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:	Faysal Bank Limited Dubai Islamic Bank (Pakistan) Limited Bank Al-Falah Limited Habib Metropolitan Bank Limited MCB Bank Limited National Bank of Pakistan Soneri Bank Limited Allied Bank Limited
AUDITORS:	M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants
LEGAL ADVISOR:	Muhammad Afzal Awan Advocates.
SHARE REGISTRAR:	Noble Computer Services (Pvt.) Ltd. 1st 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:	accounts@tatatex.com
MILLS:	10th K.M. M.M. Road Khanpur-Baggasher, District Muzaffargarh

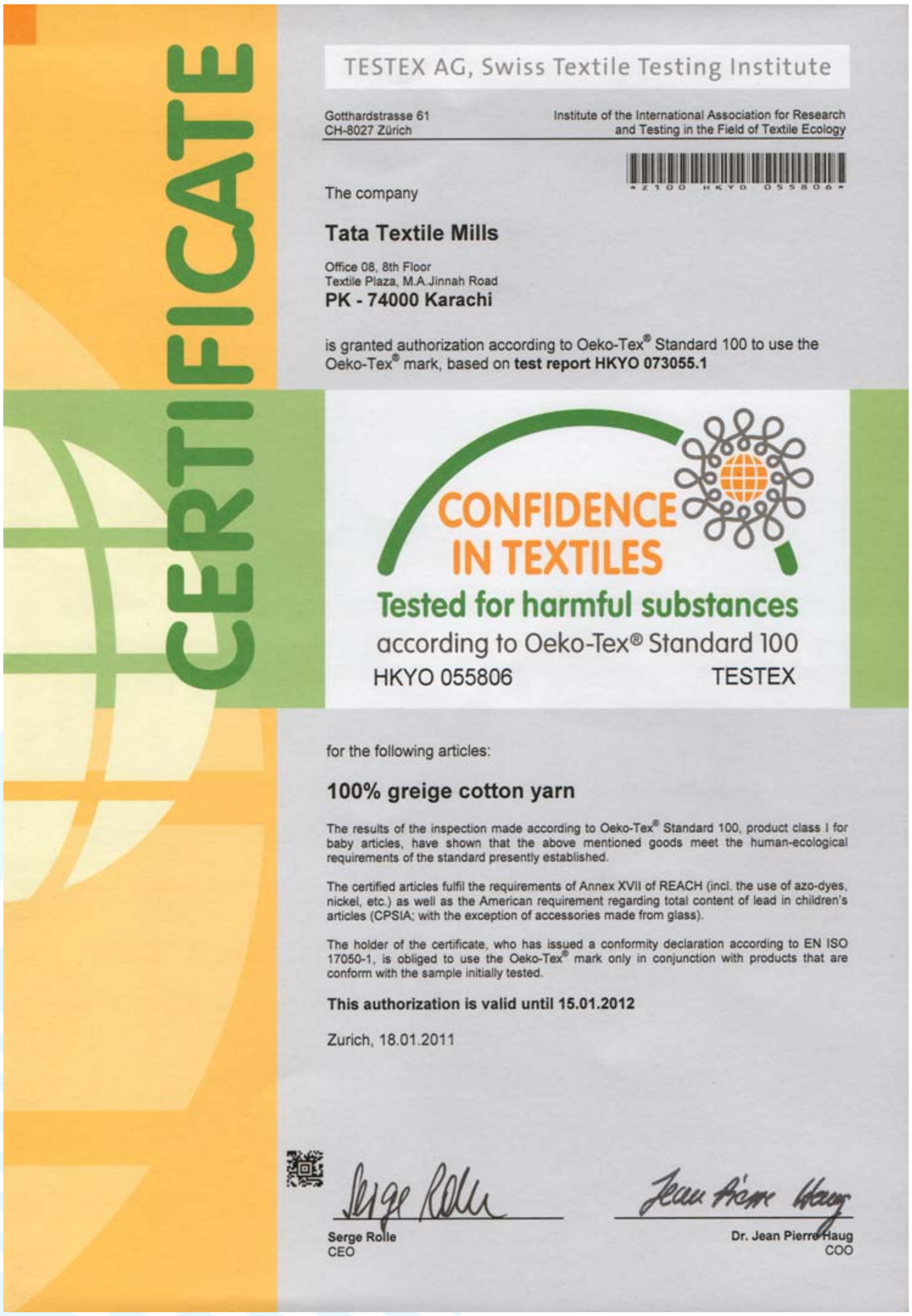
VISION STATEMENT

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



CERTIFICATE

TESTEX AG, Swiss Textile Testing Institute

Gotthardstrasse 61
CH-8027 Zürich

Institute of the International Association for Research and Testing in the Field of Textile Ecology

The company

Tata Textile Mills

Office 08, 8th Floor
Textile Plaza, M.A.Jinnah Road
PK - 74000 Karachi

is granted authorization according to Oeko-Tex® Standard 100 to use the Oeko-Tex® mark, based on **test report HKYO 073055.1**

CONFIDENCE IN TEXTILES
Tested for harmful substances
according to Oeko-Tex® Standard 100
HKYO 055806 TESTEX

for the following articles:

100% greige cotton yarn

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

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

The holder of the certificate, who has issued a conformity declaration according to EN ISO 17050-1, is obliged to use the Oeko-Tex® mark only in conjunction with products that are conform with the sample initially tested.

This authorization is valid until 15.01.2012

Zurich, 18.01.2011

Serge Rolle
CEO

Dr. Jean Pierre Haug
COO

COMMITTED TO QUALITY

COTTON USA™

Cotton Council International

certifies that

Tata Textile Mills Limited

is a verified

COTTON USA Licensee

This licensee has complied with the necessary licensing requirements and has been granted the right to use CCI's registered trademark on all qualifying labels, print and promotional materials for one calendar year from the date of the certificate.

Issued this **1st** *day of* **January 2011**

Executive Director

Cotton Council International

CHAIRMAN'S REVIEW

Assalam-o-Alaikum,

As the Chairman of Tata Textile Mills Limited, I feel pleasure to present the Annual Audited Accounts along with the auditor's report there on for the year ended June 30, 2011.

The year under review has been the most unusual in the recent history of Textile Industry. The volatility in the markets witnessed during the current year has never been witnessed before. Among the different raw materials the Textile Industry uses, cotton prices fluctuated the most.

After the start of financial year, cotton prices prevailing in the local market was Rs.4,500/- PM and ICE futures for the spot month was around 80 Cents/Lb. During the course of the year, the local and international prices peaked in March Rs.14,000/- PM in the local market, while, ICE futures touched $2.40 Cents/Lb. Both of these prices were historically high and have never been seen before. From April-June, cotton prices dropped back to Rs.5,000/- PM in the local market and the ICE futures dropped to 90 Cents/Lb.

