

TATA TEXTILE MILLS LIMITED



Annual Report 2013

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COMPANY INFORMATION

**BOARD OF DIRECTORS
CHAIRMAN:**

Mr. Anwar Ahmed Tata

CHIEF EXECUTIVE:

Mr. Shahid Anwar Tata

DIRECTORS:

Mr. Adeel Shahid Anwar
Mr. Bilal Shahid Anwar
Mr. Farooq Advani
Mr. Muhammad Salman H. Chawala (NIT)
Mr. Muhammad Naseem

**AUDIT COMMITTEE
CHAIRMAN:**

Mr. Muhammad Naseem

MEMBERS:

Mr. Adeel Shahid Anwar
Mr. Bilal Shahid Anwar

**HUMAN RESOURCE &
REMUNERATION COMMITTEE
CHAIRMAN:**

Mr. Muhammad Naseem

MEMBERS:

Mr. Shahid Anwar Tata
Mr. Bilal Shahid Anwar

**COMPANY SECRETARY &
CHIEF FINANCIAL OFFICER:**

Mr. Farooq Advani

BANKERS:

Faysal Bank Limited
Dubai Islamic Bank (Pakistan) Limited
Bank Alfalah Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Allied Bank Limited
The Bank of Punjab

AUDITORS:

M/s. M. Yousuf Adil Saleem & Co.
Chartered Accountants

LEGAL ADVISOR:

Muhammad Afzal Awan 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.tatatex.com

E- MAIL ADDRESS:

ttm.corporate@tatatex.com

MILLS:

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



Vision Statement

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

Mission Statement

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

CERTIFICATE



Instituto Tecnológico Textil
Plaza Emilio Sala, 1-1º
E-03801 Alcoy (Alicante)

Institute of the International Association for Research and Testing in the Field of Textile Ecology (OEKO-TEX®)

The company

TATA TEXTILE MILLS LTD

6TH FLOOR, TEXTILE PLAZA, M.A. JINNAH ROAD

74000 KARACHI, PAKISTAN

is granted authorization according to Oeko-Tex® Standard 100 to use the Oeko-Tex® mark, based on our test report 2013PK0049



Tested for harmful substances
according to Oeko-Tex® Standard 100

2012PK0018

AITEX

for the following articles:

100% greige cotton yarn.

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

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

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

This authorisation is valid until 31.03.2014

Alcoy (Alicante) España, 19.04.2013

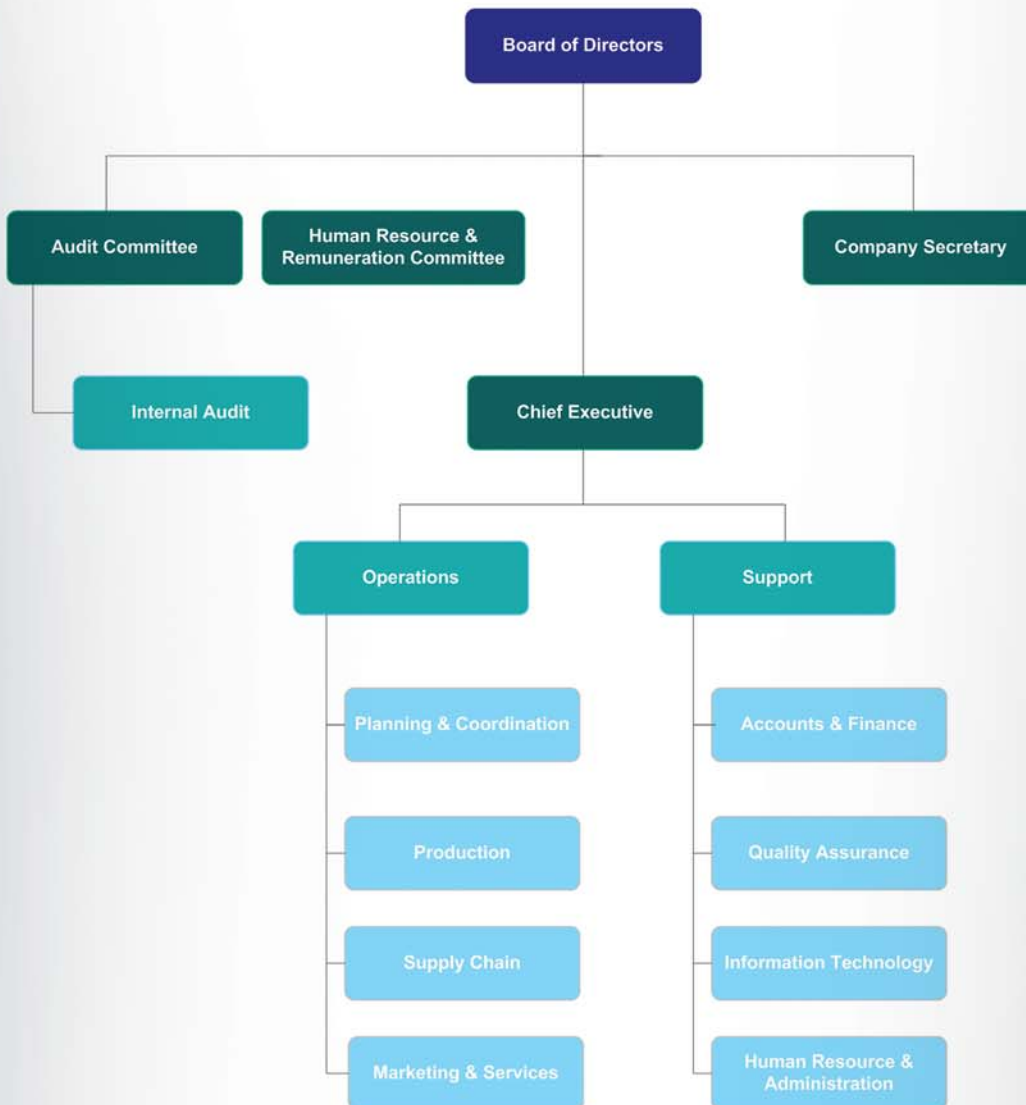
Silvia Devesa Valencia
Innovation Assistant Manager



Isabel Soriano Sarrió
Chief of Innovation Area



Organization Chart



CHAIRMAN'S REVIEW

Assalam-o-Alaikum,

As Chairman of Tata Textile Mills Limited, I feel pleasure to present the Annual Audited Accounts along with the auditor's report thereon for the year ended June 30, 2013. During the period under review, Alhamdulillah the company performed very well and has been able to make a pretax profit of Rs.339.94 million in the year ended June 30, 2013.

Although the year under review has been good, but the coming year seems little difficult.

INDIAN ROLE IN TEXTILE EXPORT

Indian role in textile exports will be the most significant factor. Substantial developments have taken place in India in recent months. Indian rupee has devaluated by more than 26%, they have large surplus of cotton crop and have already become the single largest exporter of yarn in the world. India is going to make inroads in Pakistan's traditional strong areas.

CHINA COTTON POLICY

China will be the second most significant factor this year as the country for the third consecutive year has announced the support policy for Chinese farmers. Needless to mention, that China at present is the single largest stock holder of cotton in the world. Further buying this year will increase their stocks. They still have not yet announced the policy on release of stocks to the Chinese mills or allowing imports of cotton. Uncertainty is looming large due to this factor, and is going to be very critical in determining how the overall textile market will behave.

COTTON SITUATION

Although the estimated area under the cotton cultivation has remained on the lower side and the weather was not good initially, but now the weather is favorable, and possibly if the weather remains good and no extra ordinary rains or any weather related issue occurred in the coming months, we will harvest the same number of bales hopefully as we did in the last year but taken long term position on cotton will remain very risky because of India and China. As we require quality cotton for our yarn products, so it will be very tricky situation concerning our cotton procurement policy.

COST PUSH INFLATION

The manufacturing costs have escalated due to the rapid devaluation of Pakistani currency (7%-8%) in the recent months and the resulting increase in raw material prices, wages and salaries.

POWER ISSUES

Energy shortages have continued this year as well and in total we have been faced around 42 days in which no power was available to us. Beside this, the Govt. has also raised power tariffs by around 50% which will put extra financial burden. We are hopeful that the current government will take these power related issues very seriously and will rectify it.

INTERNAL AUDIT

We have already agreed for the arrangement of Internal Audit services to be provided by A. F. FERGUSON & CO. The objective of this exercise would be to assess areas like revenues & receivables, purchases & payables, treasury management, production and inventory management, fixed asset management, human resource management and financial accounting & reporting.

HUMAN RESOURCE MANAGEMENT

Human resource planning and management is one of the essential matters and is at the spotlight at the senior management level. The company has a Human Resource and Remuneration Committee that guides in the selection, evaluation, compensation and succession planning of key management personnel. Its responsibility entails recommending improvement in the Company's human resource policies and procedures and their periodic review. The Committee keeps abreast with industries "Best Practices" and ensures to discuss and implement these as and when the situation arises.

PLANNING & COORDINATION

The company has a philosophy of creating value for its stakeholders through continuous improvement and our Planning and Coordination Department works to achieve this objective by synchronizing and planning activities of business departments concerned with production, quality, maintenance, human resource, sales and customer feedback. The purpose is to build synergy and coherence to ensure seamless operations, identify areas of improvement and potential cost reduction to maximize returns on investment. Evaluation of technical reports and data, analysis of competitive market strategies and communication with suppliers and professional organizations are some of the core functions performed by the Planning and Coordination to be aware of industry trends and to mould business operations accordingly.

PROJECTS

Our commitment to quality is very high; therefore most of our investments have remained in quality and product diversification. Although, we are still not going to expand much in spindleage but production capacity is enhanced recently. The company is financially well placed and we do plan for either adding spinning capacity or air jet looms depending upon the availability of power.

ENTERPRISE RESOURCE PLANNING (ERP)

The implementation process of Oracle based Enterprise Resource Planning system which remains continued from the last two years is now completed. The new ERP system integrates the information coming from various departments of the company. It now serves as a central source of data for all departments. This ensures smooth flow of the same reliable information in real-time to all key managers, and will result in improved business processes management and decision-making.

