TATA
PAKISTAN

ISLAND TEXTILE MILLS LIMITED

Annual Report
2018

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COMPANY INFORMATION

BOARD OF DIRECTORS	
CHAIRMAN:	Mr. Anwar Ahmed Tata
CHIEF EXECUTIVE	Mr. Shahid Anwar Tata
DIRECTORS:	Mr. Adeel Shahid Tata Sheikh Kausar Ejaz Mr. Bilal Shahid Tata Mr. Muhammad Naseem Mr. Farooq Advani
AUDIT COMMITTEE	
CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Adeel Shahid Tata Sheikh Kausar Ejaz
SECRETARY	Mr. Ghulam Raza Hemani
HUMAN RESOURCE & REMUNERATION COMMITTEE	
CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Shahid Anwar Tata Mr. Adeel Shahid Tata
SECRETARY	Mr. Aadil Riaz
COMPANY SECRETARY & **CHIEF FINANCIAL OFFICER:**	Mr. Haseeb Hafeezuddeen
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 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

Com4®ring

CERTIFICATE

Island Textile Mills Limited

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

LICENSEE

Number: 56413
Valid until: 30.06.2019

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

Com4®compact

CERTIFICATE

Island Textile Mills Limited

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

LICENSEE

Number: 56413
Valid until: 30.06.2019

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

AITEX
INSTITUTO TECNOLOGICO TEXTIL
PLAZA EMILIO SALA 1
03801 ALCOY (ALICANTE) ESPAÑA, SPAIN

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 authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report **2018OK0449**

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100
2016OK0155 AITEX
Tested for harmful substances
www.oeko-tex.com/standard100

for the following articles:

100% greige cotton yarn and its blends with polyester, modal, tencel and viscose. Partly based on pre-certified material material according to STANDARD 100 by OEKO-TEX®

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Appendix 6, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Appendix 6 for baby articles.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, 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 STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 2016OK0155 is valid until 28.02.2019

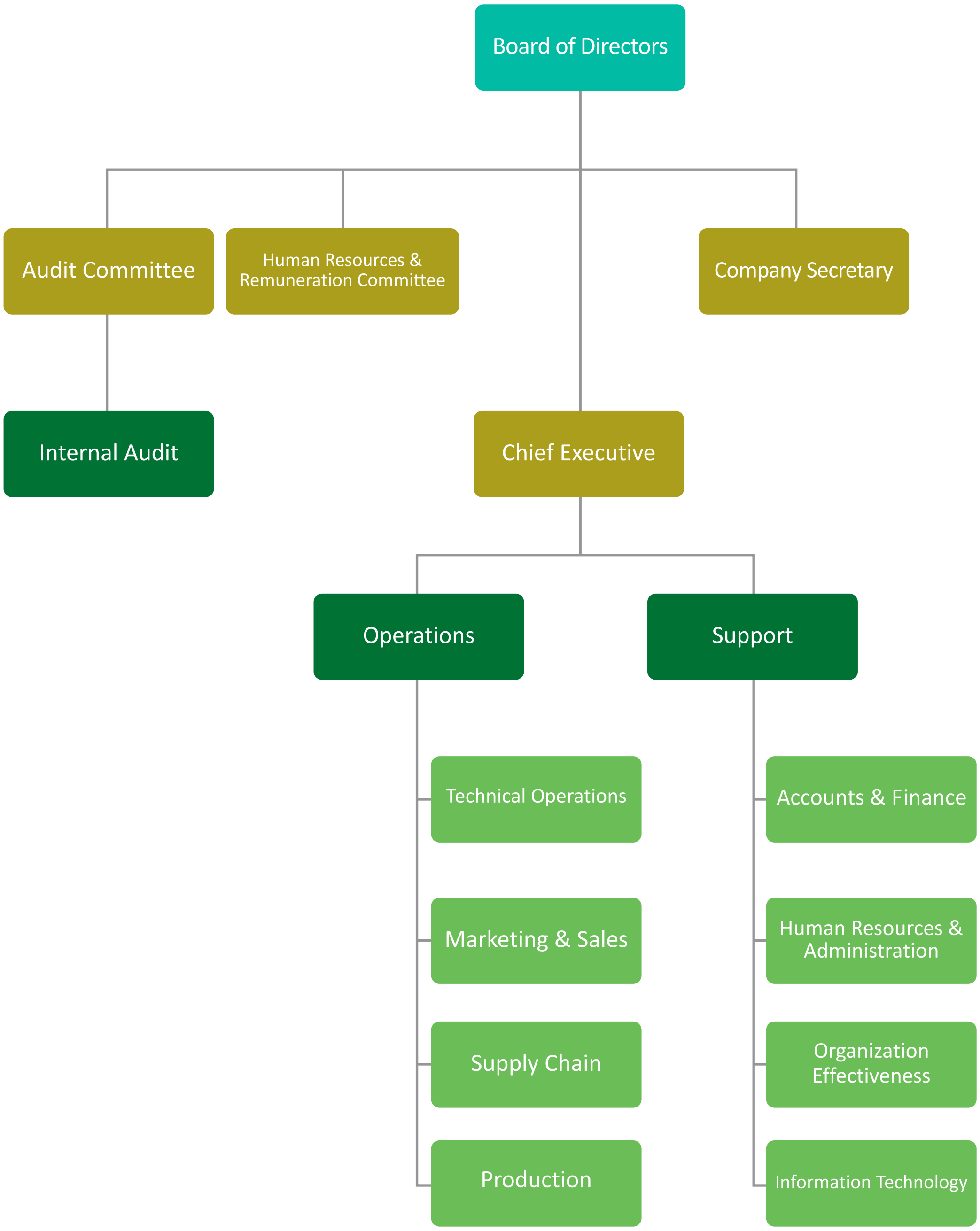
Alcoy (Alicante) España, 20.03.2018

Silvia Devesa Valencia
Innovation Assistant Manager

Isabel Soriano Sarrió
Chief of Innovation Area

OEKO-TEX® Association | Genferstrasse 23 | P.O. Box 2006 | CH-8027 Zurich

Organization Chart



CHAIRMAN'S REVIEW

Assalam-o-Alaikum,

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

By the grace of Allah, I am pleased to report that our company has achieved a pre-tax profit of Rs.410.281 Million (2016-2017 Rs.50.257 Million) which is 716% higher than same period last year. Overall sales volume is also up 10% year on year.

Textile Industry

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

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

Raw Material.

It is a berserk Policy of the Government to put duties and taxes on import of Cotton when the Pakistan Textile Industry is confronting severe Cotton shortage for the last couple of years. I agree that there has to be a system of Minimum Support Price (MSP) for the farmers but that is the responsibility of the Government but unfortunately instead of resorting to MSP the Government increases the domestic Cotton prices, through practically banning Cotton import through fiscal measures. We have faced cotton crop failure for the last 3 consecutive years and

Industry had to import approximately 3.5 Million bales and this year again there is a Cotton Crop failure in the country because of water shortage and other impediments and yet the Government has imposed 3% Duty, 2% Additional Custom, 5% sales tax and 1% Income Tax on import of Cotton.

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

Cost of Energy.

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

Interest Rates.

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

Inflationary Pressures.

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

Tax burden

Pakistan has one of the most elaborate Withholding Tax regime in the world. The Revenues are collected at source either in the form of Advance Taxes against any Income Tax liability or as fixed taxes. In particular, many of the fixed taxes have acquired the character of indirect taxes and in some cases are clearly regressive in incidence. Today, almost three-fourths of the total revenues from direct taxes come from the withholding tax regime. The Tax regime has been extended to sales transactions, utility bills, transports, imports, exports, provision of services like contracts, etc. There are currently 64 sections / sub sections in Income Tax relating to levy of Withholding taxes. The Government usually collects more than the actual liability due from the Industries which results in accumulation of huge Refund amounts. Your company also has a long pending accumulated Refunds of Income Tax, Sales Tax and Rebate amount of Rs.336.266 Million. This is a very critical area which the Government should deliberate, as it gravely affects the liquidity of the Company.

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

Cost of Labor

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

Human Resource Development

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

Information Technology

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

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

Going Forward

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

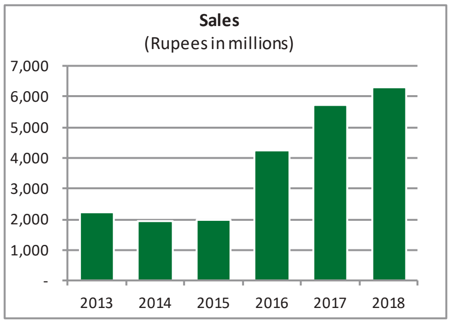
We on our part are endeavoring to become the most efficient and cost effective Mill and making every efforts to ensure that our Textile Company remains one of the top Textile Mill in Pakistan. Hence, as planned we have introduced value added products in addition to our normal yarn in the market. These include value added yarns produced from Modal, Tencel, Viscose, catering to the niche markets. The Management is working on different plans for increase in productivity which will improve our sales turnover as well as reduce the cost of production. The Management is also working on alternative energy sources like wind and solar energy and become less dependent on the national grid.

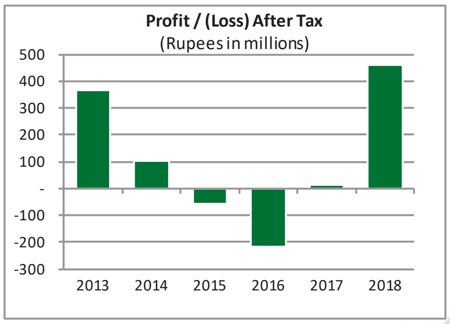
Acknowledgment

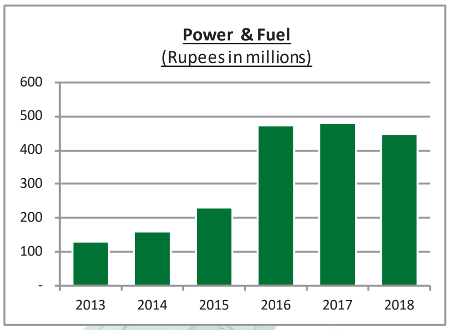
We sincerely acknowledge and appreciate the untiring endeavors of our various teams who are constantly engaged in upholding their commitment to make this organization surpass all the benchmarks of quality and productivity set by the giants of the Industry. As a team we stand highly grateful towards our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

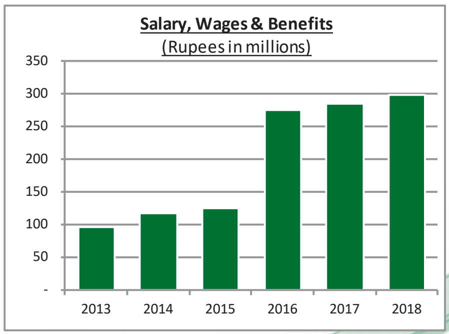
Karachi.
Dated: September 24, 2018

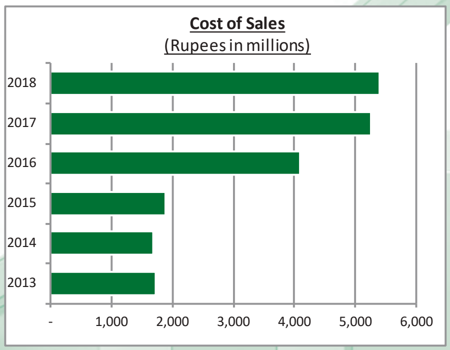
Anwar Ahmed Tata
Chairman

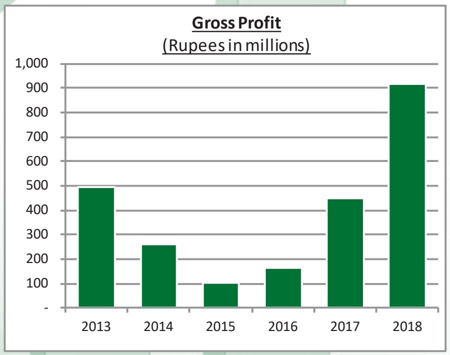

Sales
(Rupees in millions)
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
2013
2014
2015
2016
2017
2018

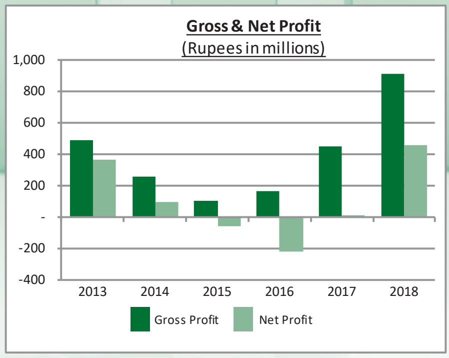

Profit / (Loss) After Tax
(Rupees in millions)
500
400
300
200
100
-
-100
-200
-300
2013
2014
2015
2016
2017
2018

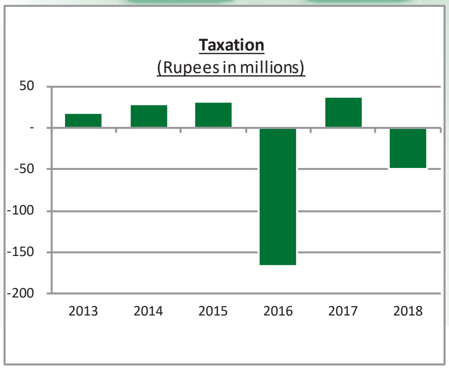

Power & Fuel
(Rupees in millions)
600
500
400
300
200
100
-
2013
2014
2015
2016
2017
2018

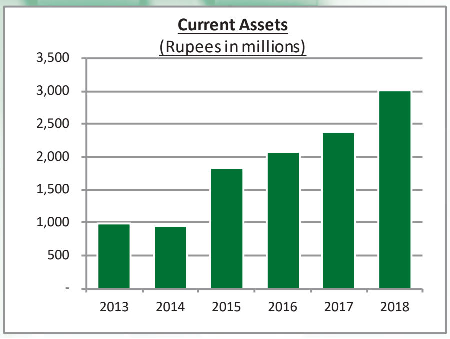

Salary, Wages & Benefits
(Rupees in millions)
350
300
250
200
150
100
50
-
2013
2014
2015
2016
2017
2018