During the cotton season, the projected cotton production was lowered many times in Pakistan, India & China as consumption remained the same causing projected world ending stock to decline and this was the main reason for the increase in price of cotton. The higher prices caused a decline in the usage of cotton around the world. The price hike witnessed early during the year caused a lot of demand destruction at the retail level as the consumers were not willing to pay higher prices for textiles in general. The company enjoyed good profitability in the first three quarters, but, during the last quarter cotton prices fell so sharply that a lot of profits made during the first nine months were wiped out.

The carrying value of stock in trade at average cost as of June 30, 2011 was higher than the prices of yarn sold and the replacement cost of the raw cotton purchased subsequent to the yearend, your company was required to perform Net Realizable Value (NRV) test as per the company's policy which is to measure inventory at lower of cost and NRV. This policy is as per the International Accounting Standard 2 "Inventories" which is a part of the approved accounting standards as applicable in Pakistan, the accounting framework of the company. As a result of the performing NRV test, the write-downs of Rs. 516 million, Rs. 11 million and Rs. 225 million has had to be recognized on raw materials, work-in-process and finished goods respectively in these financial statements.

The other salient features of the under review, the most serious being energy, high interest rates & inflation. In previous years gas was not supplied to the industrial sector in Punjab during winter months but, unfortunately, we are facing severe shortages of gas as well as electricity during summer months. High interest rates prevailing in the country are also hampering the industry along with, inflationary pressures, cost push ups and all other factors like wages, salary, spare parts, packing material and many other things.

All the factors mentioned above, are very serious in nature and will affect the company in an adverse manner.

GOING FORWARD:

The company is in the process of implementing ERP solution (Oracle e-Business suite 12R) with the assistance of M/s. A.F.Ferguson & Co. to help define our business objectives, design a dynamic business solution and implement it in a timely and cost effective manner.

We would like to acknowledge with many thanks the true efforts of our staff, workers and officers for their hard work and dedication. We are also thankful to our bankers, brokers and agents for putting their share in company's overall performance and will continue with the same spirit in the years to come.

ANWAR AHMED TATA
Chairman

Karachi.
Dated: September 7, 2011

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting before you the 25th Annual Report together with the Audited Accounts for the year ended June 30, 2011.

FINANCIAL RESULTS

The Company made a pre tax profit of Rs. 366.051 million after charging costs, expenses and depreciation for the year ended June 30, 2011.

	(Rupees)
Pre-tax profit for the year	366,051,467
Taxation	(62,585,484)
Profit after taxation	303,465,983
Accumulated Profit Brought Forward	604,190,333
Less: Dividend Paid	(43,311,875)
	560,878,458
Transfer from Surplus on Revaluation of Fixed Assets	46,850,943
Accumulated Profit Carried Forward	911,195,384

CHAIRMAN'S REVIEW

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

DIVIDEND

The Directors of the Company are pleased to recommend the cash dividend @ 30% for the year ended June 30 2011.

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	4
Mr. Shahid Anwar Tata	4
Mr. Adeel Shahid Anwar Tata	4
Mr. Muhammad Waris Magoon	3
Mr. Muhammad Ayub(NIT)	4
Mr. Shahid Aziz(NIT)	4
Mr. Farooq Advani	4

(However, leave of absence was granted to the Director 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 ,2011 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 01-07-2010	Purchase	Sales	Closing Balance As on 30-06-2011
Mr. Anwar Ahmed Tata	5,266,466	99,023	-	5,365,489

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, 2012.