ACKNOWLEDGMENTS

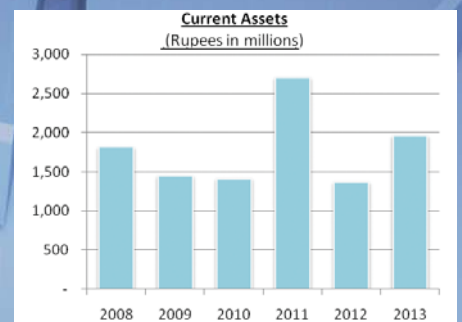
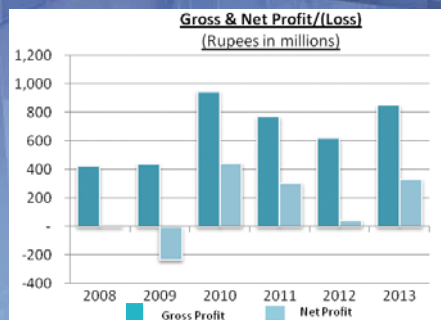
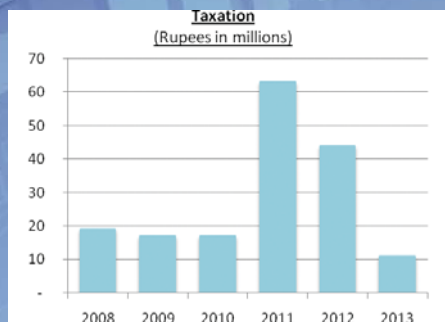
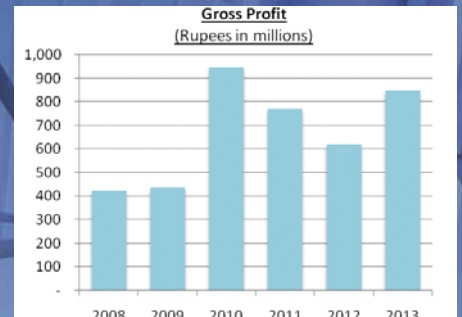
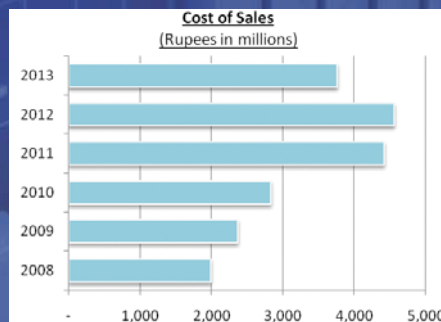
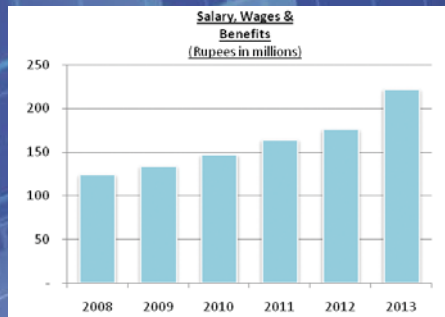
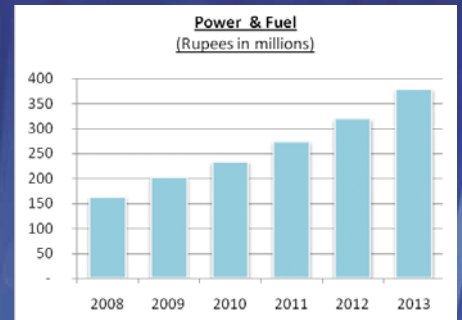
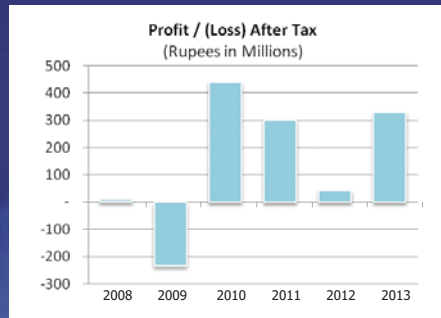
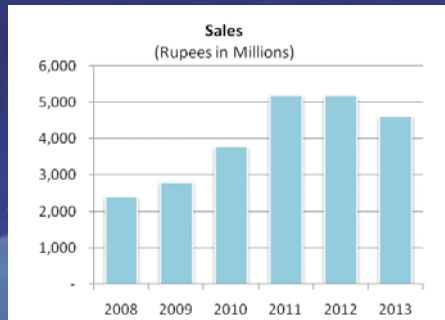
In the last, I would like to acknowledge the hard work put together by our team as without their untiring efforts and commitment, the company would not have been able to achieve so much. We owe our vendors, bankers, agents for their invariable support during all times. We are also thankful to our customers for their firm belief and trust on our quality products.

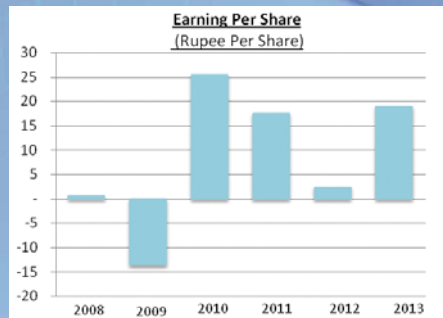
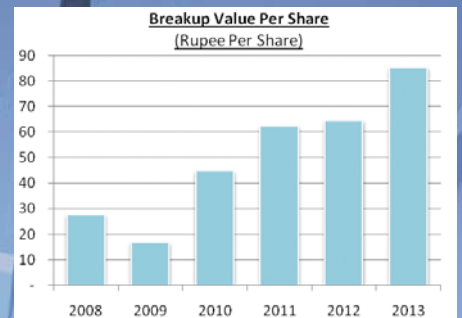
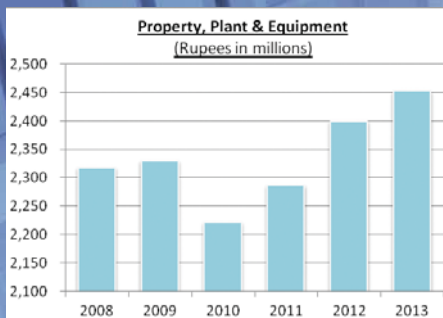
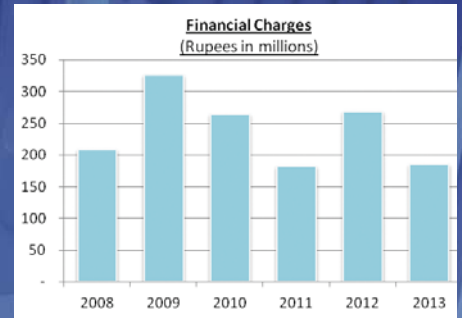
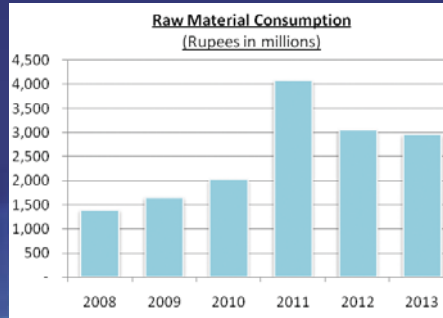


Anwar Ahmed Tata
Chairman

Karachi.

Dated: September 16, 2013





DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting before you the 27th Annual Report together with the Audited Accounts for the year ended June 30, 2013.

FINANCIAL RESULTS

The Company made a pre tax profit of Rs.339.939 million after charging costs, expenses and depreciation for the year ended June 30, 2013.

	(Rupees)
Pre-tax profit for the year	339,938,734
Taxation	(11,434,511)
Profit after taxation	328,504,223
Accumulated Profit Brought Forward	946,390,039
Less: Dividend Paid	(17,324,750)
	929,065,289
Transfer from Surplus on Revaluation of Property Plant & Equipment	47,993,893
Transfer to General Reserve	(1,000,000,000)
Accumulated Profit Carried Forward	305,563,404

CHAIRMAN'S REVIEW

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

DIVIDEND

The Directors of the Company are pleased to recommend final cash dividend @ 20% for the year ended June 30, 2013.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- Key operating and financial data of last six years in a summarized form is annexed.
- Outstanding duties, statutory charges and taxes if any, have been adequately disclosed in the annexed audited financial statements.
- During the year under review, five Board of Director Meetings, four Audit Committee Meetings and three Human Resource & Remuneration committee meetings 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	3	N/A	N/A
Mr. Shahid Anwar Tata	5	N/A	3
Mr. Adeel Shahid Anwar	4	3	N/A
Mr. Bilal Shahid Anwar***	3	2	0
Mr. Muhammad Naseem	5	4	3
Mr. Muhammad Ayub (NIT)*	2	N/A	2
Mr. M. Salman Hussain Chawala (NIT)**	2	N/A	N/A
Mr. Farooq Advani	4	N/A	N/A

*Mr. Muhammad Ayub resigned on 16th February 2013

**Mr. Muhammad Salman Hussain Chawala was appointed in his place

***Mr. Bilal Shahid Anwar was appointed as member of Human Resource & Remuneration Committee in place of Mr. Muhammad Ayub.

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

- j. During the year under review, Mr. Farooq Advani, Mr. Adeel Shahid Anwar and Mr. Salman H. Chawala have completed the Directors' Training Program and become the certified director from Pakistan Institute of Corporate Governance. In addition, Mr. Anwar Ahmed Tata and Mr. Shahid Anwar Tata met the criteria of exemption under clause (xi) of Code of Corporate Governance and were accordingly exempted from directors' training program.
- k. The statement of pattern of share holding of the Company as at June 30, 2013 is annexed. This statement is prepared in accordance with the Code of Corporate Governance.
- l. Apart from the following transactions, the Chief Executive, Directors, Chief Financial Officer, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the company during the year.

	Opening Balance As on 01-07-2012	Purchase / Specie Dividend	Sales	Closing Balance On 30-06-2013
Mr. Anwar Ahmed Tata	5,829,667	2,865,793	-	8,695,460
Mr. Shahid Anwar Tata	1,474,579	218,443	-	1,693,022
Mr. Adeel Shahid Anwar	16,522	10,350	-	26,872
Mr. Bilal Shahid Anwar	10,000	599	9,500	1,099
Mr. Muhammad Naseem	500	2,967	-	3,467
Mr. Farooq Advani	661	2,973	-	3,634
Mrs. Parveen Anwar	238,051	3,264	-	241,315
Mrs. Saiqa Shahid	317,400	3,264	-	320,664

Abstract Under Section 218(1) of the Companies Ordinance, 1984

During the year under review, the Board of Directors in their meeting held on 16th February 2013, has approved the 15% annual increment of Mr. Shahid Anwar Tata, Chief Executive as per term of appointment with effect from 1st February, 2013. The following resolution has already been circulated to shareholders under section 218(3) of the Companies Ordinance, 1984.

“Resolved that the monthly remuneration of Mr. Shahid Anwar Tata, Chief Executive would be Rs.665,000/- (Rupees six hundred sixty five thousand only). The Other terms and conditions will remain unchanged.”

AUDITORS

The Auditors Messer M. Yousuf Adil Saleem & Co. Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for reappointment for the financial year ending June 30, 2014.

ON BEHALF OF THE BOARD OF DIRECTORS



SHAHID ANWAR TATA
CHIEF EXECUTIVE

KARACHI

DATED: September 16, 2013



KEY OPERATING AND FINANCIAL DATA

Particular		2013	2012	2011	2010	2009	2008
OPERATING DATA							
Sales	Rs.'000'	4,615,713	5,186,235	5,198,073	3,783,989	2,683,128	2,415,386
Cost of Goods Sold	Rs.'000'	3,764,778	4,564,204	4,427,677	2,836,376	2,265,656	1,990,560
Gross Profit	Rs.'000'	850,935	622,031	770,396	947,612	417,472	424,827
Profit / (Loss) Before Taxation							
Taxation	Rs.'000'	339,939	85,119	366,051	457,293	(214,391)	27,677
Profit / (Loss) After Taxation	Rs.'000'	328,504	41,375	303,466	440,601	(231,214)	8,985
FINANCIAL DATA							
Equity Balance	Rs.'000'	1,478,811	1,119,638	1,084,443	777,438	306,354	489,452
Property, Plant & Equipment	Rs.'000'	2,454,098	2,400,344	2,291,389	2,222,127	2,330,419	2,318,568
Current Assets	Rs.'000'	1,967,311	1,371,909	2,707,393	1,416,780	1,452,118	1,823,273
Current Liabilities	Rs.'000'	1,694,464	1,387,803	2,726,725	1,590,614	1,941,920	2,020,112
RATIOS							
PROFITABILITY RATIOS							
Gross Profit Margin	%	18.44	11.99	14.82	25.04	15.56	17.59
Operating Profit Margin	%	7.21	1.42	6.28	11.69	(9.09)	1.08
Net Profit Margin	%	7.36	1.64	7.04	12.08	(7.99)	1.15
LIQUIDITY RATIOS							
Current Ratio	Times	1.16	0.99	0.99	0.89	0.75	0.90
Quick Ratio	Times	0.26	0.28	0.20	0.23	0.13	0.18
ACTIVITY / TURNOVER RATIOS							
Days in Receivables Accounts Receivable Turnover	Days	14.59	8.27	20.47	18.08	19.09	29.85
Inventory Turnover	Times	24.67	43.55	17.59	19.91	18.86	12.06
Total Assets Turnover	Times	2.53	4.89	2.09	2.78	1.95	1.40
Return on Total Assets	%	1.04	1.37	1.04	1.04	0.71	0.58
Return on Equity	%	7.42	1.09	6.07	12.11	(6.11)	0.22
	%	13.60	1.97	15.31	25.59	(18.76)	0.62
LEVERAGE RATIOS							
Long Term Debt to Equity Ratio	%	13.25	14.11	14.65	18.98	49.36	46.67
Total Debt to Equity Ratio	%	83.40	80.26	152.21	111.34	206.90	186.29
Long Term Debt to Total Assets	Times	0.07	0.08	0.06	0.09	0.16	0.16
Total Debt to Total Assets	Times	0.45	0.45	0.60	0.53	0.67	0.65
Equity to Total Assets	Times	0.55	0.55	0.40	0.47	0.33	0.35
Interest Coverage Ratio	Times	2.84	1.32	3.01	2.73	0.34	1.13
OTHERS							
Earning per Shares	Rs	18.96	2.39	17.52	25.43	(13.35)	0.52
Breakup Value of Shares w/o Revaluation Surplus	Rs	85.36	64.63	62.60	44.87	17.68	28.25
Breakup Value of Shares with Revaluation Surplus	Rs	139.42	121.10	114.42	99.40	71.15	83.52
Cash Dividend	%	20.00	10.00	30.00	25.00	-	-

