TATA PAKISTAN

Annual Report 2017

ISLAND 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. Aijaz Ahmed Tariq Mr. Bilal Shahid Tata Mr. Muhammad Naseem Sheikh Kausar Ejaz
AUDIT COMMITTEE	
CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Bilal Shahid Tata Sheikh Kausar Ejaz
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 Bank Alfalah Limited Meezan Bank Limited The Bank of Punjab MCB Bank Limited National Bank of Pakistan Soneri Bank Limited Summit Bank Limited Askari Bank Limited Pak Oman Investment Company Limited NIB Bank Limited Dubai Islamic Bank Pakistan Limited Allied Bank Limited JS Bank Limited
AUDITORS:	M/s. Deloitte Yousuf Adil Chartered Accountants
LEGAL ADVISOR:	Ameen Bandukda & Co. 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:	itm.corporate@tatapakistan.com
MILLS:	A/12, S.I.T.E. Kotri District Jamshoro (Sindh)

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.

RIETER

Com4ring
CERTIFICATE

Island Textile Mills Limited

Rieter Machine Works Ltd. herewith confirms that the named spinning company is a

LICENSEE

Number: 56413
Valid until: 30.06.2018

who manufactures Com4® quality yarn. The company is allowed to use the brand Com4®ring for ring-spun yarns produced on Rieter ring spinning machines.

Com4® - Yarns of choice

Reto Thom
Head Sales
Machines & Systems

Peter Schulz
Head Products
Machines & Systems

www.rieter.com

RIETER

Com4compact
CERTIFICATE

Island Textile Mills Limited

Rieter Machine Works Ltd. herewith confirms that the named spinning company is a

LICENSEE

Number: 56413
Valid until: 30.06.2018

who manufactures Com4® quality yarn. The company is allowed to use the brand Com4®compact for compacted ring-spun yarns produced on Rieter compact spinning machines.

Com4® - Yarns of choice

Reto Thom
Head Sales
Machines & Systems

Peter Schulz
Head Products
Machines & Systems

www.rieter.com

OEKO-TEX®
CONFIDENCE IN TEXTILES

CERTIFICATE

The company

ISLAND TEXTILE MILLS LIMITED
6th FLOOR, TEXTILE PLAZA, M.A JINNAH ROAD
74000 KARACHI, SINDH, PAKISTAN

is granted authorization according to STANDARD 100 by OEKO-TEX® to use the OEKO-TEX® mark, based on our test report **2017OK0214**

for the following articles

100% greige cotton yarn and its blends with polyester.

The results of the inspection study 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.

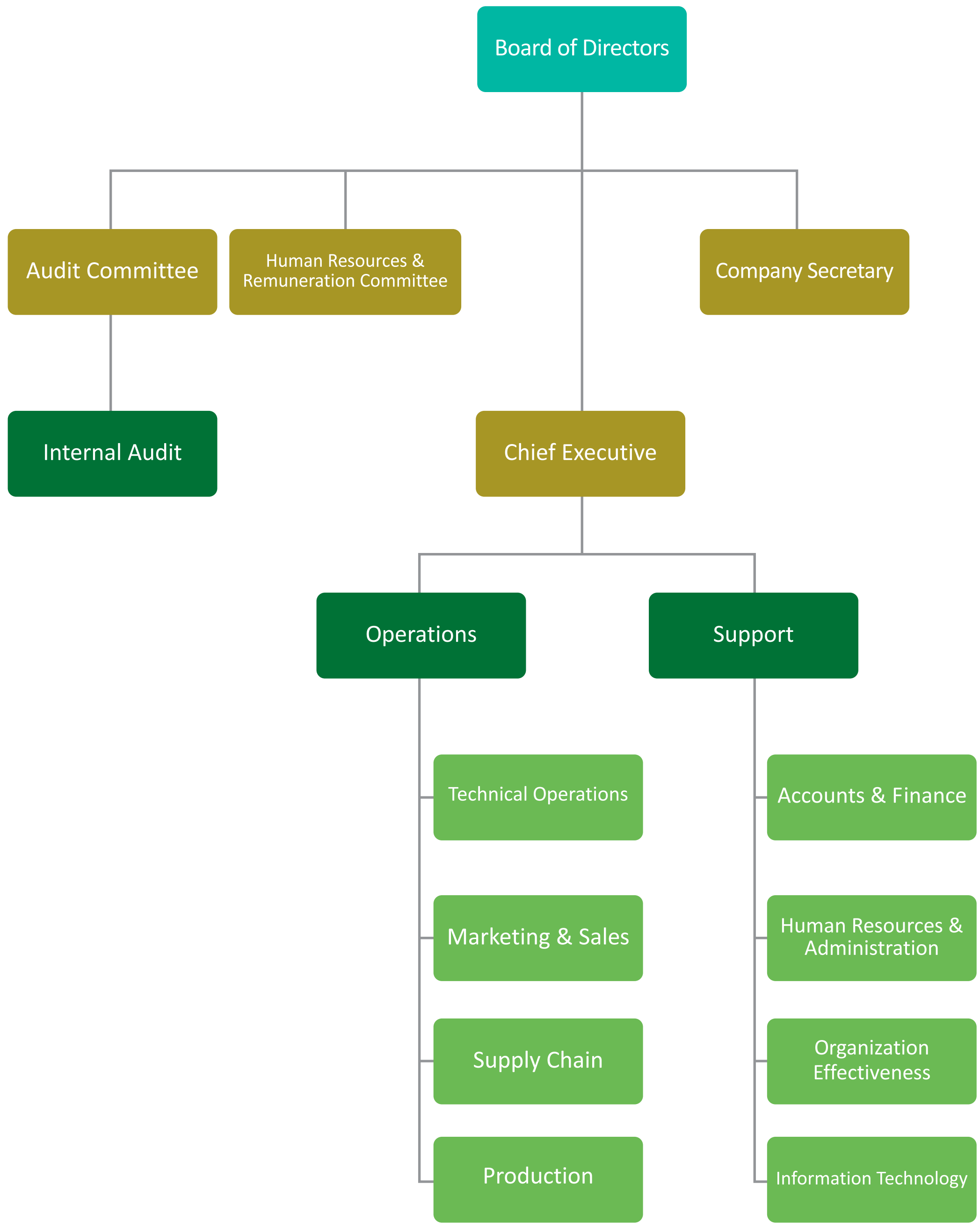
The certificate 2016OK0156 is valid until 28.02.2018

Alcoy (Alicante) España, 22.02.2017

Silvia Devesa Valencia
Innovation Assistant Manager

Isabel Soriano Sarrió
Chief of Innovation Area

Organization Chart



CHAIRMAN'S REVIEW

Assalam-o-Alaikum

As Chairman of Island 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.50.257 as compared to a pre-tax loss of PKR.384.568 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, SESSI, 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

Based on the very volatile market, it is the call of the day that we introduce value added products in addition to our normal yarns in the market. We have already planned to induct different fibers apart from the conventional Cotton and Polyester. We will be producing new value added Yarns like tri blends containing fibers like TENCIL, MODAL, MICROMODAL, VISCOSE, etc. in our current setup.

In addition to utilize the current setup in value added yarns, we also have plans to introduce Fancy Yarns like Slubs, Mosaic, injection Slubs, and Lycra.

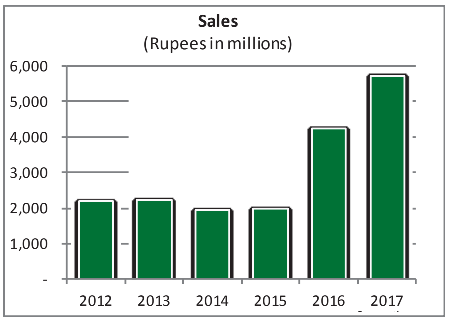
The Management is also taking initiatives in every area to optimize and reduce the Production Cost.

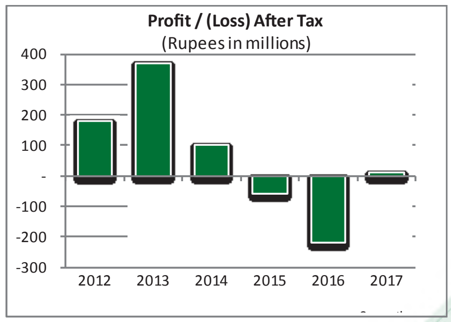
ACKNOWLEDGEMENT

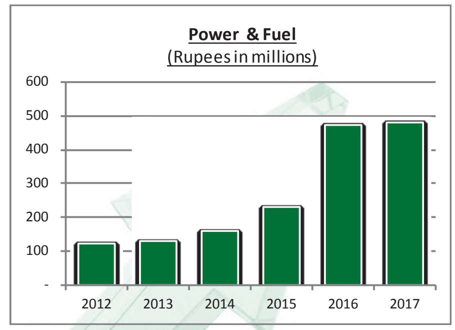
We sincerely acknowledge and appreciate the untiring endeavors of our various teams who are constantly engaged in upholding their commitment to make this organization surpass all the benchmarks of quality and productivity set by the giants of the Industry. As a team we stand highly grateful towards our 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.

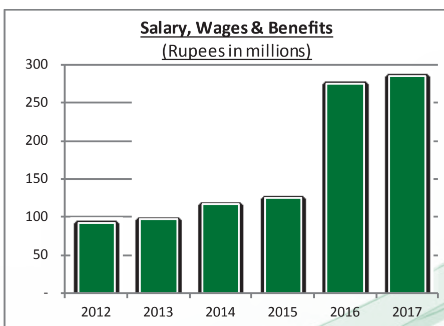
Karachi.
Dated: September 14, 2017

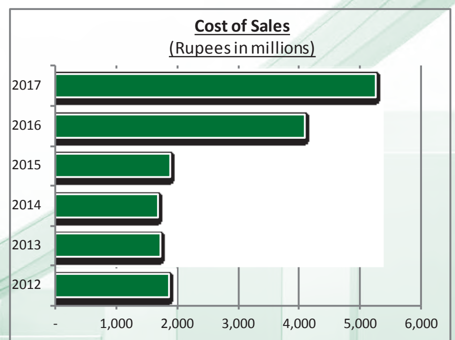
Anwar Ahmed Tata
Chairman

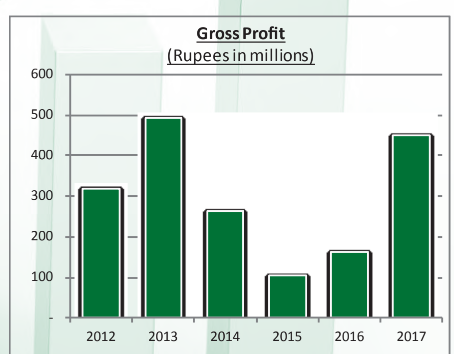

Sales
(Rupees in millions)
6,000
5,000
4,000
3,000
2,000
1,000
-
2012 2013 2014 2015 2016 2017

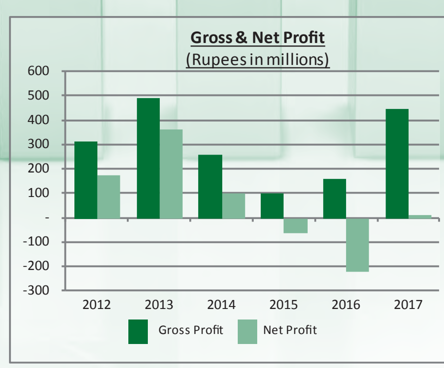

Profit / (Loss) After Tax
(Rupees in millions)
400
300
200
100
-
-100
-200
-300
2012 2013 2014 2015 2016 2017

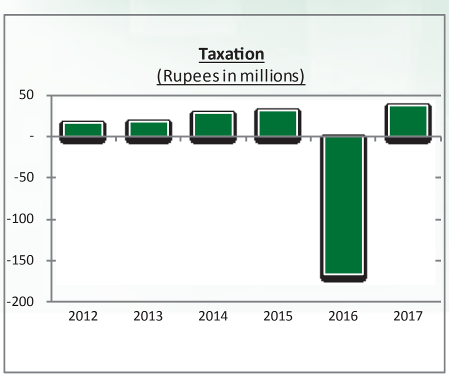

Power & Fuel
(Rupees in millions)
600
500
400
300
200
100
-
2012 2013 2014 2015 2016 2017