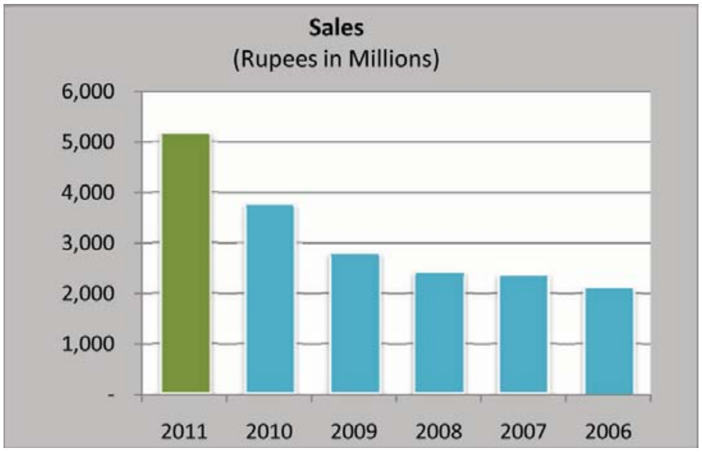
ON BEHALF OF THE BOARD OF DIRECTORS

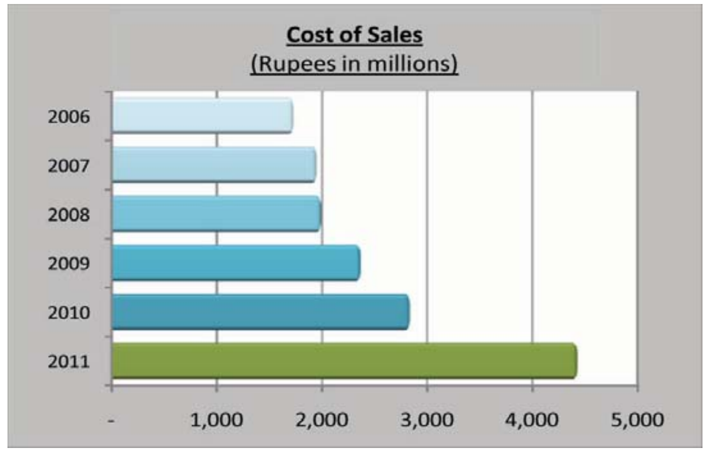
ANWAR AHMED TATA
Chairman/Director

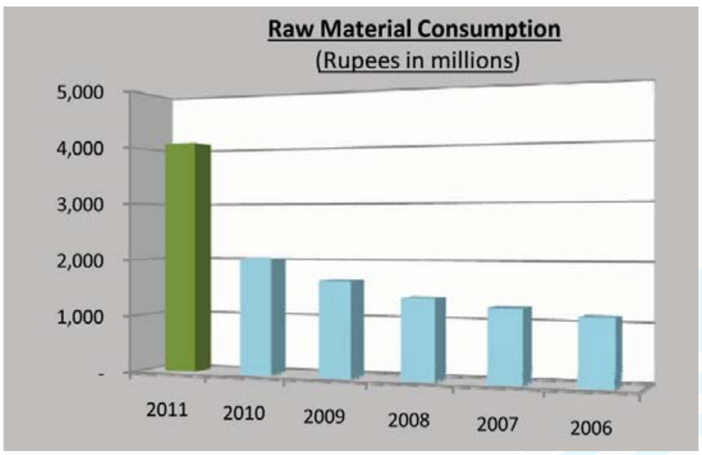
Karachi.
Dated: September 7, 2011

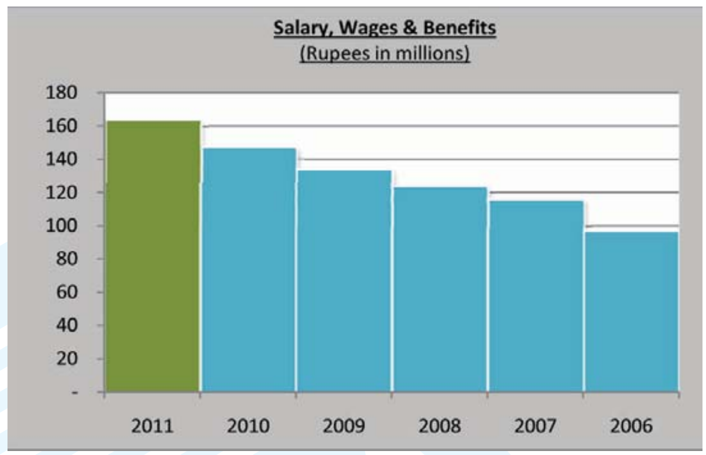
KEY OPERATING AND FINANCIAL RESULTS FROM 2006 TO 2011

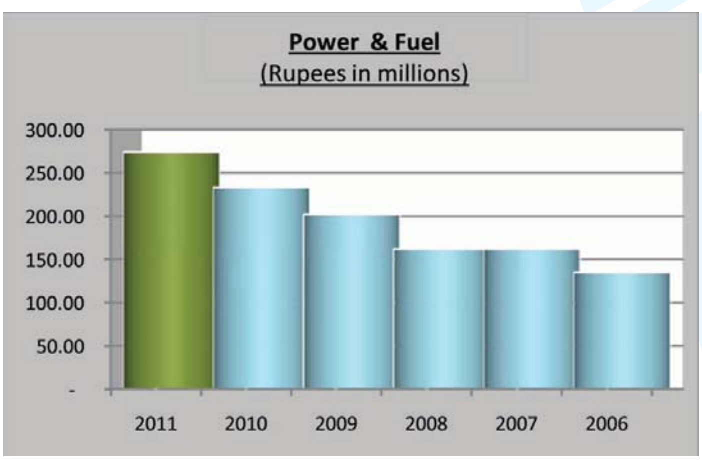
Particular	2011	2010	2009	2008	2007	2006
	------Rupees in thousand------					
Sales	5,198,073	3,783,989	2,804,593	2,415,386	2,381,978	2,123,409
Cost of Goods Sold	4,427,677	2,836,376	2,367,017	1,990,560	1,949,287	1,727,228
Gross Profit	770,396	947,612	437,576	424,827	432,691	396,181
Profit /(Loss) Before Taxation	366,051	457,293	(217,729)	27,677	81,560	67,334
Profit/(Loss) After Taxation	303,466	440,601	(234,551)	8,985	59,562	39,047
Financial Data						
Equity Balance	1,084,443	777,438	290,653	477,089	489,754	436,272
Property, Plant & Equipment	2,291,389	2,222,126	2,330,419	2,318,568	1,405,254	1,495,267
Current Assets	2,707,393	1,416,780	1,452,118	1,823,273	1,202,547	1,059,763
Current Liabilities	2,726,725	1,590,614	1,957,621	2,032,475	1,223,551	1,177,804
Key Ratio						
Gross Margin (%)	14.82	25.04	15.60	17.59	18.17	18.66
Profit / (Loss) after Tax (%)	5.84	11.64	(8.36)	0.37	2.50	1.84
Current Ratio	0.99	0.89	0.74	0.90	0.98	0.90
Earning Per Share (Rs.)	17.52	25.43	(13.54)	0.52	3.44	2.25
Breakup Value Per Share	62.60	44.87	16.78	27.54	28.27	25.18
Cash Dividend (%)	30.00	25.00	-	-	10.00	10.00
Statistics						
Number of Spindle	44,400	44,400	44,400	44,400	44,400	44,400
Production into 20/s Count (in "000" Kgs.)	15,466	16,003	14,848	15,038	15,761	15,170

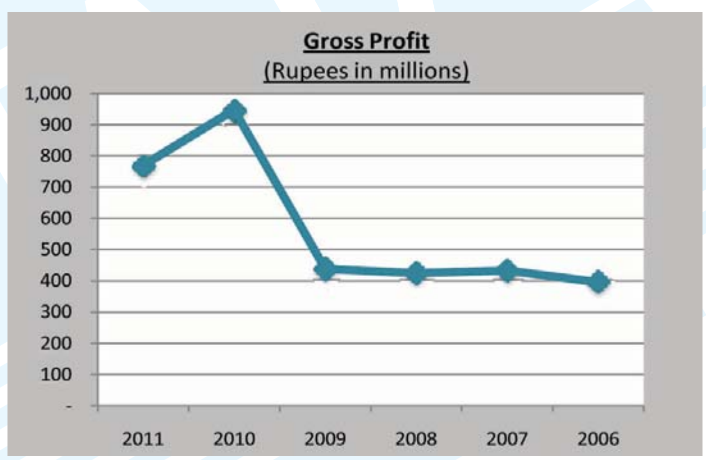

Sales
(Rupees in Millions)
6,000
5,000
4,000
3,000
2,000
1,000
-
2011
2010
2009
2008
2007
2006

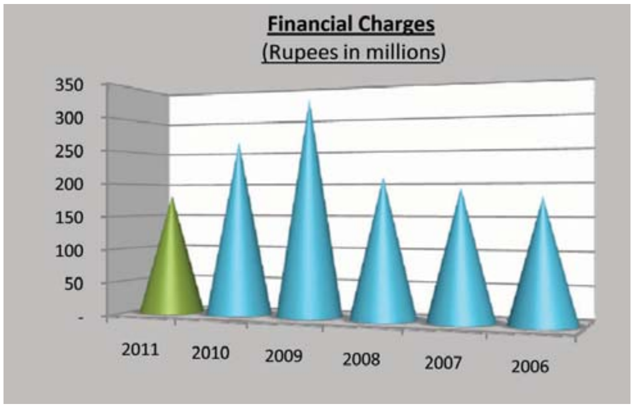

Cost of Sales
(Rupees in millions)
2006
2007
2008
2009
2010
2011
-
1,000
2,000
3,000
4,000
5,000

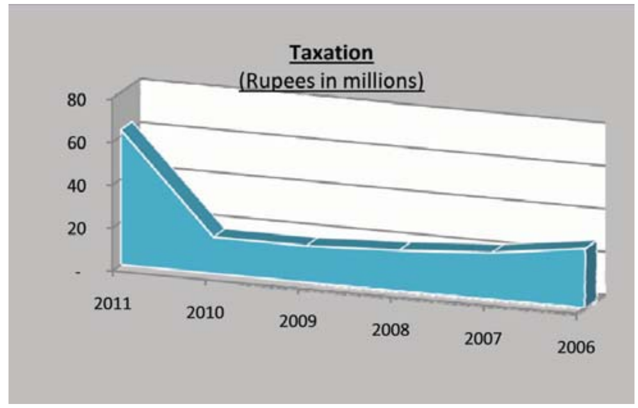

Raw Material Consumption
(Rupees in millions)
5,000
4,000
3,000
2,000
1,000
-
2011
2010
2009
2008
2007
2006