ANALYSIS OF THE FINANCIAL STATEMENT BALANCE SHEET

Particular	2013	2012	2011	2010	2009	2008
	-----Rupees in thousand-----					
Assets						
Non Current Assets						
Property, plant and equipment	2,454,098	2,400,344	2,291,389	2,222,127	2,330,419	2,318,568
Intangible assets	6,530	7,768	-	-	-	-
Long-term Deposits	1,964	1,939	650	606	574	378
Total Non Current Assets	<u>2,462,592</u>	<u>2,410,051</u>	<u>2,292,039</u>	<u>2,222,733</u>	<u>2,330,993</u>	<u>2,318,946</u>
Current Assets						
Stores, Spares and loose tools	44,130	47,285	49,284	35,742	41,251	27,249
Stock-in-trade	1,486,943	933,111	2,116,356	1,019,574	1,159,838	1,421,759
Trade debts	187,118	119,081	295,594	190,018	142,257	200,297
Loans and Advances	105,138	94,716	150,003	94,124	50,079	103,288
Trade Deposit & short-term prepayment	2,672	3,388	3,426	1,677	2,581	1,302
Other receivables	1,304	33,800	12,595	5,625	5,847	3,598
Other financial assets	5,352	8,145	2,483	2,483	1,883	1,735
Sales tax refundable	22,961	13,277	10,456	14,066	7,338	8,422
Cash and bank balances	111,693	119,105	67,196	53,470	41,044	55,623
Total Current Assets	<u>1,967,311</u>	<u>1,371,908</u>	<u>2,707,393</u>	<u>1,416,779</u>	<u>1,452,118</u>	<u>1,823,273</u>
Total Assets	<u>4,429,903</u>	<u>3,781,959</u>	<u>4,999,432</u>	<u>3,639,512</u>	<u>3,783,111</u>	<u>4,142,219</u>
Equity and Liabilities						
Share Capital & Reserves						
Share Capital	173,248	173,248	173,248	173,248	173,248	173,248
General Reserve	1,000,000	-	-	-	-	-
Unappropriated Profit	305,563	946,390	911,195	604,190	133,106	316,205
Total Share Capital and Reserves	<u>1,478,811</u>	<u>1,119,638</u>	<u>1,084,443</u>	<u>777,438</u>	<u>306,354</u>	<u>489,453</u>
Surplus on revaluation of Property, Plant & Equipment	936,597	978,445	897,799	944,649	926,342	957,429
Non Current Liabilities						
Long Term Loans	267,399	234,982	262,266	302,315	492,995	543,406
Deferred Liabilities	52,632	61,091	28,199	24,496	115,500	131,819
Total Non Current Liabilities	<u>320,031</u>	<u>296,073</u>	<u>290,465</u>	<u>326,811</u>	<u>608,495</u>	<u>675,225</u>
Current Liabilities						
Trade and other Payables	290,583	273,299	244,618	166,923	441,852	81,317
Interest/ Markup accrued on Borrowings	31,904	37,048	49,113	47,161	52,524	37,506
Short Term Borrowings	1,270,876	943,064	2,176,452	1,088,376	1,220,929	1,580,324
Current Portion of Long Term Finance	74,290	80,822	123,675	217,872	203,759	242,426
Taxation-income tax	26,811	53,570	132,867	70,282	22,856	78,539
Total Current Liabilities	<u>1,694,464</u>	<u>1,387,803</u>	<u>2,726,725</u>	<u>1,590,614</u>	<u>1,941,920</u>	<u>2,020,112</u>
Total Equity and Liabilities	<u>4,429,903</u>	<u>3,781,959</u>	<u>4,999,432</u>	<u>3,639,512</u>	<u>3,783,111</u>	<u>4,142,219</u>

ANALYSIS OF THE FINANCIAL STATEMENT BALANCE SHEET VERTICAL ANALYSIS

Particular	2013 %	2012 %	2011 %	2010 %	2009 %	2008 %
Assets						
Non Current Assets						
Property, plant and equipment	55.40	63.47	45.83	61.06	61.60	55.97
Intangible assets	0.15	0.21	-	-	-	-
Long-term Deposits	0.04	0.05	0.01	0.02	0.02	0.01
Total Non Current Assets	55.59	63.72	45.85	61.07	61.62	55.98
Current Assets						
Stores, Spares and loose tools	1.00	1.25	0.99	0.98	1.09	0.66
Stock-in-trade	33.57	24.67	42.33	28.01	30.66	34.32
Trade debts	4.22	3.15	5.91	5.22	3.76	4.84
Loans and Advances	2.37	2.50	3.00	2.59	1.32	2.49
Trade Deposit & short-term prepayment	0.06	0.09	0.07	0.05	0.07	0.03
Other receivables	0.03	0.89	0.25	0.15	0.15	0.09
Other financial assets	0.12	0.22	0.05	0.07	0.05	0.04
Sales tax refundable	0.52	0.35	0.21	0.39	0.19	0.20
Cash and bank balances	2.52	3.15	1.34	1.47	1.08	1.34
Total Current Assets	44.41	36.28	54.15	38.93	38.38	44.02
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00
Equity and Liabilities						
Share Capital & Reserves						
Share Capital	3.91	4.58	3.47	4.76	4.58	4.18
General Reserve	22.57	-	-	-	-	-
Unappropriated Profit	6.90	25.02	18.23	16.60	3.52	7.63
Total Share Capital and Reserves	33.38	29.60	21.69	21.36	8.10	11.82
Surplus on revaluation of Property, Plant & Equipment	21.14	25.87	17.96	25.96	24.49	23.11
Non Current Liabilities						
Long Term Loans	6.04	6.21	5.25	8.31	13.03	13.12
Deferred Liabilities	1.19	1.62	0.56	0.67	3.05	3.18
Total Non Current Liabilities	7.23	7.83	5.81	8.98	16.08	16.30
Current Liabilities						
Trade and other Payables	6.56	7.23	4.89	4.59	11.68	1.96
Interest/ Markup accrued on Borrowings	0.72	0.98	0.98	1.30	1.39	0.91
Short Term Borrowings	28.69	24.94	43.53	29.90	32.27	38.15
Current Portion of Long Term Finance	1.68	2.14	2.47	5.99	5.39	5.85
Taxation-income tax	0.60	1.42	2.66	1.93	0.60	1.90
Total Current Liabilities	38.25	36.70	54.54	43.70	51.33	48.77
Total Equity and Liabilities	100.00	100.00	100.00	100.00	100.00	100.00

ANALYSIS OF THE FINANCIAL STATEMENT PROFIT & LOSS ACCOUNT

Particular	2013	2012	2011	2010	2009	2008
	-----Rupees in thousand-----					
Sales	4,615,713	5,186,235	5,198,073	3,783,989	2,683,128	2,415,386
Cost of Goods Sold	(3,764,778)	(4,564,204)	(4,427,677)	(2,836,376)	(2,265,656)	(1,990,560)
Gross Profit	<u>850,935</u>	<u>622,031</u>	<u>770,396</u>	<u>947,613</u>	<u>417,472</u>	<u>424,826</u>
Distribution cost	(206,549)	(175,742)	(171,249)	(146,125)	(127,151)	(111,090)
Administrative expenses	(88,719)	(65,167)	(62,647)	(58,718)	(58,854)	(59,334)
Other operating expenses	(38,111)	(40,035)	(27,458)	(35,830)	(149,023)	(19,246)
Financial Cost	(184,571)	(267,609)	(182,375)	(264,402)	(326,381)	(208,958)
	<u>(517,950)</u>	<u>(548,553)</u>	<u>(443,729)</u>	<u>(505,075)</u>	<u>(661,409)</u>	<u>(398,628)</u>
Other Income	6,953	11,642	39,385	14,756	29,545	1,479
Profit/(Loss) before taxation	<u>339,938</u>	<u>85,120</u>	<u>366,052</u>	<u>457,294</u>	<u>(214,392)</u>	<u>27,677</u>
Provision for taxation	(11,435)	(43,744)	(62,585)	(16,693)	(16,823)	(18,692)
Profit/(Loss) after taxation	<u><u>328,503</u></u>	<u><u>41,376</u></u>	<u><u>303,467</u></u>	<u><u>440,601</u></u>	<u><u>(231,215)</u></u>	<u><u>8,985</u></u>

ANALYSIS OF THE FINANCIAL STATEMENT PROFIT & LOSS ACCOUNT VERTICAL ANALYSIS

Particular	2013 %	2012 %	2011 %	2010 %	2009 %	2008 %
Sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Goods Sold	(81.56)	(88.01)	(85.18)	(74.96)	(84.44)	(82.41)
Gross Profit	18.44	11.99	14.82	25.04	15.56	17.59
Distribution cost	(4.47)	(3.39)	(3.29)	(3.86)	(4.74)	(4.60)
Administrative expenses	(1.92)	(1.26)	(1.21)	(1.55)	(2.19)	(2.46)
Other operating expenses	(0.83)	(0.77)	(0.53)	(0.95)	(5.55)	(0.80)
Financial Cost	(4.00)	(5.16)	(3.51)	(6.99)	(12.16)	(8.65)
	7.22	1.41	6.28	11.69	(9.08)	1.08
Other Income	0.15	0.22	0.76	0.39	1.10	0.06
Profit/(Loss) before taxation	7.37	1.63	7.04	12.08	(7.98)	1.14
Provision for taxation	(0.25)	(0.84)	(1.20)	(0.44)	(0.63)	(0.77)
Profit/(Loss) after taxation	7.12	0.79	5.84	11.64	(8.61)	0.37

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2013

NO. OF SHAREHOLDERS	SHARE-HOLDING		TOTAL SHARES HELD
	FROM	TO	
944	1	100	47,526
476	101	500	110,752
382	501	1000	256,087
131	1001	5000	314,099
32	5001	10000	243,421
13	10001	15000	167,610
11	15001	20000	198,448
7	25001	30000	192,272
1	30001	35000	34,865
3	45001	50000	148,000
1	50001	55000	52,767
1	55001	60000	55,545
2	65001	70000	132,250
2	70001	75000	149,451
1	75001	80000	77,200
1	85001	90000	85,300
2	90001	95000	186,449
1	110001	115000	112,500
1	135001	140000	139,920
1	145001	150000	145,370
1	200001	205000	202,824
1	240001	245000	241,315
1	280001	285000	284,337
1	320001	325000	320,664
1	380001	385000	384,000
1	430001	435000	434,798
1	1690001	1695000	1,693,022
1	2215001	2220000	2,218,498
1	8695001	8700000	8,695,460
<u>2,022</u>			<u>17,324,750</u>

CATEGORIES OF SHAREHOLDERS

As at June 30, 2013

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDER	SHARES HELD	PERCENTAGE
Directors, their Spouse(s) and Minor Children	10	10,985,533	63.41
Associated Companies, Undertakings and Related Parties	1	434,798	2.51
Public Sector Companies & Corporations	7	2,244,346	12.95
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarbas and pension funds	3	208,971	1.21
Others	20	204,657	1.18
General Public	1,981	3,246,445	18.74
	<u>2,022</u>	<u>17,324,750</u>	<u>100.00</u>