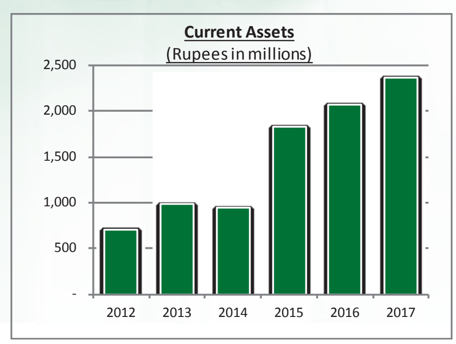

Salary, Wages & Benefits
(Rupees in millions)
300
250
200
150
100
50
-
2012 2013 2014 2015 2016 2017

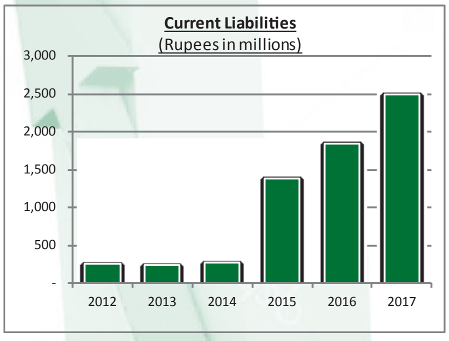

Cost of Sales
(Rupees in millions)
2017
2016
2015
2014
2013
2012
- 1,000 2,000 3,000 4,000 5,000 6,000

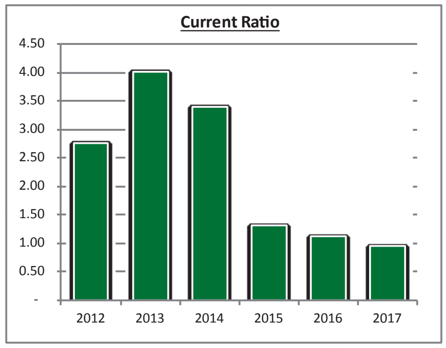

Gross Profit
(Rupees in millions)
600
500
400
300
200
100
-
2012 2013 2014 2015 2016 2017

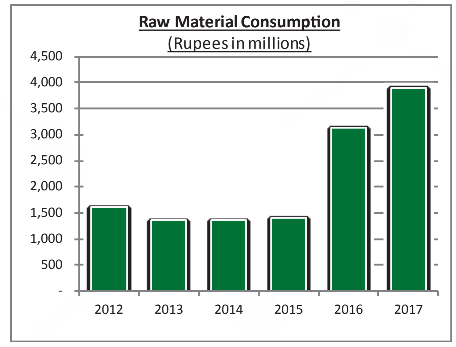

Gross & Net Profit
(Rupees in millions)
600
500
400
300
200
100
-
-100
-200
-300
2012 2013 2014 2015 2016 2017
Gross Profit
Net Profit

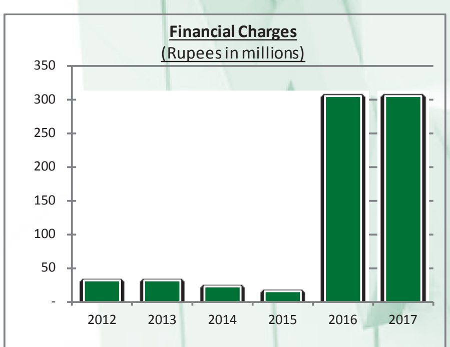

Taxation
(Rupees in millions)
50
-
-50
-100
-150
-200
2012 2013 2014 2015 2016 2017

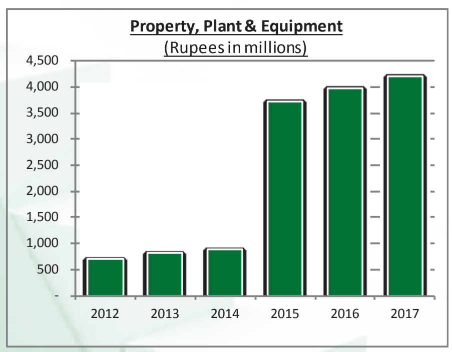

Current Assets
(Rupees in millions)
2,500
2,000
1,500
1,000
500
-
2012 2013 2014 2015 2016 2017

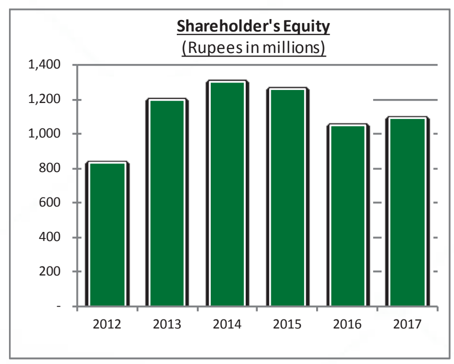

Current Liabilities
(Rupees in millions)
3,000
2,500
2,000
1,500
1,000
500
-
2012
2013
2014
2015
2016
2017

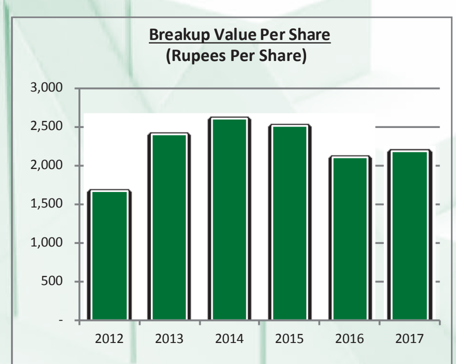

Current Ratio
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
-
2012
2013
2014
2015
2016
2017

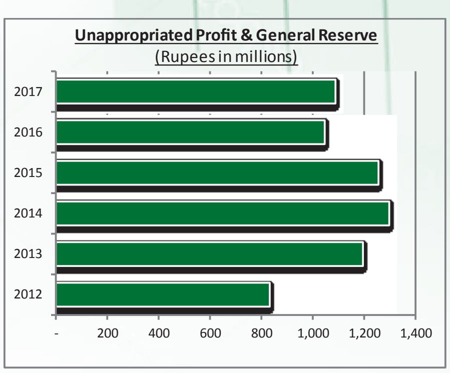

Raw Material Consumption
(Rupees in millions)
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2012
2013
2014
2015
2016
2017

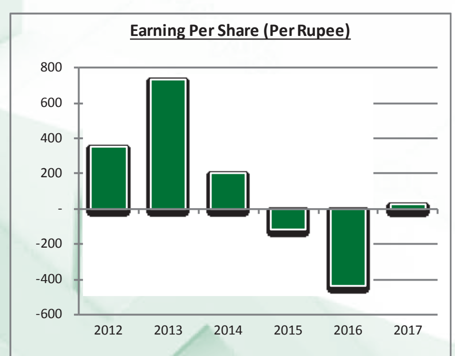

Financial Charges
(Rupees in millions)
350
300
250
200
150
100
50
-
2012
2013
2014
2015
2016
2017


Property, Plant & Equipment
(Rupees in millions)
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2012
2013
2014
2015
2016
2017


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


Breakup Value Per Share
(Rupees Per Share)
3,000
2,500
2,000
1,500
1,000
500
-
2012
2013
2014
2015
2016
2017


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


Earning Per Share (Per Rupee)
800
600
400
200
-
-200
-400
-600
2012
2013
2014
2015
2016
2017

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting before you the 48th 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 50.257 million after charging costs, expenses and depreciation for the year.

	(Rupees)
Pre-tax profit for the year	50,256,948
Taxation	(37,741,486)
Profit after taxation	12,515,462
Other Comprehensive Income	735,441
Accumulated Profit Brought Forward	145,247,535
Transfer from Surplus on Revaluation of Property Plant & Equipment	20,855,502
Share of Associate's transfer from Surplus on Revaluation	5,656,476
Accumulated Profit Carried Forward	185,010,416

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. Aijaz Ahmed Tariq	3	N/A	N/A
Sheikh Kausar Ejaz	4	4	N/A

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

j. Three directors of the Company have completed Director's Training Program (DTP). In addition four directors met the criteria of exemption under Code of Corporate Governance.

k. 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.

l. 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
		---------- Rupees in '000' ----------					
OPERATING DATA							
Sales	Rs.'000'	**5,708,276**	4,247,958	1,998,353	1,948,956	2,218,984	2,193,794
Cost of Goods Sold	Rs.'000'	**5,257,073**	4,083,483	1,892,072	1,686,062	1,724,870	1,876,110
Gross Profit	Rs.'000'	**451,202**	164,475	106,280	262,895	494,114	317,684
Profit / (Loss) Before Taxation	Rs.'000'	**50,257**	(384,568)	(25,796)	131,259	385,955	195,922
Profit / (Loss) After Taxation	Rs.'000'	**12,515**	(217,990)	(57,317)	102,403	367,715	177,551
FINANCIAL DATA							
Equity Balance	Rs.'000'	**1,090,602**	1,050,839	1,256,547	1,300,878	1,200,069	834,962
Property, Plant & Equipment	Rs.'000'	**4,197,161**	3,983,198	3,719,483	895,592	818,636	715,945
Current Asset	Rs.'000'	**2,368,518**	2,069,251	1,828,801	947,146	984,270	708,077
Current Liabilities	Rs.'000'	**2,495,500**	1,850,297	1,382,872	279,279	244,745	255,832
RATIOS							
PROFITABILITY RATIOS							
Gross Profit Margin	%	**7.90**	3.87	5.32	13.49	22.27	14.48
Operating Profit / (Loss) Margin	%	**(0.56)**	(8.01)	(0.99)	4.98	13.49	7.72
Net Profit / (Loss) Margin	%	**0.88**	(9.05)	(1.29)	6.73	17.39	8.93
LIQUIDITY RATIOS							
Current Ratio	Times	**0.95**	1.12	1.32	3.39	4.02	2.77
Quick Ratio	Times	**0.37**	0.54	0.44	1.31	2.53	1.61
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	**32.43**	28.84	22.54	29.41	28.11	26.32
Accounts Receivable Turnover	Times	**11.10**	12.48	15.97	12.24	12.81	13.68
Inventory Turnover	Times	**3.74**	4.00	1.58	2.99	4.92	6.92
Working Capital Turnover	Times	**(44.95)**	19.40	4.48	2.92	3.00	4.85
Total Assets Turnover	Times	**0.83**	0.66	0.34	0.91	1.06	1.31
Return on Total Assets	%	**0.18**	(3.40)	(0.97)	4.76	17.52	10.62
Return on Equity	%	**0.71**	(14.38)	(3.31)	5.84	21.92	13.41
LEVERAGE RATIOS							
Long Term Debt to Equity Ratio	%	**147.82**	201.03	160.47	6.61	10.50	6.93
Total Debt to Equity Ratio	%	**288.95**	323.09	240.38	22.53	25.09	26.26
Long Term Debt to Total Assets	Times	**0.38**	0.48	0.47	0.05	0.08	0.05
Total Debt to Total Assets	Times	**0.74**	0.76	0.71	0.18	0.20	0.21
Equity to Total Assets	Times	**0.26**	0.24	0.29	0.82	0.80	0.79
Interest Coverage Ratio	Times	**1.16**	(0.26)	(0.67)	7.02	13.11	7.29
OTHERS							
Earning per Shares	Rs	**25.03**	(435.98)	(114.63)	204.81	735.43	355.10
Breakup Value of Shares w/o Revaluation Surplus	Rs	**2,181.20**	2,101.68	2,513.09	2,601.76	2,400.14	1,669.92
Breakup Value of Shares with Revaluation Surplus	Rs	**3,536.40**	3,031.90	3,461.46	3,508.01	3,355.03	2,648.12
Cash Dividend	%	**-**	-	-	50.00	50.00	100.00