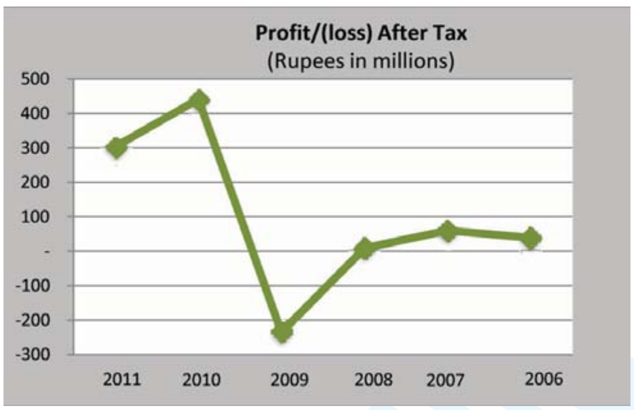

Salary, Wages & Benefits
(Rupees in millions)
180
160
140
120
100
80
60
40
20
-
2011
2010
2009
2008
2007
2006

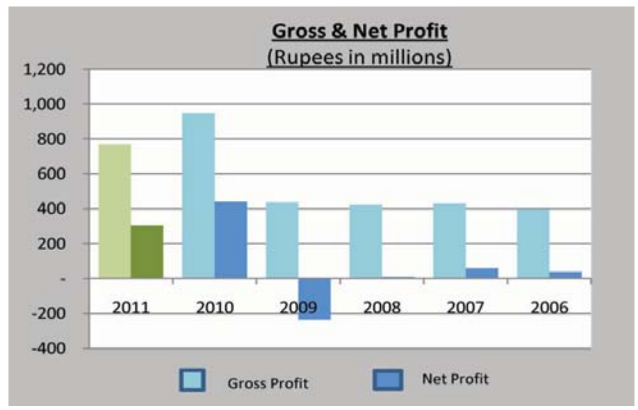

Power & Fuel
(Rupees in millions)
300.00
250.00
200.00
150.00
100.00
50.00
-
2011
2010
2009
2008
2007
2006


Gross Profit
(Rupees in millions)
1,000
900
800
700
600
500
400
300
200
100
-
2011
2010
2009
2008
2007
2006

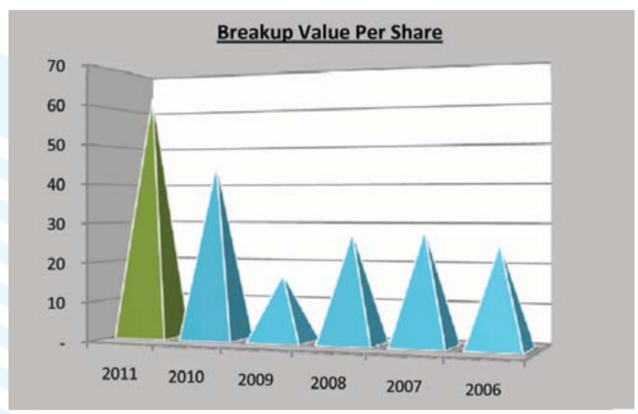

Financial Charges
(Rupees in millions)
350
300
250
200
150
100
50
-
2011
2010
2009
2008
2007
2006

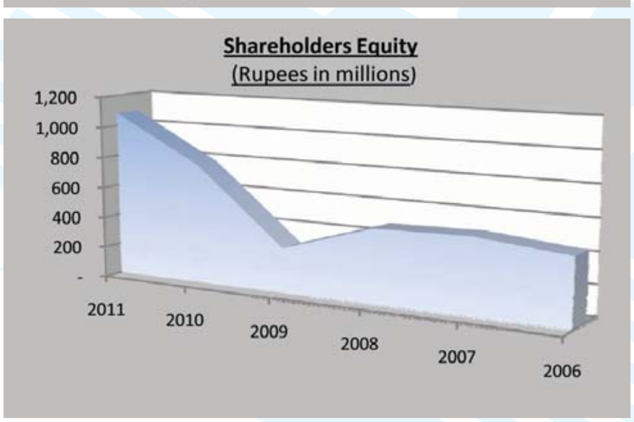

Taxation
(Rupees in millions)
80
60
40
20
-
2011
2010
2009
2008
2007
2006

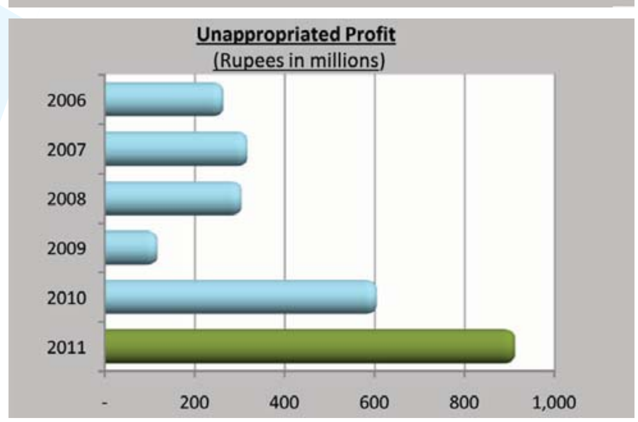

Profit/(loss) After Tax
(Rupees in millions)
500
400
300
200
100
-
-100
-200
-300
2011
2010
2009
2008
2007
2006

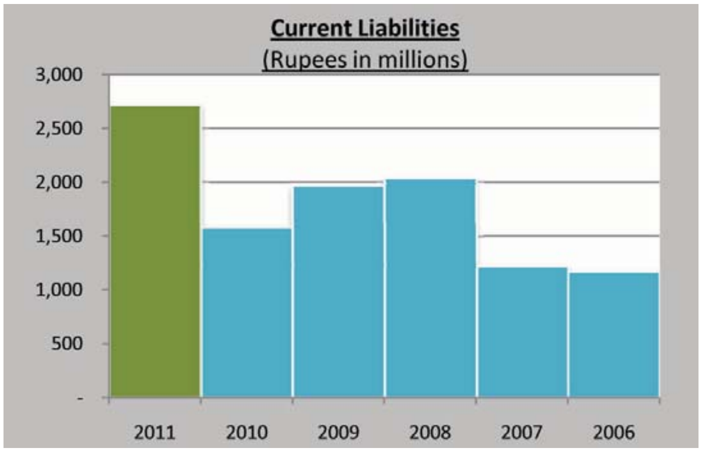

Gross & Net Profit
(Rupees in millions)
1,200
1,000
800
600
400
200
-
-200
-400
2011
2010
2009
2008
2007
2006
Gross Profit
Net Profit