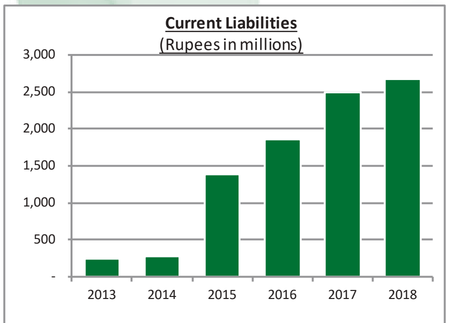

Cost of Sales
(Rupees in millions)
2018
2017
2016
2015
2014
2013
-
1,000
2,000
3,000
4,000
5,000
6,000

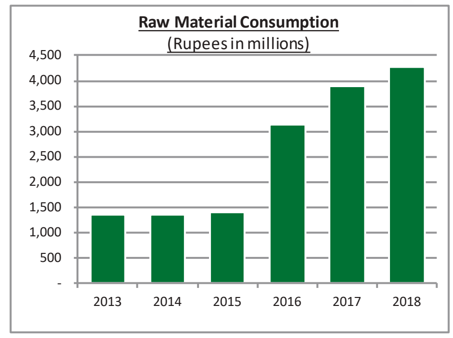

Gross Profit
(Rupees in millions)
1,000
900
800
700
600
500
400
300
200
100
-
2013
2014
2015
2016
2017
2018

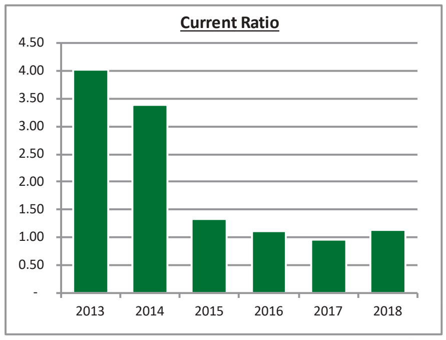

Gross & Net Profit
(Rupees in millions)
1,000
800
600
400
200
-
-200
-400
2013
2014
2015
2016
2017
2018
Gross Profit
Net Profit

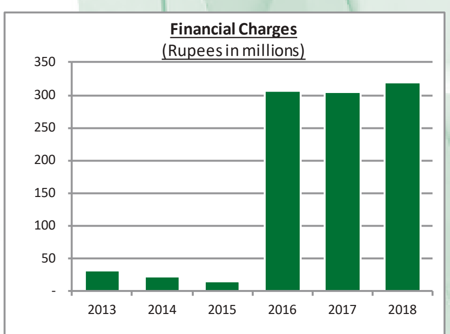

Taxation
(Rupees in millions)
50
-
-50
-100
-150
-200
2013
2014
2015
2016
2017
2018

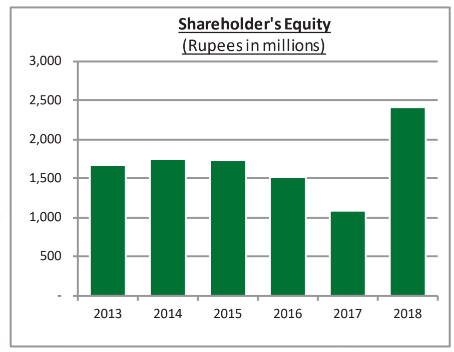

Current Assets
(Rupees in millions)
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2013
2014
2015
2016
2017
2018

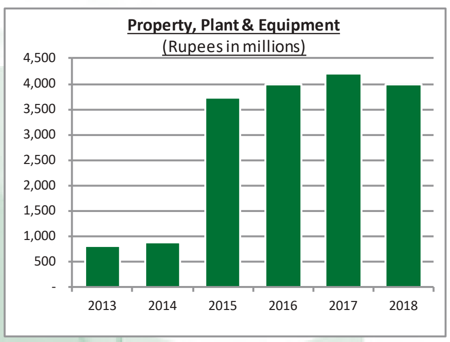

Current Liabilities
(Rupees in millions)
3,000
2,500
2,000
1,500
1,000
500
-
2013
2014
2015
2016
2017
2018

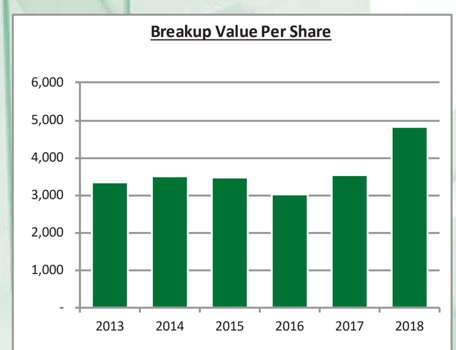

Raw Material Consumption
(Rupees in millions)
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2013
2014
2015
2016
2017
2018

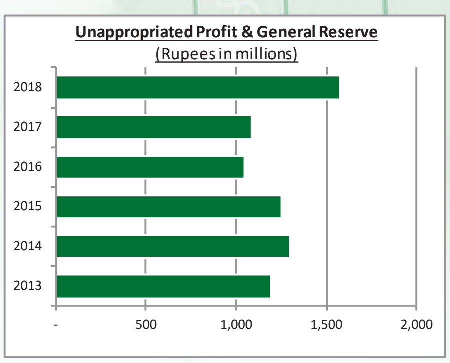

Current Ratio
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
-
2013
2014
2015
2016
2017
2018

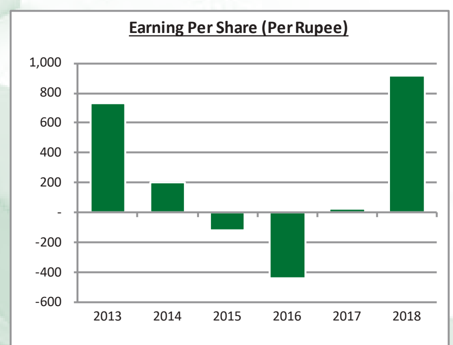

Financial Charges
(Rupees in millions)
350
300
250
200
150
100
50
-
2013
2014
2015
2016
2017
2018


Shareholder's Equity
(Rupees in millions)
3,000
2,500
2,000
1,500
1,000
500
-
2013
2014
2015
2016
2017
2018


Property, Plant & Equipment
(Rupees in millions)
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2013
2014
2015
2016
2017
2018


Breakup Value Per Share
6,000
5,000
4,000
3,000
2,000
1,000
-
2013
2014
2015
2016
2017
2018


Unappropriated Profit & General Reserve
(Rupees in millions)
2018
2017
2016
2015
2014
2013
-
500
1,000
1,500
2,000


Earning Per Share (Per Rupee)
1,000
800
600
400
200
-
-200
-400
-600
2013
2014
2015
2016
2017
2018

DIRECTORS' REPORT TO THE MEMBERS

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

Composition of Board

The composition of the Board is in compliance with the requirements of the Code of Corporate Governance regulations, 2017 applicable on listed entities which is given below:

Total number of Directors

a) Male 7
b) Female 0

Composition:

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

The names of the directors as at June 30, 2018 are as follows

1) Mr. Anwar Ahmed Tata - Chairman
2) Mr. Shahid Anwar Tata - Director/ Chief Executive Officer
3) Mr. Adeel Shahid Tata - Director
4) Mr. Bilal Shahid Tata - Director
5) Mr. Aijaz Ahmed Tariq - Director
6) Mr. Muhammad Naseem - Director
7) Sheikh Kausar Ejaz - Director

Committees of the Board

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

- **Audit Committee**
  Mr. Muhammad Naseem - Chairman (Independent)
  Mr. Adeel Shahid Tata - Member
  Sheikh Kausar Ejaz - Member

- **Human Recourse and Remuneration Committee**
  Mr. Muhammad Naseem - Chairman (Independent)
  Mr. Shahid Anwar Tata - Member
  Mr. Adeel Shahid Tata - Member

Principal Activities of the Company

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

Development & Performance of the Company's Business

Volumes	June-2018 Amount in PKR	June-2017 Amount in PKR	Variation %
Sales	6,303,217,062	5,708,275,730	10.42%
Cost of Sales	(5,386,092,785)	(5,257,073,451)	2.45%
Gross Profit	917,124,277	451,202,279	103.26%
Profit before taxation	410,280,549	50,256,948	716.37%
Profit after taxation	460,073,431	12,515,462	3576.04%

In a challenging business environment, financial year 2017-18 was year of record performance with highest ever sales of over Rs.6 billion which was 10.42% higher than last year, earning Gross Profit of Rs.917 million. Profit before tax for the year increase by 716.37% due to inventory gains due to efficient buying of raw material and higher domestic and international margin. The Directors and management have been closely monitoring the performance of the business with focus on achieving continued improvements in productivity and efficiency while optimizing cost and process to ensure sustainable growth of the Company.

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

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

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

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

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

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

Change in accounting policy

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

As a result of this overall equity has increased by Rs.829.008 million and Rs.677.600 million for the year ended June 30, 2018 and June 30, 2017 respectively. Further, gain on revaluation surplus net of deferred tax amounting to Rs. 287.748 million has been recorded in other comprehensive income for the year ended June 30, 2017 to comply with the requirements of IAS–16.

Principal Risks and Uncertainties

Despite the facts that the Company's financial performance has significantly improved during the year and was able to overcome many barriers yet some uncertainties remain resulting from level of cotton production in the country, local and international cotton pricing, international yarn pricing, impact of trade wars between US and China and exchange rate fluctuations may have an impact on the future financial results of the Company.

Dividend

The Board of Directors in its meeting held on September 24, 2018 proposed a cash dividend of Rs.5.00 per share (2017: Nil) amounting to Rs.2.500 million (2017: Nil) subject to the approval of the members at the forthcoming annual general meeting of the Company.

Appointment of Auditors

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

Subsequent Events

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

Compliance with the Best Practices of Corporate Governance

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

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

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The highlights of operating and financial data for the last six years are presented in a summarized form in annexure.
- The statement of pattern of shareholding of the Company as at June 30, 2018 is annexed. This statement is prepared in accordance with the Code of Corporate Governance.
- During the year under review, four Board of Directors Meetings, four Audit Committee Meetings and five 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	5
Mr. Adeel Shahid Tata*	4	2	2
Mr. Bilal Shahid Tata*	3	2	3
Mr. Muhammad Naseem	4	4	5
Mr. Aijaz Ahmed Tariq	4	N/A	N/A
Sheikh Kausar Ejaz	4	4	N/A

(Leave of absence was granted to the Directors who could not attend the Meetings due to their pre-occupations)
* With effective from December 01, 2017 Mr. Adeel Shahid being a non-executive director was appointed as member of Audit Committee and Human Resource and Remuneration Committee in place of Mr. Bilal Shahid Tata.

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

Corporate Social Responsibility
Island Textile Mills Ltd. is committed to achieving tangible, sustainable fulfillment of its corporate social responsibility. During the year under review the Company contributed Rs.1.8 to Chiniot Sheikh Society for the social welfare. The Company has also contributed Rs.0.6 million in Health Sector by collaborating with Islamia Hospital Chiniot, for health and well-being of the poor people of the country.

Significant features of remuneration policy of non-executive directors
Non-executive directors including the independent director are entitled only for fee for attending the meetings.

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

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

ON BEHALF OF THE BOARD OF DIRECTORS

Shahid Anwar Tata
Chief Executive

Karachi:
Date: September 24, 2018

KEY OPERATING AND FINANCIAL DATA

Description		2018	2017	2016	2015	2014	2013
OPERATING DATA							
Sales	Rs.'000'	6,303,217	5,708,276	4,247,958	1,998,353	1,948,956	2,218,984
Cost of Goods Sold	Rs.'000'	5,386,093	5,257,073	4,083,483	1,892,072	1,686,062	1,724,870
Gross Profit	Rs.'000'	917,124	451,202	164,475	106,280	262,895	494,114
Profit / (Loss) Before Taxation	Rs.'000'	410,281	50,257	(384,568)	(25,796)	131,259	385,955
Profit / (Loss) After Taxation	Rs.'000'	460,073	12,515	(217,990)	(57,317)	102,403	367,715
FINANCIAL DATA							
Equity Balance	Rs.'000'	2,411,193	1,768,203	1,515,950	1,730,728	1,754,005	1,677,515
Property, Plant & Equipment	Rs.'000'	3,985,927	4,197,161	3,983,198	3,719,483	895,592	818,636
Current Asset	Rs.'000'	3,015,471	2,368,519	2,069,251	1,828,801	947,146	984,270
Current Liabilities	Rs.'000'	2,665,437	2,495,500	1,850,297	1,382,872	279,279	244,745
RATIOS							
PROFITABILITY RATIOS							
Gross Profit Margin	%	14.55	7.90	3.87	5.32	13.49	22.27
Operating Profit Margin	%	5.32	(0.56)	(8.01)	(0.99)	4.98	13.49
Net Profit Margin	%	7.30	0.22	(5.13)	(2.87)	5.25	16.57
LIQUIDITY RATIOS							
Current Ratio	Times	1.13	0.95	1.12	1.32	3.39	4.02
Quick Ratio	Times	0.43	0.37	0.54	0.44	1.31	2.53
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	38.06	32.43	28.84	22.54	29.41	28.11
Accounts Receivable Turnover	Times	9.46	11.10	12.48	15.97	12.24	12.81
Inventory Turnover	Times	2.94	3.74	4.00	1.58	2.99	4.92
Working Capital Turnover	Times	18.01	(44.95)	19.40	4.48	2.92	3.00
Total Assets Turnover	Times	0.85	0.83	0.66	0.34	0.91	1.06
Return on Total Assets	%	6.17	0.18	(3.40)	(0.97)	4.76	17.52
Return on Equity	%	19.08	0.71	(14.38)	(3.31)	5.84	21.92
LEVERAGE RATIOS							
Long Term Debt to Equity Ratio	%	98.61	147.82	201.03	160.47	6.61	10.50
Total Debt to Equity Ratio	%	209.16	288.95	323.09	240.38	22.53	25.09
Long Term Debt to Total Assets	Times	0.32	0.38	0.48	0.47	0.05	0.08
Total Debt to Total Assets	Times	0.68	0.74	0.76	0.71	0.18	0.20
Equity to Total Assets	Times	0.32	0.26	0.24	0.29	0.82	0.80
Interest Coverage Ratio	Times	2.29	1.16	(0.26)	(0.67)	7.02	13.11
OTHERS							
Earning per Shares	Rs	920.15	25.03	(435.98)	(114.63)	204.81	735.43
Breakup Value of Shares	Rs	4,822.39	3,536.41	3,031.90	3,461.46	3,508.01	3,355.03
Cash Dividend	%	50.00	-	-	-	50.00	50.00

