیں۔ ہم کریئر ایڈوانسمنٹ، کارکردگی جانچنے کا شفاف نظام اور مارکیٹ میں مسابقتی صلاحیت بھی اپنے ملازمین کو فراہم کرتے ہیں۔ ہمارے پرفارمنس مینجمنٹ سسٹم میں باقاعدہ فیڈ بیک کا میکانزم اور ڈولپمنٹ کا

مستقبل کی حکمت عملی:

مارکیٹ ٹرینڈز اور طلب کے تناظر میں انتظامیہ نے پُرانے رِنگ فریمز کو جدید مربوط رِنگ فریمز سے تبدیل کرنے کا فیصلہ کیا ہے۔ اس تبدیلی سے دھاں کی تیاری اور معیار کو مزید بہتر بنایا جاسکے گا۔

انتظامیہ نے گیس اور بجلی کی لوڈ شیڈنگ سے پیداوار پر پڑنے والے ممکنہ منفی اثرات کے سدباب کے لئے ایچ ایف او جنریشن سسٹم اپنانے کا فیصلہ بھی کیا ہے تاکہ مسلسل بجلی کی فراہمی یقینی بنائی جاسکے۔ مزید براں آپ کی کمپنی گیس کے پُرانے جنریٹرز کو بھی تبدیل کررہی ہے جس کی بدولت اسپیئر پارٹس اور فیول کی لاگت کی مد میں ہونے والے اخراجات میں 8 سے 10 فیصد کمی لائی جاسکے۔

انتظامیہ کاروبار کی لاگت کو کم کرنے کے لئے بھی کئی اقدامات لے رہی ہے جن کے خاطر خواہ نتائج نکلنے کی توقع ہے۔

اعتراف:

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

انوار احمد ٹاٹا

چیئرمین

کراچی:

تاریخ: 14 ستمبر 2017ء

باوجوداس کے، کہ سال 2017ء کے دوران اب تک کا سب سے زیادہ کرنٹ اکاؤنٹ خسارہ 12.098 بلین ڈالر رپورٹ ہوا ہے جو ملکی جی ڈی پی کا 4 فیصد بنتا ہے حکومت ملکی کرنسی کو ڈی ویلیو کرنے میں ابھی بھی غیر سنجیدہ ہے جس کی وجہ سے ایکسپورٹ سیکٹر میں خدشات جنم لے رہے ہیں۔ اگر ملک کے غیر ملکی زرمبادلہ کے ذخائر تین مہینے کے درآمدی بل سے کم ہوئے تو بین الاقوامی مالیاتی اداروں جیسے ورلڈ بینک اور آئی ایم ایف سے قرضہ حاصل کرنے میں مشکل پیش آسکتی ہے۔ کیونکہ ان اداروں نے اب یہ شرط لاگو کردی ہے کہ قرضے کا خواہش مند ملک اپنے فارن ایکس چینج کے ذخائر کو تین مہینے کے درآمدی بل سے ذائد رکھے۔

آئی ایم ایف کے مطابق پاکستان کی کرنسی 15 سے 20 فیصد ذائد اوور ویلیوڈ ہے۔

لیبر کی لاگت:

پروڈکشن کی لاگت کو کم کرنے میں حائل مشکلات میں ایک لیبر کی لاگت ہے جو ریجن کے دوسرے مما لک کے مقابلے زیادہ ہے۔ پچھلے کئی سالوں سے پاکستان لیبر کی لاگت کے حوالے سے مہنگے مما لک کی فہرست میں شمار کیا جاتا ہے۔ پاکستان میں کم سے کم لیبر کی لاگت تقریباً 200 ڈالر کے برابر ہے۔

توانائی کی لاگت:

ایک طرف تو ہمسایہ مسابقتی مما لک میں پاکستان میں توانائی سب سے مہنگی ہے دوسری طرف پیداوار کے برقرار رکھنے کے لئے سیکٹر کو گرڈ کے ساتھ گیس پر بھی انحصار کرنے پڑتا ہے اور ایسے میں جب بجلی اور گیس کی لوڈ شیڈنگ کا سامنا کرنا پڑے تو پیداوار پر بہت منفی اثرات مرتب ہوتے ہیں اور پیداوار کی فکسڈ لاگت بڑھ جاتی ہے۔