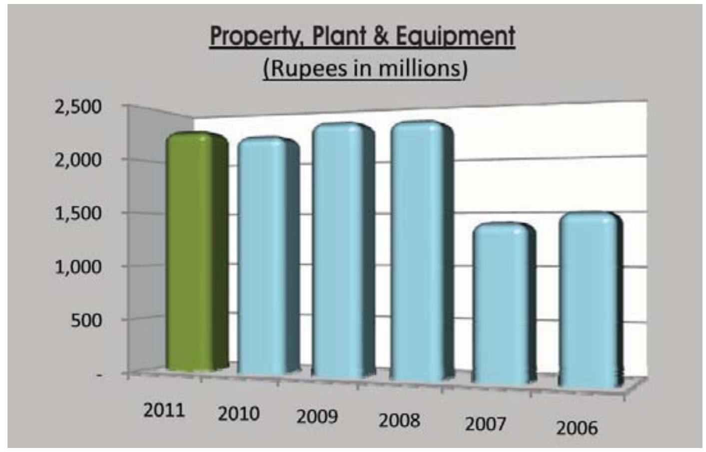

Earning Per Share (Per
Rupee)
30
25
20
15
10
5
-
-5
-10
-15
-20
2011
2010
2009
2008
2007
2006

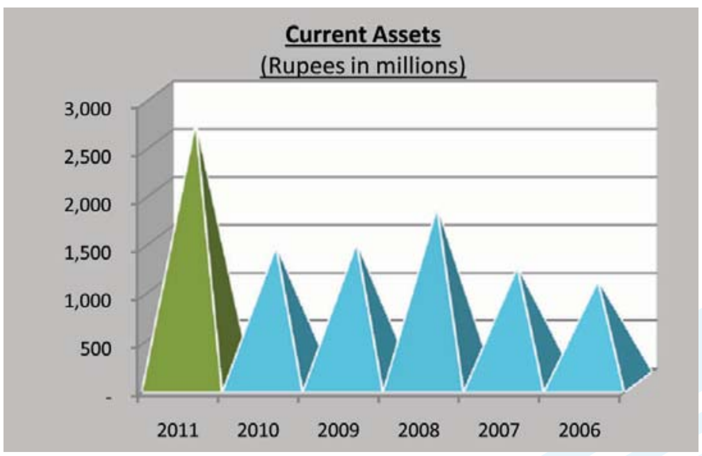

Breakup Value Per Share
70
60
50
40
30
20
10
-
2011
2010
2009
2008
2007
2006

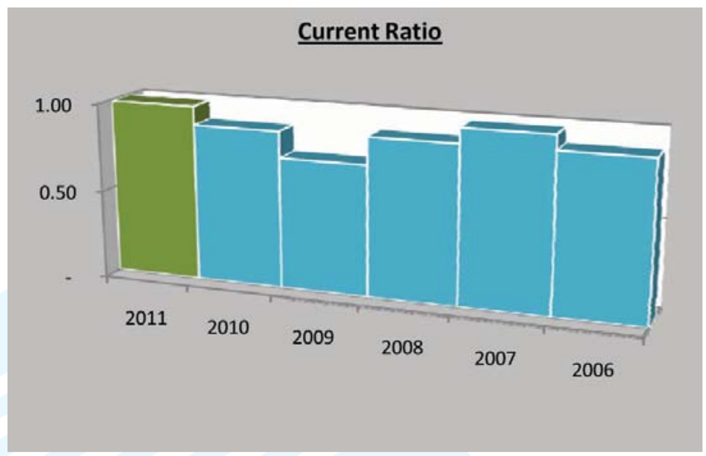

Shareholders Equity
(Rupees in millions)
1,200
1,000
800
600
400
200
-
2011
2010
2009
2008
2007
2006

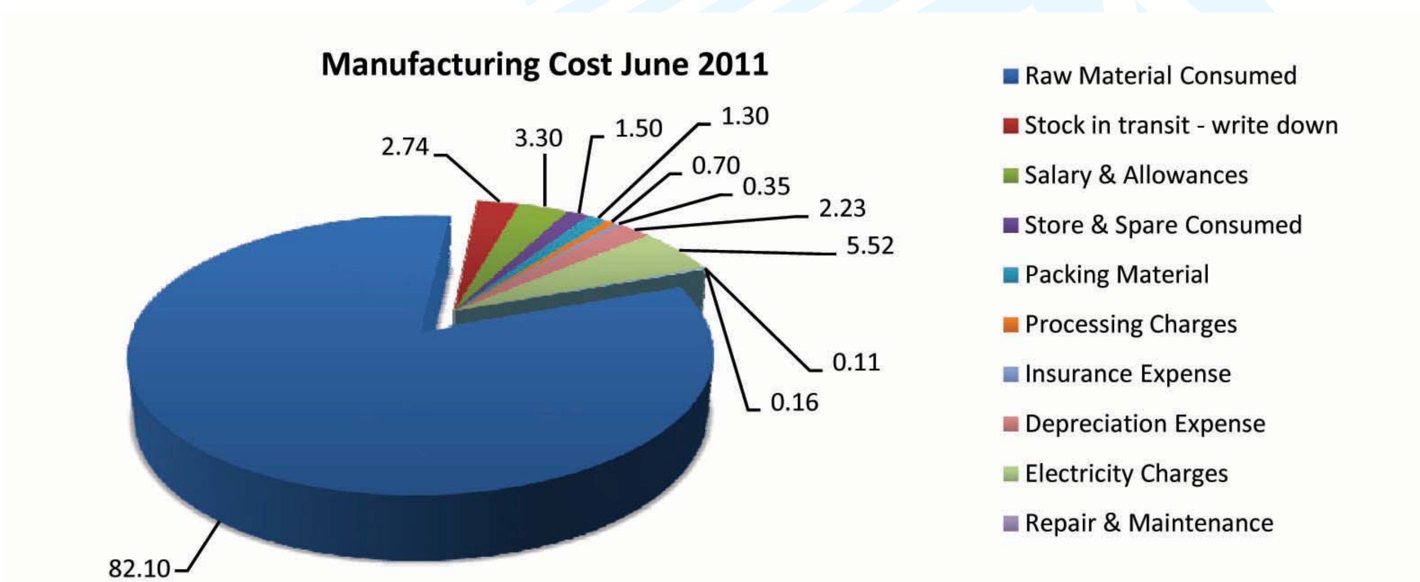

Unappropriated Profit
(Rupees in millions)
2006
2007
2008
2009
2010
2011
-
200
400
600
800
1,000


Current Liabilities
(Rupees in millions)
3,000
2,500
2,000
1,500
1,000
500
-
2011
2010
2009
2008
2007
2006


Property, Plant & Equipment
(Rupees in millions)
2,500
2,000
1,500
1,000
500
-
2011
2010
2009
2008
2007
2006