ANALYSIS OF FINANCIAL STATEMENT BALANCE SHEET

Description	2017	2016	2015	2014	2013	2012
	Rupees in '000'					
Assets						
Non Current Assets						
Property, plant and equipment	4,197,161	3,983,198	3,719,483	895,592	818,636	715,945
Intangible asset	113	1,218	2,347	3,434	4,194	3,999
Long-term investment	309,978	306,101	339,339	302,018	290,313	243,363
Long-term deposit	1,605	1,001	1,001	1,001	1,001	325
Deferred taxation	-	53,048	-	-	-	-
Total Non current Assets	**4,508,857**	**4,344,565**	**4,062,169**	**1,202,044**	**1,114,143**	**963,631**
Current Asset						
Stores, spares and loose tools	30,547	36,441	22,940	17,871	14,262	23,776
Stock-in-trade	1,406,651	1,020,678	1,198,742	563,588	350,374	271,047
Trade debts	514,263	340,280	125,106	159,227	173,251	160,360
Loans and advances	219,033	391,390	148,217	101,474	66,475	55,965
Short-term prepayments	1,642	16,118	903	467	742	709
Other receivables	40,770	400	402	5,068	335	5,006
Other financial assets	25,900	23,076	17,186	25,600	285,789	158,318
Sales tax refundable	92,395	206,741	162,980	9,529	7,815	11,272
Cash and bank balances	37,317	34,127	152,327	64,323	85,227	21,624
Total current Assets	**2,368,518**	**2,069,251**	**1,828,801**	**947,146**	**984,270**	**708,077**
Total Assets	**6,877,375**	**6,413,816**	**5,890,971**	**2,149,191**	**2,098,413**	**1,671,708**
Equity and Liabilities						
Equity						
Share Capital	5,000	5,000	5,000	5,000	5,000	5,000
Reserves	898,991	898,931	899,579	899,920	915,502	804
Unappropriated profit	186,611	146,908	351,968	395,958	279,566	829,157
Total Equity	**1,090,602**	**1,050,839**	**1,256,547**	**1,300,878**	**1,200,069**	**834,962**
Surplus on Revaluation of Property, Plant and Equipment - net of tax	**677,600**	**465,111**	**474,181**	**453,126**	**477,447**	**489,100**
Non Current Liabilities						
Deferred Liabilities	182,362	50,269	140,802	115,907	91,520	91,814
Long term financing	2,431,311	2,997,301	2,636,568	-	84,633	-
Total Non Current Liabilities	**2,613,673**	**3,047,570**	**2,777,371**	**115,907**	**176,153**	**91,814**
Current Liabilities						
Trade & other payable	263,030	468,494	304,850	247,657	200,733	216,422
Accrued interest / mark-up on borrowings	92,993	96,213	82,236	470	2,916	116
Short-term borrowings	1,570,789	1,285,589	974,482	-	-	16,584
Current portion of long term fianance	568,689	-	-	-	19,531	-
Taxation - income tax	-	-	21,304	31,151	21,566	22,711
Total Current Liabilities	**2,495,500**	**1,850,297**	**1,382,872**	**279,279**	**244,745**	**255,832**
Total Equity and Liabilities	**6,877,375**	**6,413,816**	**5,890,971**	**2,149,191**	**2,098,413**	**1,671,708**

ANALYSIS OF FINANCIAL STATEMENT
BALANCE SHEET-VERTICAL ANALYSIS

Description	2017	2016	2015	2014	2013	2012
	%	%	%	%	%	%
Assets						
Non Current Assets						
Property, plant and equipment	61.03	62.10	63.14	41.67	39.01	42.83
Intangible asset	0.00	0.02	0.04	0.16	0.20	0.24
Long-term investment	4.51	4.77	5.76	14.05	13.83	14.56
Long-term deposit	0.02	0.02	0.02	0.05	0.05	0.02
Total Non current Assets	**65.56**	**67.74**	**68.96**	**55.93**	**53.09**	**57.64**
Current Asset						
Stores, spares and loose tools	0.44	0.57	0.39	0.83	0.68	1.42
Stock-in-trade	20.45	15.91	20.35	26.22	16.70	16.21
Trade debts	7.48	5.31	2.12	7.41	8.26	9.59
Loans and advances	3.18	6.10	2.52	4.72	3.17	3.35
Short-term prepayments	0.02	0.25	0.02	0.02	0.04	0.04
Other receivables	0.59	0.01	0.01	0.24	0.02	0.30
Other financial assets	0.38	0.36	0.29	1.19	13.62	9.47
Sales tax refundable	1.34	3.22	2.77	0.44	0.37	0.67
Cash and bank balances	0.54	0.53	2.59	2.99	4.06	1.29
Total current Assets	**34.44**	**32.26**	**31.04**	**44.07**	**46.91**	**42.36**
Total Assets	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Equity and Liabilities						
Equity						
Share Capital	0.07	0.08	0.08	0.23	0.24	0.30
Reserves	13.07	14.02	15.27	41.87	43.63	0.05
Unappropriated profit	2.71	2.29	5.97	18.42	13.32	49.60
Total Equity	**15.86**	**16.38**	**21.33**	**60.53**	**57.19**	**49.95**
Surplus on Revaluation of Property, Plant and Equipment - net of tax	**9.85**	**7.25**	**8.05**	**21.08**	**22.75**	**29.26**
Non Current Liabilities						
Deferred Liabilities	2.65	0.78	2.39	5.39	4.36	5.49
Long term financing	35.35	46.73	44.76	-	4.03	-
Total Non Current Liabilities	**38.00**	**47.52**	**47.15**	**5.39**	**8.39**	**5.49**
Current Liabilities						
Trade & other payable	3.82	7.30	5.17	11.52	9.57	12.95
Accrued interest / mark-up on borrowings	1.35	1.50	1.40	0.02	0.14	0.01
Short-term borrowings	22.84	20.04	16.54	-	-	0.99
Current portion of long term fianance	8.27	-	-	-	0.93	-
Taxation - income tax	-	-	0.36	1.45	1.03	1.36
Total Current Liabilities	**36.29**	**28.85**	**23.47**	**12.99**	**11.66**	**15.30**
Total Equity and Liabilities	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

ANALYSIS OF FINANCIAL STATEMENT PROFIT & LOSS ACCOUNT

Description	2017	2016	2015	2014	2013	2012
	---------- Rupees in '000' ----------					
Sales	5,708,276	4,247,958	1,998,353	1,948,956	2,218,984	2,193,794
Cost of goods sold	(5,257,073)	(4,083,483)	(1,892,072)	(1,686,062)	(1,724,870)	(1,876,110)
Gross Profit	**451,202**	**164,475**	**106,280**	**262,895**	**494,114**	**317,684**
Distribution cost	(108,239)	(103,261)	(55,667)	(77,580)	(82,809)	(54,578)
Administrative expenses	(59,191)	(61,024)	(50,275)	(53,699)	(52,173)	(39,762)
Other operating expenses	(10,373)	(34,710)	(4,584)	(12,712)	(28,003)	(22,923)
Financial Cost	(305,475)	(305,712)	(15,448)	(21,815)	(31,873)	(31,130)
	483,278	504,706	125,974	165,806	194,858	148,392
Share of Profit / (Loss) from Associate - net of tax	5,083	(46,991)	(15,942)	6,352	76,143	17,199
Other Income	77,250	2,654	9,840	27,818	10,556	9,431
Profit / (Loss) before taxation	**50,257**	**(384,568)**	**(25,796)**	**131,259**	**385,955**	**195,922**
Taxation	(37,741)	166,578	(31,521)	(28,856)	(18,240)	(18,372)
Profit / (Loss) for the year	**12,515**	**(217,990)**	**(57,317)**	**102,403**	**367,715**	**177,551**

ANALYSIS OF FINANCIAL STATEMENT
PROFIT & LOSS ACCOUNT-VERTICAL ANALYSIS

Description	2017	2016	2015	2014	2013	2012
	%	%	%	%	%	%
Sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of goods sold	(92.10)	(96.13)	(94.68)	(86.51)	(77.73)	(85.52)
Gross Profit	7.90	3.87	5.32	13.49	22.27	14.48
Distribution cost	(1.90)	(2.43)	(2.79)	(3.98)	(3.73)	(2.49)
Administrative expenses	(1.04)	(1.44)	(2.52)	(2.76)	(2.35)	(1.81)
Other operating expenses	(0.18)	(0.82)	(0.23)	(0.65)	(1.26)	(1.04)
Financial Cost	(5.35)	(7.20)	(0.77)	(1.12)	(1.44)	(1.42)
	8.47	11.88	6.30	8.51	8.78	6.76
Share of Profit / (Loss) from Associate - net of tax	0.09	(1.11)	(0.80)	0.33	3.43	0.78
Other Income	1.35	0.06	0.49	1.43	0.48	0.43
Profit / (Loss) before taxation	0.88	(9.05)	(1.29)	6.73	17.39	8.93
Taxation	(0.66)	3.92	(1.58)	(1.48)	(0.82)	(0.84)
Profit / (Loss) for the year	0.22	(5.13)	(2.87)	5.25	16.57	8.09

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2017

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
348	1	100	16,277
40	101	500	9,992
7	501	1000	6,200
10	1001	5000	24,287
1	30001	35000	34,900
1	40001	45000	40,600
1	50001	55000	51,050
1	125001	130000	129,947
1	185001	190000	186,747
410			**500,000**

CATEGORIES OF SHAREHOLDERS

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDER	SHARES HELD	PERCENTAGE
Directors, their Spouse(s) and Minor Children	9	384,891	76.98
Public Sector companies & Corporations	2	150	0.03
Mutual Funds	1	34,900	6.98
Others	6	42,400	8.48
General Public	392	37,659	7.53
	410	500,000	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)	1	129,947
Mr. Shahid Anwar Ahmed Tata	(Chief Executive)	1	186,747
Mr. Adeel Shahid Tata	(Director)	1	3,447
Mr. Bilal Shahid Tata	(Director)	1	2,500
Mr. Muhammad Naseem	(Director)	1	2,500
Mr. Kausar Ejaz	(Director)	1	2,500
Mr. Ejaz Ahmed Tariq	(Director)	1	2,500
Mrs. Parveen Anwar (W/o Mr. Anwar Ahmed Tata)		1	51,050
Mrs. Saiqa Shahid (W/o Mr. Shahid Anwar Tata)		1	3,700
		9	**384,891**
PUBLIC SECTOR COMPANIES AND CORPORATIONS			
Investment Corporation of Pakistan		**2**	**150**
MUTUAL FUNDS			
CDC-Trustee AKD Opportunity Fund		1	34,900
		1	**34,900**
OTHERS			
Fateh Textile Mills Ltd.		1	50
Yasir Mahmood Securities (Pvt) Ltd.		1	350
Fikree's (SMC-Pvt) Ltd.		1	700
Shafi Lifestyle (Pvt.) Ltd.		1	350
Golden Arrow Selected Stocks Fund Limited		1	40,600
Everfresh Farms (Pvt.) Limited		1	350
		6	**42,400**
GENERAL PUBLIC			
Local		**392**	**37,659**
Grand Total		**410**	**500,000**

Shareholders Holding 5% or more		Shares Held	Percentage
Mr. Anwar Ahmed Tata	(Chairman)	129,947	25.99
Mr. Shahid Anwar Tata	(CEO)	186,747	37.35
Mrs. Parveen Anwar(W/o Mr. Anwar Tata)		51,050	10.21
Golden Arrow selected Stock Fund Limited		40,600	8.12
CDC - Trustee AKD Opportunity Fund		34,900	6.98

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED 30TH JUNE 2017

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.

Island 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
Non-Executive Directors	Mr. Anwar Ahmed Tata
	Mr. Aijaz Ahmed Tariq
	Mr. Kausar Ejaz
	Mr. Bilal Shahid Tata
Executive Director	Mr. Shahid Anwar Tata
	Mr. Adeel Shahid Tata

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. Three directors of the Company have completed Director's Training Program (DTP). In addition four directors met the criteria of exemption under 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 **48th Annual General Meeting** of the Shareholders of **Island Textile Mills Limited** will be held on **Monday** the **October 23, 2017 at 11:00 A.M.** at **5th Floor Textile Plaza M.A. Jinnah Road Karachi,** to transact the following business: -

Ordinary Business

1. To confirm the minutes of the 47th Annual General Meeting held on October 20, 2017.

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 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

4. 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. 34 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 such documents/indentures as may be required in this regard on behalf of the Company."

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

By Order of the Board of Directors
Island 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. Members are requested to promptly notify any change in their address.

5. 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.

6. **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.

7. **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.

8. **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. 4(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. 34 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. 4(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 a uthorize 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
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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 **Island 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.

Chartered Accountants

Deloitte Yousuf Adil

Engagement Partner:
Mushtaq Ali Hirani

Karachi
Date: September 14, 2017

Deloitte.

Deloitte Yousuf Adil
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Auditors' Report to the Members

We have audited the annexed balance sheet of **Island 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).