**Detail of Categories of Shareholders
As at June 30, 2013**

	Number of Shareholders	Shares Held
DIRECTORS, THEIR SPOUSE(S) & MINOR CHILDREN		
Mr. Anwar Ahmed Tata (Chairman/Director)	1	8,695,460
Mr. Shahid Anwar Tata (Chief Executives)	1	1,693,022
Mr. Adeel Shahid Anwar (Director)	1	26,872
Mr. Bilal Shahid Anwar (Director)	1	1,099
Mr. Muhammad Naseem (Director)	2	3,467
Mr. Farooq Advani (Director)	2	3,634
Mrs. Parveen Anwar (W/o of Mr. Anwar Ahmed Tata)	1	241,315
Mrs. Saiqa Shahid (W/o of Mr. Shahid Anwar Tata)	1	320,664
	10	10,985,533
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
Island Textile Mills Ltd.	1	434,798
PUBLIC SECTOR COMPANIES AND CORPORATIONS		
Investment Corporation of Pakistan	2	19,982
National Development Finance Corporation	1	3,223
IDBL (ICP Unit)	1	1,365
National Bank of Pakistan Trustee Department NI(U)T Fund	1	2,218,498
National Bank of Pakistan	2	1,278
	7	2,244,346
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARBAS AND PENSION FUNDS		
Central Insurance Co. Ltd.	1	664
Guardian Modarba Management (Pvt.) Ltd.	1	5,483
Trustee National Bank of Pakistan Employee Pension Fund	1	202,824
	3	208,971
OTHERS		
Naveena Industries	1	85,300
The Administrator Abandoned Properties	1	6,397
Securities & Exchange Authority	1	1
Trustee to the Fraction	1	274
Naseer Shahid Ltd.	1	23
Fikree's (SMC-Pvt) Ltd.	1	577
Y.S. Securities & Services (Pvt) Ltd.	1	132
Fateh Textile Mills Ltd.	1	65
Trustee National Bank of Pakistan Employee Benevolent Fund Trust	1	7,117
NH Capital Fund Ltd.	1	2
ACE Securities (Pvt) Ltd.	1	1,982
Highlink Capital (Pvt) Ltd.	1	6,000
M.R.A Securities (Pvt) Ltd.	1	800
Times Securities (Pvt) Ltd.	1	500
Darson Securities (Pvt) Ltd.	1	85
Muhammad Munir Muhammad Ahmed Khanani Securities (Pvt) Ltd.	1	16,500
AWJ Securities (SMC-Pvt) Ltd.	1	500
Ismail Abdul Shakoor Securities (Pvt) Ltd.	1	2,402
Seven Star Securities (Pvt) Ltd.	1	28,000
Intermarket Securities (Pvt) Ltd.	1	48,000
	20	204,657
GENERAL PUBLIC		
Local	1981	3,246,445
Grand Total	2,022	17,324,750

**Shareholders Holding 5% or more
As at June 30, 2013**

	Shares Held	Percentage
Mr. Anwar Ahmed Tata	8,695,460	50.19
Mr. Shahid Anwar Tata	1,693,022	9.77
National Bank of Pakistan Trustee Department NI(U)T Fund	2,218,498	12.81

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi and Lahore Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

The company has applied the principles contained in the CCG in the following manner.

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

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

The independent director meets the criteria of independence under clause i(b) of CCG

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the Board was duly filled by the directors within prescribed time.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condition of employment of the Chief Executive and other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The Board arranged internally an orientation/training programs for its directors during year. The Board had also initiated the training of directors for certification program and three of the directors, Mr. Farooq Advani, Mr. Adeel Shahid Anwar and Mr. Salman H. Chawala have completed the Director's Training Program and become the certified director from PICG (Pakistan Institute of Corporate Governance) and the remaining directors will acquire the required directors training certification within the time specified in CCG, unless exempt there under.

10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive and Chief Financial Officer before approval of the Board.
13. The directors, chief executive and executives do not hold any interest in the share of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an audit committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is independent director.
16. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two including the chairman of the committee, are non-executive directors.
18. The board has setup an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all applicable other material principles enshrined in the CCG have complied with.

ON BEHALF OF THE BOARD OF DIRECTORS



SHAHID ANWAR TATA
CHIEF EXECUTIVE

KARACHI
DATED: September 16, 2013

NOTICE

of Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting of the Shareholders of Tata Textile Mills Limited will be held on Monday the October 21, 2013 at 5:00 P.M. at 5th Floor Textile Plaza M.A. Jinnah Road Karachi, to transact the following business: -

1. To confirm the minutes of the 26th Annual General Meeting held on October 19, 2012.
2. To receive, consider and adopt the report of the Directors and Auditors and Audited Accounts of the Company for the year ended June 30, 2013.
3. To appoint Auditors for the year 2013-14 and fix their remuneration. The retiring auditors M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants being eligible to offer themselves for reappointment.
4. To approve the payment of cash dividend @ 20% (i.e. Rs.2.00 per share), for the year ended June 30, 2013 as recommended by the Board of Directors.
5. To transact any other ordinary business or businesses with the permission of the Chairman.

By order of the Board of Directors



Farooq Advani
Company Secretary

Karachi:

Dated: September 28, 2013

Notes:

1. The Share Transfer Books of the Company will remain closed from October 12, 2013 to October 21, 2013 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. Proxies, in order to be effective must be received by the Company not less 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 usual documents required for such purpose.
4. Shareholders are requested to notify the change of address, if any, immediately.
5. Members who have not yet submitted photocopies of their CNIC to the Company's Share Registrar, are requested to send the same at the earliest.



M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

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

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

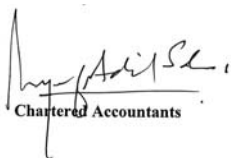
We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2013 prepared by the Board of Directors of **Tata Textile Mills Limited** (the Company) to comply with the Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the Company is listed.

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

As part of our audit of 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's 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.

Further, Listing Regulations of the Karachi and Lahore Stock Exchanges Limited require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before audit committee. We are only required and have ensured compliance of the requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2013.



Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

KARACHI
DATED: September 16, 2013

Member of
Deloitte Touche Tohmatsu Limited

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
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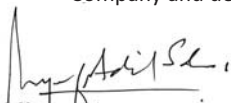
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **TATA TEXTILE MILLS LIMITED** (the Company) as at June 30, 2013 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required, and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



Chartered Accountants

Engagement Partner:

Mushtaq Ali Hirani

KARACHI

DATED: September 16, 2013

Member of
Deloitte Touche Tohmatsu Limited

Financial Statements

for the Year Ended June 30, 2013

 **AMSLER**
SWISS EFFECT YARN SYSTEM

BALANCE SHEET

	Note	2013 Rupees	2012
SHARE CAPITAL AND RESERVES			
Share capital	3	173,247,500	173,247,500
General reserve		1,000,000,000	-
Unappropriated profit		305,563,404	946,390,039
		1,478,810,904	1,119,637,539
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
	4	936,597,031	978,445,858
NON-CURRENT LIABILITIES			
Long-term finance	5	267,398,903	234,982,144
Deferred liabilities	6	52,632,240	61,091,758
CURRENT LIABILITIES			
Trade and other payables	7	290,583,017	273,298,806
Interest / mark-up accrued on borrowings	8	31,904,339	37,047,965
Short-term borrowings	9	1,270,875,610	943,063,653
Current portion of long-term finance	5	74,290,017	80,822,108
Taxation - income tax		26,810,613	53,570,473
		1,694,463,596	1,387,803,005
CONTINGENCIES AND COMMITMENTS			
	10		
		4,429,902,674	3,781,960,304

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

AS AT JUNE 30, 2013

	Note	2013 Rupees	2012
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,454,098,248	2,400,343,615
Intangible assets	12	6,529,615	7,768,401
Long-term deposits		1,964,069	1,939,069
CURRENT ASSETS			
Stores, spares and loose tools	13	44,129,628	47,285,319
Stock-in-trade	14	1,486,942,606	933,111,332
Trade debts	15	187,117,871	119,081,376
Loans and advances	16	105,138,454	94,715,998
Trade deposits and short-term prepayments	17	2,672,063	3,388,098
Other receivables	18	1,304,382	33,800,055
Other financial assets	19	5,352,385	8,144,850
Sales tax refundable		22,960,838	13,276,755
Cash and bank balances	20	111,692,515	119,105,436
		1,967,310,742	1,371,909,219
		4,429,902,674	3,781,960,304



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN / DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012
Sales	21	4,615,713,114	5,186,235,261
Cost of goods sold	22	(3,764,777,993)	(4,564,204,197)
Gross profit		850,935,121	622,031,064
Distribution cost	23	(206,548,787)	(175,742,492)
Administrative expenses	24	(88,719,443)	(65,167,278)
Other operating expenses	25	(38,110,553)	(40,034,591)
Finance cost	26	(184,570,535)	(267,609,464)
		(517,949,318)	(548,553,824)
Other income	27	6,952,931	11,642,083
Profit before taxation		339,938,734	85,119,323
Provision for taxation	28	(11,434,511)	(43,744,118)
Profit for the year		328,504,223	41,375,205
Other comprehensive income for the year		-	-
Total comprehensive income for the year		328,504,223	41,375,205
Earnings per share - basic and diluted	29	18.96	2.39

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



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		339,938,734	85,119,323
Adjustments for :			
Depreciation of property, plant and equipment	11.2	128,832,589	115,099,976
Amortization of intangibles	24	1,638,786	25,530
Provision for staff gratuity and compensated absences		20,262,515	16,639,251
Finance cost	26	184,570,535	267,609,464
Gain on disposal of property and equipment	27	(5,996,144)	(5,409,030)
Unrealised gain on forward contract		-	(5,501,665)
Operating cash flows before movements in working capital		669,247,015	473,582,849
 (Increase) / decrease in current assets			
Stores, spares and loose tools		3,155,691	1,998,282
Stock-in-trade		(553,831,274)	1,183,244,256
Trade debts		(68,036,495)	176,512,837
Loans and advances		(20,928,696)	(6,381,225)
Trade deposits and short-term prepayments		716,035	37,769
Other receivables		32,495,673	(21,204,627)
Other financial assets		2,792,465	(160,001)
Sales tax refundable		(9,684,083)	(2,820,449)
 Increase in current liabilities			
Trade and other payables		18,479,680	28,081,576
Cash generated from operations		74,406,011	1,832,891,267
Finance cost paid		(189,714,161)	(279,674,628)
Income taxes paid		(38,232,532)	(49,707,579)
Staff gratuity and compensated absences paid		(12,032,567)	(12,672,355)
Net cash (used in) / generated from operating activities		(165,573,249)	1,490,836,705

	Note	2013 Rupees	2012
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of machinery and equipment		(201,510,722)	(100,429,221)
Proceeds from disposal of property and equipment		23,506,550	21,401,543
Purchase of intangible assets		(400,000)	(3,710,600)
Long-term deposits		(25,000)	(1,289,111)
Net cash used in investing activities		<u>(178,429,172)</u>	<u>(84,027,389)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finance		131,716,102	57,265,318
Repayment of long-term finance		(105,831,435)	(127,402,205)
Proceeds from / (repayment of) short-term borrowings		260,959,303	(1,472,721,139)
Dividend paid		(17,107,124)	(51,374,527)
Net cash generated from / (used in) financing activities		<u>269,736,846</u>	<u>(1,594,232,553)</u>
Net decrease in cash and cash equivalents (A+B+C)		(74,265,575)	(187,423,237)
Cash and cash equivalents at July 01		(601,215,490)	(413,792,253)
Cash and cash equivalents at June 30	30	(675,481,065)	(601,215,490)