ANALYSIS OF FINANCIAL STATEMENT
BALANCE SHEET

Particulars	2018	2017	2016	2015	2014	2013
	----------------Rupees in '000'----------------					
Assets						
Non Current Assets						
Property, plant and equipment	3,985,927	4,197,161	3,983,198	3,719,483	895,592	818,636
Intangible asset	607	113	1,218	2,347	3,434	4,194
Long-term investment	451,071	309,978	306,101	339,339	302,018	290,313
Long-term deposit	1,292	1,605	1,001	1,001	1,001	1,001
Deferred taxation	-	-	53,048	-	-	-
Total Non current Assets	**4,438,897**	**4,508,857**	**4,344,565**	**4,062,169**	**1,202,044**	**1,114,143**
Current Asset						
Stores, spares and loose tools	38,002	30,547	36,441	22,940	17,871	14,262
Stock-in-trade	1,831,841	1,406,651	1,020,678	1,198,742	563,588	350,374
Trade debts	666,376	514,263	340,280	125,106	159,227	173,251
Loans and advances	323,012	219,033	391,390	148,217	101,474	66,475
Short-term prepayments	1,697	1,643	16,118	903	467	742
Other receivables	57,350	40,770	400	402	5,068	335
Other financial assets	26,068	25,900	23,076	17,186	25,600	285,789
Sales tax refundable	52,700	92,395	206,741	162,980	9,529	7,815
Cash and bank balances	18,425	37,317	34,127	152,327	64,323	85,227
Total current Assets	**3,015,471**	**2,368,519**	**2,069,251**	**1,828,801**	**947,146**	**984,270**
Total Assets	**7,454,368**	**6,877,376**	**6,413,816**	**5,890,971**	**2,149,191**	**2,098,413**
Equity and Liabilities						
Equity						
Share Capital	5,000	5,000	5,000	5,000	5,000	5,000
Reserves	899,271	898,991	898,931	899,579	899,920	915,502
Unappropriated profit	677,913	186,611	146,908	351,968	395,958	279,566
Surplus on Revaluation of Property, Plant and Equipment - net of tax	829,009	677,601	465,111	474,181	453,126	477,447
Total Equity	**2,411,193**	**1,768,203**	**1,515,950**	**1,730,728**	**1,754,005**	**1,677,515**
Non Current Liabilities						
Deferred Liabilities	80,407	182,362	50,269	140,802	115,907	91,520
Long term financing	2,297,331	2,431,311	2,997,301	2,636,568	-	84,633
Total Non Current Liabilities	**2,377,738**	**2,613,673**	**3,047,570**	**2,777,371**	**115,907**	**176,153**
Current Liabilities						
Trade & other payable	304,367	263,030	468,494	304,850	247,657	200,733
Accrued interest / mark-up on borrowings	96,745	92,993	96,213	82,236	470	2,916
Short-term borrowings	1,902,984	1,570,789	1,285,589	974,482	-	-
Current portion of long term finance	361,341	568,689	-	-	-	19,531
Taxation - income tax	-	-	-	21,304	31,151	21,566
Total Current Liabilities	**2,665,437**	**2,495,500**	**1,850,297**	**1,382,872**	**279,279**	**244,745**
Total Equity and Liabilities	**7,454,368**	**6,877,376**	**6,413,816**	**5,890,971**	**2,149,191**	**2,098,413**

ANALYSIS OF FINANCIAL STATEMENT
BALANCE SHEET VERTICAL ANALYSIS

Particulars	2018	2017	2016	2015	2014	2013
	%	%	%	%	%	%
Assets						
Non Current Assets						
Property, plant and equipment	53.47	61.03	62.10	63.14	41.67	39.01
Intangible asset	0.01	0.00	0.02	0.04	0.16	0.20
Long-term investment	6.05	4.51	4.77	5.76	14.05	13.83
Long-term deposit	0.02	0.02	0.02	0.02	0.05	0.05
Total Non current Assets	**59.55**	**65.56**	**67.74**	**68.96**	**55.93**	**53.09**
Current Asset						
Stores, spares and loose tools	0.51	0.44	0.57	0.39	0.83	0.68
Stock-in-trade	24.57	20.45	15.91	20.35	26.22	16.70
Trade debts	8.94	7.48	5.31	2.12	7.41	8.26
Loans and advances	4.33	3.18	6.10	2.52	4.72	3.17
Short-term prepayments	0.02	0.02	0.25	0.02	0.02	0.04
Other receivables	0.77	0.59	0.01	0.01	0.24	0.02
Other financial assets	0.35	0.38	0.36	0.29	1.19	13.62
Sales tax refundable	0.71	1.34	3.22	2.77	0.44	0.37
Cash and bank balances	0.25	0.54	0.53	2.59	2.99	4.06
Total current Assets	40.45	**34.44**	**32.26**	**31.04**	**44.07**	**46.91**
Total Assets	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Equity and Liabilities						
Equity						
Share Capital	0.07	0.07	0.08	0.08	0.23	0.24
Reserves	12.06	13.07	14.02	15.27	41.87	43.63
Unappropriated profit	9.09	2.71	2.29	5.97	18.42	13.32
Surplus on Revaluation of Property, Plant and Equipment - net of tax	11.12	9.85	7.25	8.05	21.08	22.75
Total Equity	**32.35**	**25.71**	**23.64**	**29.38**	**81.61**	**79.94**
Non Current Liabilities						
Deferred Liabilities	1.08	2.65	0.78	2.39	5.39	4.36
Long term financing	30.82	35.35	46.73	44.76	-	4.03
Total Non Current Liabilities	**31.90**	**38.00**	**47.52**	**47.15**	**5.39**	**8.39**
Current Liabilities						
Trade & other payable	4.08	3.82	7.30	5.17	11.52	9.57
Accrued interest / mark-up on borrowings	1.30	1.35	1.50	1.40	0.02	0.14
Short-term borrowings	25.53	22.84	20.04	16.54	-	-
Current portion of long term finance	4.85	8.27	-	-	-	0.93
Taxation - income tax	-	-	-	0.36	1.45	1.03
Total Current Liabilities	**35.76**	**36.29**	**28.85**	**23.47**	**12.99**	**11.66**
Total Equity and Liabilities	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

ANALYSIS OF FINANCIAL STATEMENT
PROFIT & LOSS ACCOUNT

Particulars	2018	2017	2016	2015	2014	2013
	------Rupees in '000'------					
Sales	6,303,217	5,708,276	4,247,958	1,998,353	1,948,956	2,218,984
Cost of goods sold	5,386,093	5,257,073	4,083,483	1,892,072	1,686,062	1,724,870
Gross Profit	**917,124**	**451,202**	**164,475**	**106,280**	**262,895**	**494,114**
Distribution cost	119,150	108,239	103,261	55,667	77,580	82,809
Administrative expenses	89,214	59,191	61,024	50,275	53,699	52,173
Other operating expenses	54,389	10,373	34,710	4,584	12,712	28,003
Financial Cost	318,800	305,475	305,712	15,448	21,815	31,873
	581,553	483,278	504,706	125,974	165,806	194,858
Share of Profit / (Loss) from Associate - net of tax	31,872	5,083	(46,991)	(15,942)	6,352	76,143
Other Income	42,837	77,250	2,654	9,840	27,818	10,556
Profit / (Loss) before taxation	**410,281**	**50,257**	**(384,568)**	**(25,796)**	**131,259**	**385,955**
Taxation	(49,793)	37,741	(166,578)	31,521	28,856	18,240
Profit / (Loss) for the year	**460,073**	**12,515**	**(217,990)**	**(57,317)**	**102,403**	**367,715**

ANALYSIS OF FINANCIAL STATEMENT
PROFIT & LOSS ACCOUNT VERTICAL ANALYSIS

Particulars	2018	2017	2016	2015	2014	2013
	%	%	%	%	%	%
Sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of goods sold	85.45	92.10	96.13	94.68	86.51	77.73
Gross Profit	14.55	7.90	3.87	5.32	13.49	22.27
Distribution cost	1.89	1.90	2.43	2.79	3.98	3.73
Administrative expenses	1.42	1.04	1.44	2.52	2.76	2.35
Other operating expenses	0.86	0.18	0.82	0.23	0.65	1.26
Financial Cost	5.06	5.35	7.20	0.77	1.12	1.44
	9.23	8.47	11.88	6.30	8.51	8.78
Share of Profit / (Loss) from Associate - net of tax	0.51	0.09	(1.11)	(0.80)	0.33	3.43
Other Income	0.68	1.35	0.06	0.49	1.43	0.48
Profit / (Loss) before taxation	6.51	0.88	(9.05)	(1.29)	6.73	17.39
Taxation	(0.79)	0.66	(3.92)	1.58	1.48	0.82
Profit / (Loss) for the year	7.30	0.22	(5.13)	(2.87)	5.25	16.57

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2018

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
349	1	100	16,487
31	101	500	7,972
6	501	1000	5,100
11	1001	5000	27,147
1	30001	35000	34,950
1	40001	45000	40,600
1	50001	55000	51,050
1	125001	130000	129,947
1	185001	190000	186,747
402			**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	34,950	6.99
Others	7	43,250	8.65
General Public	383	36,759	7.35
	402	500,000	100.00

Detail Categories of Shareholders

		No. of Shareholders	Shares Held
DIRECTORS, THEIR SPOUSE(S) & MINOR CHILDREN			
Mr. Anwar Ahmed Tata	(Chairman)	1	129,947
Mr. Shahid Anwar 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 Eijaz	(Director)	1	2,500
Mr. Eijaz Ahmed Tariq	(Director)	1	2,500
Mrs. Parveen Anwar (W/o of Mr. Anwar Ahmed Tata)		1	51,050
Mrs. Saiqa Shahid (W/o of Mr. Shahid Anwar Tata)		1	3,700
		9	**384,891**
PUBLIC SECTOR COMPANIES AND CORPORATIONS			
Investment Corporation of Pakistan		**2**	**150**
MUTUAL FUNDS			
CDC-Trustee AKD Opportunity Fund		1	34,950
		1	**34,950**
OTHERS			
Fateh Textile Mills Ltd.		1	50
Yasir Mahmood Securities (Pvt) Ltd.		1	350
Fikree's (SMC-Pvt) Ltd.		1	700
Golden Arrow Selected Stocks Fund Limited		1	40,600
Everfresh Farms (Pvt.) Limited		1	350
Growth Securities (Private) Limited - MF		1	1,100
MRA Securities Limited - MF		1	100
		7	**43,250**
GENERAL PUBLIC			
Local		**383**	**36,759**
Grand Total		**402**	**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 of Mr. Anwar Tata)		51,050	10.21
Golden Arrow selected Stock Fund Limited		40,600	8.12
CDC - Trustee AKD Opportunity Fund		34,950	6.99

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

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

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

1. The total number of directors are Seven as per the following
   a. Male: 7
   b. Female: 0

2. The composition of board is as follow:

Category	Names
Independent Director	Mr. Muhammad Naseem
Executive Director	Mr. Shahid Anwar Tata
	Mr. Bilal Shahid Tata
Non-Executive Directors	Mr. Anwar Ahmed Tata
	Mr. Adeel Shahid Tata
	Mr. Aijaz Ahmed Tariq
	Shiekh Kausar Ejaz

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

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

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

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained except for the policy related to permissible fee for non-executive directors and independent directors which are exist in draft form and will approved in upcoming Board of Directors meeting.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/Shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of directors do not have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. Such policy is exist in draft form and will approved in upcoming Board of Directors meeting.

9. During the year the board did not arrange any training program for its directors. The Company is in process of applying for the exemption certificate from Commission as per criteria mentioned in Regulation 20.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, however, the CFO and Company Secretary of the Company is the same person. The Company is in the process of appointing separate person as Company Secretary.

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

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

    a. Audit Committee

i.	Mr. Muhammad Naseem	-Chairman
ii.	Shiekh Kausar Ejaz	-Member
iii.	Mr. Adeel Shahid Tata	-Member

    b. HR and Remuneration Committee

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

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

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

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

15. The board has appointed head of internal who is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company. Once, the internal audit manual is finalized, Company will outsource its internal audit function to a professional firm.

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

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

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

ON BEHALF OF THE BOARD OF DIRECTORS

SHAHID ANWAR TATA
CHIEF EXECUTIVE

Karachi
Dated: September 24, 2018

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **49th Annual General Meeting** of the Shareholders of **Island Textile Mills Limited** will be held on **Monday,** the **October 22, 2018 at 3:30 p.m.** at **5th Floor, Textile Plaza, M. A. Jinnah Road, Karachi** to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the 48th Annual General Meeting held on October 23, 2017

2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' Report thereon.

3. To appoint Auditors for the year ending June 30, 2019 and fix their remuneration. The retiring auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.

4. To approve the payment of cash dividend @ 50% (i.e. Rs.5.00 per share), for the year ended June 30, 2018 as recommended by the Board of Directors.

SPECIAL BUSINESS

Ordinary Resolution

5. To consider and pass the following ordinary resolutions:

   a) "RESOLVED that the transactions carried out in normal course of business with associated companies as disclosed in Note No. 35 of the audited financial statements for the year ended June 30, 2018 be and are hereby ratified and approved."

   b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2019 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

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

By Order of the Board of Directors
Island Textile Mills Limited

Haseeb Hafeezuddeen
Company Secretary

Karachi:
Dated: October 01, 2018

Notes:

1. The Register of Member and Share Transfer Books of the Company will remain closed from October 15, 2018 to October 22, 2018 (both days inclusive). Transfer received in order at the office of Share Register, M/s Central Depository Company of Pakistan Ltd. CDC, House, 99-B, Block S.M.C.H.S., Main Shahra-e-Faisal, Karachi by the close of business on October 12, 2018 will be considered in time to attend and vote at the meeting.

2. A member entitled to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote on his/her behalf. The instrument appointing proxy must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.

3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her Original CNIC or Passport to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the Board of Directors' resolution/power of attorney with specimen signature of the nominee.

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

5. Members are requested to provide their International Banking Account Number (IBAN) together with a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission, all future dividend payments may be withheld.

6. Members are requested to submit declaration (CZ-50) as per Zakat & Ushr Ordinance 1980 for zakat exemption, if any.

7. **UNCLAIMED DIVIDENDS & BONUS SHARES** Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s Central Depository Company of Pakistan Ltd. to collect/ enquire about their unclaimed dividend or pending shares, if any. Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three (3) years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

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

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

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

11. **CIRCULATION OF NOTICE OF MEETING & ANNUAL ACCOUNTS** With reference to SRO 787(I/2014 dated 8th September 2014 issued by SECP, shareholders have an option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent on prescribed format to our Shares Registrar, M/s CDC Pakistan Ltd. at CDC House, 99-B, Block-B, S.M.C.H.S, Shahrah-e-Faisal, Karachi to update our record if they wish to

receive Annual Audited Financial Statement and Notice of General Meeting through email. However, if a shareholder, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven (7) days of receipt of such request.