Chartered Accountants

Deloitte Yousuf Adil

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	**4,197,161,315**	3,983,197,639
Intangible assets	5	**113,332**	1,218,177
Long-term investments	6	**309,977,584**	306,100,798
Long-term deposits		**1,605,110**	1,000,610
Deferred taxation	7	**-**	53,048,101
		4,508,857,341	4,344,565,325
CURRENT ASSETS			
Stores, spares and loose tools	8	**30,547,473**	36,441,463
Stock-in-trade	9	**1,406,651,390**	1,020,678,389
Trade debts	10	**514,262,766**	340,279,879
Loans and advances	11	**219,032,772**	391,389,791
Short-term prepayments		**1,641,890**	16,118,007
Other receivables	12	**40,769,766**	400,000
Other financial assets	13	**25,899,650**	23,075,550
Sales tax refundable		**92,395,113**	206,741,073
Cash and bank balances	14	**37,317,276**	34,126,533
		2,368,518,096	2,069,250,685
TOTAL ASSETS		**6,877,375,437**	6,413,816,010
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	**5,000,000**	5,000,000
Reserves		**898,990,685**	898,930,957
Unappropriated profit		**186,611,212**	146,908,059
		1,090,601,897	1,050,839,016
Surplus on revaluation of property, plant and equipment	16	**677,600,153**	465,110,828
NON-CURRENT LIABILITIES			
Deferred liabilities	17	**182,361,763**	50,268,553
Long-term finance	18	**2,431,311,408**	2,997,301,099
		2,613,673,171	3,047,569,652
CURRENT LIABILITIES			
Trade and other payables	19	**263,029,951**	468,493,888
Short-term borrowings	20	**1,570,788,662**	1,285,589,301
Interest / mark-up accrued on borrowings	21	**92,993,011**	96,213,325
Current portion of long-term finance		**568,688,592**	-
		2,495,500,216	1,850,296,514
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		**6,877,375,437**	6,413,816,010

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	23	5,708,275,730	4,247,958,097
Cost of goods sold	24	(5,257,073,451)	(4,083,483,452)
Gross profit		451,202,279	164,474,645
Distribution cost	25	(108,239,297)	(103,260,586)
Administrative expenses	26	(59,190,788)	(61,023,688)
Other operating expenses	27	(10,373,023)	(34,709,756)
Finance cost	28	(305,475,042)	(305,712,035)
		(483,278,150)	(504,706,065)
Share of profit / (loss) from associates - net of tax	6	5,082,896	(46,990,857)
Other income	29	77,249,923	2,654,085
		82,332,819	(44,336,772)
Profit / (loss) before taxation		50,256,948	(384,568,192)
Taxation	30	(37,741,486)	166,578,040
Profit / (loss) for the year		12,515,462	(217,990,152)
Other comprehensive income for the year:			
Items that will be reclassified subsequently through profit or loss			
Company's share in unrealised (loss) / gain on remeasurement of associates' investments	6	(5,011)	23,049
Less: deferred tax thereon	7	752	(2,881)
		(4,259)	20,168
Items that will not be reclassified subsequently through profit or loss			
Remeasurement gain / (loss) on defined benefit plan	17.1.3	965,305	(4,927,355)
Less: deferred tax thereon	7	(289,592)	738,196
		675,713	(4,189,159)
Company's share in remeasurement gain / (loss) on associates' defined benefit plan	6	75,279	(763,309)
Less: deferred tax thereon	7	(11,292)	95,414
		63,987	(667,895)
		739,700	(4,857,054)
Other comprehensive income		735,441	(4,836,886)
Total comprehensive income for the year		13,250,903	(222,827,038)
Earnings per share - basic and diluted	31	25.03	(435.98)

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		50,256,948	(384,568,192)
Adjustments for:			
Depreciation	4.2	212,629,229	190,580,585
Amortisation	26	1,104,845	1,128,363
Provision for staff gratuity	17.1.5 & 17.1.13	24,071,954	18,417,421
Provision for compensated absences		6,378,714	5,473,607
Finance cost	28	305,475,042	309,539,157
Loss / (gain) on sale of property, plant and equipment	27	8,925,003	(1,055,481)
Share of (profit) / loss from associates	6	(5,082,896)	46,990,857
(Reversal) / provision for doubtful debts	29	(130,528)	4,910,322
Operating cash flows before change in working capital		603,628,311	191,416,639
(Increase) / decrease in current assets			
Stores, spares and loose tools		5,893,990	(13,501,450)
Stock-in-trade		(385,973,001)	178,063,485
Trade debts		(173,852,359)	(220,084,478)
Loans and advances		213,339,879	(206,832,560)
Short term prepayments		14,476,117	(15,215,395)
Other receivables		(40,369,766)	1,570
Sales tax refundable		114,345,960	(43,761,511)
(Decrease) / increase in current liabilities			
Trade and other payables		(205,463,487)	163,644,911
Cash generated from operations		146,025,644	33,731,211
Finance cost paid		(308,695,356)	(299,389,325)
Staff gratuity paid		(13,521,865)	(7,340,003)
Compensated absences paid		(6,245,568)	(5,436,993)
Income taxes paid		(50,855,326)	(56,737,192)
Net cash used in operating activities		(233,292,471)	(335,172,302)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(50,925,979)	(450,739,667)
Proceeds from disposal of plant and equipment	4.4	2,939,984	1,326,800
Dividend received from associates	6	-	434,798
Purchase of investments		(2,824,100)	(5,889,525)
Long-term deposits		(604,500)	-
Net cash used in investing activities		(51,414,595)	(454,867,594)

	Note	2017	2016
		------------- Rupees -------------	
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained - net		**2,698,901**	360,732,846
Short term borrowings obtained / (repaid) - net		**191,096,422**	(24,826,734)
Dividend paid		**(450)**	(1,272)
Net cash generated from financing activities		**193,794,873**	335,904,840
Net decrease in cash and cash equivalents (A+B+C)		**(90,912,193)**	(454,135,056)
Cash and cash equivalents at beginning of the year		**(589,063,853)**	(134,928,797)
Cash and cash equivalents at end of the year	32	**(679,976,046)**	(589,063,853)

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	Share capital	Reserves: General reserve	Reserves: Other reserve	Reserves: Company's share in other comprehensive income	Reserves: Unappropriated profit	Total
		----------	----------	----------	Rupees	----------	----------
Balance at July 01, 2015		**5,000,000**	**900,000,000**	**591,481**	**(1,012,797)**	**351,968,368**	**1,256,547,052**
Total comprehensive income for the year							
Loss for the year		-	-	-	-	(217,990,152)	(217,990,152)
Other comprehensive income for the year							
Transfer of unrealised loss on remeasurement of investment available-for-sale		-	-	-		-	-
Remeasurement loss on defined benefit plan - net of tax		-	-	-	-	(4,189,159)	(4,189,159)
Company's share in unrealised loss on remeasurement of associates' investments - net of tax		-	-	-	20,168	-	20,168
Company's share in remeasurement loss on associates' defined benefit plan - net of tax		-	-	-	(667,895)	-	(667,895)
		-	-	-	(647,727)	(222,179,311)	(222,827,038)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation		-	-	-	-	11,645,705	11,645,705
Company's share in associates' surplus on revaluation of property, plant and equipment on account of incremental depreciation and disposal - net of tax		-	-	-	-	5,473,297	5,473,297
Balance at June 30, 2016		**5,000,000**	**900,000,000**	**591,481**	**(1,660,524)**	**146,908,059**	**1,050,839,016**
Total comprehensive income for the year							
Profit for the year		-	-	-	-	12,515,462	12,515,462
Other comprehensive income for the year							
Remeasurement gain of defined benefit plan - net of tax		-	-	-	-	675,713	675,713
Company's share in unrealised loss on remeasurement of associates' investments - net of tax		-	-	-	(4,259)	-	(4,259)
Company's share in remeasurement gain on associates' defined benefit plan - net of tax		-	-	-	63,987	-	63,987
		-	-	-	59,728	13,191,175	13,250,903
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation and disposal - net of tax	16	-	-	-	-	20,855,502	20,855,502
Company's share in associates' surplus on revaluation of property, plant and equipment on account of incremental depreciation and disposal - net of tax	16	-	-	-	-	5,656,476	5,656,476
Balance at June 30, 2017		**5,000,000**	**900,000,000**	**591,481**	**(1,600,796)**	**186,611,212**	**1,090,601,897**

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, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with 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.

During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated on May 30, 2017. However, SECP has notified through Circular no. 17 dated July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of repealed Companies Ordinance, 1984.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

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

- Revaluation of certain items of property, plant and equipment (note 3.1)
- Useful lives of property, plant and equipment (note 3.1)
- Useful lives of intangible assets (note 3.2)
- Investment in associates accounted for under equity method (note 3.3)
- Valuation of stores and spares and stock-in-trade (note 3.4 and 3.5)
- Impairment of financial and non-financial assets (note 3.10)
- Staff retirement benefit - gratuity scheme (note 3.16)
- Taxation (note 3.21)

2.5 Initial application of standards and amendments to existing standards

a) Standards and amendments which became effective during the year

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

Standards / Amendments / Interpretations	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
Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets': Clarification on acceptable methods of depreciation and amortization.	July 01, 2016

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

b) Standards and amendments that are not yet effective

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

Standards / Amendments / Interpretations	Effective date (accounting periods beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
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. Earlier application is permitted.

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

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

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

The 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 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 respective 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 net of deferred tax 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 the specific assets incurred during installation and construction period are carried under CWIP. Expenditures include borrowing costs as referred to in note 3.17. Items are transferred to operating assets as and when assets are ready for their intended use.

3.2 Intangible assets

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

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

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

3.3 Investment in associates

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

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

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

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

3.4 Stores, spares and loose tools

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

3.5 Stock-in-trade

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

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

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

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

3.6 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost. 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.

3.7 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 finance. Running finances under mark-up arrangements are shown with short term borrowings in current liabilities on the balance sheet.

3.8 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-derivativefinancial 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-derivativesthat are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or the management intends to dispose of the investments within twelve months from the reporting date.

(iv) Held to maturity

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

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

Changes in the fair value of securities classified as available-for-saleare recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the profit and loss account as a reclassification adjustment. Mark-up on available-for-sale debt securities calculated using the effective interest rate method is recognised in the profit and loss account. Dividends on available-for-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.

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 costs. 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.

3.9 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.

3.10 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 inventories may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

3.11 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.

3.12 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.

3.13 Share capital

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

3.14 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.

3.15 Surplus on revaluation of property, plant and equipment

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.

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;

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.

3.16 Staff retirement benefits

The Company has categorized its employees into workmen and non-workmen for post-employment benefits that comprise defined benefit plan and other staff retirement benefits respectively. Both plans are un-funded. The details of plans are as follows:

Defined benefit plan - Workmen

The Company operates a gratuity scheme for all its employees under workmen category who have completed the minimum qualifying period of service as defined under the respective scheme. Provisions are made to cover the obligations under the schemes on the basis of actuarial valuation and charged to profit and loss and other comprehensive income. The most recent valuation was carried out as at June 30, 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 a retirement plan for all its employees under non-workmen category. Under this plan, every eligible employee is entitled to receive benefit of one month salary based on last month of each year's service. The Company accounts for liability of each employee at year end and such liability is treated as full and final with respect to that year. In future years, the liability amount is not revised for any increase or decrease in salary of any non-workmen.

Compensated absences

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

3.17 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.

3.18 Provisions

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

3.19 Trade and other payables

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

3.20 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.

