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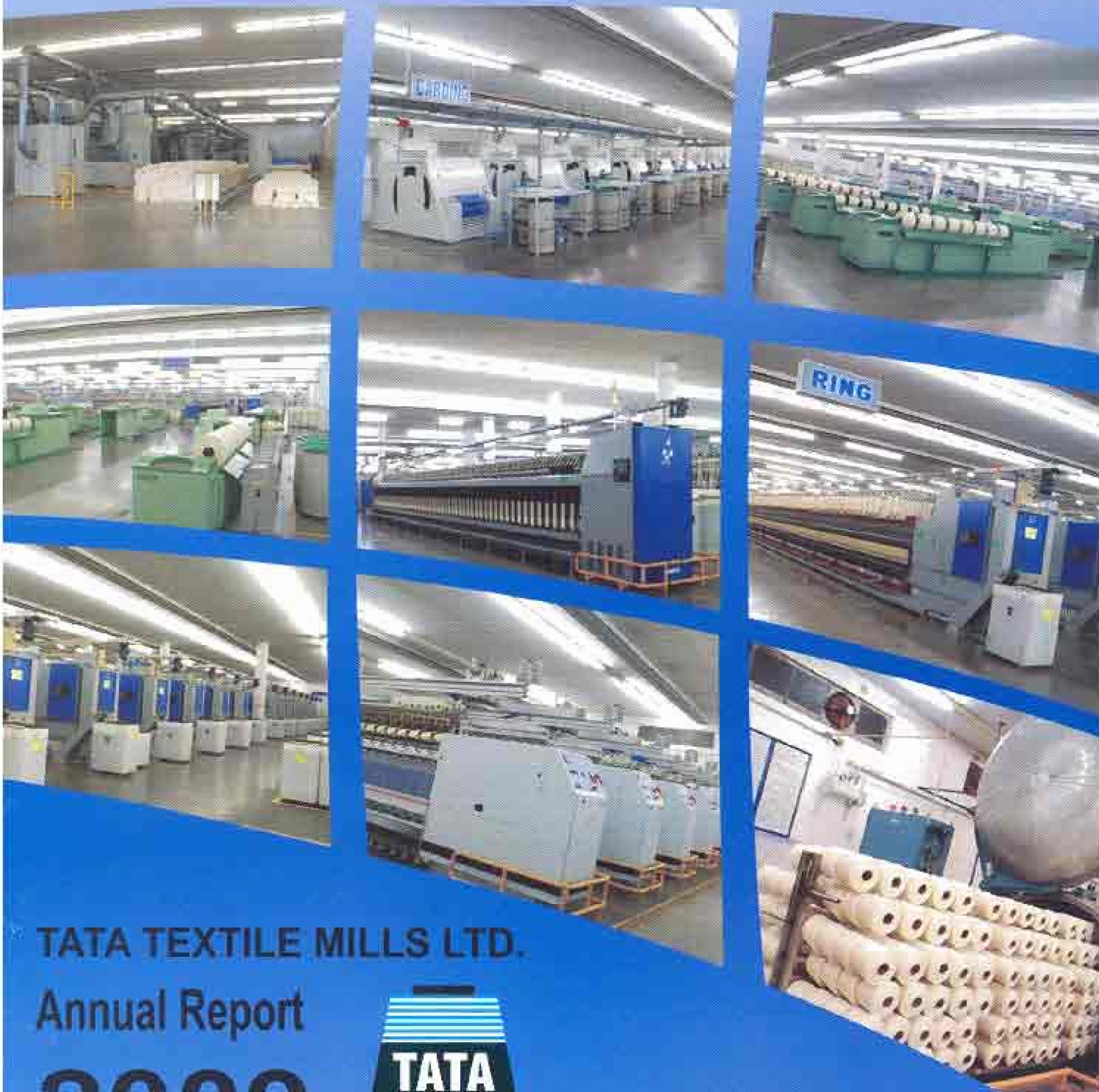


TATA TEXTILE MILLS LTD.

Annual Report

2009

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	
CHAIRMAN	Mr. Anwar Ahmed Tata
CHIEF EXECUTIVE:	Mr. Shahid Anwar Tata
DIRECTORS:	Mr. Adeel Shahid Anwar Tata Mr. Farooq Advani Mr. Muhammad Ayub (NIT) Mr. Muhammad Waris Magoon Mr. Shahid Aziz (NIT)
AUDIT COMMITTEE CHAIRMAN:	Mr. Anwar Ahmed Tata
MEMBERS:	Mr. Adeel Shahid Anwar Tata Mr. Muhammad Waris Magoon
COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:	Mr. Farooq Advani
BANKERS:	The Royal Bank of Scotland Ltd. Bank Al-Falah Ltd. Faysal Bank Ltd. Habib Metropolitan Bank Ltd. MCB Bank Ltd. National Bank of Pakistan Soneri Bank Ltd.
AUDITORS:	M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants
LEGAL ADVISOR:	Muhammad Afzal Awan Advocates.
SHARE REGISTRAR:	Noble Computer Services (Pvt.) Ltd. Mezzanine Floor, House of Habib Building (Siddiqsons Tower),3 - Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal Karachi- 75350 Tel# 34325482-87
REGISTERED OFFICE:	8, 8th 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:	finance@tatatex.com
MILLS:	10th K.M. M.M. Road Khanpur-Baggasher, District Muzaffargarh

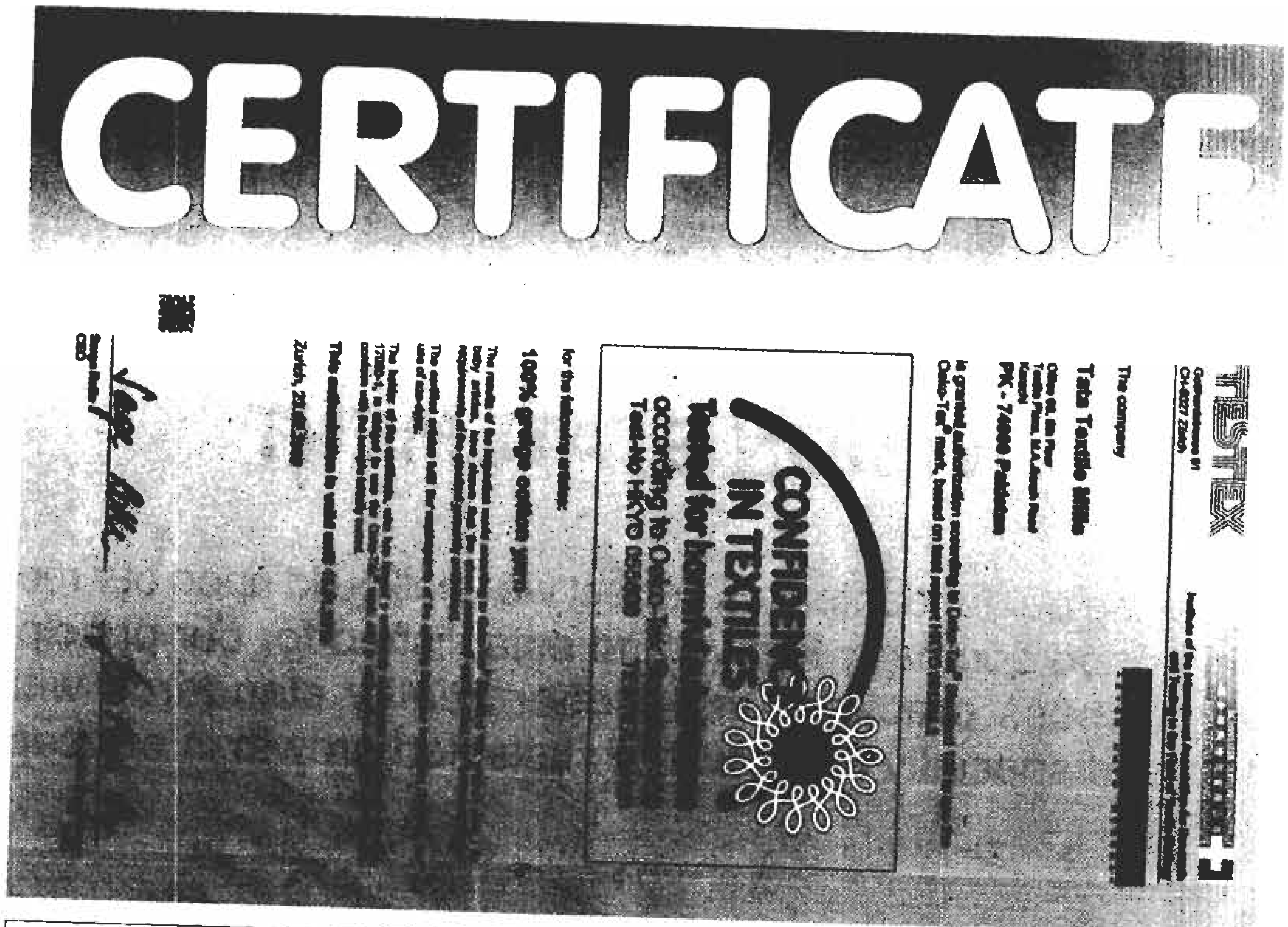
VISION STATEMENT

While keeping our fundamentals correct we shall build upon our recognition as a very good company known and established for our principled and honest business practices and higher quality standards with niche products and specialty items with a sustained growth in our capacities.

MISSION STATEMENT

We are committed to the higher expectations of our customers, we deliver more than we promise. We strive for the production of best quality yarns for high value products.

COMMITTED TO QUALITY



This is to certify that

Tata Textile Mills Ltd.

is authorized to use the Supima® trademark and name as governed by Supima. The company is a member and licensee of Supima and has agreed to uphold the highest standards of quality and distribution of all Supima cotton textile products.

This also certifies that said licensee is purchasing, consuming or using yarn or fabric made from American Pima cotton that is grown in the United States of America, specifically in the states of California, Arizona, New Mexico and the El Paso region of Texas, and that the cotton is grown by a member in good-standing of Supima.

Effective: January 1, 2008 - December 31, 2009
Licensed Product: Yarns
License No: Pakistan-26
Member Since: 2005

Jesse W. Curlee, President
Supima

CHAIRMAN'S REVIEW

Assalam-o-Alaikum,

Alhamdolillah, it is a pleasure to welcome you to the 23rd Annual General Meeting of the company in order to consider the Company's annual report for the year ended June 30, 2009.