12. **FILER AND NON FILER STATUS** The Government of Pakistan through Finance Act, 2018 have made certain amendments in Section 150 of the Income Tax Ordinance, 2001, whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:
    a) For filers of income tax returns 15%. b) For non-filers of income tax returns 20%.
    To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL.

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

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

1. Agenda Item No. 5(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2018 to be passed as an Ordinary Resolution.

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

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

   In view of the above, the transactions carried out during the financial year ended June 30, 2018 with associated companies shown in note No. 35 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

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

2. Agenda Item No. 5(b) of the Notice – Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2019 to be passed as an Ordinary Resolution.

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

   In order to comply with the provisions of Section 15 of Listed Companies Code of Corporate Governance Regulations 2017, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2019.

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Island Textile Mills Limited** (the Company) for the year ended June 30, 2018 in accordance with the requirements of Regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

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

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

Deloitte Yousuf Adil

Chartered Accountants

Date: September 24, 2018
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
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INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ISLAND TEXTILE MILLS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Island Textile Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

Following are the key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
1	**Change in accounting policy in relation to presentation and measurement of surplus on revaluation of fixed assets** As disclosed in note 3.1 to the accompanying financial statements, land, building and plant and machinery are carried at revaluation model. The total net book value of revalued properties as at June 30, 2018 is Rs. 3,901 million versus the carrying value of Rs. 3,252 million. The Company has changed its accounting policy relating to presentation and measurement of surplus on revaluation of fixed assets with retrospective effect as a consequence of the application of the Companies' Act, 2017 (the Act), as explained in detail in Note 4 We have considered the above matter to be a key audit matter due to significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.	• The change in accounting policy for the accounting and presentation of revaluation surplus as referred to in note 4 to the accompanying financial statements, considered the adequacy and appropriateness of such disclosure; and • assessed the accounting implications in accordance with the applicable financial reporting standards.
2	**Current and deferred tax** As disclosed in note 3.21, 8 and 31 to the accompanying financial statements, the Company has recorded tax income amounting to Rs. 49.79 million. The Company's total sales comprise of local and export sales and carry different tax implications under The Income Tax Ordinance, 2001. These include incidence, tax rates and admissibility of relevant expenses. To determine the tax liability for such companies, The Institute of Chartered Accountants of Pakistan (ICAP) has issues a Technical Release (TR 27) to facilitate the allocation of admissible expenses between local and export sales. The calculation of deferred tax asset/liability also entails certain assumptions in developing a reasonable estimate for expected turnover and composition thereof based on the said TR We have considered the above matters to be a key audit matter due to the judgements and estimates inherent in the calculation of tax expense.	• developed an understanding of management process for calculating tax expense; • assessed the extent to which provisions are supported by underlying circumstances and determined that they are being made on a basis consistent with previous years; • assessed the appropriateness of provisions recorded in the financial statements by using our specialist tax knowledge and reviewing the latest tax returns filed by the Company; • critically analysed and challenged the assumptions used by the management in calculating tax expense; and • ensured that the tax calculated is in accordance with the requirements of IAS 12, Income Tax Ordinance 2001 and TR 27.

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Chartered Accountants

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

c)

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

e) no zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

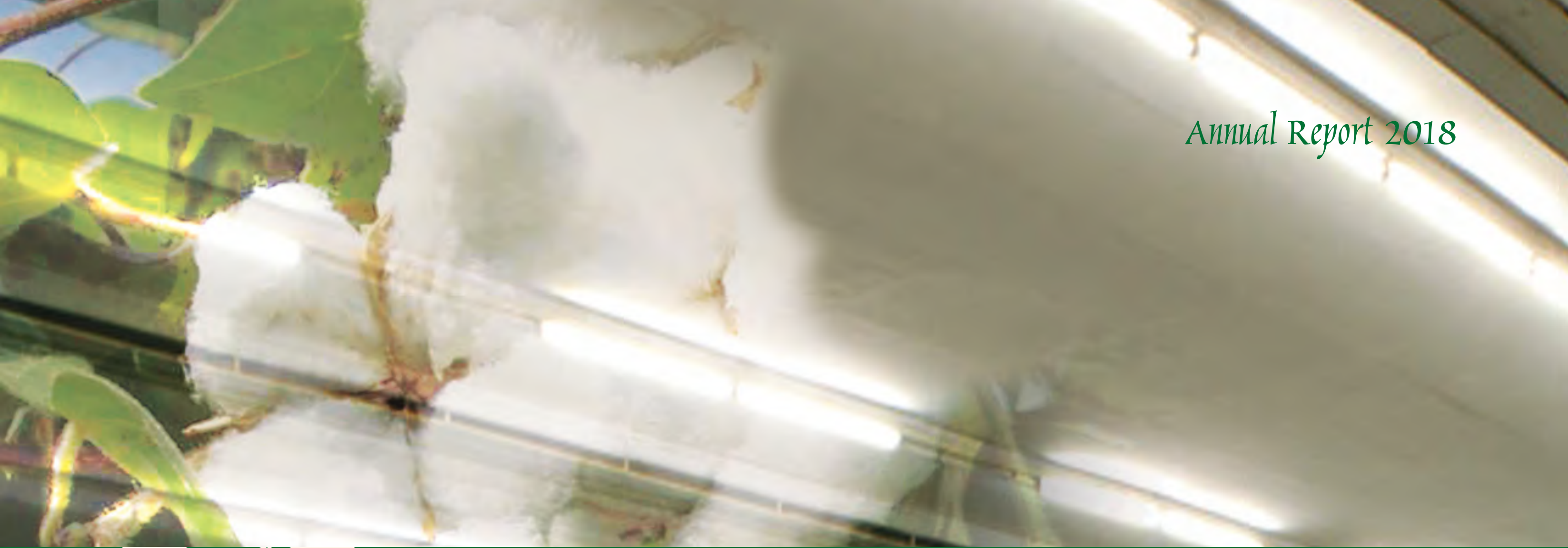
The engagement partner on the audit resulting in this independent auditor's report is Ms. Hena Sadiq.

Deloitte Yousuf Adil

Chartered Accountants

Place: Karachi
Date: September 24, 2018

Member of
Deloitte Touche Tohmatsu Limited



FINANCIAL STATEMENTS
for the year ended June 30, 2018

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017 (Re-stated)	2016 (Re-stated)
		---- Rupees ----		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	3,985,927,057	4,197,161,315	3,983,197,639
Intangible assets	6.	606,666	113,332	1,218,177
Long-term investments	7	451,070,522	309,977,584	306,100,798
Long-term deposits		1,291,788	1,605,110	1,000,610
Deferred taxation	8	-	-	53,048,101
		4,438,896,033	4,508,857,341	4,344,565,325
CURRENT ASSETS				
Stores, spares and loose tools	9	38,001,993	30,547,473	36,441,463
Stock-in-trade	10	1,831,840,804	1,406,651,390	1,020,678,389
Trade debts	11	666,375,705	514,262,766	340,279,879
Loans and advances	12	323,011,513	219,032,772	391,389,791
Short-term prepayments		1,696,930	1,641,890	16,118,007
Other receivables	13	57,350,336	40,769,766	400,000
Other financial assets	14	26,068,311	25,899,650	23,075,550
Sales tax refundable		52,700,065	92,395,113	206,741,073
Cash and bank balances	15	18,425,466	37,317,276	34,126,533
		3,015,471,123	2,368,518,096	2,069,250,685
TOTAL ASSETS		7,454,367,156	6,877,375,437	6,413,816,010
EQUITY AND LIABILITIES				
EQUITY				
Share capital	16	5,000,000	5,000,000	5,000,000
Reserves		899,270,660	898,990,685	898,930,957
Unappropriated profit		677,913,363	186,611,212	146,908,059
Surplus on revaluation of property, plant and equipment	17	829,008,941	677,600,153	465,110,828
		2,411,192,964	1,768,202,050	1,515,949,844
NON-CURRENT LIABILITIES				
Deferred liabilities	18	80,406,717	182,361,763	50,268,553
Long-term finance	19	2,297,330,735	2,431,311,408	2,997,301,099
		2,377,737,452	2,613,673,171	3,047,569,652
CURRENT LIABILITIES				
Trade and other payables	20	303,319,506	261,973,693	467,437,180
Unclaimed dividend		1,047,709	1,056,258	1,056,708
Short-term borrowings	21	1,902,983,725	1,570,788,662	1,285,589,301
Interest / mark-up accrued on borrowings	22	96,744,927	92,993,011	96,213,325
Current portion of long-term finance		361,340,873	568,688,592	-
		2,665,436,740	2,495,500,216	1,850,296,514
CONTINGENCIES AND COMMITMENTS	23			
TOTAL EQUITY AND LIABILITIES		7,454,367,156	6,877,375,437	6,413,816,010

The annexed notes from 1 to 44 form an integral part of these financial statements.

SHAHID ANWAR TATA	HASEEB HAFEEZUDDEEN	ANWAR AHMED TATA
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	CHAIRMAN/DIRECTOR

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

	Note	2018	2017 Re-stated
		---------------- Rupees ----------------	
Sales - net	24	6,303,217,062	5,708,275,730
Cost of goods sold	25	(5,386,092,785)	(5,257,073,451)
Gross profit		917,124,277	451,202,279
Distribution cost	26.	(119,150,344)	(108,239,297)
Administrative expenses	27	(89,214,183)	(59,190,788)
Other operating expenses	28	(54,389,019)	(10,373,023)
Finance cost	29	(318,799,525)	(305,475,042)
		(581,553,071)	(483,278,150)
Share of profit from associates - net of tax	7	31,871,849	5,082,896
Other income	30	42,837,494	77,249,923
		74,709,343	82,332,819
Profit before taxation		410,280,549	50,256,948
Taxation	31	49,792,882	(37,741,486)
Profit for the year		460,073,431	12,515,462
Other comprehensive income for the year:			
Items that will be reclassified subsequently through profit or loss			
Company's share in unrealised gain / (loss) on remeasurement of associates' investments	7	5,011	(5,011)
Less: deferred tax thereon	8	(752)	752
		4,259	(4,259)
Items that will not be reclassified subsequently through profit or loss			
Remeasurement gain on defined benefit plan	18.1.3	835,613	965,305
Less: deferred tax thereon	8	(108,964)	(289,592)
Gain on revaluation of land, buildings, electric installations and plant and machinery		-	387,531,913
Less: deferred tax thereon		-	(99,783,574)
		726,649	288,424,052
Company's share in remeasurement gain on associates' defined benefit plan	7	324,371	75,279
Less: deferred tax thereon	8	(48,656)	(11,292)
		275,716	63,987
Other comprehensive income		1,006,624	288,483,780
Total comprehensive income for the year		461,080,055	300,999,242
Earnings per share - basic and diluted	32	920.15	25.03

The annexed notes from 1 to 44 form an integral part of these financial statements.

SHAHID ANWAR TATA	HASEEB HAFEEZUDDEEN	ANWAR AHMED TATA
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	CHAIRMAN/DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		------------- Rupees -------------	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		410,280,549	50,256,948
Adjustments for:			
Depreciation	5.3	219,343,185	212,629,229
Amortisation	27	83,486	1,104,845
Provision for staff gratuity	18.1.5 & 18.1.13	34,559,219	24,071,954
Provision for compensated absences		7,133,285	6,378,714
Finance cost	29	318,799,525	305,475,042
Loss on sale of property, plant and equipment	28	5,059,058	8,925,003
Share of profit from associates	7	(31,871,849)	(5,082,896)
Reversal for doubtful debts	30	-	(130,528)
Operating cash flows before change in working capital		963,386,458	603,628,311
(Increase) / decrease in current assets			
Stores, spares and loose tools		(7,454,520)	5,893,990
Stock-in-trade		(425,189,414)	(385,973,001)
Trade debts		(152,112,939)	(173,852,359)
Loans and advances		(20,460,058)	213,339,879
Short term prepayments		(55,040)	14,476,117
Other receivables		(16,580,570)	(40,369,766)
Sales tax refundable		39,695,048	114,345,960
Increase / (decrease) in current liabilities			
Trade and other payables		41,345,813	(205,463,487)
Cash generated from operations		422,574,778	146,025,644
Finance cost paid		(315,047,609)	(308,695,356)
Staff gratuity paid		(13,875,568)	(13,521,865)
Compensated absences paid		(6,561,090)	(6,245,568)
Income taxes paid		(83,240,296)	(50,855,326)
Net cash generated from/(used in) operating activities		3,850,215	(233,292,471)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(18,453,481)	(50,925,979)
Additions to intangible assets		(576,821)	-
Proceeds from disposal of plant and equipment	5.5	5,285,494	2,939,984
Purchase of investments		(168,661)	(2,824,100)
Long-term deposits		313,322	(604,500)
Net cash used in operating activities		(13,600,147)	(51,414,595)

	Note	2018	2017
		------------- Rupees -------------	
C. CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment) / obtained of long term finances		(341,328,392)	2,698,901
Short term borrowings obtained - net		245,037,763	191,096,422
Dividend paid		(8,549)	(450)
Net cash (used in) / generated from financing activities		(96,299,178)	193,794,873
Net decrease in cash and cash equivalents (A+B+C)		(106,049,110)	(90,912,193)
Cash and cash equivalents at beginning of the year		(679,976,046)	(589,063,853)
Cash and cash equivalents at end of the year	32	(786,025,156)	(679,976,046)

The annexed notes from 1 to 44 form an integral part of these financial statements.