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



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2013

	Share Capital	General Reserve	Revenue reserve Unappropriated Profit	Total
Note	-----Rupees-----			
Balance as at July 01, 2011	173,247,500	-	911,195,384	1,084,442,884
Comprehensive income				
Profit after taxation for the year ended June 30, 2012	-	-	41,375,205	41,375,205
Other comprehensive income - net of tax	-	-	-	-
	-	-	41,375,205	41,375,205
Transferred from surplus on revaluation of property, plant and equipment on account of:				
- incremental depreciation	-	-	40,124,836	40,124,836
- disposal of property, plant and equipment	-	-	5,668,864	5,668,864
4	-	-	45,793,700	45,793,700
Transactions with owners				
Final cash dividend for the year ended June 30, 2011 @ Rs. 3 per share	-	-	(51,974,250)	(51,974,250)
Balance as at June 30, 2012	173,247,500	-	946,390,039	1,119,637,539
Comprehensive income				
Profit after taxation for the year ended June 30, 2013	-	-	328,504,223	328,504,223
Other comprehensive income - net of tax	-	-	-	-
	-	-	328,504,223	328,504,223
Transferred from surplus on revaluation of property, plant and equipment on account of:				
- incremental depreciation	-	-	44,557,333	44,557,333
- disposal of property, plant and equipment	-	-	3,436,560	3,436,560
4	-	-	47,993,893	47,993,893
Transfer to general reserve	-	1,000,000,000	(1,000,000,000)	-
Transactions with owners				
Final cash dividend for the year ended June 30, 2012 @ Re. 1 per share	-	-	(17,324,750)	(17,324,750)
Balance as at June 30, 2013	173,247,500	1,000,000,000	305,563,404	1,478,810,904

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



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

1. GENERAL INFORMATION

- 1.1 Tata Textile Mills Limited (the Company) was incorporated in Pakistan on April 15, 1987 as a public limited company under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at, 6th floor Textile Plaza, M.A. Jinnah Road Karachi, in the province of Sindh. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facilities are located at District of Muzaffargarh in the province of Punjab.
- 1.2 These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.2 Basis of preparation

The financial statements have been prepared under the historical cost convention modified by:

- revaluation of certain property, plant and equipment
- recognition of certain staff retirement benefits at present value
- financial instruments at fair value

2.3 Adoption of New Standards, and Amendments and Interpretations to the published approved accounting standards:

During the year, the following standards, amendments to standards and interpretations including amendments to interpretations became effective, however, the application of these amendments and interpretations did not have material impact on the financial statements of the Company:

Standard or Interpretation

**Effective for periods
beginning on or after**

IAS 1 - Presentation of Financial Statements (Amendment)	July 01, 2012
IFRS 7 - Financial Instruments Disclosures on transfer of assets	April 01, 2012



2.3.1 Standards, interpretations and amendments to the published approved accounting standards 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.

Standard or Interpretation	Effective for periods beginning on or after
IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information (Amendment)	January 01, 2013
IAS 16 - Property, Plant and Equipment Classification of servicing equipment (Amendment)	January 01, 2013
IAS 19 - Employee Benefits	January 01, 2013
<p>The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. However, management has not performed detailed analysis of the impact of the application of the amendments and hence not yet quantified the extent of the impact.</p>	
IAS 32 - Financial Instruments: Presentation Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	January 01, 2014
IAS 32 - Financial Instruments: Presentation Offsetting financial assets and financial liabilities	January 01, 2014
IAS 34 - Interim Financial Reporting Interim reporting of segment information for total assets and total liabilities (Amendment)	January 01, 2013
IFRS 7 - Financial Instruments Disclosures - Offsetting financial assets and financial liabilities (Amendment)	January 01, 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised 2011) - Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11

2.4 The principal accounting policies adopted are set out below.

2.4.1 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit and loss account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

2.4.2 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.4.3 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. Both plans are un-funded. The details of plans are as follows:

Defined benefit plan

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 income. The most recent valuation was carried out as at June 30, 2013 using "Projected Unit Credit Method".

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses.

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceeds 10% of the present value of the Company's obligation is amortized over the average expected remaining working lives of the employees.

Details of the schemes are given in note 6.1 to these financial statements.

Other staff retirement benefits

The Company also maintains a retirement plan for all its employees under non-workmen category. Under this plan, every employee under non-workmen category 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 of that year. In future years, the liability amount is not revised for any increase or decrease in salary of any non-workmen.

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned.

2.4.4 Taxation**Current**

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

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 balance sheet date.

2.4.5 Property, plant and equipment

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

Freehold land, building, plant and machinery and electric installations are stated at revalued amount being the fair value at the date of revaluation, less subsequent accumulated depreciation and impairment losses, if any. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the balance sheet date. Any revaluation increase arising on the revaluation of such assets is credited to 'Surplus on Revaluation of Property, Plant and Equipment'. A decrease in the carrying amount arising on revaluation is charged to profit and loss account to the extent that it exceeds the balance, if any, held in the surplus on revaluation of property, plant and equipment relating to a previous revaluation of that asset. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related revalued assets is to unappropriated profit.

Depreciation is charged to income applying the reducing balance method at the rates specified in the note 11. 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 of disposal.

Assets' residual values, if significant, and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet 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.

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

Gains or losses on disposal of assets, if any, are recognized as and when incurred.

Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less any impairment loss. 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 2.4.2. These are transferred to specific assets as and when assets are ready for their intended use.

2.4.6 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 entity and the cost of such asset can be measured reliably.

Definite life

Intangible asset with a finite useful life is amortised on a straight line basis over its useful life. Amortization on all additions in intangibles 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 rate of amortization is disclosed in note 12.

The amortisation period for intangible assets with a finite useful life is reviewed at each year end and is changed to reflect the useful life expected at respective year end.

2.4.7 Investment

Regular way purchase or sale of investments

All purchases and sales of investments are recognized using settlement date accounting. Settlement date is the date that the investments are delivered to or by the Company.

Held-to-maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held-to-maturity investments are initially recognized at fair value plus transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.4.8 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 balance sheet date.

2.4.9 Stock-in-trade

These are valued at lower of cost and net realizable value applying the following basis:

- Raw material - at moving average cost.
- Material in transit - at cost accumulated upto balance sheet date.
- Work-in-process - at average manufacturing cost.
- Finished goods - at average manufacturing cost.
- Waste - at net realizable value.

Upto June 30, 2012, the Company used to value stock in trade - raw material on weighted average cost. Had there been no change in the accounting policy, the closing value of stock in trade at year end would have been higher by Rs. 0.8 million.

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

Net realizable value (NRV) represents the estimated selling price at which the inventories can be realized in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the estimated costs necessary to make the sale.

Where NRV charge subsequently reverses, the carrying value of the inventory 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 profit and loss account.

2.4.10 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 balance sheet date and adjusted to reflect the current best estimate.

2.4.11 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

2.4.12 Foreign currencies

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 into Pak Rupees using the exchange rate at the balance sheet 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 balance sheet date are included in profit and loss account.

2.4.13 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.4.14 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.

2.4.15 Impairment

Financial assets

The Company assesses at each balance sheet 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.

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets and 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. 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 a revaluation increase.

2.4.16 Revenue recognition

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

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

2.4.17 Cash and cash equivalents

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

2.4.18 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.

2.4.19 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.

2.4.20 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.

2.4.21 Critical judgments and accounting estimates in applying the accounting policies

In the process of applying the Company's accounting policies, the management has not identified any area where significant judgments have been exercised which have material impact on the financial statements, except as mentioned below. Further, there are no key assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date that have significant risks of causing a material adjustment within the next financial year. The Company has used significant judgment and estimates in the following areas:

- Impairment in property, plant and equipment.
- Useful life of property, plant and equipment.
- Useful life of intangible assets.
- Provision for tax and deferred tax.
- Net realisable value of stock-in-trade.
- Staff retirement benefits.

3. SHARE CAPITAL

2013	2012		2013	2012
Number of Shares			..... Rupees	
20,000,000	20,000,000	Authorised	200,000,000	200,000,000
		Ordinary shares of Rs.10/- each		
		Issued, subscribed and paid-up capital		
		Ordinary shares of Rs. 10 each fully paid:		
13,100,000	13,100,000	-In cash	131,000,000	131,000,000
4,224,750	4,224,750	-As bonus shares	42,247,500	42,247,500
17,324,750	17,324,750		173,247,500	173,247,500

3.1 There was no movements during the reporting year

3.2 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.

3.3 Following shares were held by an associate of the Company as at the balance sheet date.

		2013	2012
		Number of ordinary Shares of Rs. 10/- each	
Island Textile Mills Limited		434,789	-
Salfi Textile Mills Limited		-	3,967,500
3.4	The Company has no reserved shares for issuance under options and sales contracts.		
4.	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
	Surplus on revaluation of property, plant and equipment	2013	2012
	This represents surplus over book value resulting from the revaluation of free hold land, building, plant and machinery and electric installations. (Refer Note-11.4)	..... Rupees .....	..... Rupees
	Balance at July 1, 2012	995,706,262	897,799,038
	Increase arising on revaluation of property, plant and equipment carried out at year end	-	143,700,924
	Transferred to unappropriated profit on account of		
	- incremental depreciation	(44,557,333)	(40,124,836)
	- disposal of property, plant and equipment	(3,436,560)	(5,668,864)
	Related deferred tax liability	(597,677)	-
		<u>(48,591,569)</u>	<u>(45,793,700)</u>
	Balance at June 30, 2013	947,114,693	995,706,262
	Related deferred tax liability		
	Opening balance	17,260,404	-
	Surplus arising on revaluation of property, plant and equipment	-	17,260,404
	Adjustment due to change in rate on		
	- normal tax	(451,843)	-
	- income subject to FTR	(5,693,222)	-
	Incremental depreciation charged during the year transferred to unappropriated profit - net of deferred tax	(597,677)	-
		<u>(10,517,662)</u>	<u>(17,260,404)</u>
	Closing balance	<u>936,597,031</u>	<u>978,445,858</u>
4.1	This represents the reversal of opening deferred tax liability balance due to revision of deferred tax rate from 1.91% to 1.27% in order to incorporate the affect of charge in proportion of export sales to local sales which falls under Final Tax Regime (FTR).		
5.	LONG-TERM FINANCE	2013	2012
	..... Rupees .....	..... Rupees .....	..... Rupees
	From banking companies and other financial institutions - secured		
	Demand finances	147,474,218	118,681,324
	Term finances	53,025,000	57,060,000
	Vehicle loans	4,569,687	7,134,663
	Export oriented projects (EOP)	136,620,015	107,928,265
		<u>341,688,920</u>	<u>290,804,252</u>
	From a related party - unsecured		
	Subordinated loan	-	25,000,000
		<u>341,688,920</u>	<u>315,804,252</u>
	Less: Current portion:		
	Demand finances	(39,999,997)	(48,913,206)
	Term finance	(8,070,000)	(4,035,000)
	Vehicle loans	(1,924,645)	(2,557,402)
	Export oriented projects (EOP)	(24,295,375)	(25,316,500)
		<u>(74,290,017)</u>	<u>(80,822,108)</u>
		<u>267,398,903</u>	<u>234,982,144</u>

- 5.1** These facilities are obtained from a banking company which are secured against first pari passu charge over land, building plant and machinery of the Company, specific charge over new machinery and personal guarantee of directors. These facilities are subject to mark-up at the rates of 3 months' KIBOR plus 1% per annum (2012: 3 months' KIBOR plus 1% to 1.5% per annum) with quarterly payments. These facilities are repayable in 16 to 20 installments commencing from August 2009 to November 2014. The aggregate amount of unavailed demand finance facilities is Rs. 265 million (2012: Rs. 124.58 million).
- 5.2** These finances were obtained from banking companies which are secured against first pari passu charge on all present and future fixed assets including land, building, plant and machinery and charge on specific machinery. These facilities are subject to markup at the rate 6 months' average KIBOR plus 1.25% (2012: 3 and 6 months' average KIBOR plus 1.25%). These are repayable in 10 and 16 equal half yearly installments commencing from January 2013 to March 2013.
- 5.3** These represent loans obtained from a banking company which are secured against vehicles acquired from such loans and guarantee of the Company. These loans are subject to mark-up at the rate of 13% (2012: 13 %) per annum and are repayable in 60 equal monthly installments commencing from September 2006 to May 2012. The unavailed facility at June 30, 2013 is Rs. 13.505 million (2012: 1.1 million).
- 5.4** These loans are obtained from banking companies which are secured against joint/first pari passu charge on all present and future fixed assets including land, building, plant and machinery and charge on specific machinery. These loans are subject to mark-up ranging from 7% to 12.70% (2012: 7% to 12.70%) per annum. These loans are repayable in 8 to 16 half yearly installments commencing from January 2010 to October 2013.
- 5.5** During the year, Company has fully paid this unsecured subordinated loan obtained from Tata Energy Limited (an associated undertaking). The loan was subject to mark-up at the rate 6 months' average KIBOR plus 1.5% p.a (2012: 6 months' average KIBOR plus 1.5% per annum) reprised quarterly.
- 5.6** Management considers that there is no significant non compliance of agreements with banking companies, financial institutions and related party, where the Company is exposed to penalties.