The last financial year has been the worst ever and the company incurred a pre-tax loss of Rs.214.391 million.

Pakistan textile industry has gone through one of the toughest periods in decades. The global recession was not the only cause for concern but serious internal issues also affected the performance of Pakistan's textile industry. High interest rates, high inputs cost, non-conducive government policies, non-guaranteed energy supplies and deteriorating law and order situation are the main factors that added to the problems of the textile industry, badly damaging its competitiveness. The depreciation of Pak Rupee during the last year significantly raised cost of imported inputs. Exports in turn went down as exporters could not effectively market their produce. Another reason for slowing down of the textile industry has been because of the travel restrictions from different countries.

The state of affairs in Pakistan is very unfortunate and I am very much disturbed and disappointed. We must all agree that spinning is the only world class industry that Pakistan has and yet is the most neglected sector in this country. Over the years, we have learnt to be efficient and knowledgeable and instead of capitalizing on our knowledge and efficiency, we are somehow trying to destroy this industry. All over the world this industry has never been a part of the value chain and has always been a separate industry. Major textile countries like China, Indonesia, Bangladesh and India treat this industry as a separate segment and the rest of the value chain is separate. Why do our policy makers insist on putting extra burden like high interest rates, increased power tariffs etc., on this industry? This industry is also one of the value adding industry in Pakistan. For instance if a mill produces 40 single compact yarn, the value added to the cotton would be higher than any garment, bed sheet, hosiery etc., that is produced.

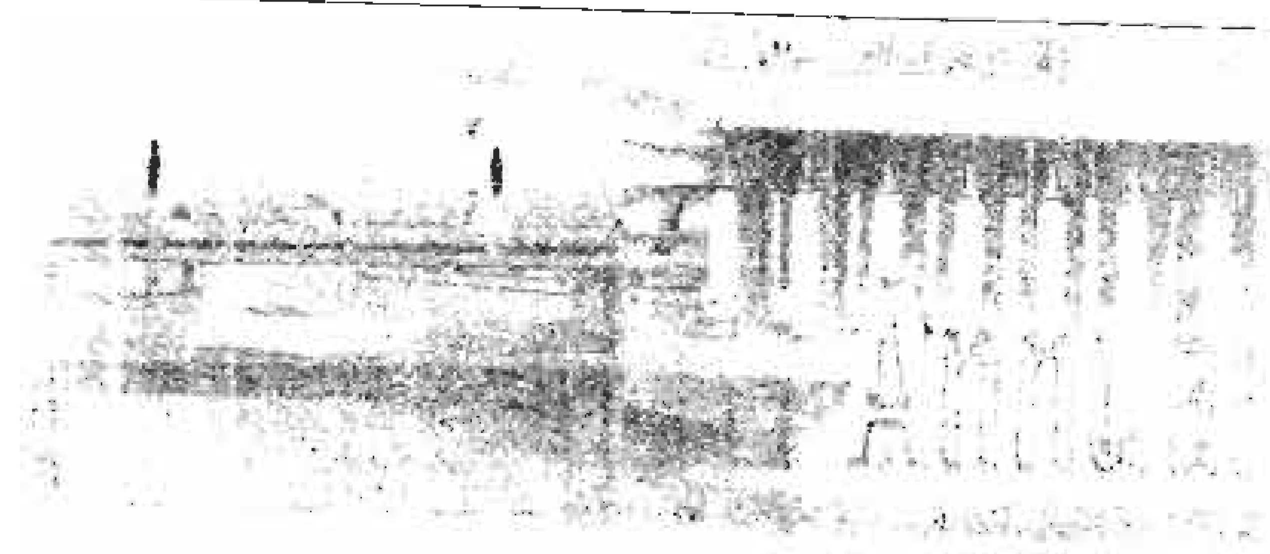
I would like to reiterate that this is an industry that over the last 60 years has learnt to manage and progress without any subsidy, help and support from the Government. Let us not disturb this industry. We have gone through the learning curve and all that we are asking for is some consideration in view of the fact that we are a world class industry and have to compete with countries like India, Indonesia and China. No where in the world the interest rates are 15% to 16%. The spinning sector is severely burdened with high interest rates. How can an export oriented industry bear these kind of severe inflationary pressures. With such high interest rates, even a hi-tech industry like Microsoft will not be able to survive in this country.

Your company is not shielded from the difficulties that had affected the profitability of the entire textile sector. Besides several set backs the most significant reasons for loss is attributed to the following :

ASSESSMENTS:

- During the period October 2008 to February 2009 gas supply was shut down frequently for long duration resulting in loss of around Rs. 82 million on this account.

- During the year under review fuel and power charges increased by Rs.39 million (even though the gas supply was shutdown frequently for long duration) due to increase in Gas tariff by 31% w.e.f. 1st July 2008 and by 3% w.e.f. 1st January 2009 by OGRA.



During the year under review the financial charges increased to Rs.326.381 million from Rs.208.958 million as compared to last year. The financial charges significantly enhanced due to increase in markup rates and borrowings.

- During the year under review the wages and benefits increased to Rs. 133.864 million from Rs.123.695 million as compared to last year. The increase was mainly due to increase in minimum wage rate of unskilled workers and salaries of employee's w.e.f. 1st July 2008 from Rs.4,600/- to Rs.6,000/- i.e. 30%.

- During the year under review, stores and spares consumption increased to 42.886 million from Rs.36.929 million, as compared to last year i.e. increase of 16% and the packing materials cost increased to Rs.49.018 million from Rs.47.180 million as compared to the last period i.e. increase of 4%.

- Another significant reason is the devaluation of Pak Rupee against the Dollar. The Banks were offering derivatives/USD borrowings CCS/FE-25. In order to reduce interest rates and to get benefit of these schemes, we borrowed in Dollars. However, sudden devaluation of Pak Rupee took us by surprise and we had to bear the Exchange loss of Rs.147.201 million.

- We purchase cotton in advance for six months and the sudden fall in commodity prices globally had a tremendous impact on our profitability.

- The major impact of increase in markup rates was on our Long Term Borrowings which were initially borrowed at a much lower rate.

Conclusion

Recovery process has begun. Although we have been through a bad patch, more like a long cold winter night, we are sure of seeing a brighter dawn, a promising new day. We will continue our efforts and endeavour to tackle whatever problems that we are confronted with. We are very well established, our market equity is high and our brand of yarn that we produce is regarded as one of the top most. The positive factor in this difficult period is that Mashallah our mill is running at full capacity, our yield efficiency is high and our yarn quality is excellent in Pakistan. Hopefully, this efficiency will help us survive, Inshallah. May Allah give us the strength for improvement in our operations.

Your Company continues to occupy a place of respect amongst the Textile Industry world over. It is associated with most of our valued customers. The Directors commend the continued commitment and dedication of employees at all levels. The Directors also wish to thank our bankers, brokers and agents for putting their share in company's overall performance and look forward to receiving similar support in the future.

ANWAR AHMED TATA
Chairman

Karachi
Dated: September 28, 2009

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting before you the 23rd Annual Report together with the Audited Accounts for the year ended June 30, 2009.

FINANCIAL RESULTS

The Company made a pre tax loss of Rs.214.391 million after charging costs, expenses and depreciation for the year ended June 30, 2009.

	(Rupees)
Pre-tax loss for the year	(214,391,224)
Taxation	(16,822,523)
Loss after taxation	(231,213,747)
Accumulated Profit Brought Forward	316,204,524
Transfer from Surplus on Revaluation of Fixed Assets	48,115,347
Accumulated Profit Carried Forward	133,106,124

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 Director's report.

DIVIDEND

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

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

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

b. Company has maintained proper books of accounts.

c. In preparation of financial statements, appropriate accounting policies have been consistently applied.

d. In preparation of financial statements International Accounting Standards, as applicable in Pakistan, have been followed and non-applicability, if any, has been adequately disclosed.

e. Internal auditor is continuously reviewing the existing system of internal control and other procedures. The process of review will continue and any weakness in controls will have immediate attention of the Management.

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

g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

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

i. During the year under review, four Board of Directors meetings were held and attended as follow:

Name of Director	No. of Meeting Attended
Mr. Anwar Ahmed Tata	3
Mr. Shahid Anwar Tata	4
Mr. Adeel Shahid Anwar Tata	3
Mr. Muhammad Waris Magoon	2
Mr. Muhammad Ayub(NIT)	2
Mr. Shahid Aziz(NIT)	3
Mr. Farooq Advani	4

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

j. The statement of pattern of share holding of the Company as at June 30 ,2009 is annexed. This statement is prepared in accordance with the Code of Corporate Governance.

k. During the year under review the trading in shares of the Company by the Directors, CEO, and their spouses are as follows:

	Opening Balance As on 01-07-2008	Purchase	Sales	Closing Balance As on 30-06-2009
Mr. Anwar Ahmed Tata	4,187,479	744,523	-	4,932,002

AUDITORS

The Auditors Messer's 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, 2010.