SHAHID ANWAR TATA
CHIEF EXECUTIVE

HASEEB HAFEEZUDDEEN
CHIEF FINANCIAL OFFICER

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

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

	Note	Issued, subscribed and paid up capital	Revenue reserves				Capital reserve	
		Share capital	General reserve	Other reserve	Company's Share in other Comprehensive income of Associates	Unappropriated profit	Revaluation surplus	Total
		----- Rupees -----						
Balance at July 01, 2016		5,000,000	900,000,000	591,481	(1,660,524)	146,908,059	-	1,050,839,016
Impact of re-statement - note 4		-	-	-	-	-	465,110,828	465,110,828
Balance as at July 1, 2016 re-stated		**5,000,000**	**900,000,000**	**591,481**	**(1,660,524)**	**146,908,059**	**465,110,828**	**1,515,949,844**
Total comprehensive income for the year								
Profit for the year		-	-	-	-	12,515,462	-	12,515,462
Other comprehensive income for the year								
Gain on revaluation of land, buildings, electric installations and plant and machinery- net of tax		-	-	-	-	-	287,748,337	287,748,337
Remeasurement loss on 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 loss on associates' defined benefit plan - net of tax		-	-	-	63,987	-	-	63,987
Other comprehensive income		-	-	-	59,728	675,713	-	735,441
		-	-	-	59,728	13,191,175	287,748,337	300,999,240
Transfer from general reserves								
Transfer from surplus on revaluation of property, plant and equipment on account of:								-
plant and equipment on account of:	17.							
-incremental depreciation and disposal- net of tax		-	-	-	-	20,855,502	(20,855,502)	-
Company's share in associates on revaluation of, property, plant and equipment on account of:								
-incremental depreciation and disposal- net of tax	17.	-	-	-	-	5,656,476	(5,656,476)	-
Less: Income subject to final tax regime		-	-	-	-	-	(48,747,034)	(48,747,034)
		-	-	-	-	26,511,978	(75,259,012)	(48,747,034)
Balance as at June 30, 2017 re-stated		**5,000,000**	**900,000,000**	**591,481**	**(1,600,796)**	**186,611,212**	**677,600,153**	**1,768,202,050**
Total comprehensive income for the year								
Profit for the year		-	-	-	-	460,073,431	-	460,073,431
Other comprehensive income for the year								
Company's share in associates on Gain on leasehold land, buildings on leasehold land and plant and machinery - net of tax		-	-	-	-	-	92,909,595	92,909,595
Remeasurement gain of defined benefit plan - net of tax		-	-	-	-	726,649	-	726,649
Company's share in unrealised loss on remeasurement of associates' investments classified available for sale - net of tax		-	-	-	4,259	-	-	4,259
Company's share in remeasurement gain on associates' defined benefit plan - net of tax		-	-	-	275,716	-	-	275,716
		-	-	-	279,975	726,649	-	1,006,624
Transferred from surplus on revaluation of property, plant and equipment on account of:	17.							
-incremental depreciation		-	-	-	-	21,619,244	(21,619,244)	-
-disposal		-	-	-	-	3,400,172	(3,400,172)	-
Less: Income subject to final tax regime		-	-	-	-	-	89,352,909	89,352,909
		-	-	-	-	25,019,416	64,333,493	89,352,909
Company's share in associates' surplus on revaluation of land, buildings, electric installations and plant and machinery on account of:								
-incremental depreciation	17.	-	-	-	-	5,018,510	(5,018,510)	-
-disposal		-	-	-	-	464,146	(464,146)	-
Less: Income subject to final tax regime		-	-	-	-	-	(351,644)	(351,644)
Transactions with owners		-	-	-	-	5,482,655	(5,834,300)	(351,644)
Balance as at June 30, 2018		**5,000,000**	**900,000,000**	**591,481**	**(1,320,821)**	**677,913,363**	**829,008,941**	**2,411,192,964**

The annexed notes from 1 to 44 form an integral part of these financial statements.

SHAHID ANWAR TATA	HASEEB HAFEEZUDDEEN	ANWAR AHMED TATA
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	CHAIRMAN/DIRECTOR

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

1. LEGAL STATUS AND NATURE OF BUSINESS

Island Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan on May 20, 1970 under the repealed Companies Act 1913 now Companies Act 2017 and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6th Floor Textile Plaza, M.A. Jinnah Road, Karachi in the province of Sindh. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facilities are located at Kotri Industrial Estate, Kotri in the Province of Sindh.

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

- Devaluation of Pak Rupee against USD affecting the export sales which results in exchange gain.

- Applicability of the Companies Act, 2017 amounts reported for the previous period are restated. For detailed information please refer note 2.5 and note 4.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

2.2 Basis of measurement

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

- 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)
- contingency (note 23.1)
- provision (note 11.4)
- trade debts (note 11)

2.5 Initial application of standards and amendments to existing standards

a) Standards and amendments which became effective during the year

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

Standards / Amendments / Interpretations	Effective date (accounting periods beginning on or after)
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
'Certain annual improvements have also been made to a number of IFRSs.	

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

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

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

b) Standards and amendments 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
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approac does so for annual periods beginning on or after 1 January 2018.
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018

Standards / Amendments / Interpretations	Effective date (accounting periods beginning on or after)
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

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

2.6 IFRS 9 'Financial Instruments' Impact Assessment

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

Key requirements of IFRS 9 are as follows:

Classification and measurement of financial assets

- All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value.

- Debt investments that are held within a business model whose objective is to collect the contractual cash flows, that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.

- Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at fair value through other comprehensive income "FVTOCI".

- All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

- In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

Classification and measurement of financial liabilities

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

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of financial assets

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

2.6.2 Impact assessment

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

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

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Property, plant and equipment except 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 (CWIP)

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

3.2 Intangible assets

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

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

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

3.3 Investment in associates

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

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

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

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

3.4 Stores, spares and loose tools

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

3.5 Stock-in-trade

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

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

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

Waste stock is valued and recorded at net realizable value. Net realizable value (NRV) represents the estimated selling price at which the stock-in-trade can be realized in the normal course of business less net estimated cost of completion and 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-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivables and cash and bank balances in the balance sheet.

(iii) Available-for-sale

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

(iv) Held to maturity

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

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

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

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

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

Increases in the carrying amounts arising on revaluation of land, plant and machinery and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders’ equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset’ s original cost, net of tax, is reclassified from the revaluation surplus to retained earnings. The above policy has been adopted as a result of adoption of Companies' Act, 2017 and its impact is discussed in detail in Note 4.

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, 2018 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.

The Company's total sales comprise of local and export sales and carry different tax implications under The Income Tax Ordinance, 2001. These include incidence, tax rates and admissibility of relevant expenses. To determine the tax liability for such companies, The Institute of Chartered Accountants of Pakistan (ICAP) has issues a Technical Release (TR 27) to facilitate the allocation of admissible expenses between local and export sales.

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. CHANGE IN ACCOUNTING POLICY

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

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

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

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

The effect of change in accounting policy is summarised below:

	As at June 30, 2017			As at June 30, 2016		
	As previously reported	As re-stated	Re - statement	As previously reported	As re-stated	Re - statement
	……...........…………………………………Rupees………………………………………………………..					
Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment	**677,600,153**	**-**	**(677,600,153)**	465,110,828	-	(465,110,828)
Share capital and reserves	**-**	**677,600,153**	**677,600,153**	-	465,110,828	465,110,828
Effect on statement of changes in equity						
Capital reserve	**-**	**677,600,153**	**677,600,153**	-	465,110,828	465,110,828

	Note	2018	2017
		---------------- Rupees ----------------	

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
Operating assets	5.1	3,973,057,401	4,152,049,883
Capital work-in-progress	5.6	12,869,656	45,111,432
		3,985,927,057	4,197,161,315

5.1 Operating assets

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

For comparative period

Particulars	Cost / revalued amount at July 01, 2016	Additions	Disposals	Adjustment for accumulated depreciation on revaluation	Revaluation	Cost / revalued amount at June 30, 2017	Accumulated depreciation at July 01, 2016	Depreciation for the year	Accumulated depreciation on disposals	Adjustment for accumulated depreciation on revaluation	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	-	(64,595,986)	67,359,147	722,475,816	48,466,799	34,376,992	-	(64,595,986)	18,247,805	704,228,011	5
Other	83,789,780	39,021,628	-	(15,584,168)	118,539,416	225,766,656	13,835,306	6,998,415	-	(15,584,168)	5,249,553	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)	(280,326,664)	84,162,806	2,941,184,939	208,840,763	146,247,843	(630,751)	(280,326,664)	74,131,191	2,867,053,748	5
Electric installations	135,494,375	360,788	-	(31,141,153)	62,550,544	167,264,554	25,648,878	14,121,096	-	(31,141,153)	8,628,821	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)	(391,647,971)	387,531,913	4,306,479,532	334,101,664	212,629,229	(653,273)	(391,647,971)	154,429,649	4,152,049,883	

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

		Note	2018	2017
			-------------Rupees-------------	
5.3	**Depreciation for the year has been allocated as under:**			
	Cost of goods manufactured	25.1	215,672,185	208,993,609
	Administrative expenses	27	3,671,000	3,635,620
			219,343,185	212,629,229

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

	June 30, 2018 Cost	June 30, 2018 Accumulated depreciation	June 30, 2018 Written down value	June 30, 2017 Cost	June 30, 2017 Accumulated depreciation	June 30, 2017 Written down value
	---Rupees---			---Rupees---		
Leasehold land	1,056,000	-	1,056,000	1,056,000	-	1,056,000
Buildings on leasehold land						
Mills	679,341,520	123,228,005	556,113,515	678,089,280	94,002,718	584,086,562
Others	86,535,946	20,442,507	66,093,439	86,535,946	16,963,905	69,572,041
Plant and machinery	3,116,229,629	601,453,511	2,514,776,118	3,115,769,386	480,414,356	2,635,355,030
Electric installations	161,690,461	47,777,802	113,912,659	134,039,216	35,215,594	98,823,622
	4,044,853,556	792,901,825	3,251,951,731	4,015,489,828	626,596,573	3,388,893,255

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 has been credited to equity account to comply with the requirement of Companies Act 2017.

5.5 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of disposal	Particular of buyers
	---Rupees---						
Plant and machinery	8,000,000	490,063	7,509,938	2,300,000	(5,209,938)	Negotiation	CRESCENT COTTON MILLS LTD
Plant and machinery	1,454,500	129,795	1,324,705	195,000	(1,129,705)	Negotiation	Rastgar & Company
Assets having carrying value less than Rs. 500,000	4,944,581	3,434,673	1,509,908	2,790,494	1,280,585	Negotiation	Various
June 30, 2018	**14,399,081**	**4,054,531**	**10,344,551**	**5,285,494**	**(5,059,057)**		
June 30, 2017	12,518,260	653,273	11,864,987	2,939,984	2,939,984		

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

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

5.7 Capital work-in-progress

	2018	2017
	-------------Rupees-------------	
Unit 1		
Building	182,213	-
Plant and machinery	5,330,940	9,591,936
Capital inventory items	-	5,017,965
	5,513,153	14,609,901
Unit 2		
Capital inventory items	5,302,503	30,501,531
Head office-Vehicle	2,054,000	-
	12,869,656	45,111,432

6. INTANGIBLE ASSETS

Particulars	Cost as at July 01, 2017	Additions	Cost as at June 30, 2018	Accumulated amortisation as at July 01, 2017	Amortisation for the year	Accumulated amortisation as at June 30, 2018	Book value as at June 30, 2018	Rate of amortisation
	....	....	....	Rupees	....	....	....	%
License fee	839,733	-	839,733	726,402	73,873	800,275	39,458	20
Bar Code software	-	576,821	576,821	-	9,613	9,613	567,208	20
	839,733	**576,821**	**1,416,554**	**726,402**	**83,486**	**809,888**	**606,666**	

For comparative period

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	

7. LONG-TERM INVESTMENTS

Investment in associates - on equity method

	Salfi Textile Mills Limited	Tata Textile Mills Limited	Total 2018	Total 2017
		-----------Rupees -------------		
Opening balance	239,439,135	70,538,449	309,977,584	306,100,798
Share of profit / (loss) of associates - net of tax	25,694,626	6,177,223	31,871,849	5,082,896
Share of unrealized (loss) / gain on remeasurement of investment available-for-sale	5,011	-	5,011	(5,011)
Share of adjustment in deferred tax due to -income subject to Final tax regime (FTR)	-	(413,699)	(413,699)	(1,276,378)
Revaluation arising on property, plant and equipment	91,810,709	17,494,697	109,305,406	-
Remeasurement of defined benefit	310,453	13,918	324,371	75,279
	117,820,799	23,272,139	141,092,938	3,876,786
Closing balance	357,259,934	93,810,587	451,070,522	309,977,584

	Note	2018	2017
		-----------Rupees -------------	
Salfi Textile Mills Limited			
Number of shares held		366,300	366,300
Cost of investment (Rupees)		1,998,000	1,998,000
Ownership interest		10.96%	10.96%
Market value of investment (Rupees)		60,439,500	43,223,400
Tata Textile Mills Limited			
Number of shares held		434,798	434,798
Cost of investment (Rupees)	7.1	-	-
Ownership interest		2.51%	2.51%
Market value of investment (Rupees)		16,087,526	16,522,324

7.1 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.

	2018	2017
	------------Rupees ------------	

7.2 Summarized financial highlights of the associates are as follows:

	2018	2017
Salfi Textile Mills Limited		
Total assets	**6,451,048,323**	5,626,565,453
Total liabilities	**3,191,378,012**	3,441,902,431
Sales	**5,958,498,617**	5,284,257,682
Profit for the year	**234,440,017**	36,673,727
Other comprehensive income	**840,567,272**	456,664
Tata Textile Mills Limited		
Total assets	**6,503,371,941**	5,187,034,776
Total liabilities	**2,765,906,825**	2,376,746,539
Sales	**6,041,555,707**	5,014,434,040
Profit for the year	**246,104,515**	42,368,798
Other comprehensive income	**697,554,394**	805,483

8. DEFERRED TAXATION

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

	Deferred tax (asset) / liabilities recognised in				
	Opening balance	Profit and loss account	Other comprehensive income	Surplus on revaluation of property, plant and equipment	Closing balance
		..........................Rupees..........................			
Movement for the year ended June 30, 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)	289,592.0	-	(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

Deferred tax asset has not been recognised on remaining carry forward losses on account of unabsorbed depreciation amounting to Rs. 182 million. The deferred tax asset recognized in the financial statements to the extent of taxable temporary differences.

9. STORES, SPARES AND LOOSE TOOLS

	Note	2018	2017
		-------------Rupees-------------	
Stores and spares	9.1	**37,935,560**	30,466,166
Loose tools		**66,433**	81,307
		38,001,993	30,547,473

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

10. STOCK-IN-TRADE

	Note	2018	2017
		-------------Rupees-------------	
Raw material		**1,592,740,194**	1,231,880,405
Work-in-process		**48,217,413**	44,957,477
Finished goods	10.1	**173,405,108**	108,876,034
Waste		**17,478,089**	20,937,474
		1,831,840,804	1,406,651,390

10.1 The above balance is net of provision for write-down of inventories to their net realizable values aggregating to Rs. 0.29 million (2017: Rs. 0.72 million). The write-down pertaining to finished goods has been charged to cost of good sold.