	Note	2013	2012
		..... Rupees	
6. DEFERRED LIABILITIES			
Staff gratuity	6.1	37,318,407	30,148,868
Compensated absences		3,077,495	2,017,086
Deferred taxation	6.2	12,236,338	28,925,804
		<u>52,632,240</u>	<u>61,091,758</u>
6.1 Staff gratuity			
Workmen - Defined benefit plan	6.1.1	6,617,418	4,473,217
Other staff retirement benefits	6.1.3	30,700,989	25,675,651
		<u>37,318,407</u>	<u>30,148,868</u>

	2013	2012
	..... Rupees	
6.1.1 Workmen - Defined benefit plan		
Liability recognised in the balance sheet		
Present value of defined benefit obligation	13,258,855	9,716,839
Unrecognized actuarial loss	(6,641,437)	(5,243,622)
	<u>6,617,418</u>	<u>4,473,217</u>
Expense recognised in the profit and loss account		
Current service cost	5,582,221	4,661,633
Interest cost	913,000	1,151,679
Actuarial loss recognised	474,660	399,738
	<u>6,969,881</u>	<u>6,213,050</u>
Present value of the defined benefit obligation		
Opening defined benefit obligation	9,716,839	8,226,276
Current service cost	5,582,221	4,661,633
Interest cost	913,000	1,151,679
Actuarial loss	1,872,475	823,351
Benefits paid	(4,825,680)	(5,146,100)
Closing defined benefit obligation	<u>13,258,855</u>	<u>9,716,839</u>
Movement in defined benefit plan		
Opening balance	4,473,217	3,406,267
Charge for the year	6,969,881	6,213,050
Paid during the year	(4,825,680)	(5,146,100)
Closing balance	<u>6,617,418</u>	<u>4,473,217</u>
The principal assumptions used in the valuation of gratuity (Workmen - Defined benefit plan) are as follows:		
Discount rate (% per annum)	11.50	12.50
Expected rate of salary increase (% per annum)	11.50	12.50

Amounts for the current and previous four years are as follows:

	2013	2012	2011	2010	2009
	..... Rupees				
Defined benefit obligation	6,617,418	4,473,217	3,406,267	2,715,342	2,757,148
Experience adjustments on obligation					
Present value of obligation	13,258,855	9,716,839	8,226,276	6,757,897	7,566,942
Actuarial loss / (gain) on obligation	1,872,475	823,351	1,083,524	(429,481)	1,908,485

6.1.2 There is no plan assets against defined benefit obligation.

	2013	2012
	..... Rupees	
6.1.3 Non-workmen - Other staff retirement benefits		
Opening balance	25,675,651	23,047,811
Charge for the year	8,188,001	6,650,153
Paid during the year	(3,162,663)	(4,022,313)
Closing balance	<u>30,700,989</u>	<u>25,675,651</u>

6.2 Deferred taxation

	Opening balance	Deferred tax recognised in Profit and Loss Account	Surplus Revaluation of Assets	Closing Balance
	..... Rupees			
Movement for the year ended June 30, 2013				
Deferred tax liabilities on taxable temporary differences arising in respect of :				
- Property, plant and equipment	15,518,016	(5,122,325)	-	10,395,691
- Surplus on revaluation of property, plant and equipment	17,260,404	(597,677)	(6,145,065)	10,517,662
	<u>32,778,420</u>	<u>(5,720,001)</u>	<u>(6,145,065)</u>	<u>20,913,353</u>
Deferred tax assets on deductible temporary differences arising in respect of :				
- Staff gratuity	(577,084)	118,068	-	(459,016)
- Unrealized gain of forward contract	105,308	(105,308)	-	-
- Unabsorbed depreciation	(3,380,840)	(846,771)	-	(4,227,611)
- Turnover tax	-	(3,990,388)	-	(3,990,388)
	<u>28,925,804</u>	<u>(10,544,401)</u>	<u>(6,145,065)</u>	<u>12,236,338</u>
Movement for the year ended June 30, 2012	-	11,665,400	17,260,404	28,925,804

7. TRADE AND OTHER PAYABLES

	Note	2013	2012
		..... Rupees	
Creditors	7.1	52,305,927	59,097,015
Foreign bills payable		-	21,822,020
Accrued liabilities	7.2	177,829,638	157,570,122
Retention money		4,512,814	2,840,299
Withholding income tax		2,745,144	480,059
Workers' Profit Participation Fund	7.3	18,289,354	4,301,270
Workers' Welfare Fund	7.4	30,756,583	23,440,841
Unclaimed dividend		3,734,542	3,516,916
Other liabilities		409,015	230,264
		<u>290,583,017</u>	<u>273,298,806</u>

7.1 Trade payables are non-interest bearing and are normally settled between 12 to 40 days terms.

7.2 This include Rs. 48.33 million provision for Sindh Development and Infrastructure Fee and Duty which was levied by the Excise and Tax Department 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. Currently the petition is filed in the High Court and through the interim order passed on May 31, 2011 the High Court of Sindh has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. The management is confident for a favorable outcome however, as a matter of prudence Company has paid Rs. 48.33 million (50%) of the value of infrastructure fee in cash and recorded liability for the remaining amount which is supported by a bank guarantee

	Note	2013	2012
		..... Rupees	
7.3 Workers' Profit Participation Fund			
Opening balance		4,301,270	19,588,233
Allocation during the year		18,289,354	4,301,270
Interest on funds utilized in the Company's business (note 26)	7.3.1	243,228	3,600,542
		<u>22,833,852</u>	<u>27,490,045</u>
Amount paid to the fund		(4,544,498)	(23,188,775)
Closing balance		<u>18,289,354</u>	<u>4,301,270</u>
7.3.1 Interest on funds is charged @ 13.2% (2012: 22.5 %) per annum.			
7.4 Workers' Welfare Fund			
The amendments introduced in the Worker's Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) was challenged by the Company with several other companies in the Sindh High Court (the Court). During the year, the Court has decided the said petitions and held that the amendments do not suffer from any constitutional or legal infirmity.			
	Note	2013	2012
		..... Rupees	
8. INTEREST / MARK-UP ACCRUED ON BORROWINGS			
Long-term finance			
- from banking companies		3,546,907	3,976,901
- from a related party		-	17,704,667
Short-term borrowings		<u>28,357,432</u>	<u>15,366,397</u>
		<u>31,904,339</u>	<u>37,047,965</u>
9. SHORT-TERM BORROWINGS			
From banking companies - secured			
Running / cash finances	9.1	787,173,580	720,320,926
Finance against import / export	9.2	483,702,030	222,742,727
	9.3	<u>1,270,875,610</u>	<u>943,063,653</u>
9.1	These are subject to mark-up at the rate of one to three months KIBOR plus 0.50% to 1.25% (2012: three to six months KIBOR plus 0.50% to 1.75%) per annum. These facilities are secured against pledge of stock and pari passu charge over stock and receivables and personal guarantee of sponsor directors.		
9.2	These facilities are subject to mark-up at the rate ranging from 3 months average 1.25% to 1.75%, inclusive of LIBOR (2012: 3 months average LIBOR / KIBOR plus 1.75%) per annum. These arrangements are secured against pledge of stock and trust receipts.		
9.3	Total facilities available from various commercial banks is Rs. 3,220 million (2012: Rs. 3,020 million) from which the aggregate unavailed short-term borrowings facilities are of Rs. 1,949 million (2012: Rs. 2,077 million).		
10. CONTINGENCIES AND COMMITMENTS	Note	2013	2012
		..... Rupees	
Contingencies			
There is no contingency outstanding against the Company at year end.			
Commitments			
Letters of credit			
- plant and machinery		27,741,900	120,972,501
- stores and spares		10,691,274	-
- raw material		-	3,125,034
Bank guarantees issued on behalf of the Company	10.1	94,266,800	93,465,757
Bills discounted		979,183,497	1,161,575,277
Forward contracts		-	693,443,603
10.1	This includes bank guarantee related infrastructure cess amounting to Rs. 48.4 million (2012: Rs. 44 million). Refer Note 7.2.		

11. PROPERTY, PLANT AND EQUIPMENT

Operating assets	11.1	2,429,349,486	2,389,942,153
Capital work in progress	11.5	24,788,762	10,401,462
		2,454,098,248	2,400,343,615

11.1 Operating assets

Particulars	Note	RUPEES										
		Cost/ revaluation at July 01, 2012	Additions (Adjustment)* during the year	Disposals during the year	Transfers	Cost/ revaluation at June 30, 2013	Accumulated depreciation at July 01, 2012	Depreciation (Adjustment)* for the year	Depreciation on Disposals	Transfers	Accumulated depreciation at June 30, 2013	Written down value at June 30, 2013	Rate %
Free hold land		112,632,500	-	-	-	112,632,500	-	-	-	-	112,632,500	-
Buildings on free hold land		496,634,759	3,552,064	-	-	500,186,823	24,944,940	-	-	24,944,940	475,241,883	5
Plant and machinery		1,663,377,506	169,643,781	(17,820,634)	388,800	1,815,589,453	87,841,529	(612,039)	314,753	87,544,243	1,728,045,210	5
Factory and workshop equipments		10,775,456	573,408	-	(388,800)	10,960,064	4,674,072	619,682	(314,753)	4,979,001	5,981,063	10
Electric installations		60,355,838	-	-	-	60,355,838	26,605,779	3,375,006	-	29,980,785	30,375,053	10
Lease hold improvements **		27,502,309	(4,413,095)	-	-	26,089,214	3,281,105	2,80,811	-	5,550,140	20,539,074	10
Furniture and fixtures		15,786,790	1,471,564	-	1,669,562	18,927,916	3,059,573	1,483,458	83,351	4,626,382	14,301,534	10
Office equipment		23,807,697	1,911,106	-	(1,669,562)	24,049,241	7,612,881	2,836,853	(83,351)	10,366,383	13,682,858	5-30
Vehicles		42,764,727	10,011,499	(1,340,360)	-	51,435,866	18,462,019	5,462,086	-	22,885,556	28,550,310	20
June 30, 2013		2,453,637,582	187,163,422	(19,160,994)	-	2,620,226,915	63,695,429	(1,650,588)	-	190,877,430	2,429,349,486	

* These represent reversals of excess accrual made during last year.