ON BEHALF OF THE BOARD OF DIRECTORS

SHAHID ANWAR TATA
CHIEF EXECUTIVE

Karachi
Dated: September 28, 2009

Key Operating and Financial Results from 2004 to 2009

Particular	2009	2008	2007	2006	2005 (Nine Months)	2004
	-----------------	-----------------	-------Rupees in	thousand--------	-----------------	-----------------
Sales	2,683,128	2,415,386	2,381,978	2,123,409	1,095,063	1,168,565
Cost of Goods Sold	2,265,656	1,990,560	1,949,287	1,727,228	877,420	1,016,400
Gross Profit	417,472	424,827	432,691	396,181	217,642	152,165
(Loss)/Profit Before Taxation	(214,391)	27,677	81,560	67,334	80,740	55,060
(Loss)/Profit After Taxation	(231,214)	8,985	59,562	39,047	60,034	40,080
Financial Data						
Equity Balance	306,354	489,452	489,754	436,272	401,956	331,669
Property, Plant & Equipment	2,330,419	2,,318,568	1,405,254	1,495,267	1,447,166	931,553
Current Assets	1,452,118	1,823,273	1,202,547	1,059,763	964,799	406,308
Current Liabilities	1,941,920	2,020,112	1,223,551	1,177,804	960,134	406,172
Key Ratio						
Gross Margin (%)	15.56	17.59	18.17	18.66	19.87	13.02
(Loss)/Profit after Tax (%)	(8.62)	0.37	2.50	1.84	5.48	3.43
Current Ratio	0.75	0.90	0.98	0.90	1.00	1.00
Earning Per Share (Rs.)	(13.35)	0.52	3.44	2.25	3.47	2.66
Cash Dividend (%)	-	-	10.00	10.00	10.00	-
Stock Dividend (%)	-	-	-	-	-	15.00
Statistics						
Number of Spindle	44,400	44,400	44,400	44,400	44,400	19,200
Production into 20/s Count (in "000" Kgs.)	14,848	15,038	15,761	15,170	9,313	7,386

Patterns of Holding of Shares Held by the Shareholders
As At June 30, 2009

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
221	1	100	12,409
349	101	500	79,211
373	501	1000	246,730
73	1001	5000	165,359
13	5001	10000	84,949
10	10001	15000	128,701
4	15001	20000	71,920
2	20001	25000	47,586
6	25001	30000	160,678
1	30001	35000	34,704
2	45001	50000	96,900
1	55001	60000	55,545
2	65001	70000	132,250
1	75001	80000	80,000
1	85001	90000	87,946
1	90001	95000	93,300
1	135001	140000	139,920
1	140001	145000	141,200
1	235001	240000	238,051
1	280001	285000	284,337
1	315001	320000	317,400
1	1470001	1475000	1,474,579
1	2090001	2095000	2,094,285
1	2155001	2160000	2,157,288
1	3965001	3970000	3,967,500
1	4930001	4935000	4,932,002
1,070			17,324,750

CATEGORIES OF SHAREHOLDERS
As at June 30, 2009

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDER	SHARES HELD	PERCENTAGE
NIT and ICP	4	4,252,526	24.55
Investment Companies	1	200	
Development Finance Institutions	1	3,823	0.02
Joint Stock Company	8	148,769	0.86
Associated Companies, Undertaking and Related Parties	1	3,967,500	22.90
Directors, CEO, their Spouses and Minor Children	7	6,963,854	40.20
Individuals	1,048	1,988,078	11.47
	1,070	17,324,750	100.00

Details of Categories of Shareholders As at June 30, 2009

		Number of shareholders	Share Held
NIT and ICP			
National Bank of Pakistan Trustee Dept			4,251,573
Investment Corporation of Pakistan			953
		4	4,252,526
INVESTMENT OF COMPANIES			
Escorts Investment Bank Limited		1	200
DEVELOPMENT FINANCE INSTITUTIONS			
National Development Finance Corporation		1	3,823
JOINT STOCK COMPANIES			
ACE Securities (Pvt) Ltd.			1,983
Ismail Abdul Shakoor Securities (P.) Ltd.			2,402
Durvesh Securities Pvt. Ltd.			2,405
AWJ Securities (SMC-Private) Limited			500
Darson Securities (Pvt.) Ltd.			86
Naveena Industries			141,200
United Capital Securities (Pvt.) Limited			61
Y.S. Securities & Services (Pvt) Ltd.			132
		8	148,769
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES			
Salfi Textile Mills Ltd.		1	3,967,500
DIRECTORS, CEO, THEIR SPOUSES & MINOR CHILDREN			
Mr. Anwar Ahmed Tata	(Chairman/Director)		4,932,002
Mr. Shahid Anwar Tata	(Chief Executives)		1,474,579
Mr. Adeel Shahid Anwar	(Director)		500
Mr. Muhammad Waris Magoon	(Director)		661
Mr. Farooq Advani	(Director)		661
Mrs. Parveen Anwar	(W/o of Mr. Anwar Ahmed Tata)		238,051
Mrs. Saiqa Shahid	(W/o of Mr. Shahid Anwar Tata)		317,400
		7	6,963,854
INDIVIDUALS		1,048	1,988,078
Grand Total		1,070	17,324,750

Shareholders Holding 10% or More Voting Interest in the Company As At June 30, 2009

	Shares Held	Percentage
DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN		
Mr. Anwar Ahmed Tata	4,932,002	28.47
FINANCIAL INSTITUTION		
N. B.P , Trustee Deptt.	4,251,573	24.54
ASSOCIATED COMPANIES, UNDERTAKING & RELATED PARTIES		
Salfi Textile Mills Ltd.	3,967,500	22.90

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED 30TH JUNE 2009

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of listing regulations of Karachi stock Exchange (Guarantee Ltd.) and chapter XIII of Lahore Stock Exchange (Guarantee Ltd.) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes four non-executive directors and none representing minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the 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 NBFI. No director in the board is a member of any Stock Exchanges in Pakistan.
4. There has been no casual vacancy occurred during the year under review.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors, non-workman employees and has been communicated formally to workmen employees of the Company.
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 the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and condition of employment of the Chief Executive and other 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 two orientation courses for its directors during the period to appraise them of their duties and responsibilities.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year.
11. The directors' report for the year has been prepared in compliance with the requirements of the Code 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 Code.
15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors.
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 Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function internally and has outsourced some internal audit function to M/s Muhammad Ibrahim Sheikh (Chartered Accountants) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their representatives) are involved in their internal audit function on a full time basis.
18. 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, 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 Institute of Chartered Accountants of Pakistan.
19. 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.
20. The company has compiled with all the major corporate and financial reporting requirements of the Code . All related party transactions have been reviewed and approved by the Board and are carried out as per aggreed terms.
21. We confirm that all other material principles contained in the Code have been complied with.

ON BEHALF OF THE BOARD OF DIRECTORS

SHAHID ANWAR TATA
CHIEF EXECUTIVE

Karachi
Dated: September 28, 2009

Notice of Annual General Meeting

Notice is hereby given that the 23rd Annual General Meeting of the Shareholders of Tata Textile Mills Limited will be held on **Saturday** the **October 24, 2009 at 10:30 A.M**. at **5th Floor, Textile Plaza, M.A. Jinnah** Road, **Karachi**, to transact the following business: -

1. To confirm the minutes of the 22nd Annual General Meeting held on October 31, 2008.
2. To receive, consider and adopt the report of the Directors and Auditors and Audited Accounts of the Company for the period ended June 30, 2009.
3. To appoint Auditors for the year 2009-10 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 transact any other ordinary business or businesses with the permission of the Chair.

By order of the Board of Directors

Farooq Advani
Company Secretary

Karachi:
Dated: October 02, 2009

Notes:

1. The Share Transfer Books of the Company will remain closed from October 17, 2009 to October 24, 2009 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint proxy. 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.

Deloitte.

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

UAN: +92 (0) 21 111-55-2626
Fax: +92 (0) 21- 454 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 with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Tata Textile Mills Limited** (the Company) to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange and Chapter XIII of Lahore Stock Exchange where the Company is listed.

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

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, Sub - Regulation (xiii) of Listing Regulation No. 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval of 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 the audit committee. We are only required and have ensured compliance of 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, 2009.

M. Yousuf Adil Saleem & Co

Chartered Accountants

Karachi
Date: September 28, 2009

Member of
Deloitte Touche Tohmatsu

Deloitte.

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

UAN: +92 (0) 21 111-55-2626
Fax: +92 (0) 21- 454 1314
Web: www.deloitte.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of TATA TEXTILE MILLS LIMITED (the Company) as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion :

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity togeth er 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, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and

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

M. Yousuf Adil Saleem & Co

Chartered Accountants

Engagement Partner:
Asad Ali Shah

Karachi
Date: September 28, 2009

Member of
Deloitte Touche Tohmatsu

BALANCE SHEET

	Note	2009 Rupees	2008 Rupees
SHARE CAPITAL AND RESERVES			
Authorized			
20,000,000 Ordinary shares of Rs.10 each		200,000,000	200,000,000
Issued, subscribed and paid-up	3	173,247,500	173,247,500
Unappropriated profit		133,106,124	316,204,524
		306,353,624	489,452,024
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	4	926,342,361	957,429,267
NON-CURRENT LIABILITIES			
Long-term financing	5	475,971,350	489,880,520
Liabilities against assets subject to finance lease	6	17,023,557	53,525,446
Deferred liabilities	7	115,500,226	131,818,989
CURRENT LIABILITIES			
Trade and other payables	8	441,851,787	81,316,607
Interest / mark-up accrued on loans	9	52,524,038	37,505,858
Short-term borrowings	10	1,220,929,201	1,580,324,024
Current portion of:			
-long-term financing	5	166,982,394	189,614,449
-liabilities against assets Subject to finance lease	6	36,776,916	52,811,888
Taxation - income tax		22,855,808	78,538,869
		1,941,920,144	2,020,111,695
CONTINGENCIES AND COMMITMENTS	11		
		3,783,111,262	**4,142,217,941**

The annexed notes from 1 to 35 form an integral part of these financial statements.

AS AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,330,419,170	2,318,567,602
Long-term deposits		573,707	377,568
CURRENT ASSETS			
Stores, spares and loose tools	13	41,251,364	27,248,689
Stock-in-trade	14	1,159,838,097	1,421,759,317
Trade debts	15	142,256,840	200,296,620
Loans and advances	16	50,079,034	103,288,165
Trade deposits and short-term prepayments	17	2,580,888	1,301,549
Other receivables		5,847,368	3,597,852
Other financial assets	18	1,883,184	1,735,247
Sales tax refundable		7,337,732	8,422,459
Cash and bank balances	19	41,043,878	55,622,873
		1,452,118,385	1,823,272,771
		3,783,111,262	**4,142,217,941**

CHIEF EXECUTIVE

CHAIRMAN / DIRECTOR

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
Sales	20	2,683,127,760	2,415,386,457
Cost of goods sold	21	(2,265,656,118)	(1,990,559,783)
Gross profit		417,471,642	424,826,674
Distribution cost	22	(127,150,841)	(111,089,632)
Administrative expenses	23	(58,853,690)	(59,334,048)
Other operating expenses	24	(149,022,842)	(19,246,142)
Other operating income	25	29,545,432	1,478,583
Finance cost	26	(326,380,925)	(208.958,015)
		(631,862,866)	(397,149,254)
(Loss) / profit before taxation		(214,391,224)	27,677,420
Provision for taxation	27	(16,822,523)	(18,692,181)
(Loss) / profit for the year		(231,213,747)	8,985,239
Earnings per share - basic and diluted	28	(13.35)	0.52