3.21 Taxation

Current

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

Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

3.22 Revenue recognition

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

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

3.23 Earnings per share

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

3.24 Segment reporting

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		---------------- Rupees ----------------	
Operating assets	4.1	4,152,049,883	3,829,407,656
Capital work-in-progress	4.5	45,111,432	153,789,983
		4,197,161,315	3,983,197,639

4.1 Operating assets

Particulars	Cost / revalued amount at July 01, 2016	Additions	Disposals	Revaluation surplus during the year	Cost / revalued amount at June 30, 2017	Accumulated depreciation at July 01, 2016	Depreciation for the year	Accumulated depreciation on disposals	Accumulated depreciation at June 30, 2017	Written down value at June 30, 2017	Rate
	--				Rupees					--	%
Leasehold land	68,650,000	-	-	54,920,000	123,570,000	-	-	-	-	123,570,000	-
Buildings on leasehold land											
Mills	693,634,263	26,078,392	-	67,359,147	787,071,802	48,466,799	34,376,992	-	82,843,791	704,228,011	5
Other	83,789,780	39,021,628	-	118,539,416	241,350,824	13,835,306	6,998,415	-	20,833,721	220,517,103	5
Office premises	791,365	2,365,334	-	-	3,156,699	640,651	54,494	-	695,145	2,461,554	10
Plant and machinery	3,069,263,601	80,557,456	(12,472,260)	84,162,806	3,221,511,603	208,840,763	146,247,843	(630,751)	354,457,855	2,867,053,748	5
Electric installations	135,494,375	360,788	-	62,550,544	198,405,707	25,648,878	14,121,096	-	39,769,974	158,635,733	10
Mills equipment	15,937,376	3,571,720	-	-	19,509,096	5,117,312	1,201,064	-	6,318,376	13,190,720	10
Computer equipment	12,655,686	3,793,316	-	-	16,449,002	6,377,508	2,182,331	-	8,559,839	7,889,163	30
Furniture and fixtures	38,596,705	3,762,896	-	-	42,359,601	5,424,372	3,489,175	-	8,913,547	33,446,054	10
Office equipment	4,600,263	-	-	-	4,600,263	1,495,235	310,502	-	1,805,737	2,794,526	10
Leasehold improvements	11,266,700	-	-	-	11,266,700	3,936,229	733,047	-	4,669,276	6,597,424	10
Vehicles	28,829,206	93,000	(46,000)	-	28,876,206	14,318,611	2,914,270	(22,522)	17,210,359	11,665,847	20
June 30, 2017	4,163,509,320	159,604,530	(12,518,260)	387,531,913	4,698,127,503	334,101,664	212,629,229	(653,273)	546,077,620	4,152,049,883	

For comparative period

Particulars	Cost / revalued amount at July 01, 2015	Additions	Disposals	Revaluation	Cost / revalued amount at June 30, 2016	Accumulated depreciation at July 01, 2015	Depreciation for the year	Accumulated depreciation on disposals	Accumulated depreciation at June 30, 2016	Written down value at June 30, 2016	Rate
	--				Rupees					--	%
Leasehold land	68,650,000	-	-	-	68,650,000	-	-	-	-	68,650,000	-
Buildings on leasehold land											
Mills	135,855,360	557,778,903	-	-	693,634,263	17,020,417	31,446,382	-	48,466,799	645,167,464	5
Other	83,276,904	512,876	-	-	83,789,780	10,168,916	3,666,390	-	13,835,306	69,954,474	5
Office premises	791,365	-	-	-	791,365	623,905	16,746	-	640,651	150,714	10
Plant and machinery	553,684,635	2,515,578,966	-	-	3,069,263,601	73,935,085	134,905,678	-	208,840,763	2,860,422,838	5
Electric installations	17,867,908	117,626,467	-	-	135,494,375	14,581,729	11,067,149	-	25,648,878	109,845,497	10
Mills equipment	10,233,306	5,704,070	-	-	15,937,376	4,109,241	1,008,071	-	5,117,312	10,820,064	10
Computer equipment	7,056,399	5,599,287	-	-	12,655,686	4,878,485	1,499,023	-	6,377,508	6,278,178	30
Furniture and fixtures	8,846,549	29,750,156	-	-	38,596,705	2,462,408	2,961,964	-	5,424,372	33,172,333	10
Office equipment	4,600,263	-	-	-	4,600,263	1,150,232	345,003	-	1,495,235	3,105,028	10
Leasehold improvements	11,266,700	-	-	-	11,266,700	3,121,732	814,497	-	3,936,229	7,330,471	10
Vehicles	25,756,976	4,829,780	(1,757,550)	-	28,829,206	12,955,160	2,849,682	(1,486,231)	14,318,611	14,510,595	20
June 30, 2016	927,886,365	3,237,380,505	(1,757,550)	-	4,163,509,320	145,007,310	190,580,585	(1,486,231)	334,101,664	3,829,407,656	

	Note	2017	2016
		-------------Rupees-------------	
4.2 Depreciation for the year has been allocated as under:			
Cost of goods manufactured	24.1	208,993,609	186,821,294
Administrative expenses	26	3,635,620	3,759,291
		212,629,229	190,580,585

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

	2017			2016		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
	------------------Rupees------------------			------------------Rupees------------------		
Leasehold land	1,056,000	-	1,056,000	1,056,000	-	1,056,000
Buildings on leasehold land						
Mills	678,089,280	94,002,718	584,086,562	652,010,888	64,176,448	587,834,440
Others	86,535,946	16,963,905	69,572,041	47,514,318	14,790,508	32,723,810
Plant and machinery	3,115,769,386	480,414,356	2,635,355,030	3,053,747,487	358,107,639	2,695,639,848
Electric installations	134,039,216	35,215,594	98,823,622	133,678,428	24,265,257	109,413,171
	4,015,489,828	626,596,573	3,388,893,255	3,888,007,121	461,339,852	3,426,667,269

Valuation of leasehold land, buildings on leasehold land-mills and others, plant and machinery and electric installations was revalued by the independent professional valuer MYK Associates (Private) Limited as at December 31, 2016. As a result, revaluation surplus of Rs. 387.53 million has been credited to Surplus on revaluation of property, plant and equipment to comply with the requirements of Section 235 of the repealed Companies Ordinance, 1984.

4.4 Disposal of property, plant and equipment

Details of vehicle disposed off during the year are as follows:

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particular of buyers
	---------------------------------------Rupees--					
Plant and machinery	123,926	24,670	99,256	60,000	Negotiation	Salfi Textile Mills Ltd. 6th Floor Textile Plaza M.A.Jinnah Road Karachi
Plant and machinery	183,334	8,326	175,008	23,864	Negotiation	Mr.Shabbir Ahmed (House No.54 Gujrati Para,Tondo Yousuf Road,Hyderabad)
Plant and machinery	100,000	4,542	95,458	15,661	Negotiation	Mr.Shabbir Ahmed (House No.54 Gujrati Para,Tondo Yousuf Road,Hyderabad)
Plant and machinery	300,000	13,625	286,375	13,424	Negotiation	Mr.Shabbir Ahmed (House No.54 Gujrati Para,Tondo Yousuf Road,Hyderabad)
Plant and machinery	600,000	27,250	572,750	47,132	Negotiation	Mr.Shabbir Ahmed (House No.54 Gujrati Para,Tondo Yousuf Road,Hyderabad)
Plant and machinery	8,000,000	396,250	7,603,750	2,300,000	Negotiation	Crescent Cotton Mills Limited (408-409, Business Avenue, Shahra-e-Faisal Karachi.
Plant and machinery	3,000,000	148,595	2,851,405	351,260	Negotiation	Mr.Shabbir Ahmed (House No.54 Gujrati Para,Tondo Yousuf Road,Hyderabad)
Assets having carrying value below Rs. 50,000	211,000	30,015	180,985	128,643		Various
June 30, 2017	**12,518,260**	**653,273**	**11,864,987**	**2,939,984**		
June 30, 2016	1,757,550	1,486,231	271,319	1,326,800		

	Note	2017	2016
		------------Rupees ------------	
4.5 Capital work-in-progress			
Unit 1			
Civil work		-	350,619
Plant and machinery		9,591,936	36,411,023
Capital inventory items		5,017,965	5,415,959
		14,609,901	42,177,601
Unit 2			
Civil work		-	44,630,761
Plant and machinery - import value and ancillary costs		-	23,706,585
Capital inventory items		30,501,531	43,275,036
		30,501,531	111,612,382
		45,111,432	153,789,983

5. INTANGIBLE ASSETS

Particulars	Cost as at July 01, 2016	Additions	Cost as at June 30, 2017	Accumulated amortisation as at July 01, 2016	Amortisation for the year	Accumulated amortisation as at June 30, 2017	Book value as at June 30, 2017	Rate of amortisation
.... Rupees								%
License fee	839,733	-	839,733	581,973	144,429	726,402	113,331	20
ERP software	4,802,084	-	4,802,084	3,841,667	960,416	4,802,083	1	20
	5,641,817	**-**	**5,641,817**	**4,423,640**	**1,104,845**	**5,528,485**	**113,332**	

For comparative period

Particulars	Cost as at July 01, 2015	Additions	Cost as at June 30, 2016	Accumulated amortisation as at July 01, 2015	Amortisation for the year	Accumulated amortisation as at June 30, 2016	Book value as at June 30, 2016	Rate of amortisation
.... Rupees								%
License fee	839,733	-	839,733	414,026	167,947	581,973	257,760	20
ERP software	4,802,084	-	4,802,084	2,881,251	960,416	3,841,667	960,417	20
	5,641,817	-	5,641,817	3,295,277	1,128,363	4,423,640	1,218,177	

6. LONG-TERM INVESTMENTS

Investment in associates - on equity method

	Salfi Textile Mills Limited	Tata Textile Mills Limited	Total 2017	Total 2016
	---Rupees---			
Opening balance	235,369,645	70,731,153	306,100,798	339,339,393
Share of profit / (loss) of associates - net of tax	4,019,440	1,063,456	5,082,896	(46,990,857)
Dividend received	-	-	-	(434,798)
Share of unrealized (loss) / gain on remeasurement of investment available-for-sale	(5,011)	-	(5,011)	23,049
Share of adjustment in deferred tax due to				
- income subject to Final tax regime (FTR)	-	(1,276,378)	(1,276,378)	(455,060)
- normal tax rate	-	-	-	28,514
Revaluation arising on property, plant and equipment	-	-	-	15,353,866
Remeasurement of defined benefit	55,061	20,218	75,279	(763,309)
	4,069,490	(192,704)	3,876,786	(33,238,595)
Closing balance	239,439,135	70,538,449	309,977,584	306,100,798

	Note	2017	2016
Salfi Textile Mills Limited			
Number of shares held		366,300	366,300
Cost of investment (Rupees)		1,998,000	1,998,000
Ownership interest		10.96%	10.96%
Market value of investment (Rupees)		43,223,400	44,399,223
Tata Textile Mills Limited			
Number of shares held		434,798	434,798
Cost of investment (Rupees)	6.1	-	-
Ownership interest		2.51%	2.51%
Market value of investment (Rupees)		16,522,324	11,304,748

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

6.2 Summarized financial highlights of the associates are as follows:

	Note	2017	2016
		---Rupees---	
Salfi Textile Mills Limited			
Total assets		5,626,565,453	4,974,357,927
Total liabilities		3,441,902,431	2,826,825,297
Sales		5,284,257,682	4,975,582,877
Profit / (loss) for the year		36,673,727	(384,224,375)
Other comprehensive income		456,664	(4,783,857)
Tata Textile Mills Limited			
Total assets		5,187,034,776	4,475,030,557
Total liabilities		2,376,746,539	1,657,064,869
Sales		5,014,434,040	4,906,547,408
Profit / (loss) for the year		42,368,798	(194,416,971)
Other comprehensive income		805,483	(8,603,603)

7. DEFERRED TAXATION

	Opening balance	Profit and loss account	Other comprehensive income	Surplus on revaluation of property, plant and equipment	Closing balance
	Deferred tax liabilities / (asset) recognised in				
	......Rupees......				
Movement for the year ended June 30, 2017					
Deferred tax liabilities on taxable temporary differences arising in respect of :					
- Property, plant and equipment	**181,846,119**	**236,018,734**	**-**	**-**	**417,864,853**
- Investment in associate	**34,433,343**	**3,300,729**	**10,540**	**8,452,326**	**46,196,938**
- Surplus on revaluation of property, plant and equipment	**38,922,608**	**(8,938,074)**	**-**	**138,801,904**	**168,786,438**
	255,202,070	**230,381,389**	**10,540**	**147,254,230**	**632,848,229**
Deferred tax assets on deductible temporary differences arising in respect of :					
- Provision for doubtful debts	**(735,644)**	**(698,294)**	**-**	**-**	**(1,433,938)**
- Staff gratuity	**(7,379,567)**	**(10,562,742)**	**289,592**	**-**	**(17,652,717)**
- Compensated absences	**-**	**(343,228)**	**-**	**-**	**(343,228)**
- Intangible assets	**-**	**(560,307)**	**-**	**-**	**(560,307)**
- Unabsorbed loss	**(184,348,451)**	**(238,423,700)**	**-**	**-**	**(422,772,151)**
Tax credit under Section 65B	**(115,786,509)**	**48,075,901**	**-**	**-**	**(67,710,608)**
	(53,048,101)	**27,869,019**	**300,132**	**147,254,230**	**122,375,280**

	Opening balance	Profit and loss account	Other comprehensive income	Surplus on revaluation of property, plant and equipment	Closing balance
	Deferred tax (asset) / liabilities recognised in				
	......Rupees......				
Movement for the year ended June 30, 2016					
Deferred tax liabilities on taxable temporary differences arising in respect of :					
- Property, plant and equipment	36,281,601	145,564,518	-	-	181,846,119
- Investment in associate	38,588,169	(5,928,207)	(92,533)	1,865,914	34,433,343
- Surplus on revaluation of property, plant and equipment	35,962,097	(2,052,156)	-	5,012,667	38,922,608
	110,831,867	137,584,155	(92,533)	6,878,581	255,202,070
Deferred tax assets on deductible temporary differences arising in respect of :					
- Provision for doubtful debts	-	(735,644)	-	-	(735,644)
- Staff gratuity	(4,256,536)	(2,384,835)	(738,196)	-	(7,379,567)
- Unabsorbed loss	-	(184,348,451)	-	-	(184,348,451)
Tax credit under Section 65B		(115,786,509)	-	-	(115,786,509)
	106,575,331	(165,671,284)	(830,729)	6,878,581	(53,048,101)

8. STORES, SPARES AND LOOSE TOOLS

	Note	2017	2016
		Rupees	
Stores and spares	8.1	30,466,166	36,288,484
Loose tools		81,307	152,979
		30,547,473	36,441,463

8.1 Stores,spares and loose toolsi nclude items which may result in fixed capital expenditure but are not distinguishable.