Current Assets
(Rupees in millions)
3,000
2,500
2,000
1,500
1,000
500
-
2011
2010
2009
2008
2007
2006


Current Ratio
1.00
0.50
-
2011
2010
2009
2008
2007
2006


Manufacturing Cost June 2011
2.74
3.30
1.50
1.30
0.70
0.35
2.23
5.52
0.11
0.16
82.10
Raw Material Consumed
Stock in transit - write down
Salary & Allowances
Store & Spare Consumed
Packing Material
Processing Charges
Insurance Expense
Depreciation Expense
Electricity Charges
Repair & Maintenance

Patterns of Holding of Shares Held by the Shareholders
As at June 30, 2011

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
254	1	100	12,391
329	101	500	74,642
355	501	1,000	237,401
69	1,001	5,000	157,889
14	5,001	10,000	94,417
11	10,001	15,000	138,241
7	15,001	20,000	122,768
2	20,001	25,000	44,822
7	25,001	30,000	188,033
1	40,001	45,000	40,010
2	45,001	50,000	98,202
1	50,001	55,000	53,932
1	55,001	60,000	55,545
2	65,001	70,000	132,250
1	75,001	80,000	80,000
1	85,001	90,000	85,300
2	90,001	95,000	186,449
1	135,001	140,000	139,920
1	205,001	210,000	205,363
1	235,001	240,000	238,051
1	280,001	285,000	284,337
1	315,001	320,000	317,400
1	380,001	385,000	385,000
1	1,050,001	1,055,000	1,050,534
1	1,470,001	1,475,000	1,474,579
1	2,090,001	2,095,000	2,094,285
1	3,965,001	3,970,000	3,967,500
1	5,365,001	5,370,000	5,365,489
1,070			17,324,750

CATEGORIES OF SHAREHOLDERS
As at June 30, 2011

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
NIT and ICP	3	2,149,070	12.40
Banks, Development Finance Institutions	2	1,255,897	7.25
Joint Stock Companies	10	6,553	0.04
Associated Companies, Undertaking and Related Parties	1	3,967,500	22.90
Directors, CEO,their Spouses and Minor Children	7	7,413,363	42.79
Individuals	1,047	2,532,367	14.62
	1,070	17,324,750	100.00

Details of Categories of Shareholders As at June 30, 2011

	Number of shareholders	Shares Held
NIT and ICP		
IDP (ICP Unit)		853
National Investment Trust Ltd		53,932
National Bank of Pakistan - Trustee Department		2,094,285
	3	2,149,070
BANKS, DEVELOPMENT FINANCE INSTITUTIONS		
National Bank of Pakistan		1,255,897
	2	1,255,897
JOINT STOCK COMPANIES		
N. H. Capital Fund Limited		2
Pearl Capital Management (Pvt.) Ltd		49
Darson Securities (Pvt.) Ltd		86
Y.S. Securities & Services (Pvt.) Ltd.		132
Highlink Capital (Pvt.) Ltd		200
Stock Street (Pvt.) Ltd		400
AWJ Securities (SMC-Pvt.) Ltd		500
M.R.A. Securities (Pvt.) Ltd		800
ACE Securities (Pvt.) Ltd		1,982
Ismail Abdul Shakoor Secuirities (Pvt.) Ltd		2,402
	10	6,553
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)		5,365,489
Mr. Shahid Anwar Tata (Chief Executives)		1,474,579
Mr. Adeel Shahid Anwar (Director)		16,522
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	7,413,363
INDIVIDUALS	1,047	2,532,367
Grand Total	1,070	17,324,750

Shareholders Holding 10% or More Voting Interest in the Company As At June 30, 2011

	Shares Held	Percentage
DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN		
Mr. Anwar Ahmed Tata	5,365,489	30.97
ASSOCIATED COMPANIES, UNDERTAKING & RELATED PARTIES		
Salfi Textile Mills Ltd.	3,967,500	22.90
NIT and ICP		
National Bank of Pakistan - Trustee Department	2,094,285	12.09

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PERIOD ENDED 30TH JUNE 2011

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange (Guarantee) Ltd. and Chapter XI 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 an orientation course 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.
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 complied 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 agreed terms.
21. We confirm that all other material principles contained in the Code have been complied with.

ON BEHALF OF THE BOARD OF DIRECTORS

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

Karachi
Dated: September 07, 2011

Notice of Annual General Meeting

Notice is hereby given that the **25th Annual General Meeting** of the Shareholders of **Tata Textile Mills Limited** will be held on **Monday** the **October 10, 2011 at 12:30 P.M.** at **5th Floor Textile Plaza M.A. Jinnah Road Karachi,** to transact the following business: -

1. To confirm the minutes of the 24th Annual General Meeting held on October 16, 2010.
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, 2011.
3. To appoint Auditors for the year 2011-12 and fix their remuneration. The retiring auditors M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants being eligible to offer themselves for reappointment.
4. To approve the payment of cash dividend @ 30% (i.e. Rs.3.00 per share), for the year ended June 30, 2011 as recommended by the Board of Directors.
5. To elect Seven Directors of the Company as fixed by the Board for a term of three years in accordance with the provision of Section 178(1) of the Companies Ordinance 1984. Retiring Directors are;
   (i) Mr. Anwar Ahmed Tata
   (ii) Mr. Shahid Anwar Tata
   (iii) Mr. Adeel Shahid Anwar
   (iv) Mr. Muhammad Ayub (NIT)
   (v) Mr. Muhammad Waris Magoon
   (vi) Mr. Shahid Aziz (NIT)
   (vii) Mr. Farooq Advani

   The retiring Directors are eligible for re-election.
6. To transact any other ordinary business or businesses with the permission of the **Chairman.**

By order of the Board of Directors

Farooq Advani
Company Secretary

Karachi:
Dated: September 17, 2011

Notes:

1. The Share Transfer Books of the Company will remain closed from October 03, 2011 to October 10, 2011 (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. Any person, who seeks to contest the election of Directors shall file with the company at its registered office not later than fourteen days before the above said meeting his/her intention to offer himself/herself for election as a Director in terms of Section 178 (3) of the Companies Ordinance, 1984 together with (a) consent in Form 28, (b) a Declaration with consent to act as Director in the manner as provided under clause (ii) of the Code of Corporate Governance, (c) a Declaration in terms of clause (iii), (iv) and (v) of the Code of Corporate Governance.
5. 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

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

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

We have reviewed the Statement of Compliance 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. 35 of the Karachi Stock Exchange and Chapter XI 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 a) of Listing Regulation No. 35 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, 2011.

M. Yousuf Adil Saleem & Co

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Place: Karachi
Dated: September 07, 2011

Member of
Deloitte Touche Tohmatsu

Deloitte.