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE ***CHAIRMAN / DIRECTOR***

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(214,391,224)	27,677,420
Adjustments for :			
Depreciation of property, plant and equipment	12.2	118,939,885	102,450,111
Provision for staff gratuity and compensated absences		14,441,037	8,635,289
Finance cost	26	326,380,925	208,958,015
Gain on disposal of property, plant and equipment	25	(1,417,410)	(671,763)
Operating cash flows before movements in working capital		243,953,213	347,049,072
(Increase) / decrease in current assets			
Stores, spares and loose tools		(14,002,675)	(3,689,073)
Stock-in-trade		261,921,220	(645,812,821)
Trade debts		58,039,780	(82,498,725)
Loans and advances		7,296,210	24,082,857
Trade deposits and short-term prepayments		(1,279,339)	756,887
Other receivables		(2,249,516)	2,449,955
Other financial assets		(147,937)	2,821,078
Sales tax refundable		1,084,509	(3,312,735)
(Decrease) / increase in current liabilities			
Trade and other payables		360,536,826	4,840,614
Cash generated from / (used in) operations		915,152,291	(353,312,891)
Finance cost paid		(311,362,745)	(192,858,545)
Income taxes paid		(30,296,096)	(17,189,756)
Staff gratuity and compensated absences paid		(10,027,926)	(5,102,908)
Net cash from / (used in) operating activities		563,465,524	(568,464,100)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(145,073,183)	(87,118,227)
Proceeds from disposal of property, plant and equipment		15,699,140	1,475,000
Long-term deposits		(196,139)	370,000
Net cash used in investing activities		(129,570,182)	(85,273,227)

	Note	2009 Rupees	2008 Rupees
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		101,646,406	51,899,588
Repayment of long-term financing		(138,187,631)	(188,561,218)
Repayment of / proceeds from short-term borrowings - import / export		(989,825,823)	350,417,883
Repayment of principal portion of finance lease		(52,536,861)	(54,443,417)
Dividend paid		(1,428)	(17,195,058)
Net cash (used in) / from financing activities		(1,078,905,337)	142,117,778
Net decrease in cash and cash equivalents		(645,009,995)	(511,619,549)
Cash and cash equivalents as at July 01		(407,968,239)	103,651,310
Cash and cash equivalents as at June 30	30	(1,052,978,234)	(407,968,239)

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN / DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2009

	Share Capital	Revenue Reserve Unappropriated Profit	Total
	..........Rupees..........		
Balance as at July 01, 2007	173,247,500	316,506,037	489,753,537
Changes in equity for the year 2008			
Transfer from surplus on revaluation of property, plant and equipment on account of :			
-incremental depreciation - net of deferred tax	-	8,037,998	8,037,998
Net income recognised directly in equity	-	8,037,998	8,037,998
Profit for the year	-	8,985,239	8,985,239
Total recognised income and expense for the year	-	17,023,237	17,023,237
Final cash dividend for the year ended June 30, 2007 (Re.1 per share)	-	(17,324,750)	(17,324,750)
Balance as at June 30, 2008	173,247,500	316,204,524	489,452,024
Changes in equity for the year 2009			
Transfer from surplus on revaluation of property, plant and equipment on account of :			
-incremental depreciation - net of deferred tax	-	45,306,697	45,306,697
-disposal - net of deferred tax	-	2,808,650	2,808,650
Net income recognised directly in equity	-	48,115,347	48,115,347
Loss for the year	-	(231,213,747)	(231,213,747)
Total recognised income and expense for the year	-	(183,098,400)	(183,098,400)
Balance as at June 30, 2009	173,247,500	133,106,124	306,353,624

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE *CHAIRMAN /DIRECTOR*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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, 8th floor Textile Plaza, M.A. Jinnah Road Karachi. 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 Companies Ordinance, 1984 shall prevail.

2.2 **Adoption of new International Financial Reporting Standards and IFRS interpretations**

In the current year, the Company has adopted all new Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and as notified by the Securities and Exchange Commission of Pakistan that are relevant to its operations and effective for the Company's accounting period beginning on July 01, 2008. The adoption of these new Standards and Interpretations has resulted in changes to the Company's accounting policies in the following areas:

IFRS 7 - Financial Instruments: Disclosure **April 28, 2008**

IFRS 7 requires extensive disclosures about the significance of financial instruments for the company's financial position and performance, and quantitative and qualitative disclosures on the nature and extent of risks. These requirements incorporate many of the requirements previously in IAS 32 - Financial Instruments : Presentation. The company has adopted this standard from the financial year beginning July 01, 2008 and its initial application has led to extensive disclosures in the company's financial statements.

2.2.1 **New accounting standards and IFRS interpretations that are not yet effective**

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after the date mentioned against each of them:

IFRS 8 - Operating Segments **January 1, 2009**

IFRS 8 replaces IAS 14 and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard will have no material impact on the financial statements in the year of application.

The following interpretations have been approved by International Financial Reporting Interpretations Committee and are only effective for accounting periods, beginning on or after the date mentioned against each of them:

IFRIC 15 - Agreements for the Construction of Real Estate **January 1, 2009**
IFRIC 15 will standardise accounting practice across jurisdictions for the recognition of revenue among real estate developers for sales of units, such as apartments or houses, 'off plan', i.e. before construction is complete. It provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised. Since the Company is not involved in Construction of Real Estate, the implementation of this interpretation is unlikely to affect its financial statements.

IFRIC 16 - Hedges of a Net Investment in a Foreign Operation **October 1,2008**
IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. Since the Company has no investment in a foreign operation, the implementation of this interpretation is unlikely to affect its financial statements.

IFRIC 17 - Distributions of Non-cash Assets to Owners **July 1, 2009**
This Interpretation deals with the situations when transfer of non-cash assets qualify for as dividends and the accounting treatment of distribution of such assets. This Interpretation is likely to affect the financial statements in case the entity decides to declare specie dividend to its shareholders.

IFRIC 18 - Transfer of Assets from Customers **July 1, 2009**
IFRIC 18 is applied in situations where the customer transfers an item of property, plant and equipment or provides cash to acquire or construct such item and the entity must then use the item either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. The company does not have any such assets and therefore, the adoption of this interpretation is unlikely to affect its financial statements.

2.2.2 Interpretations to existing standards that are effective and not relevant for the company's operations

The following interpretation to existing standards has been published and is mandatory for the company's accounting year beginning on July 01, 2008 but is not relevant for the company's operations:

IFRIC 12 - Service Concession Agreements **January 1, 2008**
IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. Since the company is not involved in public sector services, the implementation of this interpretation does not affect its financial statements.

2.3 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

2.4 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.

As Lessee
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 long-term 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.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.4.3 Staff retirement benefits

The Company has categorized its employees into workmen and non-workmen for post-employment benefits that comprise both the defined contribution plan and defined benefit plan. 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, 2009 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 greater 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 7.1 to these financial statements.

Defined contribution plan

The Company also operates a contributory scheme for all its employees under non-workmen category. Under this plan, every employee under non-workmen category is entitled to receive gratuity of one month salary based on last month on each year's service. The Company accounts for liability against gratuity amount of each employee at year end and such liability is treated as full and final liability of that year. In future years, the liability amount is not revised for any increment or reduction 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 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

Company owned

Property, plant and equipment except free hold land, building, plant and machinery, electric installations and capital work-in-progress 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. 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 in 'Surplus on Revaluation of Property, Plant and Equipment'. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account 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 assets is transferred by the Company to its unappropriated profit.

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.

Depreciation is charged to income applying the reducing balance method at the rates specified in the note 12. During the year, rates of depreciation for factory building and plant and machinery have been revised from 7% to 5%. These changes have been accounted for prospectively, in accordance with IAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had there been no change in estimate, the loss for the year would have been higher by Rs. 43,818,295.

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 income statement during the financial year in which they are incurred.

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

Assets held under finance lease
Assets subject to finance lease are depreciated over their expected useful lives on the same basis as owned assets.

Capital work-in-progress
Capital work-in-progress (CWIP) is stated at cost less any recognised 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 Investment

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.

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.

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.

2.4.7 Stores, spares and loose tools

These are valued at lower of cost and net realizable value, determined on moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

Cost is determined using moving average cost method.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.4.8 Stock-in-trade

These are valued at lower of cost and net realizable value applying the following basis:
- Raw material - at weighted 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.

Average cost in relation to work-in-process and finished goods signifies average manufacturing cost including a portion of related direct overheads. Net realizable value is determined on the basis mentioned in note 2.4.7.

2.4.9 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of 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.

2.4.10 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.

2.4.11 Foreign currencies

Transactions in currencies other than Pakistani Rupees are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Gains and losses arising on retranslation are included in profit or loss for the period.

2.4.12 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.

2.4.13 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.

2.4.14 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.

Loans and receivables

For amounts due from loans and advances to customers carried at amortised cost, the company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Available-for-sale financial investments
For available-for-sale financial investments, the company assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from equity and recognised in the profit and loss account. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in equity.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

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 impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

2.4.15 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.

2.4.16 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.

2.4.17 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.

2.4.18 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 by the company's shareholders.

2.4.19 Critical judgments and accounting estimates in applying the accounting policies

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Assumptions and estimates used in the area of property plant and equipment (refer note 12) are significant to the financial statements and it involves management estimates.

Estimates and judgments, if any , are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2009	2008		2009	2008
Number of shares			Rupees	Rupees
		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 were no movements during the reporting periods.

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.

	Number of ordinary shares of Rs. 10 each	
Salfi Textile Mills Limited	3,967,500	3,967,500

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

	Note	2009 Rupees	2008 Rupees

4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax

4.1 Surplus on revaluation of property, plant and equipment

	Note	2009 Rupees	2008 Rupees
Opening balance		1,042,571,472	121,931,407
Transferred to unappropriated profit on account of			
-- incremental depreciation - net off deferred tax		(45,306,697)	(8,037,998)
-- disposal of property, plant and equipment - net off deferred tax		(2,808,650)	-
Related deferred tax liability		(3,621,585)	(770,768)
Effect of valuation of property, plant and equipment carried out at year end		-	929,448,831
		(51,736,932)	920,640,065
Closing balance		990,834,540	1,042,571,472
Related deferred tax liability			
Opening balance		85,142,205	9,840,367
Adjustment due to income subject to FTR	4.2	(17,028,441)	-
Transferred to profit and loss account on account of			
-- incremental depreciation		(3,410,181)	(770,768)
-- disposal of property, plant and equipment		(211,404)	-
Effect of valuation of property, plant and equipment carried out at year end		-	76,072,606
Closing balance		(64,492,179)	(85,142,205)
		926,342,361	957,429,267

4.2 This represent the reversal of opening deferred tax liability balance due to the revision of deferred tax rate from 8.75% to 7% to incorporate the effect of charge in proportion of export sales which fall, under Final Tax Regime (FTR).