9. STOCK-IN-TRADE

	Note	2017	2016
		Rupees	
Raw material		1,231,880,405	684,916,599
Work-in-process		44,957,477	38,874,497
Finished goods	9.1	108,876,034	284,386,135
Waste		20,937,474	12,501,158
		1,406,651,390	1,020,678,389

9.1 The above balance is net of provision for write-down of inventories to their net realizable values aggregating to Rs. 0.72 million (2016: Rs. 3.67 million). The write-downpertaining to finished goods has been charged to cost of good sold.

10. TRADE DEBTS

	Note	2017	2016
		Rupees	
Considered good			
Export - secured	10.1	179,771,669	92,627,139
Local - unsecured		334,491,097	247,652,740
Considered doubtful			
Local- unsecured		4,779,794	4,910,322
Provision for doubtful debts	10.4	(4,779,794)	(4,910,322)
		-	-
		514,262,766	340,279,879

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

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

10.3 As at June 30, 2017, trade debts aggregating Rs. 323.897 million (2016: Rs. 192.63 million) were past due for which the Company has made provision of Rs. 4.77 million (2016: Rs. 4.91 million).The ageing of these past due trade debts is as follows:

10.3.1 Ageing of past due but not impaired

	Note	2017	2016
		Rupees	
1-30 days		224,105,679	112,960,799
31-90 days		94,562,609	74,215,557
91-120 days		865,508	452,745
121 days and above		4,363,831	5,001,803
		323,897,628	192,630,904

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

	Note	2017	2016
		-------------Rupees-------------	
Balance at beginning of the year		4,910,322	-
(Reversal) / provision during the year	29	(130,528)	4,910,322
Balance at end of the year		4,779,794	4,910,322

11. LOANS AND ADVANCES

	Note	2017	2016
Due from employees	11.1	9,003,277	6,865,562
Advance to suppliers		58,843,608	265,813,836
Advance income tax		142,798,044	101,815,184
Advance against letters of credit		8,387,843	16,895,209
		219,032,772	391,389,791

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

12. OTHER RECEIVABLES

	Note	2017	2016
		-------------Rupees-------------	
Considered good			
Rebate on export sales		40,769,766	-
Insurance claim receivable		-	400,000
		40,769,766	400,000

13. OTHER FINANCIAL ASSETS

	Note	2017	2016
Investment			
- Held-to-maturity			
Term Deposit Receipts	13.1	25,899,650	23,075,550

13.1 These carry profit / mark-up at the rate of 5.5% per annum (2016: 6% per annum) and have a maturity period of six months.

14. CASH AND BANK BALANCES

	Note	2017	2016
		-------------Rupees-------------	
Cash at bank			
In current accounts		30,321,646	24,586,657
In savings accounts	14.1	2,760,764	836,606
		33,082,410	25,423,263
Cash in hand		4,234,866	8,703,270
		37,317,276	34,126,533

14.1 These carry mark-up rate ranging from 4.05% to 5.5% (2016: 3.75% to 4.5%) per annum.

15. SHARE CAPITAL

2017	2016		2017	2016
Number of ordinary Shares of Rs. 10 each			------------Rupees------------	
1,000,000	1,000,000	**Authorised share capital**	10,000,000	10,000,000
		Issued, subscribed and paid-up capital		
500,000	500,000	Fully paid in cash	5,000,000	5,000,000

15.1 There were no movements during the reporting year.

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

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

16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

	Own assets	Company's share in associate's Surplus	2017 Total	2016 Total
	-------------------------------	Rupees	-------------------------------	
Opening balance	327,373,003	184,036,336	511,409,339	517,308,970
Increase arising on revaluation of property, plant and equipment	387,531,913	-	387,531,913	14,053,429
Transferred to unappropriated profit on account of:				
- incremental depreciation	(15,955,646)	(5,391,921)	(21,347,567)	(17,077,468)
- disposal of property, plant and equipment	(4,899,856)	(264,555)	(5,164,411)	(41,534)
Related deferred tax liability	(8,938,074)	(998,202)	(9,936,276)	(2,834,057)
	357,738,337	(6,654,678)	351,083,659	(5,899,630)
Closing balance	685,111,340	177,381,658	862,492,998	511,409,340
Related deferred tax liability				
Opening balance	38,922,608	7,375,904	46,298,512	43,127,876
Adjustment due to income subject to Final tax regime (FTR)	39,018,330	1,084,921	40,103,251	7,658,476
Change in tax rate	-	8,643,783	8,643,783	(2,272,580)
On revaluation surplus arising during the year	99,783,574	-	99,783,574	-
Transferred to profit and loss account on account of:				
- incremental depreciation	(6,838,138)	(951,515)	(7,789,653)	(2,828,123)
- disposal	(2,099,936)	(46,686)	(2,146,622)	(5,934)
- Revaluation during the year	-	-	-	618,797
Closing balance	(168,786,438)	(16,106,407)	(184,892,845)	(46,298,512)
	516,324,902	161,275,251	677,600,153	465,110,828

	Note	2017	2016
		-------------Rupees -------------	

17. DEFERRED LIABILITIES

	Note	2017	2016
Staff gratuity	17.1	58,842,390	49,257,606
Compensated absences		1,144,093	1,010,947
Deferred taxation	7	122,375,280	-
		182,361,763	50,268,553

17.1 Staff gratuity

	Note	2017	2016
Workmen	17.1.1	32,382,305	25,163,857
Non-workmen	17.1.13	26,460,085	24,093,749
		58,842,390	49,257,606

17.1.1 Workmen

The details of the work men -defined benefits cheme obligation based on actuarial valuations carried out by independent actuary as at June 30, 2017 using the Projected Unit Credit Method, are as follows:

Net liability in the balance sheet

	Note	2017	2016
		-------------Rupees -------------	
Present value of defined benefit obligation		32,382,305	25,163,857

17.1.2 Expense recognised in the profit and loss account

	2017	2016
Current service cost	13,632,465	9,344,958
Interest cost	1,932,589	1,309,193
	15,565,054	10,654,151

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

	2017	2016
Actuarial losses on defined benefit obligation:		
Changes in financial assumptions	-	7,088,075
Experience adjustments	(965,305)	(2,160,720)
	(965,305)	4,927,355

17.1.4 Movement in defined benefit obligation

	2017	2016
Opening defined benefit obligation	25,163,857	15,354,651
Current service cost	13,632,465	9,344,958
Interest cost	1,932,589	1,309,193
Actuarial (gain) / loss	(965,305)	4,927,355
Benefits paid during the year	(7,381,301)	(5,772,300)
Closing defined benefit obligation	32,382,305	25,163,857

17.1.5 Movement in net liability in the balance sheet

	Note	2017	2016
		------------Rupees------------	
Opening balance of net liability		**25,163,857**	15,354,651
Add: Charge for the year		**15,565,054**	10,654,151
Remeasurement (gain) / loss recognised in other comprehensive income		**(965,305)**	4,927,355
Less: Payment made during the year		**(7,381,301)**	(5,772,300)
Closing balance of net liability		**32,382,305**	25,163,857

17.1.6 The principal assumptions used

	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 is:

		2017	
		Impact on obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
		-----------------Rupees-----------------	
Discount rate	1%	**(5,227,809)**	**5,871,653**
Expected rate of salary increase	1%	**6,157,857**	**(5,516,137)**
Mortality rate	1 year	**(338,000)**	**(380,000)**

For comparative period

		2016	
		Impact on obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		-----------------Rupees-----------------	
Discount rate	1%	(3,793,519)	4,790,087
Expected rate of salary increase	1%	4,876,634	(3,920,893)
Mortality rate	1 year	251,639	(251,639)

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, 2017 is Rs. 16.49 million.

17.1.10 There are no plan assets against defined benefit obligation.

17.1.11 The weighted average duration of the defined benefit obligation is 17.7 years (2016: 15.5 years).

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

	Note	2017	2016
		Undiscounted payments	
		-------------Rupees	-------------
Less than a year		2,367,229	1,621,375
Between 1-2 years		3,672,083	3,269,791
Between 2-3 years		4,670,350	4,415,941
Between 3-4 years		5,526,737	5,377,521
Between 4-5 years		6,238,192	6,189,640
Between 6-10 years		37,255,819	38,180,483
11 years and above		135,774,440	144,918,253

17.1.13 Non-workmen

	2017	2016
	-------------Rupees	-------------
Opening balance	24,093,749	17,898,182
Charge for the year	8,506,900	7,763,270
Payment made during the year	(6,140,564)	(1,567,703)
	26,460,085	24,093,749

18. LONG TERM FINANCE

From banking companies - secured

	Note	2017	2016
Syndicate term finance	18.1	1,818,881,600	2,369,313,009
Syndicate SBP-LTFF facility-1	18.2	514,019,808	627,988,090
Syndicate SBP-LTFF facility-2	18.3	667,098,592	-
		3,000,000,000	2,997,301,099
Less: Current portion			
Syndicate term finance		(454,720,400)	-
Syndicate long term finance		(113,968,192)	-
		(568,688,592)	-
		2,431,311,408	2,997,301,099

18.1 It represents amount utilized out of a term finance facility of Rs. 3,000 million obtained from a syndicate of commercial banks. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to mark-up at the rates of 6 months' KIBOR plus 1.4 % per annum (2015: 6 months' KIBOR plus 1.4 % per annum). It is repayable in 07 years. Mark-up is payable semi annually in arrears and principal in equal semi-annual instalments from August 2017.

18.2 It represents amount utilized against facility obtained from the agent of the syndicate under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 18.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to markup at SBP Refinance Rate of 4.5% per annum plus Bank spread i.e.1.4%(2016:4.5% per annum plus bank spread i.e. 3%) . The facility is repayable in 07 years.

18.3 It represents amount utilized against facility obtained from the agent of the syndicate under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 18.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to markup at SBP Refinance Rate of 2.0% per annum plus Bank spread i.e.1.5%(2016: Nil) . The facility is repayable in 07 years.

19. TRADE AND OTHER PAYABLES

	Note	2017	2016
		-------------Rupees	-------------
Creditors		**76,106,530**	125,148,346
Accrued liabilities	19.1 & 19.2	**173,786,801**	296,705,736
Advance from customers		**4,645,043**	172,337
Workers' Profit Participation Fund	19.3	**1,448,020**	-
Workers' Welfare Fund	19.4	**3,820,679**	30,860,734
Unclaimed dividend		**1,056,258**	1,056,708
Withholding income tax		**2,057,558**	3,400,026
Other liabilities		**109,062**	11,150,001
		263,029,951	468,493,888

19.1 It includes Rs. 30.03 million (2016: Rs. 131.60 million) payable to an associated undertaking in respect of power charges.

19.2 It includes Rs. 60.60 million (2015: Rs. 49.63 million) on account provision for Sindh Development and Infrastructure Cess which was levied by the Excise and Tax Department of Government of Sindh on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. The levy was initially challenged by the Company along with other companies in the High Court of Sindh after which several proceedings were held. The High Court of Sindh through its interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. The management is confident for a favorable outcome however, as a matter of prudence, the Company has paid Rs. 60.60 million (50%) of the value of infrastructure cess in cash and recorded liability for the remaining amount.

19.3 Workers' Profits Participation Fund

	Note	2017	2016
		-------------Rupees	-------------
Opening balance		**-**	-
Add: Allocation for the year		**1,448,020**	-
Interest on funds utilized in the Company's business		**-**	-
Closing balance		**1,448,020**	-

19.4 Workers' Welfare Fund

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 and therefore management has reversed expense recognised in prior periods. The current year liability represents the provision against workers welfare fund as per Sindh Workers Welfare Fund Act, 2014.

20. SHORT TERM BORROWINGS

	Note	2017	2016
		-------------Rupees -------------	
From banking companies			
Finance against import	20.1	-	84,834,913
Trust receipt finances	20.2	674,364,277	364,117,840
Finances against export	20.3	179,131,063	213,446,162
Running finances	20.4	717,293,322	623,190,386
	20.5	1,570,788,662	1,285,589,301

20.1 These are subject to mark-up at the rate of six months average of NIL inclusive of LIBOR per annum (2016: six months average of 1.10% to 1.45% inclusive of LIBOR per annum) and are secured against pledge of stock and charge on receivables.