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

We have audited the annexed balance sheet of TATA TEXTILE MILLS LIMITED (the Company) as at June 30, 2011 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion :
   - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
   - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
   - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required, and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2011 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance

M. Yousuf Adil Saleem & Co

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Place: Karachi
Dated: September 07, 2011

Member of
Deloitte Touche Tohmatsu

BALANCE SHEET

	Note	2011	2010
		..........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		**911,195,384**	604,190,333
		1,084,442,884	777,437,833
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	4	**897,799,038**	944,649,981
NON-CURRENT LIABILITIES			
Long-term financing	5	**262,266,034**	302,314,839
Liabilities against assets subject to finance lease	6	-	-
Deferred liabilities	7	**28,199,058**	24,496,196
CURRENT LIABILITIES			
Trade and other payables	8	**244,617,507**	166,923,435
Interest / mark-up accrued on loans	9	**49,113,129**	47,160,906
Short-term borrowings	10	**2,176,452,137**	1,088,376,011
Current portion of:			
-long-term financing	5	**123,675,105**	200,859,664
-liabilities against assets subject to finance lease	6	-	17,012,029
Taxation - income tax		**132,867,342**	70,281,858
		2,726,725,220	1,590,613,903
CONTINGENCIES AND COMMITMENTS	11		
		4,999,432,234	3,639,512,752

The annexed notes from 1 to 36 form an integral part of these financial statements.

AS AT JUNE 30, 2011

	Note	2011	2010
		..........Rupees..........	
NON-CURRENT ASSETS			
Property, plant and equipment	12	**2,291,389,290**	2,222,126,664
Long-term deposits		**649,958**	606,356
CURRENT ASSETS			
Stores, spares and loose tools	13	**49,283,601**	35,742,257
Stock-in-trade	14	**2,116,355,588**	1,019,574,144
Trade debts	15	**295,594,213**	190,017,290
Loans and advances	16	**150,002,781**	94,123,827
Trade deposits and short-term prepayments	17	**3,425,867**	1,676,869
Other receivables		**12,595,428**	5,625,466
Other financial assets	18	**2,483,184**	2,483,184
Sales tax refundable		**10,456,306**	14,066,391
Cash and bank balances	19	**67,196,018**	53,470,304
		2,707,392,986	1,416,779,732
		4,999,432,234	3,639,512,752

Pursuant to Section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of the Chief Executive who for the time being is not in the country.

ADEEL SHAHID ANWAR
DIRECTOR

ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
		..........Rupees..........	
Sales	20	**5,198,073,214**	3,783,988,659
Cost of goods sold	21	**(4,427,677,007)**	(2,836,376,321)
Gross profit		**770,396,207**	947,612,338
Distribution cost	22	**(171,248,568)**	(146,124,741)
Administrative expenses	23	**(62,647,453)**	(58,718,350)
Other operating expenses	24	**(27,458,431)**	(35,829,793)
Other operating income	25	**39,384,808**	14,756,383
Finance cost	26	**(182,375,096)**	(264,402,368)
		(404,344,740)	(490,318,869)
Profit before taxation		**366,051,467**	457,293,469
Provision for taxation	27	**(62,585,484)**	(16,692,768)
Profit for the year		**303,465,983**	440,600,701
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**303,465,983**	440,600,701
Earnings per share - basic and diluted	28	**17.52**	25.43

The annexed notes from 1 to 36 form an integral part of these financial statements.

Pursuant to Section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of the Chief Executive who for the time being is not in the country.

ADEEL SHAHID ANWAR
DIRECTOR

ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
		……….Rupees……….	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**366,051,467**	457,293,469
Adjustments for :			
Depreciation of property, plant and equipment	12.2	**113,680,644**	118,829,514
Impairment on property, plant and equipment	12.5	**-**	1,439,317
Net realisable value charges on stock-in-trade		**751,418,399**	-
Provision for staff gratuity and compensated absences		**15,632,751**	13,092,758
Finance cost	26	**182,375,096**	264,402,368
Gain on disposal of property, plant and equipment	25	**(4,091,584)**	(548,015)
Operating cash flows before movements in working capital		**1,425,066,773**	854,509,411
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(13,541,344)**	5,509,107
Stock-in-trade		**(1,848,199,843)**	140,263,953
Trade debts		**(105,576,923)**	(47,760,450)
Loans and advances		**(2,485,275)**	(1,391,116)
Trade deposits and short-term prepayments		**(1,748,998)**	904,019
Other receivables		**(6,969,962)**	221,902
Other financial assets		**-**	(600,000)
Sales tax refundable		**3,610,085**	(6,728,659)
Increase / (Decrease) in current liabilities			
Trade and other payables		**77,204,303**	(290,603,615)
Cash (used in) / generated from operations		**(472,641,184)**	654,324,552
Finance cost paid		**(180,422,873)**	(269,765,500)
Income taxes paid		**(53,393,679)**	(42,653,677)
Staff gratuity and compensated absences paid		**(11,929,889)**	(8,871,326)
Long-term deposits		**(43,602)**	(32,649)
Net cash (used in) / generated from operating activities		**(718,431,227)**	333,001,400
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(188,086,172)**	(12,362,311)
Proceeds from disposal of property, plant and equipment		**9,234,486**	934,000
Net cash used in investing activities		**(178,851,686)**	(11,428,311)

	Note	2011	2010
		..........Rupees..........	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		**117,253,518**	7,296,700
Repayment of long-term financing		**(234,486,882)**	(147,075,941)
Proceeds from / repayment of short-term borrowings - import / export		**1,217,020,444**	351,536,333
Repayment of principal portion of finance lease		**(17,012,029)**	(36,788,444)
Dividend paid		**(42,822,106)**	(25,788)
Net cash from financing activities		**1,039,952,945**	174,942,860
Net increase in cash and cash equivalents		**142,670,032**	496,515,949
Cash and cash equivalents as at July 01		**(556,462,285)**	(1,052,978,234)
Cash and cash equivalents as at June 30	30	**(413,792,253)**	(556,462,285)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Pursuant to Section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of the Chief Executive who for the time being is not in the country.

ADEEL SHAHID ANWAR
DIRECTOR

ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011

	Note	Share Capital	Revenue Reserve Unappropriated Profit	Total
		............................Rupees............................		
Balance as at July 01, 2009		173,247,500	117,405,073	290,652,573
Comprehensive income				
Profit after taxation for the year ended June 30, 2010		-	440,600,701	440,600,701
Other comprehensive income - net of tax		-	-	-
		-	440,600,701	440,600,701
Transferred from surplus on revaluation of property, plant and equipment on account of:				
- incremental depreciation	4	-	46,184,559	46,184,559
Balance as at June 30, 2010		**173,247,500**	**604,190,333**	**777,437,833**
Comprehensive income				
Profit after taxation for the year ended June 30, 2011		-	303,465,983	303,465,983
Other comprehensive income - net of tax		-	-	-
		-	303,465,983	303,465,983
Transferred from surplus on revaluation of property, plant and equipment on account of:				
- incremental depreciation		-	43,756,176	43,756,176
- disposal of property, plant and equipment		-	3,094,767	3,094,767
	4	-	46,850,943	46,850,943
Transactions with owners				
Final cash dividend for the year ended June 30, 2010 @ Rs. 2.5 per share		-	(43,311,875)	(43,311,875)
Balance as at June 30, 2011		**173,247,500**	**911,195,384**	**1,084,442,884**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Pursuant to Section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of the Chief Executive who for the time being is not in the country.