5. LONG-TERM FINANCING

	Note	2009 Rupees	2008 Rupees
From banking companies and other financial institutions - secured			
Demand finances	5.1	283,152,806	309,797,653
Term finance	5.2	13,750,000	41,250,000
Vehicle loans	5.3	10,768,153	10,162,408
Export oriented projects	5.4	310,282,785	293,284,908
From related party-unsecured			
Subordinated loan	5.5	25,000,000	25,000,000
		642,953,744	679,494,969
Less: Current portion:			
Demand finances		(86,413,200)	(55,000,000)
Term finance		(13,750,000)	(27,500,000)
Vehicle loans		(3,426,612)	(2,730,574)
Export oriented projects		(63,392,582)	(104,383,875)
		(166,982,394)	(189,614,449)
		475,971,350	489,880,520

5.1 These loans are secured against first pari passu charge over building property, plant and equipment of the Company and personal guarantee of directors. The loans comprise of :

Demand Finance Facility from National Bank of Pakistan amounting to Rs. 200 million, carries markup / interest at the rate of 3 months KIBOR ask side plus 100 bps (2008: 3 months KIBOR ask side plus 100 bps) revised quarterly, which is repayable in 20 equal quarterly installments commencing from September 2009.

Demand Finance-I facility amounting to Rs. 100 million from Pak Kuwait Investment Company Limited, carries markup / interest at an average cut-off yield of last three six months' T-Bills plus 3.5% with a floor of 5% and a cap of 12% (2008: average cut-off yield of last three six months' T-Bills plus 3.5% with a floor of 5% and a cap of 12%) revised semi-annually. This loan is repayable in 10 equal semi-annual installments commenced from March 2006.

Demand Finance-II facilities amounting to Rs. 140 million from National Bank of Pakistan and Standard Chartered Bank, carries mark-up at the rate of 6 months average KIBOR + 2% (2008: 6 months average KIBOR + 2%) per annum and are repayable in 8 semi-annual installments commenced from May 2006.

Demand finance facility from National Bank of Pakistan amounting to Rs. 40 million, carries markup / interest at the rate of 3 months KIBOR ask side plus 150 bps (2008: 3 months KIBOR ask side plus 150 bps) revised quarterly, which is repayable in 16 equal quarterly installments commencing from August 2009.

The aggregate unavailed long-term finance facilities available amounting to Rs. 4.35 million (2008: Rs. 32.7 million).

5.2 Term loan from Soneri Bank Limited is secured against first pari passu specific charge over plant of the Company and personal guarantee of sponsor directors. The loan carries markup at a rate of six months' average KIBOR plus 1.5% (2008: six months' average KIBOR plus 1.5%) per annum. The loan is repayable in 8 semi-annual equal installments commenced from March 2006.

5.3 These represent secured finances obtained from Soneri Bank Limited and secured against vehicles acquired from such loans and guarantee of the Company. These loans carry mark-up at the rate of 13% (2008: 13 %) per annum and are repayable in 60 equal monthly installments commencing between September 2005 to June 2009.

5.4 These loans are secured against first pari passu charge over building, property, plant and equipment of the Company and carries mark-up ranging from 7% to 9% (2008: 7%) per annum. These comprises of loans amounting to Rs. 216 million and Rs. 120 million which are repayable in 10 equal semi-annual installments commenced from March and April 2006 respectively and loan from Faysal Bank Limited amounting to Rs. 40 million which is repayable in 12 equal half-yearly installments commencing from January 2010, whereas loans amounting to Rs. 73 million are repayable in 40 to 47 equal monthly installments commenced from January 2007. During the year, the Company has obtained an Export Oriented Projects facility from Faysal Bank Limited amounting to Rs. 69 million at the rate of 9% per annum, which is repayable in 8 equal half-yearly installments commencing from June 2010.

5.5 This represents an unsecured subordinated loan taken from Tata Energy Limited (an associated undertaking). The loan carries mark-up at the rate 6 months' average KIBOR plus 1.5% per annum (2008: 6 months' average KIBOR plus 1.5% per annum) payable semi-annually. This subordinated loan shall be repaid by the Company in four equal half-yearly installments of Rs. 6.25 million after the repayment of National Bank of Pakistan's loan amounting to Rs. 200 million.

5.6 The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	2009 Rupees	2008 Rupees
6 months or less		
-- Short-term borrowings	1,220,929,201	1,580,324,024
-- Long-term loans	375,703,279	482,384,987

5.7 Management considers that there is no significant non compliance of agreements with financial institutions, where the Company is exposed to penalties.

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows :

	2009		2008	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
	---------Rupees-----------		---------Rupees-----------	
Within one year	41,564,136	36,776,916	61,938,135	52.811,888
After one year but not more than five years	18,115,177	17,023,557	58,334,094	53,525,446
Total minimum lease payments	59,679,313	53,800,473	120,272,229	106,337,334
Amount representing finance charges	(5,878,840)	-	(13,934,895)	-
Present value of minimum lease payments	53,800,473	53,800,473	106,337,334	106,337,334
Current portion	(36,776,916)	(36,776,916)	(52,811,888)	(52,811,888)
	17,023,557	17,023,557	53,525,446	53,525,446

6.1 These represent finance leases entered into with financial institutions for plant & machinery and vehicles. Rates of finance cost range from 6.58% to 17.43% (2008: 7.50% to 14.76%) per annum and are used as discounting factors. The lease terms are of 3 to 5 years.

6.2 The Company intends to exercise the option to purchase the leased assets upon completion of the lease periods.

6.3 These are secured against demand promissory notes and security deposits.

	Note	2009 Rupees	2008 Rupees
7. DEFERRED LIABILITIES			
Staff gratuity	7.1	18,579,610	14,489,233
Compensated absences		1,695,155	1,372,421
Deferred taxation	7.2	95,225,461	115,957,335
		115,500,226	131,818,989

		Note	2009 Rupees	2008 Rupees
7.1	**Staff gratuity**			
	Workmen	7.1.1	2,757,148	2,665,409
	Non-workmen	7.1.2	15,822,462	11,823,824
			18,579,610	14,489,233
7.1.1	**Workmen - Defined benefit plan**			
(a)	Movement in liability:			
	Opening balance		2,665,409	2,443,391
	Charge for the year		4,996,449	3,106,588
	Paid during the year		(4,904,710)	(2,884,570)
	Closing balance		2,757,148	2,665,409
(b)	Reconciliation:			
	Present value of defined benefit obligation		7,566,942	5,760,490
	Unrecognized actuarial loss		(4,809,794)	(3,095,081)
			2,757,148	2,665,409
(c)	Charge for the year:			
	Current service cost		4,111,418	2,550,762
	Interest cost		691,259	444,564
	Actuarial loss recognised		193,772	111,262
			4,996,449	3,106,588
(d)	Changes in the present value of the defined benefit obligation:			
	Opening defined benefit obligation		5,760,490	4,445,637
	Current service cost		4,111,418	2,550,762
	Interest cost		691,259	444,564
	Actuarial losses		1,908,485	1,204,097
	Benefits paid		(4,904,710)	(2,884,570)
	Closing defined benefit obligation		7,566,942	5,760,490
	The principal assumptions used in the valuation of gratuity are as follows:			
	Discount rate		13.00%	12.00%
	Expected rate of salary increase		12.50%	11.50%

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

	2009	2008	2007	2006	2005
	(		Rupees		)
Defined benefit obligation	2,757,148	2,665,409	2,443,391	2,403,251	1,971,591
Fair value of Plan assets	-	-	-	-	-
Deficit	2,757,148	2,665,409	2,443,391	2,403,251	1,971,591

Experience adjustments on obligation and plan assets

	2009	2008	2007	2006	2005
Present value of obligation	7,566,942	5,760,490	4,445,637	-	-
Fair value of plan assets	-	-	-	-	-
Deficit	7,566,942	5,760,490	4,445,637	-	-
Actuarial (loss) on obligation	(1,908,485)	(1,204,097)	(197,653)	-	-
Actuarial (gain) / loss on assets	-	-	-	-	-

		Note	2009 Rupees	2008 Rupees
7.1.2	**Non-workmen - Defined contribution plan**			
	Opening balance		11,823,824	8,607,865
	Charge for the year		5,994,851	5,434,297
	Paid during the year		(1,996,213)	(2,218,338)
	Closing balance		15,822,462	11,823,824
7.2	**Deferred taxation**			
	This comprises of the following :			
	Deferred tax liabilities on taxable temporary differences arising in respect of :			
	Property, plant and equipment - owned assets		34,142,843	32,082,938
	Leased assets		7,763,353	-
	Surplus on revaluation of property, plant and equipment	4.1	64,492,179	85,142,205
			106,398,375	117,225,143
	Deferred tax assets on deductible temporary differences arising in respect of :			
	Staff gratuity		(1,300,572)	(1,267,808)
	Carry forward losses		(9,872,342)	-
			95,225,461	115,957,335

		Note	2009 Rupees	2008 Rupees
8.	**TRADE AND OTHER PAYABLES**			
	Creditors		26,448,726	18,156,380
	Accrued liabilities		45,752,530	53,060,548
	Retention money		-	264,731
	Withholding income tax		368,060	335,404
	Workers' Profit Participation Fund	8.1	-	1,516,017
	Workers' Welfare Fund		1,821,803	4,604,141
	Unclaimed dividend		2,453,212	2,454,639
	Foreign bills payable		364,017,638	-
	Other liabilities		989,818	924,747
			441,851,787	81,316,607
8.1	**Workers' Profit Participation Fund**			
	Opening balance		1,516,017	4,298,837
	Allocation during the year		-	1,516,017
	Interest on funds utilized in the Company's business		196,916	201,692
			1,712,933	6,016,546
	Amount paid to the fund		(1,712,933)	(4,500,529)
	Closing balance		-	1,516,017

9. INTEREST / MARK-UP ACCRUED ON LOANS

	Note	2009 Rupees	2008 Rupees
Long-term financing			
- from banking companies and other financial institutions		3,260,365	4,441,943
- from related party		6,956,028	2,999,377
Short-term borrowings		42,307,645	30,064,538
		52,524,038	37,505,858

10. SHORT-TERM BORROWINGS

	Note	2009 Rupees	2008 Rupees
From banking companies- secured			
Running finances / cash finances	10.1	1,094,022,112	463,591,112
Finance against import / export	10.2	126,907,089	1,116,732,912
	10.3	1,220,929,201	1,580,324,024

10.1 These carry mark-up at the rates ranging from one to three months' KIBOR plus 0.5% to 3%(2008: three months KIBOR plus 0.60% to 1.5%) per annum. These facilities are secured against pledge of stock, hypothecation charge over current assets and personal guarantee of sponsor directors.