11. TRADE DEBTS

	Note	2018	2017
		------------Rupees------------	
Considered good			
Export - secured	11.1	**245,886,801**	179,771,669
Local - unsecured		**420,488,904**	334,491,097
Considered doubtful			
Local- unsecured		**(4,779,794)**	4,779,794
Provision for doubtful debts	11.4	**4,779,794**	(4,779,794)
		-	-
		666,375,705	514,262,766

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

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

11.3 As at June 30, 2018, trade debts aggregating Rs. 420.48 million (2017: Rs. 334.49 million) were past due for which the Company has made provision of Rs. Nil (2017: Rs. 4.77 million).The ageing of these past due trade debts is as follows:

11.3.1 Ageing of past due but not impaired

	Note	2018	2017
		------------Rupees------------	
1-30 days		**355,113,700**	224,105,679
31-90 days		**46,570,544**	94,562,609
91-120 days		**165,004**	865,508
121 days and above		**7,873,672**	4,363,831
		409,722,920	323,897,627

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

	Note	2018	2017
Balance at beginning of the year		**4,779,794**	4,910,322
Reversal during the year	29	**-**	(130,528)
Balance at end of the year		**4,779,794**	4,779,794

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

Jurisdiction	Category	Note	2018	2017
			……….Rupees……….	
Asia	Letter of credit		**232,077,640**	163,412,795
Europe	Letter of credit		**13,809,161**	16,358,874
			245,886,801	179,771,669

12. LOANS AND ADVANCES

	Note	2018	2017
		------------Rupees------------	
Due from employees	12.1	9,267,441	9,003,277
Advance to suppliers		86,626,027	58,843,608
Advance income tax		226,316,727	142,798,044
Advance against letters of credit		801,318	8,387,843
		323,011,513	219,032,772

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

13. OTHER RECEIVABLES

	Note	2018	2017
		------------Rupees------------	
Considered good			
Rebate on export sales		57,350,336	40,769,766

14. OTHER FINANCIAL ASSETS

	Note	2018	2017
Investment			
- Held-to-maturity			
Term Deposit Receipts	14.1	26,068,311	25,899,650

14.1 These carry profit / mark-up rate ranging from 4.75% to 5.75% per annum (2017: 5.5% per annum) and have a maturity period of six months.

15. CASH AND BANK BALANCES

	Note	2018	2017
Cash at bank			
In current accounts		14,408,650	30,321,646
In savings accounts	15.1	2,394,970	2,760,764
		16,803,620	33,082,410
Cash in hand		1,621,846	4,234,866
		18,425,466	37,317,276

15.1 These carry mark-up rate ranging from 3.75% to 4.5% (2017: 4.05% to 5.5%) per annum.

16. SHARE CAPITAL

2018	2017		2018	2017
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

16.1 There were no movements during the reporting year.

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

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

17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

	2018			2017
	Own assets	Company's share in associate's surplus	Total	Total
	----Rupees----			
Opening balance	685,111,340	177,381,658	862,492,998	511,409,339
Increase arising on revaluation of property, plant and equipment	-	109,305,406	109,305,406	387,531,913
Transferred to unappropriated profit on account of:				
- incremental depreciation	(21,619,244)	(5,018,510)	(26,637,754)	(21,347,567)
- disposal of property, plant and equipment	(3,400,172)	(464,146)	(3,864,318)	(5,164,411)
Related deferred tax liability	(10,732,944)	(967,528)	(11,700,472)	(9,936,276)
	(35,752,360)	102,855,222	67,102,862	351,083,659
Closing balance	649,358,980	280,236,880	929,595,860	862,492,998
Related deferred tax liability				
Opening balance	168,786,438	16,106,407	184,892,845	46,298,512
Adjustment due to income subject to Final tax regime (FTR)	(89,352,909)	351,644	(89,001,265)	40,103,251
Change in tax rate	-	-	-	8,643,783
On revaluation surplus arising during the year	-	16,395,811	16,395,811	99,783,574
Transferred to profit and loss account on account of:				
- incremental depreciation	(9,275,727)	(885,620)	(10,161,347)	(7,789,653)
- disposal	(1,457,217)	(81,908)	(1,539,125)	(2,146,622)
Closing balance	(68,700,585)	(31,886,334)	(100,586,919)	(184,892,845)
	580,658,395	248,350,546	829,008,941	677,600,153

	Note	2018	2017
		------------Rupees ------------	
18. DEFERRED LIABILITIES			
Staff gratuity	18.1	78,690,428	58,842,390
Compensated absences		1,716,289	1,144,093
Deferred taxation	8	-	122,375,280
		80,406,717	182,361,763
18.1 Staff gratuity			
Workmen	18.1.1	38,904,811	32,382,305
Non-workmen	18.1.13	39,785,617	26,460,085
		78,690,428	58,842,390

18.1.1 Workmen

The details of the workmen - defined benefit scheme obligation based on actuarial valuations carried out by independent actuary as at June 30, 2018 using the Projected Unit Credit Method, are as follows:

	2018	2017
	------------Rupees ------------	
Net liability in the balance sheet		
Present value of defined benefit obligation	38,904,811	32,382,305
18.1.2 Expense recognised in the profit and loss account		
Current service cost	13,585,476	13,632,465
Interest cost	2,520,743	1,932,589
	16,106,219	15,565,054
18.1.3 Remeasurement gain recognised in other comprehensive income		
Actuarial losses on defined benefit obligation:		
Experience adjustments	(835,613)	(965,305)
	(835,613)	(965,305)
18.1.4 Movement in defined benefit obligation		
Opening defined benefit obligation	32,382,305	25,163,857
Current service cost	13,585,476	13,632,465
Interest cost	2,520,743	1,932,589
Actuarial (gain) / loss	(835,613)	(965,305)
Benefits paid during the year	(8,748,100)	(7,381,301)
Closing defined benefit obligation	38,904,811	32,382,305

18.1.5 Movement in net liability in the balance sheet

	2018	2017
	------------Rupees------------	
Opening balance of net liability	32,382,305	25,163,857
Add: Charge for the year	16,106,219	15,565,054
Remeasurement gain recognised in other comprehensive income	(835,613)	(965,305)
Less: Payment made during the year	(8,748,100)	(7,381,301)
Closing balance of net liability	38,904,811	32,382,305

18.1.6 The principal assumptions used

	2018	2017
Discount rate (% per annum)	11.25	9.00
Expected rate of salary increase (% per annum)	11.25	9.00
Mortality rate	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05
Expected withdrawal rate for actuarial assumptions	Moderate	Moderate

18.1.7 Sensitivity analysis

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

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

For comparative period

		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)

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

18.1.8 The Scheme exposes the Company to the actuarial risks such as:

Salary risks

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

Mortality / withdrawal risks

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

Longevity risks

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

18.1.9 Expected contribution to the scheme for the year ending June 30, 2019 is Rs. 19.46 million.

18.1.10 There are no plan assets against defined benefit obligation.

18.1.11 The weighted average duration of the defined benefit obligation is 17.6 years (2017: 17.7 years).

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

Undiscounted payments	2018	2017
	-------------Rupees	-------------
Less than a year	**2,851,211**	2,367,229
Between 1-2 years	**4,117,433**	3,672,083
Between 2-3 years	**5,408,250**	4,670,350
Between 3-4 years	**5,916,457**	5,526,737
Between 4-5 years	**6,585,129**	6,238,192
Between 6-10 years	**40,341,889**	37,255,819
11 years and above	**536,284,852**	135,774,440

18.1.13 Non-workmen	Note	2018	2017
		-------------Rupees	-------------
Opening balance		**26,460,085**	24,093,749
Charge for the year		**10,779,730**	8,506,900
Transfer during the year		**7,673,270**	-
Payment made during the year		**(5,127,468)**	(6,140,564)
		39,785,617	26,460,085

19 LONG TERM FINANCE

From banking companies - secured	Note	2018	2017
		------------Rupees	------------
Syndicate term finance	19.1 & 19.5	**2,046,241,800**	2,273,602,000
Syndicate SBP-LTFF facility-1	19.2	**409,355,141**	511,693,926
Syndicate SBP-LTFF facility-1	19.3	**104,664,667**	116,294,074
Syndicate SBP-LTFF facility-2	19.4	**98,410,000**	98,410,000
		2,658,671,608	3,000,000,000
Less: Current portion			
Syndicate term finance		**(227,360,200)**	**(454,720,400)**
Syndicate long term finance-1		**(125,597,600)**	**(113,968,192)**
Syndicate long term finance-2		**(8,383,073)**	**-**
		(361,340,873)	**(568,688,592)**
		2,297,330,735	**2,431,311,408**

19.1 & 19.5 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 (2017: 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.

19.2 It represents amount utilized against facility obtained from the agent of the syndicate under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 19.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to markup at SBP Refinance Rate of 4.5% per annum plus Bank spread i.e.1.4%(2017:4.5% per annum plus bank spread i.e. 1.4%) . The facility is repayable in 07 years.

19.3 It represents amount utilized against facility obtained from the agent of the syndicate under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 19.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to markup at SBP Refinance Rate of 3% per annum plus Bank spread i.e.1.4%(2017:3% per annum plus bank spread i.e. 1.4%) . The facility is repayable in 07 years.

19.4 It represents amount utilized against facility obtained from the agent of the syndicate under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 19.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to markup at SBP Refinance Rate of 2.0% per annum plus Bank spread i.e.1.5% (2017:2% per annum plus bank spread i.e. 1.5%). The facility is repayable in 07 years.

19.5 During the year the Company has reschedule its syndicate term finance facility and extended its payment for the period of one year. The two payments which were due on February 02, 2018 and August 02, 2018 were reschedule and final payment would be payable in February 02, 2023.

20. TRADE AND OTHER PAYABLES

	Note	2018	2017
		------------Rupees	------------
Creditors		**99,816,963**	76,106,530
Accrued liabilities	20.1 & 20.2	**165,163,913**	173,786,801
Advance from customers		**3,960,539**	4,645,043
Workers' Profit Participation Fund	20.3	**20,628,471**	1,448,020
Workers' Welfare Fund	20.4	**11,916,082**	3,820,679
Withholding income tax		**1,833,538**	2,057,558
Other liabilities		**-**	109,062
		303,319,506	261,973,693

20.1 It includes Rs. 3.52 million (2017: Rs. 30.03 million) payable to an associated undertaking in respect of power charges.

20.2 It includes Rs. 90.84 million (2017: Rs. 74.19 million) on account provision for Sindh Development and Infrastructure Cess which was levied by the Excise and Tax Department of Government of Sindh on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. The levy was initially challenged by the Company along with other companies in the High Court of Sindh after which several proceedings were held. The High Court of Sindh through its interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. The management is confident for a favourable outcome however, as a matter of prudence, the Company has paid Rs. 90.84 million (50%) of the value of infrastructure cess in cash and recorded liability for the remaining amount.

20.3 Workers' Profits Participation Fund

	2018	2017
	-------------Rupees-------------	
Opening balance	**1,448,020**	-
Add: Allocation for the year	**20,628,471**	1,448,020
Interest on funds utilized in the Company's business	**67,749**	-
	22,144,240	1,448,020
Less: Payments made to the fund	**(1,515,769)**	-
Closing balance	**20,628,471**	1,448,020

20.4 Workers' Welfare Fund

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

21. SHORT TERM BORROWINGS

	Note	2018	2017
		-------------Rupees-------------	
From banking companies			
Trust receipt finances	21.1	**1,098,533,103**	674,364,277
Finances against export	21.2	**-**	179,131,063
Running finances	21.3	**804,450,622**	717,293,322
	21.4	**1,902,983,725**	1,570,788,662

21.1 These facilities are subject to markup rate of rate of ranging from 6.96% to 8.42% inclusive of one to six months KIBOR per annum (2017: three month average of 7.00% to 7.35% inclusive of KIBOR). These facilities are secured against pledge of imported merchandise, stocks, stores, spares, trust receipts, pari passu charge over current assets, ranking charge over fixed assets of the company.

21.2 These are subject to nil mark-up rate (2017: 2.0% to 2.10% inclusive of LIBOR).

21.3 These are subject to markup at the rate of ranging from 7.25% to 8.42% inclusive of three/six months KIBOR per annum (2017: 7.44% to 7.60% inclusive of three/six month KIBOR).These facilities are secured against pledge of stock, pari passu charge over current assets and ranking charge over fixed assets of the company.

21.4 Total short term borrowing facilities available to the Company from various commercial banks amounted to Rs. 3,810 million (2017: Rs. 3,180 million). Aggregate unavailed short term borrowing facilities are of Rs 1,898 million (2017: Rs.1,609 million).

	Note	2018	2017
		-------------Rupees -------------	
22 INTEREST / MARK-UP ACCRUED ON BORROWINGS			
On secured:			
Long term finance			
- Syndicate term finance		**69,410,915**	70,798,457
Short term borrowings		**27,334,012**	22,194,554
		96,744,927	92,993,011

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

	Note	2018	2017
Estimated financial impact of labour and workmen compensation cases in court of law		**465,136**	843,136

23.2 Commitments

	Note	2018	2017
Civil		**120,286**	-
Letters of credit in respect of purchase of:			
-Raw material		**74,868,634**	251,166,114
-Spares and machinery		**2,336,067**	13,819,263
Bank guarantees	23.3	**125,566,109**	105,469,348
Bills discounted		**402,648,005**	572,960,406
Outstanding sales contracts		**54,088,800**	22,288,684

23.3 This includes bank guarantee related to infrastructure cess for an amount of Rs. 101.8 million (2017: Rs. 85.1 million) refer note 20.2.

23.4 The Company's share in associates' contingencies and commitments is Rs. 151.04 million (2017: Rs. 147.43 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.