FOR COMPARATIVE PERIOD

Particulars	Note	RUPEES											
		Cost/ revaluation at July 01, 2011	Additions during the year	Disposals during the year	Adjustment of Accumulated depreciation	Revaluation surplus / (deficit) during the year	Cost/ revaluation at June 30, 2012	Accumulated depreciation at July 01, 2011	Depreciation for the year	Disposals	Adjustment of Accumulated depreciation	Accumulated depreciation and impairment at June 30, 2012	Written down value at June 30, 2012	Rate %
Free hold land		90,130,000	-	-	-	22,502,500	112,632,500	-	-	-	-	112,632,500	-
Buildings on free hold land		475,173,248	7,720,655	-	-	101,468,487	67,289,761	20,437,870	-	(87,727,631)	-	496,634,759	5
Plant and machinery		1,944,324,664	114,777,559	(14,910,021)	(87,727,631)	1,979,229,938	320,017,128	82,909,808	(2,382,302)	(400,544,634)	-	1,663,377,506	5
Factory and workshop equipments		12,277,713	723,500	(2,225,757)	(400,544,634)	10,775,456	6,255,082	644,747	(2,225,757)	-	4,674,072	6,101,384	10
Electric installations		64,412,652	-	(4,056,814)	-	60,355,838	25,023,678	3,828,712	(2,446,611)	-	26,605,779	33,750,059	10
Lease hold improvements **		4,968,938	22,533,371	-	-	27,502,309	2,884,926	396,179	-	-	3,281,105	24,221,204	10
Furniture and fixtures		9,506,322	10,161,465	(3,880,997)	-	15,786,790	6,561,398	379,172	(3,880,997)	-	3,059,573	12,727,217	10
Office equipment		14,088,162	13,460,566	(3,741,031)	-	23,807,697	9,834,897	1,519,015	(3,741,031)	-	7,612,881	16,194,816	5-30
Vehicles		36,353,535	11,426,753	(5,015,561)	-	42,764,727	16,838,516	4,984,473	(3,560,970)	-	18,462,019	24,302,708	20
June 30, 2012		2,651,235,234	180,803,869	(33,830,181)	(488,272,265)	143,700,925	2,453,637,582	115,099,976	(17,837,668)	(488,272,265)	63,695,429	2,389,942,153	

** Nomenclature has been changed from office premises to lease hold improvements.

	Note	2013	2012
		Rupees	
11.2 Depreciation for the year has been allocated as under:			
Cost of goods manufactured	22.1	120,111,225	110,394,171
Administrative expenses	24	8,721,364	4,705,805
		<u>128,832,589</u>	<u>115,099,976</u>

11.3 Had there been no revaluation the related figures of freehold land, buildings on freehold land, plant and machinery and electric installations at June 30, 2013 would have been as follows :

	2013			2012		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
Rupees.....						
Land - freehold land	20,612,299	-	20,612,299	20,612,299	-	20,612,299
Building on free hold land	266,019,024	127,611,644	138,407,380	262,466,960	120,394,836	142,072,124
Plant and Machinery	2,075,661,510	864,103,029	1,211,558,481	1,931,868,095	815,643,727	1,116,224,368
Electric installations	58,493,501	29,891,708	28,601,793	58,493,501	26,713,731	31,779,770
	<u>2,420,786,334</u>	<u>1,021,606,380</u>	<u>1,399,179,953</u>	<u>2,273,440,855</u>	<u>962,752,294</u>	<u>1,310,688,561</u>

Revaluation of free hold land, building and plant and machinery had been carried out on September 30, 2003, June 30, 2008 and June 30, 2012 while revaluation of electric installations had been carried out on September 30, 2003. All the revaluations were conducted by the independent professional valuers M/s. Iqbal A. Nanjee & Co. on the basis of market value or depreciated replacement values as applicable. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment account to comply with the requirement of Section 235 of the Companies Ordinance, 1984.

11.4 Disposal of property, plant and equipment

Following assets were disposed off during the year - by negotiations:

Particulars	Cost / revalued amount	Accumulated Depreciation	Written down Value	Sale Proceeds	Name and Address
Rupees.....					
Machinery	10,439,002	304,471	10,134,531	13,166,550	Vakjra S.A DE C.V, Av.Insurgentes No.1863 Int.301 B, Col. Guadalupe Inn C.P Alvaro Obregon, Distrito Federal Mexico.
Machinery	7,381,632	307,568	7,074,064	9,500,000	Tata Energy Limited 6th Floor, Textile Plaza, M.A Jinnah Road, Karachi.
Vehicle	1,340,360	1,038,549	301,811	840,000	Mr. Khalid House No.B-22, Block 6, Wajid Square, Gulshan-e-Iqbal, Karachi
June 30, 2013	<u>19,160,994</u>	<u>1,650,588</u>	<u>17,510,406</u>	<u>23,506,550</u>	
June 30, 2012	<u>33,830,181</u>	<u>17,837,668</u>	<u>15,992,513</u>	<u>21,401,543</u>	

	Note	2013	2012
		Rupees	
11.5 Capital work-in-Progress			
Civil work		12,832,129	4,359,825
Machinery and electric installations		11,916,633	6,041,637
Others		-	-
		<u>24,748,762</u>	<u>10,401,462</u>
12. INTANGIBLES ASSETS			
License Fee	12.1	382,950	485,070
ERP software	12.1	6,146,665	-
Capital work in progress		-	7,283,331
		<u>6,529,615</u>	<u>7,768,401</u>
12.1 License fee & ERP software			
		COST	AMORTIZATION
		As at July 01, 2012	As at July 01, 2012
		Additions	Charge for the year
		As at June 30, 2013	As at June 30, 2013
			Book value as at June 30, 2013
			Rate of Amortization
		Rupees	
License fee		510,600	25,530
ERP software		7,683,331	1,536,666
		<u>8,193,931</u>	<u>1,638,786</u>
			<u>6,529,615</u>
For comparative period			
		COST	AMORTIZATION
		As at July 01, 2011	As at July 01, 2011
		Additions	Charge for the year
		As at June 30, 2012	As at June 30, 2012
			Book value as at June 30, 2012
			Rate of Amortization
		Rupees	
License fee		510,600	25,530
			<u>485,070</u>
			20%
13. STORES, SPARES AND LOOSE TOOLS			
Stores and spares	13.1	44,109,384	46,931,352
Loose tools		20,244	353,967
		<u>44,129,628</u>	<u>47,285,319</u>
13.1			
It includes stores and spares in transit amounting to Rs. 2.5 million (2012: Rs. 7.8 million).			
14. STOCK-IN-TRADE			
Raw material	14.1	1,153,464,064	758,249,249
Work-in-process		38,751,599	39,454,292
Finished goods		257,009,922	105,695,449
Waste		37,717,021	29,712,342
		<u>1,486,942,606</u>	<u>933,111,332</u>
14.1			
It includes raw material in transit amounting to Rs. Nil (2012: Rs. 24.2 million).			
15. TRADE DEBTS - Considered good			
Export - secured	15.1	119,733,432	19,740,000
Local - unsecured - considered good		67,384,439	99,341,376
		<u>187,117,871</u>	<u>119,081,376</u>

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

15.2 Trade debts are non-interest bearing and are generally on 7 to 90 days terms.

15.3 Trade debts include debtors with a carrying amount of Rs. 34.99 million (2012: Rs. 36.87 million) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

	Note	2013	2012
		..... Rupees	
15.3.1 Aging of past due but not impaired			
1-30 days		30,301,206	22,772,841
31-90 days		4,294,654	7,462,184
91-120 days		-	-
121 days and above		401,730	6,635,234
		<u>34,997,590</u>	<u>36,870,259</u>
16. LOANS AND ADVANCES - Considered good			
Due from employees		4,622,795	3,682,104
Advance to creditors		27,728,709	1,916,003
Advance for expenses		389,921	575,622
Advance income tax		69,793,234	80,299,474
Advance against letters of credit		2,603,795	8,242,795
		<u>105,138,454</u>	<u>94,715,998</u>
17. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Bank guarantee margin		811,241	811,241
Short-term prepayments		1,860,822	2,576,857
		<u>2,672,063</u>	<u>3,388,098</u>
18.			
This include amount of Rs. 937,840 (2012: Nil) on account of sale of stores and spares items and Rs. Nil (2012: Rs.33,800,055) on reimbursement of capital expenditure receivable from associated undertakings.			
19. OTHER FINANCIAL ASSETS			
Investment held-to-maturity	19.1	5,352,385	2,643,185
Unrealized gain on revaluation of forward contracts		-	5,501,665
		<u>5,352,385</u>	<u>8,144,850</u>

19.1 This represents investment made in term deposit receipts held for a period of 6 months with a markup rate of 9 % (2012: 11 %) per annum.

	Note	2013	2012
		..... Rupees	
20. CASH AND BANK BALANCES			
Cash at bank			
In current accounts		109,663,556	117,041,559
In saving accounts	20.1	758,830	681,974
		<u>110,422,386</u>	<u>117,723,533</u>
Cash in hand		1,270,129	1,381,903
		<u>111,692,515</u>	<u>119,105,436</u>
20.1 Effective markup rate is 6% (2012: 6%) per annum			
21. SALES			
Export			
-Yarn		3,146,410,701	3,672,387,042
-Yarn (indirect export)		978,142,020	877,659,424
-Waste		277,650,215	343,905,086
		<u>4,402,202,936</u>	<u>4,893,951,552</u>
Local			
-Yarn		127,264,335	91,213,083
-Raw material		14,077,168	113,167,884
-Waste		72,168,675	87,902,742
		<u>213,510,178</u>	<u>292,283,709</u>
		<u>4,615,713,114</u>	<u>5,186,235,261</u>
22. COST OF GOODS SOLD			
Cost of goods manufactured	22.1	3,910,360,477	3,837,457,064
Finished goods			
Opening stock		135,407,791	748,994,485
Closing stock	22.2	(294,726,943)	(135,407,791)
		<u>(159,319,152)</u>	<u>613,586,694</u>
Cost of manufactured goods sold		<u>3,751,041,325</u>	<u>4,451,043,758</u>
Cost of raw material sold		13,736,668	113,160,439
		<u>3,764,777,993</u>	<u>4,564,204,197</u>
22.1 Cost of goods manufactured			
Raw material	22.1.1	2,960,968,394	3,052,957,836
Stores and spares		122,357,822	82,249,576
Packing material		67,945,139	67,227,214
Power and fuel		377,937,293	318,607,248
Salaries, wages and benefits	22.1.2	221,768,917	176,144,401
Depreciation	11.2	120,111,225	110,394,171
Insurance		16,219,393	19,018,555
Repairs and maintenance		8,454,500	6,611,467
Other overheads		13,895,101	6,994,024
		<u>3,909,657,784</u>	<u>3,840,204,492</u>
Work-in-process			
Opening stock		39,454,292	36,706,864
Closing stock	14	(38,751,599)	(39,454,292)
		<u>702,693</u>	<u>(2,747,428)</u>
		<u>3,910,360,477</u>	<u>3,837,457,064</u>

	Note	2013	2012
		..... Rupees	
22.1.1 Raw material consumed			
Opening stock		733,989,250	1,163,382,050
Purchases - net		3,380,443,208	2,623,565,036
		<u>4,114,432,458</u>	<u>3,786,947,086</u>
Closing stock	14	(1,153,464,064)	(733,989,250)
		<u><u>2,960,968,394</u></u>	<u><u>3,052,957,836</u></u>
22.1.2 Salaries, wages and benefits include Rs. 11 million (2012: Rs. 10 million) in respect of staff retirement benefits.			
22.2 It includes waste stock amounting to Rs. 37.7 million (2012: Rs. 30 million).			
23. DISTRIBUTION COST			
Brokerage and commission		99,349,769	61,745,320
Staff salaries and benefits	23.1	5,545,540	6,005,348
Ocean freight		26,782,111	31,632,095
Inland freight on export		21,352,650	25,161,900
Bank charges and commission		19,411,478	14,931,293
Claim from customers		11,982,152	8,611,014
Export development surcharge		7,604,750	10,199,767
Wharfage		5,463,350	6,077,218
Forwarding charges		2,526,747	3,098,936
Miscellaneous export expenses		2,165,041	2,794,463
Postage and telegram		700,000	1,608,206
Others		3,665,199	3,876,932
		<u><u>206,548,787</u></u>	<u><u>175,742,492</u></u>
23.1 Staff salaries and benefits include Rs. 0.48 million (2012: Rs. 0.44 million) in respect of staff retirement benefits.			
24. ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	24.1	40,435,127	30,664,810
Director's remuneration		7,372,862	6,411,210
Traveling and conveyance		5,794,759	4,774,602
Charity and donation	24.2	3,919,000	3,873,000
Vehicles running and maintenance		2,936,204	2,030,071
Legal and professional		2,884,841	2,452,560
Rent	24.3	2,863,140	-
Electricity		2,148,987	2,202,109
Fees and subscription		2,115,319	1,494,625
Printing and stationery		2,034,076	845,553
Postage and telephone		1,673,429	1,310,544
Depreciation	11.2	8,721,364	4,705,805
Amortization	12	1,638,786	25,530
Repairs and maintenance		1,332,929	1,302,319
Auditors' remuneration	24.4	1,130,000	900,000
Insurance		927,493	1,044,566
Advertisement		100,850	119,190
Others		690,277	1,010,784
		<u><u>88,719,443</u></u>	<u><u>65,167,278</u></u>

24.1 Staff salaries and benefits include Rs. 3.4 million (2012: Rs. 2.4 million) in respect of staff retirement benefits.