10.2 These facilities carry mark-up at the rate ranging from LIBOR / KIBOR plus 1% to 3% (2008:LIBOR / KIBOR plus 1% to 3%) per annum. These arrangements are secured against pledge of stock, trust receipts, equitable mortgage charge over fixed assets and personal guarantee of sponsor directors.

10.3 These facilities are available from various commercial banks of Rs. 1,589 million (2008:Rs. 2,340 million) from which the aggregate unavailed short-term borrowings facilities are of Rs. 367 million (2008: Rs.760 million).

11. CONTINGENCIES AND COMMITMENTS

	Note	2009 Rupees	2008 Rupees
Contingencies			
Amount claimed by WAPDA against installation of requisite panel, not acknowledged by the Company,		337,114	337,114
Amount claimed by WAPDA as arrears against fixed charges not acknowledged by the Company		-	627,492
Delayed payment surcharge on debentures, demanded by Collector of Customs not acknowledged by the Company		496,166	496,166
Labour and workmen compensation cases in court of law		-	188,150
Commitments			
Letters of credit for store, machinery and raw material		-	3,721,505
Bank guarantees issued on behalf of the Company		74,856,557	66,856,557
Foreign bills discounted		674,868,995	735,451,209

		Notes	2009 Rupees	2008 Rupees
12	PROPERTY, PLANT AND EQUIPMENT			
	Operating assets	12.1	2.327,780,148	2,316,141,652
	Capital work in progress	12.5	2,639,022	2,425,950
			2,330,419,170	2,318,567,602

12.1 Operating assets

Particulars	Cost/ revaluation at July 01, 2008	Additions/ transfers during the year	Disposals during the year	Cost/ revaluation at June 30, 2009	Accumulated depreciation at July 01, 2008	Depreciation for the year / * transfers	Disposals	Accumulated depreciation at June 30, 2009	Written down value at June 30, 2009	Rate %
	(	------------	------------	------------	------------	RUPEES	------------	------------	------------	)
Company owned										
Land - free hold	90.130.000	-	-	90,130.000	-	-	-	-	90.130.000	-
Buildings on free hold land	469,337,343	738,077	-	470,075,420	-	23.471.093	-	23.471,093	446.604,327	5
Plant and machinery	1,489,586.595	111,427,024	(16,956,466)	1,584,057.153	-	77,470,244	(4.927,013)	90,388.296	1.544.368.857	5
		* 50,700,000		50,700,000		* 17.845,065				
Factory and workshop equipments	10,920.001	826,203	-	11,746.204	3.744.167	773.187	-	4,517.354	7.228,850	10
Electric installations	39,288,495	25,124,157	-	64,412.652	12,707,448	3,076,841	-	15,784,289	48,628.363	10
Office premises	4,968.938	-	-	4,968.938	2.110,211	285.873	-	2.396,084	2.572,854	10
Furniture and fixtures	9,264,324	91.998	-	9,356,322	4,618,890	465,311	-	5,084,201	4.272.121	10
Office equipment	10,067,047	1,458,575	-	11,525,622	6,576,152	1,058.943	-	7,635,095	3,890,527	10-30
Vehicles	25.659,714	5,194,077	(6,569,895)	24,283,896	11,061.403	3,428,497	(4,317,618)	12.152.164	15.378,732	20
		* 3,247,000		3,247,000		* 1,979.882				
	2,149,222,457	144,860,111	(23,526,361)	2,324,503,207	40.818,271	110,029,989	(9.244,631)	161,428,576	2 163,074,631	
		* 53,947,000				* 19,824,947				
Assets held under finance lease		*					*			
Plant and machinery	277,461,802	* (50,700,000)	-	226,761.802	72,518,955	8,604,396	-	63.278,286	163,483,516	5
						* (17,845,065)				
Vehicles	6.540.000	* (3,247,000)	-	3.293.000	3 745,381	305.500	-	2.070,999	1.222,001	20
						* (1,979,882)				
	284,001.802	(53,947,000)	-	230 054.802	76.264.336	8.909 896	-	65.349.285	164.705 517	
						(19 824 947)				
June 30, 2009	2,433,224.259	144,860,111	(23,526,361)	2.554.558.009	117,082.607	118,939 885	(9,244.631)	226,777.861	2.327.780.148	

* Represent transfers from lease

Particulars	Cost/ revaluation at July 01, 2007	Additions/ *transfers during the year	Disposals during the year	Revaluation	Adjustment	Cost/ revaluation at June 30, 2008	Accumulated depreciation at July 01, 2007	Depreciation for the year / *transfers	Disposals	Adjustment	Accumulated depreciation at June 30, 2008	Written down value at June 30, 2008	Rate %
	(------------------------------------						RUPEES			------------------------------------)			
Company owned													
Land - free hold	30,082,371	-	-	60,047,629	-	90,130,000	-	-	-	-	-	90,130,000	-
Buildings on free hold land	286,810,431	2,785,179	-	260,713,371	(80,971,638)	469,337,343	65,433,017	15,538,621	-	(80,971,638)	-	469,337,343	7
Plant and machinery	1,124,180,030	74,109,166 * 15,499,483	-	608,687,831	(332,889,915)	1,489,586,595	264,257,898	62,333,661 * 6,298,356	-	(332,889,915)	-	1,489,586,595	7
Factory and workshop equipments	5,115,714	5,804,287		-	-	10,920,001	3,124,782	619,385	-	-	3,744,167	7,175,834	10
Electric installations	39,288,495	-	-	-	-	39,288,495	9,753,998	2,953,450	-	-	12,707,448	26,581,047	10
Office premises	4,968,938	-	-	-	-	4,968,938	1,792,575	317,636	-	-	2,110,211	2,858,727	10
Furniture and fixtures	9,017,452	246,872	-	-	-	9,264,324	4,106,394	512,496	-	-	4,618,890	4,645,434	10
Office equipment	8,907,124	1,264,270	(104,347)	-	-	10,067,047	5,687,605	941,122	(52,575)	-	6,576,152	3,490,895	10-30
Vehicles	18,109,460	5,962,679 * 3,853,000	(681,425) (1,584,000)	-	-	25,659,714	7,562,431	3,109,280 * 1,903,652	(587,490) (926,470)	-	11,061,403	14,598,311	20 20
	1,526,480,015	90,172,453 * 19,352,483	(2,369,772)	929,448,831	(413,861,553)	2,149,222,457	361,718,700	86,325,651 * 8,202,008	(1,566,535)	(413,861,553)	40,818,271	2,108,404,186	
Assets held under finance lease													
Plant and machinery	292,961,285	* (15,499,483)	-	-	-	277,461,802	63,391,506	15,425,805 * (6,298,356)	-	-	72,518,955	204,942,847	7
Vehicles	10,393,000	* (3,853,000)	-	-	-	6,540,000	4,950,378	698,655 * (1,903,652)	-	-	3,745,381	2,794,619	20
	303,354,285	- * (19,352,483)	-	-	-	284,001,802	68,341,884	16,124,460 * (8,202,008)	-	-	76,264,336	207,737,466	
June 30, 2008	1,829,834,300	90,172,453	(2,369,772)	929,448,831	(413,861,553)	2,433,224,259	430,060,584	102,450,111	(1,566,535)	(413,861,553)	117,082,607	2,316,141,652	

* Represent transfers from lease

	Note	2009 Rupees	2008 Rupees

12.2 Depreciation for the year has been allocated as under:

	Note	2009 Rupees	2008 Rupees
Cost of goods manufactured	21.1	113,961,782	97,351,894
Administrative expenses	23	4,978,103	5,098,217
		118,939,885	102,450,111

12.3 Had there been no revaluation the related figures of freehold land, building on freehold land, plant and machinery and electric installations at June 30, 2009 would have been as follows :

	2009 Cost	2009 Accumulated Depreciation	2009 Written down value	2008 Cost	2008 Accumulated Depreciation	2008 Written down value
	Rupees					
Land - freehold land	20,612,299	-	20,612,299	20,612,299	-	20,612,299
Building on free hold land	249,648,476	98,240,707	151,407,769	248,910,398	90,306,275	158,604,123
Plant and Machinery	1,524,916,569	604,293,639	920,622,930	1,378,851,095	548,946,879	829,904,216
Electric installations	71,442,718	25,188,709	46,254,009	46,318,561	22,375,685	23,942,876
	1,866,620,062	727,723,055	1,138,897,007	1,694,692,353	661,628,839	1,033,063,514

Revaluation of land, building, plant and machinery and electric installations had been carried out on September 30, 2003 and June 30, 2008 by 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.