20.2 These are subject to mark-up at the rate ranging from three months average of 6.61% to 7.60% inclusive of KIBOR per annum (2016: three months average of 7.00% to 7.35% inclusive of KIBOR per annum) and are secured against pledge of stock and charge on receivables.

20.3 These are subject to mark-up at the rate of 2.0% to 2.10% inclusive of LIBOR (2016: 1.35% inclusive of LIBOR) and are secured against charge on stocks and receivables.

20.4 These are subject to markup at the rate of ranging from 7.44% to 7.60% inclusive of three/six months KIBOR per annum (2016: three month 7.00% to 7.35% inclusive of KIBOR per annum). These facilities are secured against pledge of stock and pari passu charge over current assets of the company.

20.5 Total short term borrowing facilities available from various commercial banks amounted to Rs. 3,180 million (2016: Rs. 4,436 million). Aggregate unavailed short term borrowing facilities are of Rs. 1,609 million (2016: Rs.3150 million)

21. INTEREST / MARK-UP ACCRUED ON BORROWINGS

	Note	2017	2016
		-------------Rupees -------------	
On secured:			
Long term finance			
- Syndicate term finance		70,798,457	74,143,189
- Syndicate long term finance		-	-
Short term borrowings		22,194,554	22,070,136
		92,993,011	96,213,325

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

	2017	2016
Estimated financial impact of labour and workmen compensation cases in court of law	843,136	998,009

22.2 Commitments

	Note	2017	2016
		-------------Rupees -------------	
Letters of credit in respect of purchase of:			
-Raw material		251,166,114	387,292,668
-Spares and machinery		13,819,263	28,835,272
Bank guarantees	22.3	105,469,348	86,303,512
Bills discounted		572,960,406	167,472,736
Outstanding sales contracts		22,288,684	1,055,500

22.3 This includes bank guarantee related to infrastructure cess for an amount of Rs. 85.1 million (2016: Rs. 60.60 million) refer note 19.2.

22.4 The Company's share in associates' contingencies and commitments is Rs. 147.43 million (2016: Rs. 148.76 million). The extent to which an outflow of funds will be required is dependent on the future operations of the associates being more or less favourable than currently expected.

23. SALES - NET

	Note	2017	2016
		-------------Rupees -------------	
Local			
- Yarn		2,501,120,888	2,005,748,829
- Raw material		37,725,145	-
- Waste		268,276,342	168,972,551
		2,807,122,375	2,174,721,380
Export			
-Yarn		2,780,114,163	2,022,883,620
-Yarn (indirect export)		102,364,100	92,505,451
-Waste		35,211,702	33,121,395
		2,917,689,965	2,148,510,466
		5,724,812,340	4,323,231,846
Less: Sales tax		(16,536,610)	(75,273,749)
		5,708,275,730	4,247,958,097

24. COST OF GOODS SOLD

	Note	2017	2016
Cost of goods manufactured	24.1	5,060,601,106	4,232,248,187
Finished goods (including waste)			
Opening stock		296,887,293	148,122,558
Insurance Claim		(4,980,107)	-
Closing stock		(129,813,508)	(296,887,293)
		162,093,678	(148,764,735)
Cost of manufactured goods		5,222,694,784	4,083,483,452
Cost of raw material sold		34,378,667	-
		5,257,073,451	4,083,483,452

24.1 Cost of goods manufactured

	Note	2017	2016
Raw material	24.1.1	3,894,944,762	3,144,000,514
Stores and spares		86,705,965	60,677,702
Packing material		74,162,198	75,424,055
Fuel and power		479,470,051	472,824,158
Salaries, wages and benefits	24.1.2	285,206,071	275,223,258
Depreciation	4.2	208,993,609	186,821,294
Insurance		12,811,824	12,517,505
Repairs and maintenance		8,287,518	15,059,799
Other overheads		16,102,088	17,772,427
		5,066,684,086	4,260,320,712
Work-in-process			
Opening stock		38,874,497	10,801,972
Closing stock		(44,957,477)	(38,874,497)
		(6,082,980)	(28,072,525)
		5,060,601,106	4,232,248,187

24.1.1 Raw material consumed	Note	2017	2016
		------------Rupees------------	
Opening stock		684,916,599	1,039,817,344
Purchases - net		4,441,908,568	2,789,099,769
		5,126,825,167	3,828,917,113
Closing stock	9	(1,231,880,405)	(684,916,599)
		3,894,944,762	3,144,000,514

24.1.2 Salaries, wages and benefits include Rs. 21.57 million (2016: Rs. 16.46 million) in respect of staff retirement

25. DISTRIBUTION COST

	Note	2017	2016
		------------Rupees------------	
Brokerage and commission		40,610,956	44,013,410
Export expenses		36,523,998	29,921,640
Local freight and handling		19,982,768	15,146,402
Sea freight		8,785,708	11,315,879
Staff salaries and benefits	25.1	2,335,867	2,863,255
		108,239,297	103,260,586

25.1 Salaries and benefits include Rs. NIL (2016: Rs. 0.39 million) in respect of the staff retirement benefits.

26. ADMINISTRATIVE EXPENSES

	Note	2017	2016
		------------Rupees------------	
Staff salaries and benefits	26.1	35,139,301	27,066,714
Director`s remuneration		3,125,000	3,125,000
Depreciation	4.2	3,635,620	3,759,291
Legal and professional		1,500,657	4,577,580
Rent, rates and taxes		2,624,545	2,863,140
Fees and subscription		1,386,226	797,483
Utilities		1,627,929	1,822,580
Travelling and conveyance		999,329	1,458,728
Provision for doubtful debts		-	4,910,322
Vehicles running		1,937,507	1,814,665
Printing and stationery		762,358	562,774
Postage and telephone		1,087,462	1,002,437
Amortization	5	1,104,845	1,128,363
Auditors' remuneration	26.3	1,325,600	1,737,860
Donation	26.2	1,350,000	1,518,000
Repairs and maintenance		699,319	1,984,423
Insurance		553,336	491,376
Entertainment		264,272	368,445
Advertisement		48,000	14,000
Other		19,482	20,507
		59,190,788	61,023,688

26.1 Salaries and benefits include Rs. 2.50 million (2016: Rs. 1.57 million) in respect of the staff retirement benefits.

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

26.3 Auditors' remuneration

	Note	2017	2016
		-------------Rupees-------------	
Annual audit fee		650,000	650,000
Fee of review of:			
- Condensed interim financial information		75,000	75,000
- Compliance with Code of Corporate Governance		25,000	25,000
Certification and other services		575,600	887,860
Tax services		-	100,000
		1,325,600	1,737,860

27. OTHER OPERATING EXPENSES

	Note	2017	2016
Worker`s welfare fund		-	1,716,653
Workers' profits participation fund	19.3	1,448,020	-
Exchange loss - net		-	32,993,103
Loss on disposal of property, plant and equipment		8,925,003	-
		10,373,023	34,709,756

28. FINANCE COST

	Note	2017	2016
Interest / mark-up on:			
-Long-term finance		211,738,507	216,122,971
-Short-term borrowings		81,114,339	81,387,165
Discounting of tariff bills		9,212,565	8,176,116
Bank charges and commission		3,409,631	3,852,905
		305,475,042	309,539,157
Less: Amounts included in the cost of qualifying asset at weighted average rate of nil % (2016: 9.29%)	4.5.2	-	(3,827,122)
		305,475,042	305,712,035

29. OTHER INCOME

	2017	2016
	-------------Rupees-------------	
Income from financial assets		
Profit on savings accounts	325,931	294,327
Profit on term deposits receipts	1,334,278	1,304,277
Exchange gain - net	193,842	-
Reversal of provision for doubtful debt	130,528	-
Income from non financial assets		
Insurance claim	738,409	-
Reversal of provision for worker`s welfare fund	26,586,675	-
Gain on disposal of property, plant and equipment	-	1,055,481
Rebate on export sales	47,940,260	-
	77,249,923	2,654,085

30. TAXATION

	2017	2016
Current		
- for the year	-	-
- for prior year	9,872,467	(906,756)
Deferred	27,869,019	(165,671,284)
	37,741,486	(166,578,040)

30.1 The numerical reconciliation between the tax expense and accounting profit has not been presented for the current year 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.

31. 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 (Rupees)	**12,515,462**	(217,990,152)
Weighted average number of ordinary shares outstanding during the year	**500,000**	500,000
Earnings per share (Rupees)	**25.03**	(435.98)

32. CASH AND CASH EQUIVALENTS

	Note	2017	2016
		Rupees	
Cash and bank balances	14	**37,317,276**	34,126,533
Running / cash finances	20.4	**(717,293,322)**	(623,190,386)
		(679,976,046)	(589,063,853)

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2017		2016	
	Chief Executive	Executives	Chief Executive	Executives
	Rupees		Rupees	
Managerial remuneration	**3,000,000**	**13,231,958**	3,000,000	15,805,820
Bonus / Ex-gratia	**-**	**-**	-	1,260,410
Retirement benefits	**250,000**	**1,379,182**	250,000	1,360,000
Leave encashment	**-**	**459,727**	-	620,416
	3,250,000	**15,070,867**	3,250,000	19,046,646
No. of persons	**1**	**6**	1	8

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

33.3 An amount of Rs. 0.125 million (2016: Rs.0.135 million) has been charged in these financial statements in respect of fee paid to directors for attending board meetings.

34. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, common directorship companies 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 33 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	Note	2017	2016
			-------------Rupees	-------------
Associated undertakings	Purchase of power		**267,087,935**	224,923,486
	Share of expenses received		**7,830,794**	2,999,302
	Share of expenses paid		**5,429,732**	3,919,646
	Sale of raw material	23	**37,725,145**	-
	Purchase of raw material		**-**	242,858,283
	Dividend received in cash	6	**-**	434,798
	Purchase of machinery		**-**	2,565,000
	Sale of Machinery		**60,000**	-
Directors	Godown rent		**600,000**	600,000
	Office rent		**2,863,140**	2,863,140

35. PLANT CAPACITY AND ACTUAL PRODUCTION

	2017	2016
Total number of spindles installed	**45,984**	45,984
Total number of spindles worked	**45,984**	45,984
Number of shifts per day	**3**	3
Installed capacity after conversion into 20/s count-kgs	**16,701,735**	15,740,299
Actual production of yarn after conversion into 20/s count-kgs	**17,531,501**	16,528,591

The total average number of employees during the year and as at June 30, 2017 and 2016 respectively are as follows:

	2017	2016
Average number of employees	**1,144**	1,170
Number of employees as at June 30	**1,131**	1,187

36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

36.1 Financial Instrument by category

Financial assets as per balance sheet	2017	2016
	-------------Rupees	-------------
Loans and receivables at amortized cost		
- Trade debts	**514,262,766**	340,279,879
- Loans and advances	**9,003,277**	6,865,562
- Other receivables	**40,769,766**	400,000
- Cash and bank balances	**37,317,276**	34,126,533
	601,353,085	381,671,974
Held to maturity		
- Other financial assets	**25,899,650**	23,075,550
	627,252,735	404,747,524

Financial liabilities as per balance sheet

Financial liabilities measured at amortized cost	Note	2017	2016
		-------------Rupees-------------	
- Long term finance		**3,000,000,000**	2,997,301,099
- Trade and other payables		**251,058,651**	437,288,480
- Accrued interest / mark-up on borrowings		**92,993,011**	96,213,325
- Short term borrowings		**1,570,788,662**	1,285,589,301
		4,914,840,324	4,816,392,205

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

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

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

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

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

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 to foreign customers which exposes it to currency risk. As at June 30, 2017, financial assets include bank balances and debtors in foreign currency amounting to Rs. 185.54 million (2016: Rs. 101.21 million) equivalent to US$ 1.77 million (2016: US$ 0.97 million) and financial liabilities include foreign commission payable and finance obtained against export/import amounting to Rs. 183.83 million (2016: Rs. 318.15 million) equivalent to US$ 1.65 million (2016: US$ 2.56 million). The average rates applied during the year is Rs. 104.8 / US $ (2016: Rs. 103.4 /US $) and the spot rate as at June 30, 2017 was Rs.105/ US$ (2016: Rs. 104.5 /US$).