اخباری ذرائع کے مطابق پاکستان میں گیس ٹیرف بنگلہ دیش کے مقابلے 173 فیصد مہنگا ہے، 44 فیصد بھارت سے مہنگا اور 12 فیصد ویت نام سے مہنگا ہے۔ ملک میں انڈسٹری کے لئے بجلی کا ٹیرف 0.12 ڈالر فی کلوواٹ ہے جبکہ بنگلہ دیش میں 0.09 ڈالر فی کلوواٹ اور بھارت میں 0.08 ڈالر فی کلوواٹ ہے۔

انفارمیشن ٹیکنالوجی:

کمپنی کو ٹیکنالوجی کی اہمیت کا بخوبی ادراک ہے اسی لیے کمپنی جدید کارپوریٹ انفارمیشن ٹیکنالوجی معیار سے مزین ہے جس میں آئی ٹی ڈپارٹمنٹ ذیلی سیکشن میں تقسیم ہے جس کی دیکھ بھال وہ پروفیشنل کررہے ہیں جو اپنی فیلڈ اور شعبہ جات کے ماہر ہیں اور جن کی عالمی ٹیکنالوجی ایڈوانسمنٹ پر گہری نظر ہے۔ تقریباً ایک دہائی سے کمپنی نے کارپوریٹ فیصلہ کیا کہ اوریکل سے انٹرپرائز ریسورس پلاننگ کو لاگو کیا جائے تا کہ مالیاتی معاملات، سپلائی چین مینجمنٹ اور اوریکل مینوفیکچرنگ پراسس آٹومیشن اور معیار کو برقرار رکھنے کے لئے کوالٹی مینجمنٹ سسٹم اور پے رول سسٹم کو اپ گریڈ کیا جائے۔ اس کے علاوہ بزنس انٹیلی جنس، ایچ آر ایم ایس اور انٹرپرائز ایسٹ مینجمنٹ کو بھی مستقبل میں لاگو کیا جائے گا۔

ٹاٹا ٹیکسٹائل ملز لمیٹڈ

چیئرمین کا جائزہ:

السلام وعلیکم

بطور چیئرمین ٹاٹا ٹیکسٹائل ملز لمیٹڈ میں اپنے تمام حصص یافتگان کے سامنے آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹر کی رپورٹ برائے اختتام سال 30 جون 2017ء پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔ زیر جائزہ مدت کے دوران کمپنی کے مالیاتی نتائج میں واضح بہتری آئی ہے اور کمپنی نے 83.698 ملین روپے کے منافع قبل از ٹیکس حاصل کیا جبکہ گزشتہ سال کمپنی نے 160.365 ملین روپے کا خسارہ قبل از ٹیکس رپورٹ کیا تھا۔

ٹیکسٹائل کی صنعت:

جنوری 2017ء میں وزیراعظم پاکستان نے ایکسپورٹ انڈسٹری کے لئے 180 ارب روپے کا ترغیبی پیکج کا اعلان کیا تاہم اس میں ٹیکسٹائل کے شعبے کے لئے فقط 4 ارب روپے مختص کئے گئے جو حکومت کی ٹیکسٹائل کے حوالے سے غیر سنجیدگی کا منہ بولتا ثبوت ہے۔ حکومت ابھی ٹیکسٹائل جیسے کلیدی شعبے کو کوئی ترجیحات نہیں دے رہی ہے حالانکہ یہ ملک کی برآمدات میں دوسرا بڑا سیکٹر ہے۔ اس لئے یہ تجویز دی جاتی ہے کہ حکومت اس ترغیبی فنڈ کے حصے کو ڈیوٹی ڈرابیک سمیت تمام زیرالتواء سیلز ٹیکس فنڈز کی صورت میں جلد از جلد جاری کرے اور ٹیکسٹائل انڈسٹری کو مالیاتی خسارے سے نکالے جس کا انڈسٹری کو چند سالوں سے سامنا ہے۔

محصولات کا بوجھ:

ملک کی موجودہ ٹیکس پالیسی میں کوئی تبدیلی رونما نہیں ہوئی اور آپ کی کمپنی کو مسلسل ٹیکس کے بوجھ کا سامنا ہے۔ ود ہولڈنگ ٹیکس کی شکل میں ایک خطیر سرمایہ ادا کرنے کے ساتھ ساتھ ہم حکومت کی جانب سے عائد کردہ کئی ٹیکس ادا کر رہے ہیں جن میں کسٹم ڈیوٹیاں، پروفیشنل ٹیکس، خدمات پر ایس آر بی، ٹیکسٹائل پر لاگو سیس، ایجوکیشن سیس، کاٹن سیس، جی آئی ڈی سی سیس، پی ای ایس ایس آئی اور ای او بی آئی وغیرہ شامل ہیں۔