	2018	2017
24. SALES - NET	-------------Rupees -------------	
Local		
- Yarn	**2,096,789,120**	2,501,120,888
- Raw material	**28,733,420**	37,725,145
- Waste	**307,342,583**	268,276,342
	2,432,865,123	2,807,122,375
Export		
-Yarn	**2,142,468,434**	2,780,114,163
-Yarn (indirect export)	**1,722,180,465**	102,364,100
-Waste	**5,703,040**	35,211,702
	3,870,351,939	2,917,689,965
	6,303,217,062	5,724,812,340
Less: Sales tax	**-**	(16,536,610)
	6,303,217,062	5,708,275,730

	Note	2018	2017
		------------Rupees------------	
25. COST OF GOODS SOLD			
Cost of goods manufactured	25.1	5,420,413,478	5,060,601,106
Finished goods (including waste)			
Opening stock		129,813,508	296,887,293
Insurance Claim		-	(4,980,107)
Closing stock		(190,883,197)	(129,813,508)
		(61,069,689)	162,093,678
Cost of manufactured goods		5,359,343,789	5,222,694,784
Cost of raw material sold		26,748,996	34,378,667
		5,386,092,785	5,257,073,451

25.1 Cost of goods manufactured

	Note	2018	2017
Raw material	25.1.1	4,277,169,234	3,894,944,762
Stores and spares		78,108,689	86,705,965
Packing material		79,549,967	74,162,198
Fuel and power		447,399,191	479,470,051
Salaries, wages and benefits	25.1.2	298,120,475	285,206,071
Depreciation	5.3	215,672,185	208,993,609
Insurance		11,372,940	12,811,824
Repairs and maintenance		4,486,094	8,287,518
Other overheads		11,794,639	16,102,088
		5,423,673,414	5,066,684,086
Work-in-process			
Opening stock		44,957,477	38,874,497
Closing stock		(48,217,413)	(44,957,477)
		(3,259,936)	(6,082,980)
		5,420,413,478	5,060,601,106

25.1.1 Raw material consumed

	Note	2018	2017
Opening stock		1,231,880,405	684,916,599
Purchases - net		4,638,029,023	4,441,908,568
		5,869,909,428	5,126,825,167
Closing stock	10	(1,592,740,194)	(1,231,880,405)
		4,277,169,234	3,894,944,762

25.1.2 Salaries, wages and benefits include Rs. 22.55 million (2017: Rs. 21.57 million) in respect of staff retirement benefits

26. DISTRIBUTION COST

	Note	2018	2017
		------------Rupees	------------
Brokerage and commission		48,604,503	40,610,956
Export expenses		26,207,038	36,523,998
Local freight and handling		26,500,584	19,982,768
Sea freight		10,341,560	8,785,708
Staff salaries and benefits		7,496,659	2,335,867
		119,150,344	108,239,297

27. ADMINISTRATIVE EXPENSES

	Note	2018	2017
Staff salaries and benefits	27.1	53,904,790	35,139,301
Director`s remuneration		6,341,240	3,125,000
Depreciation	5.3	3,671,000	3,635,620
Legal and professional		3,582,930	1,500,657
Rent, rates and taxes		4,090,200	2,624,545
Fees and subscription		2,008,925	1,386,226
Utilities		1,772,078	1,627,929
Travelling and conveyance		2,547,067	999,329
Vehicles running		4,522,068	1,937,507
Printing and stationery		582,599	762,358
Postage and telephone		940,259	1,087,462
Amortization	6.	83,486	1,104,845
Auditors' remuneration	27.3	986,265	1,325,600
Donation	27.2 & 27.4	2,400,000	1,350,000
Repairs and maintenance		739,837	699,319
Insurance		374,527	553,336
Entertainment		617,905	264,272
Advertisement		28,500	48,000
Other		20,507	19,482
		89,214,183	59,190,788

27.1 Salaries and benefits include Rs. 4.3 million (2017: Rs. 2.50 million) in respect of the staff retirement benefits.

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

27.3 Auditors' remuneration

	2018	2017
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	236,265	575,600
	986,265	1,325,600

27.4 During the year donation of Rs 1.8 million to Chiniot Sheikh Society and Rs 0.6 million to Islamia Hospital Chiniot.

28. OTHER OPERATING EXPENSES

	Note	2018	2017
		------------Rupees------------	
Worker`s welfare fund		8,373,790	-
Workers' profits participation fund	20.3	20,628,471	1,448,020
Exchange loss - net		20,327,700	-
Loss on disposal of property, plant and equipment		5,059,058	8,925,003
		54,389,019	10,373,023

29. FINANCE COST

	2018	2017
Interest / mark-up on:		
-Long-term finance	194,749,497	211,738,507
-Short-term borrowings	107,537,267	81,114,339
Discounting of tariff bills	11,741,723	9,212,565
Interest on Workers' Profit Participation Fund	67,749	-
Bank charges and commission	4,703,289	3,409,631
	318,799,525	305,475,042

30. OTHER INCOME

	2018	2017
	------------Rupees------------	
Income from financial assets		
Profit on savings accounts	357,262	325,931
Profit on term deposits receipts	1,284,213	1,334,278
Rental income	60,000	-
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
Rebate on export sales	40,877,724	47,940,260
Income From Sale of store Item	258,295	
	42,837,494	77,249,923

31. TAXATION

	2018	2017
Current		
- for the year	-	-
- for prior year	(278,387)	9,872,467
Deferred	(49,514,495)	27,869,019
	(49,792,882)	37,741,486

31.1 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. However, the Company intends to pay its income tax for current year under normal tax regime.

32. EARNINGS PER SHARE - BASIC AND DILUTED

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

	2018	2017
Profit for the year (Rupees)	**460,073,431**	12,515,462
Weighted average number of ordinary shares outstanding during the year	**500,000**	500,000
Earnings per share (Rupees)	**920.15**	25.03

33. CASH AND CASH EQUIVALENTS

	Note	2018	2017
		------------Rupees------------	
Cash and bank balances	15	**18,425,466**	37,317,276
Running / cash finances	21.4	**(804,450,622)**	(717,293,322)
		(786,025,156)	(679,976,046)

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	----------2018 ----------		----------2017 ----------	
	Chief Executive	Executives	Chief Executive	Executives
	---------------Rupees------------		---------------Rupees---------------	
Managerial remuneration	**3,000,000**	**37,592,579**	3,000,000	13,231,958
Bonus / Ex-gratia	**250,000**	**2,404,939**	-	-
Retirement benefits	**250,000**	**2,287,300**	250,000	1,379,182
Leave encashment	**-**	**629,100**	-	459,727
Medical	**-**	**192,835**	-	-
	3,500,000	**43,106,753**	3,250,000	15,070,867
No. of persons	**1**	**11**	1	6

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

34.3 An amount of Rs. 0.24 million (2017: Rs.0.12 million) has been charged in these financial statements in respect of fee paid to directors for attending board meetings.

35. TRANSACTIONS WITH RELATED PARTIES

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

35.1 Name and nature of relationship

Associated Companies due to common directorship & common management

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

Associated Companies due to investment in the company

- Salfi Textile Mills Limited
- Tata Textile Mills Limited

Relationship with the party	Nature of transactions	Note	2018	2017
			------------Rupees	------------
Associated undertakings	Purchase of power		**350,601,610**	267,087,935
	Share of expenses received		**4,839,473**	7,830,794
	Share of expenses paid		**3,595,745**	5,429,732
	Sale of raw material	24	**-**	37,725,145
	Purchase of raw material		**155,133,790**	-
	Purchase of fixed assets		**5,000,000**	-
	Sale of Machinery		**-**	60,000
	Godown rent		**600,000**	600,000
Directors	Godown rent		**1,200,000**	600,000
	Office rent		**4,090,200**	2,863,140

36. PLANT CAPACITY AND ACTUAL PRODUCTION

	2018	2017
Total number of spindles installed	**45,984**	45,984
Total number of spindles worked	**45,984**	45,984
Number of shifts per day	**3**	3
Installed capacity after conversion into 20/s count-kgs	**16,701,735**	16,701,735
Actual production of yarn after conversion into 20/s count-kgs	**18,451,307**	17,531,501

37. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2018 and 2017 respectively are as follows:

	2018	2017
Average number of employees	**1,112**	1,144
Number of employees as at June 30	**1,111**	1,131

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial Instrument by category

	2018	2017
Financial assets as per balance sheet	-------------Rupees-------------	
Loans and receivables at amortized cost		
- Long term deposits	1,291,788	1,605,110
- Trade debts	666,375,705	514,262,766
- Loans and advances	9,267,441	9,003,277
- Other receivables	57,350,336	40,769,766
- Cash and bank balances	18,425,466	37,317,276
	752,710,736	602,958,195
Held to maturity		
- Other financial assets	26,068,311	25,899,650
	778,779,047	628,857,845
Financial liabilities as per balance sheet		
Financial liabilities measured at amortized cost		
- Long term finance	2,658,671,608	3,000,000,000
- Trade and other payables	264,980,876	250,002,393
- Accrued interest / mark-up on borrowings	96,744,927	92,993,011
- Short term borrowings	1,902,983,725	1,570,788,662
	4,923,381,136	4,913,784,066

38.2 Financial risk management objectives and policies

38.2.1 Financial risk factors

Introduction and overview

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

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

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

Financial risk factors and risk management framework

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

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

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

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

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

38.2.2 Market risk

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

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

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company exports yarn to foreign customers which exposes it to currency risk. As at June 30, 2018, financial assets include bank balances and debtors in foreign currency amounting to Rs. 250.68 million (2017: Rs. 185.54 million) equivalent to US$ 2.064 million (2017: US$ 1.77 million) and financial liabilities include foreign commission payable and finance obtained against export/import amounting to Rs. 60.07 million (2017: Rs. 183.83 million) equivalent to US$ 0.494 million (2017: US$ 1.75 million). The average rates applied during the year is Rs. 109.9/ US $ (2017: Rs. 104.8 /US $) and the spot rate as at June 30, 2018 was Rs.121.4/ US$ (2017: Rs. 105 /US$).

At June 30, 2018, if the Pakistan Rupee had weakened/strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been lower/higher by Rs 19.06 million (2017: Rs. 0.17 million), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade debts and accrued expenses.

(b) Interest rate risk 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.3.946 billion (financial assets on a net basis) (2017: Rs. 3.841 billion net financial assets). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

Variable rate instruments	Carrying amount 2018	2017
	------------Rupees------------	
Financial assets		
- Savings accounts	**2,394,970**	2,760,764
Financial liabilities		
- Syndicate term finance	**2,046,241,800**	2,273,602,000
- Short term borrowings	**1,902,983,725**	1,570,788,662
	3,949,225,525	3,844,390,662
	(3,946,830,555)	(3,841,629,898)
Fixed rate instruments		
Financial assets		
- Term deposit receipts	**26,068,311**	25,899,650
Financial liabilities		
- Syndicate long-term finance	**746,410,481**	1,295,086,592
	772,478,792	1,320,986,242

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. 45.66 million (2017: Rs. 44.26 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2017.

(c) Equity price risk

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

As at year end, there are no financial instruments of the Company carried at fair value through profit or loss which are subject to equity price risk. Therefore, a change in market rate at the reporting date would not affect profit or loss of the Company.

38.2.3 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Out of the total financial assets of Rs.777.48 million (2017 : Rs. 627.25 million), the financial assets which are subject to credit risk amounted to Rs. 775.9 million (2017: Rs. 623 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, 2018 the Company had approximately 12 (2017: 7) major customers that owed more than Rs.10 million each and accounted for approximately 64% (2017 : 46%) of local trade debts. Other debts amounting to Rs. 245.88 million (2017 : Rs. 179.77 million) are secured against letters of credit.

Credit risk related to other assets

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

38.2.4 Liquidity risk

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans 50% of the Company's debt will mature in less than one year at June 30, 2018 (2017: 47%) 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---						
2018							
Trade and other payables		32,695,850	111,076,008	31,410,678	90,846,046	-	266,028,582
Interest / mark-up accrued on loans		13,364,955	83,379,972	-	-	-	96,744,927
Syndicate term finance	6 months KIBOR plus 140% p.a	-	-	227,360,200	1,818,881,600	-	2,046,241,800
Syndicate long term finance - Facility 1	5.90%	-	-	102,338,784	307,016,354	-	409,355,138
Syndicate long term finance - Facility 1	4.40%	11,629,407	-	11,629,407	81,405,852	-	104,664,666
Syndicate long term finance - Facility 2	3.50%	-	-	8,383,073	78,727,991	11,298,936	98,410,000
Short term borrowings							
Trust receipt finance	Three months average of 6.96% to 8.42% inclusive of	-	1,098,533,103	-	-	-	1,098,533,103
Running finance	7.25% to 8.42% inclusive of three/Six months KIBOR p.a	-	804,450,622	-	-	-	804,450,622
		57,690,212	2,097,439,705	381,122,142	2,376,877,843	11,298,936	4,924,428,838

	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
Interest / mark-up accrued on loans		-	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%	-	-	92,862,972	409,355,140	9,475,814	511,693,926
Syndicate long term finance - Facility 1	4.40%	-	-	21,105,221	93,035,259	2,153,594	116,294,074
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	-	-	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

38.2.5 Operational risks

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

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

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

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

39. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

(b) Fair value estimation

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

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

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

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

39.1 The Company's 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 performed by an independent valuer Iqbal A.Nanji & Company (Private) Limited and as at December 31, 2016 by MYK Associates (Private) Limited. The valuers are listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery.

During the year no revaluation exercise has been carried out in respect of leasehold land, building on leasehold land, plant and machinery and electric installations.

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

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
	------------------------------Rupees ------------------------------			
Freehold land	-	123,570,000	-	123,570,000
Buildings on free hold land	-	879,739,232	-	879,739,232
Plant and machinery	-	2,730,258,012	-	2,730,258,012
Electric installations	-	167,743,559	-	167,743,559
Long-term investment in associates	76,527,026	-	-	76,527,026
	76,527,026	3,901,310,803	-	3,977,837,829

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, 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 land	-	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

40. CAPITAL RISK MANAGEMENT

The objectives of the Company when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The capital structure of the Company consists of shareholders' equity and surplus on revaluation of property, plant and equipment. Shareholders' equity consist of share capital, capital reserve and unappropriated profit. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares. The Company's overall strategy remains unchanged from 2017.

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, 2018 and June 30, 2017 were as follows:

	2018	2017
	------------Rupees------------	
Total debts	**4,561,655,333**	4,560,655,319
Less: Cash and bank balances	**(18,425,466)**	(18,498,236)
Net debt	**4,543,229,867**	4,542,157,083
Total equity	**2,411,192,964**	1,373,629,497
Adjusted capital	**6,954,422,831**	5,915,786,580
Gearing ratio	**0.65**	**0.77**

41. 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 94.58% (2017: 94.03%) of overall sales of the Company.
- 61.40% percent (2017: 51.11% 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.