12.4 Disposal of property, plant and equipment - by negotiations

Particulars and mode of disposal	Cost	Accumulated depreciation	Written down value	Sale Proceeds	Name and Address
Rupees					
Vehicle	419,000	277,984	141,016	280,000	Mr. Waseem Mirza House No. A-32, Gulshan-e-Iqbal, Block 10-A, Karachi
Vehicle	1,256,400	833,552	422,848	426,000	Mr. Waseem Mirza House No. A-32, Gulshan-e-Iqbal, Block 10-A, Karachi
Vehicle	365,000	187,464	177,536	250,000	Malik Dilshad House No. G-14, P.E.S.H.S., Block - 2, Karachi

Particulars and mode of disposal	Cost	Accumulated depreciation	Written down value	Sale Proceeds	Name and Address
	....Rupees...				
Vehicle	638,355	72,347	566,008	649,690	Mr. Muhammad Yousuf C/o Tata Textile Mills Limited
Vehicle	1,285,000	1,017,761	267,239	500,000	Mr. Hamid Ali, Ali's Appt. Phase-I, D.H.A., Karachi
Vehicle	589,500	348,790	240,710	400,000	Mr. Noman Hassan Khan House No. A-908/12, Ancholi, F. B. Area, Karachi
Vehicle	469,000	260,889	208,111	310,450	Mr. Imran Aziz G-6, AB Arcade, 714/6, Fatima Jinnah Colony, Karachi
Vehicle	838,000	809,488	28,512	260,000	Mr. Yasir Abbas House No. 77/1, Street No. 8, DHA Phase 6, Karachi
Vehicle	650,200	456,826	193,374	413,000	Mr. Irfaf Shakeel House No. A-32, P.E.C.H.S. Block - 8, Karachi
Vehicle	59,440	52,517	6,923	10,000	Mr. Hussain Bukush House No. H.M.4, Supreme Court Judges Rest House, Bath Island Clifton, Karachi
Plant & Machinery	12,666,667	4,766,146	7,900,521	11,000,000	N P cotton (Pvt) Limited 702, UNI Tower, I. I. Chundrigar Road, Karachi
Plant & Machinery	4,289,799	160,867	4,128,932	1,200,000	Island Textile Mills Limited 8, 8th Floor, Textile Plaza, M. A. Jinnah Road, Karachi
June 30, 2009	23,526,361	9,244,631	14,281,730	15,699,140	
June 30, 2008	2,369,772	1,566,535	803,237	1,475,000	

		Note	2009 Rupees	2008 Rupees
12.5	**Capital work-in-Progress**			
	Civil work	12.5.1	2,639,022	302,345
	Machinery and electric installation	12.5.2	-	929,251
	Others	12.5.3	-	1,194,354
			2,639,022	2,425,950
12.5.1	**Civil work**			
	Opening balance		302,345	2,383,587
	Addition during the year		3,074,754	703,937
			3,377,099	3,087,524
	Less : Transfer during the year		(738,077)	(2,785,179)
	Closing balance		2,639,022	302,345

	Note	2009 Rupees	2008 Rupees
12.5.2 Machinery and electric installation			
Opening balance		929,251	1,012,717
Addition during the year		135,621,930	74,025,701
		136,551,181	75,038,418
Less : Transfer during the year		(136,551,181)	(74,109,167)
Closing balance		-	929,251
12.5.3 Others			
Opening balance		1,194,354	2,083,873
Addition during the year		6,290,829	12,388,589
		7,485,183	14,472,462
Less : Transfer during the year		(7,485,183)	(13,278,108)
Closing balance		-	1,194,354
13. STORES, SPARES AND LOOSE TOOLS			
Stores	13.1	20,803,737	15,490,623
Spares		20,406,391	11,677,233
Loose tools		41,236	80,833
		41,251,364	27,248,689

13.1 It includes stores and spares in transit amounting to Rs. 6,144,196 (2008: Rs. Nil).

	Note	2009 Rupees	2008 Rupees
14. STOCK-IN-TRADE			
Raw material	14.1	953,946,054	1,249,041,759
Work-in-process		25,775,841	21,979,786
Finished goods	14.2	164,988,384	137,231,517
Waste		15,127,818	13,506,255
		1,159,838,097	1,421,759,317

14.1 It includes raw material in transit amounting to Rs. 405,560,498 (2008: Rs. Nil).

14.2 Finished goods of Rs. 44,518,589 (2008: Rs. 65,657) carried at net realizable value.

	Note	2009 Rupees	2008 Rupees
15. TRADE DEBTS - CONSIDERED GOOD			
Export	15.1	121,624,195	176,221,313
Local		20,632,645	24,075,307
		142,256,840	200,296,620

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

15.2 Trade receivables are non-interest bearing and are generally on 45 to 60 day terms.

15.3 Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate.

15.4 Trade debts include debtors with a carrying amount of Rs 1.36 million (2008: Rs. 0.85 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	2009 Rupees	2008 Rupees
15.4.1 Aging of past due but not impaired			
90-120 days		31,100	6,765
120 days and above		1,332,215	842,805
		1,363,315	849,570
16. LOANS AND ADVANCES			
Considered good			
Due from employees		3,899,892	3,483,890
Advances to creditors		-	1,005,398
Advances for expenses		61,971	303,184
Advance income tax		45,920,126	91,833,047
Advances against letters of credit		197,045	6,662,646
		50,079,034	103,288,165
17. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Bank guarantee margin		911,241	311,241
Short-term prepayments		1,669,647	660,077
Deposits		-	330,231
		2,580,888	1,301,549
18. OTHER FINANCIAL ASSETS			
Investment Held-to-maturity		1,883,184	1,735,247

18.1 This represents investment made in Term Deposit Receipts held for a period of 6 months with a markup rate ranging from 10% to 14% per annum (2008: 6% per annum).

	Note	2009 Rupees	2008 Rupees
19. CASH AND BANK BALANCE			
Cash at bank			
On current accounts		40,433,590	54,283,502
On savings accounts	19.1	329,410	734,365
		40,763,000	55,017,867
Cash in hand		280,878	605,006
		41,043,878	55,622,873

19.1 This represents the amount held in savings accounts with the banks on which the mark up rate ranging between 5% to 7% (2008 : 4% to 5%) per annum.

	Note	2009 Rupees	2008 Rupees
20. SALES-Net			
Export			
-Yarn		2,085,370,271	1,894,552,525
-Waste		191,883,650	122,001,040
		2,277,253,921	2,016,553,565
Local			
-Yarn		381,560,116	364,690,337
-Waste		24,322,263	34,146,125
		405,882,379	398,836,462
		2,683,136,300	2,415,390,027
Discount		(8,540)	(3,570)
		2,683,127,760	2,415,386,457

	Note	2009 Rupees	2008 Rupees
21. COST OF GOODS SOLD			
Cost of goods manufactured	21.1	2,223,698,089	1,868,272,133
Finished goods			
Opening stock		150,737,772	88,488,662
Purchase of finished goods		71,336,459	184,536,760
Closing stock	21.2	(180,116,202)	(150,737,772)
		41,958,029	122,287,650
		2,265,656,118	1,990,559,783
21.1 Cost of goods manufactured			
Raw material consumed	21.1.1	1,655,995,329	1,383,154,519
Packing material consumed		49,018,497	47,179,796
Stores and spares consumed		42,886,354	36,928,799
Salaries, wages and benefits	21.1.2	133,864,329	123,695,194
Power and fuel		201,590,621	162,391,958
Insurance		14,854,226	13,028,965
Repairs and maintenance		2,935,844	2,984,465
Depreciation	12.2	113,961,782	97,351,894
Other overheads		12,387,162	7,914,694
		2,227,494,144	1,874,630,284
Work-in-process			
Opening stock		21,979,786	15,621,635
Closing stock	14	(25,775,841)	(21,979,786)
		(3,796,055)	(6,358,151)
		2,223,698,089	1,868,272,133
21.1.1 Raw material consumed			
Opening stock		1,249,041,759	671,836,199
Purchases - net		955,339,126	1,960,360,079
		2,204,380,885	2,632,196,278
Closing stock	14	(548,385,556)	(1,249,041,759)
		1,655,995,329	1,383,154,519

21.1.2 Salaries, wages and benefits include Rs. 8,581,244 (2008 : Rs. 6,216,463) in respect of staff retirement benefits.

21.2 It includes waste stock amounting to Rs. 15,127,818 (2008 : Rs. 13,506,255).

	2009 Rupees	2008 Rupees
22. DISTRIBUTION COST		
Export development surcharge	4,581,352	4,989,689
Local freight	682,426	922,010
Inland freight on export	14,930,253	12,616,100
Ocean freight	34,579,099	36,029,195
Bank charges	12,982,631	11,345,975
Forwarding charges	2,357,839	2,649,502
Postage and telegram	2,426,126	1,204,810
Wharfage	5,191,664	3,823,023
Miscellaneous export expenses	3,165,472	3,246,690
Godown rent	240,000	240,000
Loading / unloading	20,836	6,660
Brokerage and commission	39,438,259	32,429,840
Others	6,554,884	1,586,138
	127,150,841	111,089,632

	Note	2009 Rupees	2008 Rupees

23. ADMINISTRATIVE EXPENSES

	Note	2009 Rupees	2008 Rupees
Director's remuneration		6,075,475	5,165,625
Staff salaries and benefits	23.1	27,854,812	26,673,353
Traveling and conveyance		5,811,242	5,605,492
Printing and stationery		753,343	1,258,940
Postage and telephone		1,074,099	1,207,937
Legal and professional		1,924,759	715,320
Advertisement		117,555	146,740
Rent, rates and taxes		19,187	19,187
Repairs and maintenance		826,884	1,395,684
Vehicles running and maintenance		1,357,893	2,013,459
Auditors' remuneration	23.2	695,000	485,000
Fees and subscription		1,228,691	2,102,611
Electricity		1,983,129	1,289,865
Insurance		687,208	1,030,831
Entertainment		564,981	766,767
Charity and donation	23.3	2,824,510	4,228,926
Depreciation	12.2	4,978,103	5,098,217
Other		76,819	130,094
		58,853,690	59,334,048

23.1 Staff salaries and benefits include Rs. 2,410,056 (2008: Rs. 2,324,423) in respect of staff retirement benefits.

23.2 Auditors' remuneration

	2009 Rupees	2008 Rupees
Audit fee	375,000	200,000
Other remuneration as auditor		
- Half yearly review fee	40,000	40,000
- Other services	280,000	245,000
	695,000	485,000

23.3 None of the directors or their spouses had any interest in the donee's fund.

24. OTHER OPERATING EXPENSES

	2009 Rupees	2008 Rupees
Workers' Profit Participation Fund	-	1,516,017
Workers' Welfare Fund	1,821,803	1,618,225
Exchange loss-net	147,201,039	16,111,900
	149,022,842	19,246,142

25. OTHER OPERATING INCOME

	2009 Rupees	2008 Rupees
Profit on bank accounts	507,640	444,105
Gain on disposal of property, plant and equipment	1,417,410	671,763
Trading profit	23,441,971	362,715
Others	4,178,411	-
	29,545,432	1,478,583

	Note	2009 Rupees	2008 Rupees
26. FINANCE COST			
Mark-up on :			
Long-term financing			
- from banking companies and other financial institutions		65,857,195	71,474,847
- from related party		3,956,651	2,935,695
Short-term borrowings		220,795,901	87,110,055
Lease finance charges		7,351,896	12,256,855
Interest on Workers' Profit Participation Fund	8.1	196,916	201,692
Bank guarantee commission		1,071,718	1,027,261
Bank charges		4,070,888	3,073,584
Letter of credits discounting charges		22,654,459	30,608,293
Other charges		425,301	269,733
		326,380,925	208,958,015

		2009	2008
27. TAXATION			
Current			
-for the year		22,855,808	19,108,933
-for prior year		(2,329,852)	(2,665,312)
Deferred		(3,703,433)	2,248,560
		16,822,523	18,692,181

27.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the significant portion of total income of the Company falls under final tax regime and hence tax has been provided under section 154 and 169 of the Income Tax Ordinance, 2001.

28. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2009	2008
(Loss) / profit for the year	Rs.	(231,213,747)	8,985,239
Weighted average number of ordinary shares outstanding during the year		17,324,750	17,324,750
(Loss) / earnings per share	Rs.	(13.35)	0.52

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2009			2008		
	Chief Executives	Directors	Executives	Chief Executives	Directors	Executives
	Rupees					
Meeting fee	-	85,000	-	-	77,000	-
Managerial remuneration	4,215,475	1,860,000	20,936,232	3,931,250	1,579,167	11,136,289
Retirement benefits	380,220	165,000	383,187	330,625	125,000	743,540
Leave encashment	-	-	-	-	-	214,821
Utilities	497,640	-	-	454,720	-	-
	5,093,335	2,110,000	21,319,419	4,716,595	1,781,167	12,094,650
No. of persons	1	6	11	1	6	8

29.1 The Chief Executive and Executive Directors are also entitled for use of cars owned and maintained by the Company, the monetary value of which is Rs. 230,900 (2008: Rs. 233,771) approximately.

	Note	2009 Rupees	2008 Rupees
30. CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	41,043,878	55,622,873
Short-term running finances	10	(1,094,022,112)	(463,591,112)
		(1,052,978,234)	(407,968,239)
31. 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		14,848,001	15,038,069

32. 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. There is no balance outstanding with or from associated undertakings except long-term loan disclosed in note 5. Remuneration of key management personnel is disclosed in note 29 and amount due in respect of staff retirement \ benefits is disclosed in note 7. Other significant transactions with related parties are as follows:

Relationship with the part	Nature of transactions	2009 Rupees	2008 Rupees
Associated undertakings / Directors			
	Purchase of goods	136,218,656	25,084,717
	Share of expenses paid	959,239	401,598
	Share of expenses received	1,315,891	1,421,485
	Rent of godown	240,000	240,000
	Markup charges	3,956,651	2,935,695
	Purchase of stores and spares	183,199	615,340
	Sale of stores and spares	444,100	144,300
	Sale of property, plant and equipment	1,200,000	-
	Purchase of property, plant and equipment	-	10,000,000
	Dividend paid	-	3,967,500

33. FINANCIAL RISK MANAGEMENT

33.1 The Company's principal financial liabilities comprise long-term financing, liabilities against assets subject to finance lease, short-term borrowing and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has 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.

33.2 **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. 196,416,110 (2008: Rs. 265,755,522), the financial assets which are subject to credit risk amounted to Rs. 196,135,232 (2008: Rs. 265,150,516). The Company manages credit risk in trade debts by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

The Company is exposed to credit risk from its operating activities (primarily for trade debts and loans and advances) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

33.2.1 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 and, where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

33.3 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, bank loans, finance leases and hire purchase contracts. 29% of the Company's debt will mature in less than one year at June 30, 2009 (2008: 31%) based on the carrying value of borrowings reflected in the financial statements.

33.3.1 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.

2009	Weighted Average effective rate of interest	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
		....................Rupees....................					
Long term finance	10.82%	285,551	36,549,402	133,466,395	438,173,771	34,478,625	642,953,744
Liabilities against asset subject to finance lease	12.17%	-	13,709,441	27,854,695	18,115,177	-	59,679,313
Short-term borrowings	14.24%	-	-	1,220,929,201	-	-	1,220,929,201
Trade and other payables		-	441,851,787	-	-	-	441,851,787
		285,551	492,110,630	1,382,250,291	456,288,948	34,478,625	2,365,414,045

2009	Weighted Average effective rate of interest	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
		....................Rupees....................					
Long term finance	10.94%	1,900,841	69,565,275	118,148,333	464,880,520	25,000,000	679,494,969
Liabilities against asset subject to finance lease	9.87%	-	15,484,501	46,453,502	58,334,227	-	120,272,229
Short-term borrowings	13.46%	-	-	1,580,324,024	-	-	1,580,324,024
Trade and other payables		-	81,316,607	-	-	-	81,316,607
		1,900,841	166,366,383	1,744,925,859	523,214,747	25,000,000	2,461,407,829

33.4 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 optimising returns.

33.4.1 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 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management is considering the alternative arrangement to manage interest rate exposure in future.

33.4.2 Interest Rate Sensitivity

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's loss for the year ended June 30, 2009 would increase/decrease by Rs. 19.18 million (2008 : Rs. 23.66 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

33.4.3 The analysis of interest rate / markup rate risk is as under :

	Interest bearing			Non-interest bearing				
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	2009 Total	2008 Total
	< ----------	----------	----------	---------- Rupees	----------	----------	---------- >	
Financial assets								
Long term deposits	-	-	-	-	573,707	573,707	573,707	377,568
Trade debts-considered good	-	-	-	142,256,840	-	142,256,840	142,256,840	200,296,620
Loans and advances	-	-	-	3,899,892	-	3,899,892	3,899,892	3,483,890
Trade deposits	-	-	-	911,241	-	911,241	911,241	641,472
Other receivables	-	-	-	5,847,368	-	5,847,368	5,847,368	3,597,852
Other financial assets	1,883,184	-	1,883,184	-	-	-	1,883,184	1,735,247
Cash and bank balances	329,410	-	329,410	40,714,468	-	40,714,468	41,043,878	55,622,873
	2,212,594	-	2,212,594	193,629,809	573,707	194,203,516	196,416,110	265,755,522
Financial liabilities								
Long-term financing	166,982,394	475,971,350	642,953,744	-	-	-	642,953,744	679,494,969
Liabilities against assets subject to finance lease	36,776,916	17,023,557	53,800,473	-	-	-	53,800,473	106,337,334
Trade and other payables	-	-	-	439,661,923	-	439,661,923	439,661,923	74,861,045
Interest / markup on loans	-	-	-	52,524,038	-	52,524,038	52,524,038	37,505,858
Short-term borrowings	1,220,929,201	-	1,220,929,201	-	-	-	1,220,929,201	1,580,324,024
	1,424,688,511	492,994,907	1,917,683,418	492,185,961	-	492,185,961	2,409,869,379	2,478,523,230
Off balance sheet items:								
Letters of credit	-	-	-	-	-	-	-	3,721,505
Bank guarantees	-	-	-	-	-	-	74,856,557	66,856,557
Foreign bills discounted	-	-	-	-	-	-	674,868,995	735,451,209
Total	-	-	-	-	-	-	749,725,552	806,029,271
On balance sheet gap	(1,422,475,917)	(492,994,907)	(1,915,470,824)	(298,556,152)	573,707	(297,982,445)	(2,213,453,269)	(2,212,767,708)
Off balance sheet gap	-	-	-	-	-	-	(749,725,552)	(806,029,271)

33.4.4 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, 2009, the total foreign currency risk exposure was Rs.121.624 million (2008: Rs. 176.221 million) in respect of trade debts.

33.4.5 Foreign Currency Sensitivity Analysis

At June 30, 2009, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, loss for the year would have been higher / lower by Rs. 5.169 million (2008 : Rs.13.336 million), mainly as a result of foreign exchange gains / losses on translation of foreign currency trade debts and US Dollar denominated borrowings. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2008 than 2009 because of the increased amount of foreign currency borrowings.

33.5 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.

33.6 Financial Instruments by Category

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

	Loans and receivables	Held to maturity	Total June 30, 2009
	----------	Rupees	----------
Assets as per balance sheet			
Deposits	3,154,595	-	3,154,595
Trade debts	142,256,840	-	142,256,840
Other Receivables	5,847,368	-	5,847,368
Cash and cash bank balances	41,043,878	-	41,043,878
Other Financial Asset	-	1,883,184	1,883,184

	Financial Liabilities measured at amortized cost	Total June 30, 2009
	---------- Rupees	----------
Liabilities as per balance sheet		
Long Term Loans	642,953,744	642,953,744
Liabilities against assets subject to finance lease	53,800,473	53,800,473
Short Term Borrowings	1,220,929,201	1,220,929,201
Trade and Other Payables	441,851,787	441,851,787

	Loans and receivables	Held to maturity	Total June 30, 2008
	----------	Rupees	----------
Assets as per balance sheet			
Deposits	1,679,117	-	1,679,117
Trade debts	200,296,620	-	200,296,620
Other Receivables	3,597,852	-	3,597,852
Cash and cash bank balances	55,622,873	-	55,622,873
Other Financial Asset	-	1,735,247	1,735,247

	Financial Liabilities measured at amortized cost	Total June 30, 2008
	---------- Rupees	----------
Liabilities as per balance sheet		
Long Term Loans	679,494,969	679,494,969
Liabilities against assets subject to finance lease	106,337,334	106,337,334
Short Term Borrowings	1,580,324,024	1,580,324,024
Trade and Other Payables	81,316,607	81,316,607

34. 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 share capital and reserves as well as debts of the Company. Share capital and reserves 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 2008.

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

35. 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 28, 2009.

CHIEF EXECUTIVE *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 23rd Annual General Meeting of the Company at the Registered Office of the Company, 8, 8th Floor Textile Plaza, M.A. Jinnah Road, Karachi on Saturday, October 24, 2009 at 10:30 A.M. or at any adjournment thereof.

As witness my/our hand this ______________________ day of 2009

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:

1. Proxies, in order to be effective, must be receives at the Company's Registered Office 8, 8th 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.
2. Signature must agree with the specimen signature registered with the Company.
3. 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.
4. No person shall act as proxy unless he is a member of the Company.

MILLS LIMITED