مزید براں جولائی 2017ء سے وفاقی حکومت نے 4 فیصد کی کسٹم ڈیوٹی دوبارہ عائد کر دی اور درآمد کی جانے والی کاٹن پر 5 فیصد ڈیوٹی بھی لاگو کر دی جس نے کاروبار کرنے کی لاگت کو بڑھا دیا اور اس وجہ سے ہمارا بین الاقوامی مارکیٹ میں مسابقت قائم رکھنا مشکل ہو گیا ہے۔ یہ بہت افسوس کی بات ہے کہ حکومت اپنے ٹیکس نیٹ کو بڑھانے کے بجائے موجودہ ٹیکس دینے والوں پر بوجھ ڈال رہی ہے۔

خام مال:

ایک اندازے کے مطابق پاکستان میں کاٹن کی کھپت کا تخمینہ تقریباً 13 ملین بیلیں ہے تاہم اگر عمومی بات کی جائے تو ایسا کہنا قبل از وقت ہے کیونکہ کاٹن کی کاشت کے نتائج ستمبر کے آخر میں متوقع ہے۔ لیکن چونکہ کھپت کم رہنے کا امکان ہے اس لئے مقامی ضرورت اپنی ہی پیدا کردہ کاٹن سے پوری ہو جائے گی۔ ایسا ہونے سے نتائج ٹیکسٹائل کی صنعت کے حق میں بہتر ہو سکتے ہیں۔

غیر ملکی زرمبادلہ:

ملکی کرنسی کی قدر کئی برسوں سے اپنی قیمت سے زیادہ رہی ہے۔ مسلسل جاری مہنگائی نے پاکستان میں کاروبار کرنے کی لاگت کو بہت بڑھا دیا ہے جس کے حساب سے کرنسی کو ڈی ویلیو نہیں کیا گیا نتیجہ یہ نکلا کہ ایکسپورٹ انڈسٹری بین الاقوامی مسابقت میں غیر موثر ہو کر رہ گئی۔

ڈائریکٹرز کے نام	اجلاس میں حاضری کی تعداد		
	بورڈ	آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمیونریشن کمیٹی
جناب انوار احمد ٹاٹا	4	نا قابلِ اطلاق	نا قابلِ اطلاق
جناب شاہد انوار ٹاٹا	4	نا قابلِ اطلاق	4
جناب عدیل شاہد ٹاٹا	3	نا قابلِ اطلاق	نا قابلِ اطلاق
جناب بلال شاہد ٹاٹا	3	4	4
جناب محمد نسیم	4	4	4
جناب محمد سلمان ایچ چاوٗلا (NIT)	4	نا قابلِ اطلاق	نا قابلِ اطلاق
جناب آصف سلیم	3	4	نا قابلِ اطلاق

(غیر حاضری کی اجازت ان ڈائریکٹرز کو دی گئی تھی جو کچھ بورڈ اجلاس میں شرکت نہں کر سکے)۔

(ص) کمپنی کے چار ڈائریکٹرز نے ڈائریکٹر ٹریننگ پروگرام مکمل کرلیا ہے۔ مزید براں دو ڈائریکٹرز نے کارپوریٹ گورننس کے کوڈ کے تحت چھوٹ کے معیار پر پورا اترتے ہے۔ علاوہ ازیں بقیہ ڈائریکٹرز کارپوریٹ گورننس کے کوڈ کے تحت ڈائریکٹرز ٹریننگ پروگرام کی تمام تر مطلوبہ اہلیتیں پوری کیں۔

(ض) 30 جون 2017ء کے مطابق حصص داران کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔ یہ اسٹیٹمنٹ کمپنی کے ضابطہ اخلاق کے کوڈ کے مطابق تحریر کیا گیا ہے۔

(ط) ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ہیڈ آف انٹرنل آڈٹ اور دیگر ایگزیکٹیوز اور ان کے اہل و اعیال اور اولادوں کی طرف سے کمپنی کے حصص کی ٹریڈنگ نہیں کی گئی۔

آڈیٹرز:

آڈیٹرز میسرز ڈیلوئیٹ یوسف عادل چارٹرڈ اکاوٗنٹینٹ اپنے عہدے کی معیاد سالانہ جنرل میٹنگ کے اختتام پر پوری کر چکے ہیں اور بر بنائے اہلیت خود کو دوبارہ تقرری کے لئے برائے مالیاتی سال 30 جون 2018ء کے لئے پیش کر رہے ہیں۔

کراچی:

مورخہ: 14 ستمبر 2017ء

ازطرف بورڈ آف ڈائریکٹرز

شاہد انوار ٹاٹا

چیف ایگزیکیٹو

ممبران کیلئے ڈائریکٹرز رپورٹ

ڈائریکٹرز بڑی مسرت کے ساتھ 31ویں سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 جون 2017ء پیش کرتے ہیں۔

مالیاتی نتائج:

کمپنی نے 30 جون 2017ء کوختم ہونے والے سال میں قبل از ٹیکس اور بعداز لاگت، اخراجات اور فرسودگی کے 83.698 ملین روپے کا منافع کیا ہے۔

	(روپے)
سالانہ قبل از ٹیکس منافع	83,698,404
ٹیکس	(41,329,606)
منافع بعد از ٹیکس	42,368,798
دیگر وسیع منافع	805,483
ری ویلیوئیشن پراپرٹی پلانٹ اور دیگر سامان کے سرپلس سے منتقلی	69,808,960
تخمینی منافع آگے لایا گیا	287,262,597
تخمینی منافع آگے لے جایا گیا	**400,245,838**

چیئرمین کا تجزیہ:

کمپنی کے ڈائریکٹرز نے چیئرمین کے تجزیہ کے مندرجات کی تصدیق کی ہے جسے ڈائریکٹرز رپورٹ کا حصہ تصور کیا جائے۔

ڈویڈنڈ:

رواں سال کیلئے نتائج جو کہ حوصلہ افزا نہیں ہے لہٰذا آپ کے ڈائریکٹرز یہ سفارش کرتے ہیں کہ سال رواں کے ڈویڈنڈ کو موخر کیا جائے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تفصیل:

(الف) کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، اس کے معملات کی حالت، آپریٹنگ نتائج، پیسے کے بہاؤ اور ایکیویٹی میں تبدیلی کی نشاندہی کررہا ہے۔

(ب) کمپنی کی جانب سے اکاؤنٹس کی کتب باقائدہ درست انداز میں مرتب کی گئی ہے۔

(ج) مالیاتی گوشوارے کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا متواتر استعمال اور اکاؤنٹنگ کا تخمینہ معقول اور دانشمندانہ فیصلے کے مطابق کیا گیا ہے۔

(د) مالیاتی گوشوارے کی تیاری میں ایسے بین الاقوامی فنانشیل رپورٹنگ اسٹنڈرز کے استعمال کو یقینی بنایا گیا ہے، جو پاکستان میں لاگو کیے گئے ہیں۔ اور اس سلسلے میں کسی بھی خامی کی صورت میں اس کی وضاحت کی جاتی ہے۔

(ہ) موجودہ حالات میں کمپنی کی قابلیت پر کوئی شکوک وشبہات نہیں ہیں۔

(و) اندرونی کنٹرول کا نظام بہترین اور موثر انداز میں مرتب اور لاگو کرتے ہوئے اس کی مانیٹرنگ کی جاتی ہے۔

(ز) گذشتہ چھ سالوں کی مالیاتی اور اہم آپریٹنگ کی تفصیلات منسلک ہیں۔

(س) واجب الادا رقم، دیگر چارجز اور ٹیکسز اگر کوئی ہے وہ منسلکہ آڈٹ شدہ مالیاتی حسابات میں ظاہر کئے گئے ہیں۔

(ش) زیرنظر سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس، آڈٹ کمیٹی کے چار اجلاس اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے چار اجلاس کا انعقا کیا گیا ہے۔ ان اجلاس میں ڈائریکٹرز کی حاضری درج ذیل ہے:۔

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 23, 2017 and at any adjournment thereof.

Signed this ____________ day of _____________2017.

Signature across Rs.5
Revenue Stamp

Witness 1 _________________________________

Signature _________________________________

Name ____________________________________

CNIC # ___________________________________

Witness 2 __________________________________

Signature ___________________________________

Name ______________________________________

CNIC # _____________________________________

NOTES:

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

پراکسی فارم (مختار نامہ)

میں/ ہم ----------------------------------- کا/ کی -----------------------------------

بحیثیت رکن ٹا ٹا ٹیکسٹائیل ملز لمیٹڈ ااور حامل ------------------ عام حصص بمطابق رجسٹرڈ فولیو نمبر --------------------

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

مورخہ 23 اکتوبر 2017ء، کو اپنے/ ہمارے ایماء پر: ---

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

آج بروز .... بتاریخ .... 2017 کو میرے/ ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

ممبر کے دستخط

ریونیو کی مہر 5 روپے

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

نوٹ:

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

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

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

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