At June 30, 2017, if the Pakistan Rupee had weakened/strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been lower/higher by Rs. 0.17 million (2016: Rs. 40.94 million), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade debts

(b) Interest rate risk management

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

The Company's interest rate risk arises from bank deposit accounts, long term finance and short term borrowings amounting to Rs.3.841 billion (financial assets on a net basis) (2016: Rs. 3.654 billion net financial assets). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
Variable rate instruments	**2017**	2016
	------------Rupees------------	
Financial assets		
- Savings accounts	**2,760,764**	836,606
Financial liabilities		
- Syndicate term finance	**2,273,602,000**	2,369,313,009
- Short term borrowings	**1,570,788,662**	1,285,589,301
	3,844,390,662	3,654,902,310
`	**(3,841,629,898)**	(3,654,065,704)
Fixed rate instruments		
Financial assets		
- Term deposit receipts	**25,899,650**	23,075,550
Financial liabilities		
- Syndicate long-term finance	**1,295,086,592**	627,988,090
	1,320,986,242	651,063,640

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the loss for the year and shareholder's equity by Rs. 44.26 million (2016: Rs. 33.76 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 of the Company carried at fair value through profit or loss which are subject to equity price risk. Therefore, a change in market rate at the reporting date would not affect profit or loss of the Company.

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.627.25 million (2016 : Rs. 405.74 million), the financial assets which are subject to credit risk amounted to Rs. 623.01 million (2016: Rs. 396.04 million).

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

Credit risk related to receivables

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

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of trade debts, where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. At June 30, 2017 the Company had approximately 7 (2016: 8) major customers that owed more than Rs.10 million each and accounted for approximately 46% (2016 : 54%) of local trade debts. Other debts amounting to Rs. 179.77 million (2016 : Rs. 92.63 million) are secured against letters of credit.

Credit risk related to other assets

Credit risk from other assets primarily relates to Company's investment in term deposits issued by a bank (note 13). The risk is managed through ensuring that such investments are made in instruments issued by reputed banks with good credit ratings. The credit rating of the investee bank is as A1+ and AA- for short term and long term credit

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 loans 47% of the Company's debt will mature in less than one year at June 30, 2017 (2016: 27%) based on the carrying value of borrowings reflected in the financial statements.

Liquidity and interest risk table

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

	Interest rate %	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
		----------Rupees----------					
2017							
Trade and other payables		-	251,058,651	-	-	-	251,058,651
Accrued interest		-	92,993,011	-	-	-	92,993,011
Syndicate term finance	6 months KIBOR plus 1.40% p.a	-	227,360,200	227,360,200	1,818,881,600	-	2,273,602,000
Syndicate long term finance - Facility 1	5.90%	-	-	113,968,193	502,390,399	11,629,408	627,988,000
Syndicate long term finance - Facility 2	3.50%	-	-	-	65,429,066	32,980,934	98,410,000
Short term borrowings							
Trust receipt finance	Three months average of 6.61% to 7.60% inclusive of KIBOR p.a	-	-	674,364,277	-	-	674,364,277
Finance against export	2.0% to 2.10% inclusive of LIBOR	-	-	179,131,063	-	-	179,131,063
Running finance	7.44% to 7.60% inclusive of three/Six months KIBOR p.a	-	-	717,293,322	-	-	717,293,322
		-	571,411,862	1,912,117,055	2,386,701,065	44,610,342	4,914,840,324

	Interest rate %	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
		----------Rupees----------					
2016							
Trade and other payables		-	434,060,791	-	-	-	434,060,791
Accrued interest		-	96,213,325	-	-	-	96,213,325
Syndicate term finance	6 months KIBOR plus	-	-	-	2,134,810,800	234,502,209	2,369,313,009
Syndicate long term finance	5.90%	-	-	-	490,760,992	137,227,008	627,988,000
Short term borrowings							
Finance against import	Three to six months average of 1.10% to 1.45% inclusive of LIBOR p.a	-	-	84,834,913	-	-	84,834,913
Trust receipt finance	One to six months average of 7% to 7.35% inclusive of KIBOR p.a	-	-	364,117,840	-	-	364,117,840
Finance against export	Six months LIBOR + 1.35%	-	-	213,446,162	-	-	213,446,162
Running finance	7% to 7.35% inclusive of three months KIBOR p.a	-	-	623,190,386	-	-	623,190,386
		-	530,274,116	1,285,589,301	2,625,571,792	371,729,217	4,813,164,426

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
- 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 FINANICIAL ASSETS AND FINANCIAL LIABILITIES

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

(b) Fair value estimation

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

37.1 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 and electric installation as at September 30, 2003 and June 30, 2012 were performedby an independent valuer Iqbal A.Nanji & Company (Private) Limited and as at December 31, 2016 by MYK Associates (Private) Limited. The valuers are listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery.

During the year revaluation exercise has been carried out in respect of leasehold land, building on leasehold land, plant and machinery and electric installations by an independent valuer.

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

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
	--Rupees ----------------------------------			
Freehold land	-	123,570,000	-	123,570,000
Buildings on free hold	-	924,745,114	-	924,745,114
Plant and machinery	-	2,867,053,748	-	2,867,053,748
Electric installations	-	158,635,733	-	158,635,733
Long-term investment in Associates	59,745,724	-	-	59,745,724
	59,745,724	4,074,004,595	-	4,133,750,319

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

For comparative period

Details of Company's free hold land, building, electric installations, plant and machinery and long-term investment in associates and information about the fair value hierarchy as at end of June 30, 2016 are as follows:

	June 30, 2016			
	Level 1	Level 2	Level 3	Total
	----------------------------------Rupees ----------------------------------			
Freehold land	-	68,650,000	-	68,650,000
Buildings on free hold land	-	715,121,938	-	715,121,938
Plant and machinery	-	2,860,422,838	-	2,860,422,838
Electric installations	-	109,845,497	-	109,845,497
Long-term investment in associates	55,703,971	-	-	55,703,971
	55,703,971	3,754,040,273	-	3,809,744,244

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 capital structure of the Company consists of shareholders' equity and surplus on revaluation of property, plant and equipment. Shareholders' equity consist of share capital, capital reserve and unappropriated profit. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares. The Company's overall strategy remains unchanged from 2016.

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

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

The gearing ratio at June 30, 2017 and June 30, 2016 were

	2017	2016
	-------------Rupees-------------	
Total debts	**4,570,788,662**	4,282,890,400
Less: Cash and bank balances	**(37,317,276)**	(34,126,533)
Net debt	**4,533,471,386**	4,248,763,867
Total equity	**1,090,601,897**	1,050,839,016
Adjusted capital	**5,624,073,283**	5,299,602,883
Gearing ratio	**0.81**	**0.80**

39. OPERATING SEGMENTS

The 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:

- Yarn sales represent 94.03% (2016: 95.33%) of overall sales of the Company.
- 51.11% percent (2016: 50.58% percent) sales of the Company relate to export customers outside Pakistan.
- As at year end, all non-current assets of the Company are located within Pakistan.
- There are no customers to 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

41. GENERAL

Figures have been rounded off to the nearest Rupee.

SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

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 حصہ ہے جو ہمارے ملازمین کی کامیابی کے لئے ضروری ہیں۔ ہمارے ایچ آر سسٹم ٹیکنالوجی سے مزین ہیں جو ہمیں عمدگی اور منظّم طریقے سے اپنے آپریشنز جاری رکھنے میں معاون ثابت ہوتے ہیں۔

مستقبل کی حکمت عملی:

مارکیٹ کی غیر یقینی صورت حال کے پیش نظر یہ وقت کی ضرورت ہے کہ ہم نارمل دھان کے علاوہ بھی ویلیو ایڈڈ مصنوعات متعارف کرواتے رہیں۔ ہم روایتی کاٹن اور پالیسٹر کے علاوہ بھی دوسرے فائبر متعارف کروانے کی منصوبہ بندی کر چکے ہیں۔ ہم موجودہ سیٹ اپ میں جو دھان میں ویلیو ایڈڈ فائبر شامل کریں گے وہ ہیں ٹینسل، موڈل، مائیکرو موڈل اور ویسکوز وغیرہ۔ موجودہ سیٹ اپ میں ویلیو ایڈڈ دھان بنانے کے لئے ہم فینسی دھان جیسے سلبز، موزیک، انجیکشن سلبز اور لائیکرہ متعارف کریں گے۔

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

کراچی:

تاریخ: 14 ستمبر 2017ء

انوار احمد ٹاٹا

چیئرمین

باوجود اس 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 نے 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 ممالک کے مقابلے ذیادہ ہے۔ پچھلے کئی سالوں سے پاکستان لیبر کی لاگت کے حوالے سے مہنگے ممالک 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 ممالک 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 کر رہے 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 انٹر پرائز 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 انٹر پرائز ایسٹ مینجمنٹ کو بھی مستقبل میں لاگو کیا جائے گا۔

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 انفراسٹرکچر، 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۔

چیئر مین کا جائزہ:

السلام وعلیکم

بطور چیئر مین آئلینڈ 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 50.257 ملین روپے کے منافع قبل از ٹیکس حاصل کیا جبکہ گزشتہ سال کمپنی نے 384.568 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 اسیکٹر ہے۔ اس لئے یہ تجویز دی جاتی ہے کہ حکومت اس ترغیبی فنڈ کے حصے کو ڈیوٹی ڈرا بیک 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۔ ودہولڈنگ 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 کی 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	ناقابلِ اطلاق	ناقابلِ اطلاق
جناب شاہد انوار ٹاٹا	4	ناقابلِ اطلاق	4
جناب عدیل شاہد انوار ٹاٹا	3	ناقابلِ اطلاق	ناقابلِ اطلاق
جناب بلال شاہد انوار	3	4	4
جناب محمد نسیم	4	4	4
جناب عجاز احمد طارق	3	ناقابلِ اطلاق	ناقابلِ اطلاق
جناب شیخ کوثر عجاز	4	4	ناقابلِ اطلاق

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

(ص) کمپنی کے تین ڈائریکٹرز نے ڈائریکٹر ٹریننگ پروگرام مکمل کر لیا ہے۔ مزید براں چار ڈائریکٹرز نے کارپوریٹ گورننس کے کوڈ کے تحت چھوٹ کے معیار پر پورا اترتے ہے۔

(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 اوف انٹرنل آڈٹ اور دیگر ایگزیکٹیوز اور ان کے اہل و اعیال اور اولادیں کی طرف سے کمپنی کے حصص کی ٹریڈنگ نہیں کی گئی۔

آڈیٹرز:

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

کراچی:

مورخہ: 14 ستمبر 2017ء

ازطرف بورڈ آف ڈائریکٹرز

شاہد انوار ٹاٹا

چیف ایگزیکیٹیو

ممبران کیلئے ڈائریکٹرز رپورٹ

ڈائریکٹرز بڑی مسرت کے ساتھ 48ویں سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 جون 2017ء پیش کرتے ہیں۔

مالیاتی نتائج:

کمپنی نے 30 جون 2017ء کو ختم ہونے والے سال میں قبل از ٹیکس اور بعد از لاگت، اخراجات اور فرسودگی کے 50.257 ملین روپے کا منافع کیا ہے۔

	(روپے)
سالانہ قبل از ٹیکس منافع	50,256,948
ٹیکس	(37,741,486)
منافع بعد از ٹیکس	12,515,462
دیگر وسیع منافع	735,441
ری ویلیوئیشن پراپرٹی پلانٹ اور دیگر سامان کے سرپلس سے منتقلی	20,855,502
اضافہ کے حوالے سے از سرنو ویلیو پر متعلقہ منتقلی کا شیئر	5,656,476
تخمینی منافع آگے لایا گیا	145,247,535
تخمینی منافع آگے لے جایا گیا	185,010,416

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 کر رہا 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۔

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 ______________________________	Witness 2 ______________________________
Signature ______________________________	Signature ______________________________
Name ______________________________	Name ______________________________
CNIC # ______________________________	CNIC # ______________________________

NOTES:

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

پراکسی فارم (مختار نامہ)

میں/ہم --- کا/کی ---

بحیثیت رکن آئلینڈ ٹیکسٹائل ملز لمیٹڈ اور حامل ------------------ عام حصص بمطابق رجسٹرڈ فولیو نمبر ---------------------------

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

مورخہ 23 اکتوبر 2017ء، کو

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

گواہان	گواہان
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 با اختیار وکیل کے تحریری اجازت نامہ، یا اگر تقرر کرنے والا کارپوریشن ہے تو عام مہر یا ایک آفیشل دستخط کے تحت یا ایسے با اختیار 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 چاہئے۔ تفصیلی طریقہ کار نوٹس AGM کے نوٹ میں دیا گیا ہے۔

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