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

24.3 During the year the Company entered into a rental agreement with a director for the use of office premises. The amount represents rental expense accrued during the year.

	Note	2013	2012
		..... Rupees	
24.4 Auditors' remuneration			
Audit fee		650,000	500,000
Other remuneration			
- Half yearly review fee		75,000	40,000
- Other services		360,000	360,000
- CCG review fee		25,000	-
- CDC certification fee		20,000	-
		<u>1,130,000</u>	<u>900,000</u>
25. OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund		18,289,354	4,301,270
Workers' Welfare Fund		7,315,742	3,915,161
Realized loss on forward contracts		11,185,458	5,406,457
Exchange loss - net		1,319,999	26,411,703
		<u>38,110,553</u>	<u>40,034,591</u>
26. FINANCE COST			
Interest / Mark-up on :			
Long-term financing			
- from banking companies and other financial institutions		39,255,142	37,747,742
- from a related party		1,215,984	3,564,340
Short-term borrowings		123,534,592	193,698,413
Workers' Profit Participation Fund	7.3	243,228	3,600,542
Letters of credits discounting charges		17,587,196	26,532,716
Bank guarantee commission		1,416,964	478,184
Bank charges		1,317,429	1,987,527
		<u>184,570,535</u>	<u>267,609,464</u>
27. OTHER INCOME			
Income from financial assets			
Profit on bank accounts and term deposit receipts		885,144	731,388
Unrealized gain on revaluation of forward contracts		-	5,501,665
Income from assets other than financial assets			
Gain on disposal of property and equipment		5,996,144	5,409,030
Gain on sale of stores and spares		71,643	-
		<u>6,952,931</u>	<u>11,642,083</u>

	Note	2013	2012
		..... Rupees	
28. TAXATION			
Current			
-for the year		26,810,613	53,570,473
-for prior year		(4,831,701)	(21,491,755)
Deferred	6.2	(10,544,401)	11,665,400
		11,434,511	43,744,118

28.2 The numerical reconciliation between the tax expense and accounting profit has been presented for the current year in these financial statements as the total income of the Company for the current year attracted minimum tax under Section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

29. EARNINGS PER SHARE - BASIC AND DILUTED **2013** 2012

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

Profit for the year	Rupee	328,504,223	41,375,205
Weighted average number of ordinary shares outstanding during the year	No. of shares	17,324,750	17,324,750
Earnings per share	Rupee	18.96	2.39

	Note	2013	2012
		..... Rupees	
30. CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	111,692,515	119,105,436
Short-term running finances	9	(787,173,580)	(720,320,926)
		(675,481,065)	(601,215,490)

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	..... 2013 .....				..... 2012			
	Chief Executive	Directors			Chief Executive	Directors		
	Executive	Non-Executive	Executives		Executive	Non-Executive	Executives	
	..... Rupees							
Meeting fee	35,000	50,000	110,000	-	15,000	30,000	80,000	-
Managerial remuneration	7,372,862	-	-	33,456,452	6,411,210	-	-	28,809,188
Bonus / Ex-gratia	665,000	-	-	2,922,084	578,266	-	-	2,245,132
Retirement benefits	665,000	-	-	2,922,084	578,266	-	-	2,538,272
Leave encashment	-	-	-	1,461,042	-	-	-	1,261,292
Utilities	831,295	-	-	-	833,106	-	-	-
	9,569,157	50,000	110,000	40,761,662	8,415,848	30,000	80,000	34,853,884
No. of persons	1	2	4	19	1	2	4	17

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

	2013	2012
32. PLANT CAPACITY AND ACTUAL PRODUCTION		
Number of spindles installed	44,400	44,400
Number of spindles worked	44,400	44,400
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count-kgs	13,088,089	13,088,089
Actual production of yarn after conversion into 20/s count-kgs	14,108,443	14,332,303

	2013	2012
33. NUMBER OF EMPLOYEES		
The total average number of employees during the year and as at June 30, 2013 and 2012 respectively are as follows:		
Average number of employees during the year	1,251	1,199
Number of employees as at June 30	1,297	1,214

34. TRANSACTIONS WITH RELATED PARTIES
The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Remuneration of key management personnel is disclosed in note 31 and amount due in respect of staff retirement benefits is disclosed in note 6. Other significant transactions with related parties are as follows:

Relationship with the party	Nature of transactions	2013	2012
		..... Rupees	
Associated undertakings	Purchase of property, plant and equipment	-	174,000
	Sale of cotton	14,077,168	111,622,884
	Sale of stores and spares	916,400	-
	Share of expenses paid	2,047,207	4,656,832
	Share of expenses received	253,022	1,026,605
	Markup charges	1,215,984	3,564,340
	Repayment of loan	25,000,000	-
	Sale of property, plant and equipment	9,500,000	225,000
	Dividend paid	3,967,500	11,902,500
	Share of capital expenditure - Office renovation	-	33,800,055
Directors	Rent expense - godown	240,000	240,000
	- office premises	2,863,140	-
Other	Payment to Worker Profit Participation Fund	4,544,498	23,188,775

35. FINANCIAL RISK MANAGEMENT

35.1 The Company's principal financial liabilities comprise long-term financing, short-term borrowings 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, other receivables, cash and bank balances and short-term deposits 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.

35.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs. 312.9 million (2012: Rs. 286.6 million), the financial assets which are subject to credit risk amounted to Rs. 311.6 million (2012: Rs. 285.2 million).

The Company is exposed to credit risk from its operating activities (primarily for trade debts and loans and advances) 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. The names and credit rating of major banks where the Company maintains its bank balances are as follows:

Name of bank	Credit rating	
	Short term	Long-term
Soneri Bank Limited	A1+	AA-
Bank of Punjab	A1+	AA-
Bank Alfalah Limited	A1+	AA
NIB Bank Limited	A1+	AA-
Meezan Bank Limited	A1+	AA

35.2.1 Credit risk related to receivables

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

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

35.3 Liquidity risk management

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

The Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. 83% of the Company’s debt will mature in less than one year at June 30, 2013 (2012: 81%) based on the carrying value of borrowings reflected in the financial statements.

35.3.1 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 month	3 months-1 year	1-5 years	More the 5 years	Total
2013		..... Rupees					
Long term financing	7% - 15.61%	5,485,256	16,824,859	51,979,120	199,229,767	68,169,918	341,688,920
Trade and other payables		-	238,791,936	-	-	-	238,791,936
Interest / mark-up accrued on loans		20,824,787	7,077,532	-	-	-	27,902,319
Short-term borrowings	One, Three & Six months KIBOR plus 0.50 % to 1.25 %	-	-	1,270,875,637	-	-	1,270,875,637
		26,310,043	262,694,327	1,322,854,757	199,229,767	68,169,918	1,879,258,812
2012							
Long term finance	7% - 15.61%	3,594,632	22,781,753	89,937,619	268,747,784	38,036,049	423,097,837
Trade and other payables		-	245,076,636	-	-	-	245,076,636
Interest / mark-up accrued on loans		31,707,207	5,340,758	-	-	-	37,047,965
Short-term borrowings	Three months LIBOR / KIBOR plus 0.50 % to 1.75 %	-	-	943,063,653	-	-	943,063,653
		35,301,839	273,199,147	1,033,001,272	268,747,784	38,036,049	1,648,286,091

35.4 Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

35.4.1 Interest rate risk management

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will effect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 1 month, 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account other financing options available.

35.4.2 Interest rate sensitivity

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Company's profit for the year ended June 30, 2013 would increase / decrease by Rs. 12.9 million (2012: Rs. 11.5 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

35.4.3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However, the Company is not materially exposed to foreign currency risk on assets and liabilities. As at June 30, 2013, financial assets include Rs.172.6 million (2012: Rs. 56.35 million) and financial liabilities include Rs. 43.6 million (2012: Rs.220.42 million) which are subject to foreign currency risk against US Dollars.

35.4.4 Foreign currency sensitivity analysis

At June 30, 2013, if the 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. 12.89 million (2012 : Rs. 16.41 million), mainly as a result of foreign exchange gains / losses on translation of foreign currency trade debts and US Dollar denominated borrowings.

35.5 Determination of fair values

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

35.6 Financial instruments by category

The accounting policies for financial instruments have been applied for line items below:

	2013			2012		
	Loans and receivables	Held to maturity	Total	Loans and receivables	Held to maturity	Total
.....Rupees.....						
Assets as per balance sheet						
Deposits	2,775,310	-	2,775,310	2,750,310	-	2,750,310
Trade debts	187,117,871	-	187,117,871	119,081,376	-	119,081,376
Other receivables	1,304,382	-	1,304,382	33,800,055	-	33,800,055
Loans and advances	4,622,795	-	4,622,795	3,682,104	-	3,682,104
Cash and bank balances	111,692,515	-	111,692,515	119,105,436	-	119,105,436
Other financial assets	-	5,352,385	5,352,385	-	8,144,850	8,144,850
	307,512,873	5,352,385	312,865,258	278,419,281	8,144,850	286,564,131

Financial Liabilities measured at amortized cost

	2013	2012
	..... Rupees	
Liabilities as per balance sheet		
Long term finance	341,688,920	315,804,252
Trade and other payables	238,791,936	245,076,636
Interest / mark-up accrued on borrowings	31,904,339	37,047,965
Short-term borrowings	1,270,875,610	943,063,653
	1,883,260,805	1,540,992,506

35.7 Fair value hierarchy

The fair value of financial instruments have been analysed in various fair value levels as follows:

- 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 June 30, 2013, the Company does not hold any financial instruments which falls under the fair value hierarchy.

36. CAPITAL DISCLOSURE

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 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 2012.

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

Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity i.e., share capital and unappropriated profits.

The debt-to-adjusted capital ratio at June 30, 2012 and June 30, 2013 were as follows:

	2013	2012
	..... Rupees	
Total debts	1,612,564,530	1,258,867,905
Less: Cash and bank balances	<u>(111,692,515)</u>	<u>(119,105,436)</u>
Net debt	1,500,872,015	1,139,762,469
Total equity	<u>1,478,810,904</u>	<u>1,119,637,539</u>
Adjusted capital	<u>2,979,682,919</u>	<u>2,259,400,008</u>
Debt-to-adjusted capital ratio	0.50	0.50

37. OPERATING SEGMENTS

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

38. SUBSEQUENT EVENTS

The Board of Directors at their meeting held on 16th September, 2013 have proposed a cash dividend of Rs. 2.00 per share (2012: Re. 1.00 per share) for the year ended June 30, 2013, amounting to Rs. 34.65 million (2012: Rs. 17.32 million), subject to the approval of members at the annual general meeting to be held on October 21, 2013.

39. RECLASSIFICATION

The corresponding figures have been reclassified for the purpose of better presentation.

40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on September 16, 2013.

41. GENERAL

Figures have been rounded off to the nearest rupee.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

FORM OF PROXY

TATA TEXTILE MILLS LIMITED

I/We _____
 of _____ being a member(s) of TATA TEXTILE MILLS LIMITED registered
 at Folio No. _____ holder of _____
 ordinary shares hereby appoint Mr./Mrs./Miss. _____

who is also a member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company at 5th Floor Textile Plaza, M.A. Jinnah Road, Karachi on Monday, October 21, 2013 at 5:00 pm or at any adjournment thereof.

As witness my/our hand this _____ day of 2013
 signed by the said _____ in the presence of

1. Witness:

Signature _____
 Name _____
 Address _____

Affix Revenue
 Stamps of Rs.5/-

 Signature of Member

2. Witness:

Signature _____
 Name _____
 Address _____

Shareholder's Folio No. _____

CDC Participant I.D/Sub A/c # _____

CNIC No.

NOTES:

- Proxies, in order to be effective, must be received at the Company's Registered Office 6th Floor Textile Plaza, M.A. Jinnah Road, Karachi, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- Signature must agree with the specimen signature registered with the Company.
- An individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC/Passport to prove his/her identity, and in case of proxy must enclose additionally an attested copy of his/her CNIC/Passport. Representative of corporate members should bring the original usual documents required of such purpose.
- No person shall act as proxy unless he is a member of the Company.

2013



TATA TEXTILE MILLS LIMITED

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