42. DATE OF AUTHORIZATION FOR ISSUE

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

43. RECLASSIFICATION

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

44. GENERAL

Figures have been rounded off to the nearest Rupee.

44.1. SUBSEQUENT EVENTS

The Board of Directors at their meeting held on September 24, 2018 have proposed a dividend of Rs. 5 per share (2017: Nil per share) for the year ended June 30, 2018, amounting to Rs. 2.50 million (2017: Nil), subject to the approval of members at the annual general meeting to be held on October 22, 2018.

SHAHID ANWAR TATA	HASEEB HAFEEZUDDEEN	ANWAR AHMED TATA
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	CHAIRMAN/DIRECTOR

انفارمیشن ٹیکنالوجی :

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

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

پیش رفت :

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

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

ہم اپنے طور پر اس بات کو یقینی بناتے ہیں کہ ٹیکسٹائل کمپنی پاکستان میں اعلیٰ ٹیکسٹائل مل ہے۔ ٹیکسٹائل ملز کو مارکیٹ میں مسلسل اعلیٰ اقدار کے مطابق چلائیں اور اس میں قیمتی یارن کو شامل کریں۔ ہماری انتظامیہ پیداوار میں اضافہ کے لئے مختلف پلان پر کام کر رہی ہے جو کہ ہماری سیلز میں بہتری کرے گی۔ اس کے علاوہ انتظامیہ متبادل انرجی کے ذرائع پر بھی کام کر رہی ہے۔

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

اعتراف:

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

کراچی:

مورخہ : 24 ستمبر 2018

انوار احمد ٹاٹا

چیئرمین

انرجی کے اخراجات :

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

انٹریسٹ ریٹس :

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

مہنگائی کا دباؤ :

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

ٹیکس کا بوجھ :

پوری دنیا میں پاکستان ودھ ہولڈنگ ٹیکس کا ایک بڑا ملک ہے اور ریونیو جو کہ انکم ٹیکس یا فکسڈ ٹیکس کے تحت ایڈوانس ٹیکسز کی شکل میں لیا جاتا ہے۔ آج کل ودھ ہولڈنگ ٹیکس سے براہ راست ٹیکس سے کل آمدنی کا تین چوتھائی حصہ ہے اور اس کو سیلز کی لین دین، یوٹیلٹی بلز، ٹرانسپورٹیشن، امپورٹس، ایکسپورٹ میں توسیع کی گئی ہے۔ اس وقت ودھ ہولڈنگ ٹیکسز سے متعلق انکم ٹیکس میں 64 سیکشن/سب سیکشن ہیں۔ آپ کی کمپنی کا بھی انکم ٹیکس، سیلز ٹیکس اور ریبیٹ مبلغ 336.266 ملین روپے کی ریفنڈ کا معاملہ اب تک زیر سماعت ہے۔ یہ ایک شدید نوعیت کا ایریا ہے جس پر حکومت کو فوری توجہ دینا ہوگی۔ کیونکہ یہ کمپنی کی کارکردگی کو متاثر کرنے کے درپے ہے۔

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

لیبر کے اخراجات :

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

ہیومن ریسورسز ڈویلپمنٹ :

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

چیئرمین کا جائزہ

السلام علیکم ورحمۃ اللہ وبرکاتہ،

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

اللہ تعالیٰ کے فضل و کرم سے میں یہ رپورٹ پیش کرتا ہوں کہ ہماری کمپنی نے قبل از ٹیکس منافع مبلغ 410.281 ملین روپے (2016-2017 مبلغ 50.257 ملین روپے) حاصل کیا ہے جو کہ گزشتہ سال کے مقابلہ میں 716 فیصد زائد ہے۔ فروخت کا مکمل حجم بھی سالہا سال 10 فیصد رہا ہے۔

ٹیکسٹائل کی صنعت :

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

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

خام مال :

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

بورڈ کا تخمینہ :

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

چیئرمین کا جائزہ :

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

ازطرف بورڈ آف ڈائریکٹرز

شاہد انوار ٹاٹا
چیف ایگزیکیٹو

کراچی:
مورخہ : 24 ستمبر 2018

کیا جاتا ہے اور اکاؤنٹنگ کا تخمینہ جو کہ صحیح اور مناسب فیصلہ پر منحصر ہے۔

- ☆ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ جس کا اطلاق پاکستان میں ہے جس کے تحت مالیاتی حسابات کی تیاری کے سلسلے میں عمل کیا جاتا ہے۔
- ☆ داخلی کنٹرول کا سسٹم بے حد مضبوط ہے اور موثر طور پر اس پر عمل درآمد کیا جا رہا ہے۔
- ☆ کمپنی کی مہارت پر کوئی شکوک وشبہات نہیں ہیں۔
- ☆ کوئی بھی مواد کارپوریٹ گورننس کی اعلیٰ پریکٹس سے خالی نہیں ہے جس کی تفصیلات ریگولیشن کی فہرست میں دی گئی ہے۔
- ☆ گذشتہ چھ سالوں کی مالیاتی تفصیلات اور اس کے استعمال کی تفصیلات منسلک ہیں۔
- ☆ 30 جون 2018ء کو کمپنی کے حصص کنندگان کا اسٹیٹمنٹ منسلک ہے۔ یہ اسٹیٹمنٹ کمپنی کے ضابطہ اخلاق کے کوڈ کے مطابق تحریر کیا گیا ہے۔
- ☆ زیر نظر سال کے دوران بورڈ آف ڈائریکٹرز کی چار میٹنگز، آڈٹ کمیٹی کی چار میٹنگز اور ہیومن ریسورس و ریمیونریشن کمیٹی کی چار میٹنگز کا انعقاد ہو چکا ہے۔ ان میٹنگز میں ڈائریکٹرز کی حاضری درج ذیل ہے:۔

ڈائریکٹرز کا نام	میٹنگ میں حاضری کی تعداد		
	بورڈ میٹنگ	آڈٹ کمیٹی	ہیومن ریسورس و ریمیونریشن کمیٹی
جناب انوار احمد ٹاٹا	4	ناقابلِ اطلاق	ناقابلِ اطلاق
جناب شاہد انوار ٹاٹا	4	ناقابلِ اطلاق	5
جناب عدیل شاہد ٹاٹا	4	2	2
جناب بلال شاہد ٹاٹا	3	2	3
جناب محمد نسیم	4	4	5
جناب اعجاز احمد طارق	4	ناقابلِ اطلاق	ناقابلِ اطلاق
شیخ کوثر اعجاز	4	4	ناقابلِ اطلاق

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

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

کارپوریٹ سوشل ذمہ داری :

آئلینڈ ٹیکسٹائل ملز لمیٹڈ اس بات کا عہد کرتی ہے کہ وہ اپنی کارپوریٹ سوشل ذمہ داری کو مکمل طور پر پورا کرے گی۔ زیر جائزہ سال کے دوران چینیوٹ شیخ سوسائٹی کے ساتھ تعاون کرتے ہوئے 1.8 ملین روپے ادا کئے۔ کمپنی نے اسلامیہ ہسپتال چینیوٹ کے ساتھ صحت کے شعبہ میں تعاون کرتے ہوئے مبلغ 0.6 ملین روپے ادا کئے تا کہ ملک میں غریب لوگوں کا بہتر علاج ہو سکے۔

نان ایگزیکیٹو ڈائریکٹرز کی اجرتی پالیسی کی ساخت :

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

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

اکاؤنٹنگ پالیسی میں تبدیلی:

رواں سال پائیدار اثاثوں کی قدرو قیمت کے تعین کے بعد حاصل سرپلس کی اکاؤنٹنگ پالیسی کو تبدیل کر کے اکویٹی کے حصے کے طور دکھایا گیا ہے جس کی بناء پر مالیاتی گوشواروں کو دوبارہ ترتیب دیا گیا ہے۔ یہ تبدیلی اس بناء پر ہوئی ہے کہ کمپنیز آرڈیننس 1984 کی پائیدار اثاثوں کی قدرو قیمت کے تعین کے بعد حاصل سرپلس کو علیحدہ لائن آئٹم کے طور پر دکھانے والی ریگولیشن کو کمپنیز ایکٹ 2017 میں کیری فارورڈ نہیں کیا گیا ہے اور انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-16) کے طریقے کے ساتھ ہم آہنگ کر دیا گیا ہے۔ نتیجتاً 30 جون 2017ء اور 2016ء کا شیئر کیپیٹل اور ریزرو (مجموعی طور پر ایکوئٹی) بالترتیب 829 ملین اور 677 ملین سے بڑھ گیا ہے۔ علاوہ ازیں پائیدار اثاثوں کی قدرو قیمت کے تعین کے بعد حاصل سرپلس بعد از ٹیکس کی مد میں 287 ملین کا منافع مالی سال 30 جون 2018ء کی دیگر جامع آمدنی میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 16 کے تحت ریکارڈ کیا گیا ہے۔

بنیادی خطرات اور غیر یقینی صورتحال:

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

ڈویڈنڈ :

بورڈ آف ڈائریکٹرز نے 24 ستمبر 2018 کو اپنی منعقدہ میٹنگ میں کیش ڈویڈنڈ مبلغ 5.00 روپے فی شیئر (Nil 2017) مبلغ 2.50 ملین روپے (Nil 2017) کی تجویز پیش کی ہے جو کہ کمپنی کی آنے والی سالانہ جنرل میٹنگ کے ممبران کی منظوری سے مشروط ہے۔

آڈیٹرز کا تقرر :

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

بعد ازاں واقعات :

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

کارپوریٹ گورننس پر بہتر طور پر عملدرآمد کرنا:

اسٹاک ایکسچینج کے قواعد کے تحت کوڈ آف کارپوریٹ گورننس کے تحت یہ ضروری ہے کہ کمپنی کی انتظامیہ بہترین کارکردگی کا مظاہرہ کرے۔ بورڈ کو کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک سے متعلق اپنی ذمہ داری کا احساس ہے اور یہ اقرار کرتا ہے کہ :

☆ مالیاتی حسابات جو کہ کمپنی کی انتظامیہ نے مرتب کئے ہیں اور اس میں تمام مندرجات بالکل صحیح پیش کئے گئے ہیں جس میں اس کے آپریشن، نقد کا لین دین اور ایکویٹی میں تبدیلیاں شامل ہیں۔

☆ کمپنی کے مناسب کھاتوں کو مرتب کیا گیا ہے۔

☆ جیسا کہ مالیاتی حسابات کے نوٹس میں بتایا گیا ہے کہ اکاؤنٹنگ پالیسیوں کا اطلاق مستقل طور پر مالیاتی حسابات کی تیاری پر استعمال

کمپنی کی اہم سرگرمیاں :

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

کمپنی کے کاروبار کی کارکردگی اور ترقی:

حجم	جون 2018 رقم پاکستانی روپے میں	جون 2017 رقم پاکستانی روپے میں	تناسب %
فروخت	6,303,217,062	5,708,275,730	10.42%
فروخت کی قیمت	(5,386,092,785)	(5,257,073,451)	2.45%
مجموعی منافع	917,124,277	451,202,279	103.26%
قبل از ٹیکس منافع	410,280,549	50,256,948	716.37%
بعد از ٹیکس منافع	460,073,431	12,515,462	3576.04%

ان کاروباری حالات میں مالیاتی سال 18-2017 میں فروخت کا زیادہ سے زیادہ تناسب مبلغ 6 بلین روپے رہا جو کہ گزشتہ سال کے مقابلے میں 10.42 فیصد زیادہ تھا۔ جبکہ کل منافع کی آمدن 917 ملین روپے رہی۔ مذکورہ سال کے لئے منافع قبل از ٹیکس 716 فیصد اضافہ رہا جو کہ خام مال کی شاندار فروخت اور ملکی وغیر ملکی تناسب کی وجہ سے ہوا۔ ڈائریکٹرز اور انتظامیہ نے اس کاروباری کارکردگی کا جائزہ لیا اور ان کی تمام تر توجہ پیداوار میں مستقل بہتری اور اخراجات میں کمی پر مرکوز رہی تا کہ کمپنی کی پیداواری صلاحیت بہتر ہو سکے۔

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

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

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

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

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

ممبران کیلئے ڈائریکٹرز کی رپورٹ

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

بورڈ کی شراکت:

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

ڈائریکٹرز کی مجموعی تعداد :

(ا)	مرد	7
(۲)	خاتون	0

شراکت:

(ا)	غیر جانبدار ڈائریکٹرز	1
(۲)	ایگزیکیٹیو ڈائریکٹرز	2
(۳)	نان ایگزیکیٹیو ڈائریکٹرز	4

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

ا۔	جناب انوار احمد ٹاٹا	چیئرمین
۲۔	جناب شاہد انوار ٹاٹا	ڈائریکٹر/ چیف ایگزیکیٹیو آفیسر
۳۔	جناب عدیل شاہد ٹاٹا	ڈائریکٹر
۴۔	جناب بلال شاہد ٹاٹا	ڈائریکٹر
۵۔	جناب اعجاز احمد طارق	ڈائریکٹر
۶۔	جناب محمد نسیم	ڈائریکٹر
۷۔	شیخ کوثر اعجاز	ڈائریکٹر

بورڈ کی کمیٹیاں:

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

☆ آڈٹ کمیٹی:

جناب محمد نسیم	چیئرمین (غیر جانبدار)
جناب عدیل شاہد ٹاٹا	ممبر
شیخ کوثر اعجاز	ممبر

☆ ہیومن ریسورسز اینڈ ریمیونریشن کمیٹی

جناب محمد نسیم	چیئرمین (غیر جانبدار)
جناب شاہد انوار ٹاٹا	ممبر
جناب عدیل شاہد ٹاٹا	ممبر

Form of Proxy

I/We ______________________________________of ____, being a

Member of Island Textile Mills Limited, holder of ___________________, Ordinary Share(s) as per Register Folio

No. ___________________ hereby Appoint Mr.________________________, having CNIC No. ________________

_____________________ as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf

at the Annual General Meeting of the company to be held on October 22, 2018 and at any adjournment thereof.

Signed this ___________ day of ____________ 2018.

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 آئیلینڈ ٹیکسٹائیل ملز لمیٹڈ اور حامل -------------عام حصص بمطابق رجسٹرڈ فولیو نمبر-------------------------

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

مورخہ 22 اکتوبر 2018 ء

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 .... 2018 کو میرے/ ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

ممبر کے دستخط
ریونیو کی مہر 5 روپے

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

نوٹ:

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

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

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

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