ADEEL SHAHID ANWAR
DIRECTOR

ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 the Companies Ordinance, 1984 shall prevail.

2.2 Basis of preparation

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

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

2.3 New, revised and amended standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2011. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements;

Standard or Interpretation	Effective for periods beginning on or after
IFRS 7 - Financial Instruments: Disclosures (Amendment)	January 1, 2011
IFRS 7 - Financial Instruments: Disclosures (Amendment)	July 1, 2011
IAS 1 - Presentation of Financial Statements (Amendment)	January 1, 2011
IAS 1 - Presentation of Financial Statements (Amendment)	July 1, 2012
IAS 12 - Income Taxes (Amendment)	January 1, 2012
IAS 24 - Related Party Disclosures (Revised)	January 1, 2011
IAS 34 - Interim Financial Reporting (Amendment)	January 1, 2011
IFRIC 13 - Customer Loyalty Programmes (Amendment)	January 1, 2011
IFRIC 14 - IAS 19 – The Limit on a Defined Benefit Asset, Minimum FundingRequirements and Their Interaction (Amendment)	January 1, 2011

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 non-current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

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

2.4.2 Borrowing cost

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

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, 2011 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 of 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 increase or decrease in salary of any non-workmen.

Compensated absences

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

2.4.4 Taxation

Current

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

Deferred

The Company has ceased to recognise deferred tax due to the reason as stated on note 7.2.1.

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

Depreciation is charged to income applying the reducing balance method at the rates specified in the note 12. Depreciation on all additions in fixed assets is charged from the month in which the asset is available for use and on disposals upto the month of disposal.

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

When parts of an item of Property, Plant and Equipment have different useful lives, they are recognised as separate items of Property Plant and Equipment.

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

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

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 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

Regular way purchase or sale of investments

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

Held-to-maturity

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

Derecognition

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

2.4.7 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.

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

Where NRV charge subsequently reverses, the carrying value of the inventory is also increased to the extent that the revised carrying value does not exceed the amount that would have been determined had no NRV charge been recognised. A reversal of NRV is recognised in profit and loss account.

In the current year, management has changed the basis of the weighted average cost formula used for consumption and valuation of raw material. Previously, the weighted average cost of raw material purchased was calculated at the end of each reporting period. From the current year, the weighted average of raw material purchased has been calculated at the end of each month. This change has been accounted for as change in accounting estimate as per the requirements of International Accounting Standards 8 - “Accounting Policies, Changes in Accounting Estimates and Errors”. Had there been no change in the basis of calculating weighted average cost formula, NRV charge as disclosed in notes 14.2 and 21.3 would have been reduced by Rs. 300 million.

2.4.9 Provisions

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

2.4.10 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

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translations of monetary assets and liabilities denominated in foreign currencies at balance sheet date are included in profit and loss account.

2.4.12 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.

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets and inventories may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.4.15 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 for distribution to shareholders.

2.4.19 Critical judgments and accounting estimates in applying the accounting policies

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

- Impairment in property and equipment.
- Useful life of property and equipment.
- Provision for tax and deferred tax.
- Net realisable value of stock-in-trade.

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2011	2010		2011	2010
Number of shares			...........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	2011	2010
		……….Rupees……….	
4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Surplus on revaluation of property, plant and equipment			
Opening balance		**944,649,981**	990,834,540
Transferred to unappropriated profit on account of			
- incremental depreciation		**(43,756,176)**	(46,184,559)
- disposal of property, plant and equipment		**(3,094,767)**	-
		(46,850,943)	(46,184,559)
Closing balance		**897,799,038**	944,649,981
Related deferred tax liability			
Opening balance		**-**	(64,492,179)
Adjustment due to income subject to FTR	7.2.1	**-**	64,492,179
Closing balance		**-**	-
		897,799,038	944,649,981
5. LONG-TERM FINANCING			
From banking companies and other financial institutions - secured			
Demand finances	5.1	**137,826,406**	216,739,606
Term finances	5.2	**49,348,471**	5,893,500
Vehicle loans	5.3	**8,661,547**	8,651,193
Export oriented projects (EOP)	5.4	**165,104,715**	246,890,204
		360,941,139	478,174,503

	Note	2011	2010
		……….Rupees……….	
From related party-unsecured			
Subordinated loan	5.5	**25,000,000**	25,000,000
		385,941,139	503,174,503
Less: Current portion:			
Demand finances		**(48,913,200)**	(68,913,200)
Term finance		**(1,473,372)**	(1,105,029)
Vehicle loans		**(3,611,628)**	(3,615,946)
Export oriented projects (EOP)		**(69,676,905)**	(127,225,489)
		(123,675,105)	(200,859,664)
		262,266,034	302,314,839

5.1 These facilities were obtained from banking company which are secured against first pari passu charge over building property, plant and equipment of the Company and personal guarantee of directors. These facilities carry mark-up at the rates ranging from 3 months' KIBOR plus 1 % to 1.5 % per annum (2010: 3 months' KIBOR plus 1 % to 1.5 % per annum) with quarterly payment. These facilities are repayable in 16 to 20 installments commencing from August 2009 and September 2009. The aggregate unavailed long-term finance facilities available amounting to Rs. 4 million (2010: Rs. 4 million).

5.2 These loans were obtained from banking companies which are secured against joint pari passu charge on all present and future fixed assets including land, building, plant and machinery and charge on specific machinery. These loans carry markup at a rates ranging from 3 months' average KIBOR plus 1.5 % to 2 % (2010: 3 months' average KIBOR plus 2%). These loans are repayable in 16 equal quarterly and half yearly installments commencing from October 2009 and March 2013 respectively.

5.3 These represent loans obtained from banking company which are secured against vehicles acquired from such loans and guarantee of the Company. These loans carry mark-up at the rate of 13% (2010: 13 %) per annum and are repayable in 60 equal monthly installments commencing from September 2005 to November 2010. The unavailed facility as at June 30, 2011 is Rs. 11 million (2010: 11 million).

5.4 These loans were obtained from banking companies and financial institution which are secured against joint pari passu charge on all present and future fixed assets including land, building, plant and machinery and charge on specific machinery. These loans carry mark-up ranging from 7% to 11.2% (2010: 7% to 9%) per annum. These loans are repayable in 8 to 16 half yearly installments and 46 and 47 monthly installments commencing from March 2006 to April 2013 respectively.

5.5 This represents an unsecured subordinated loan obtained from Tata Energy Limited (an associated undertaking). The loan carries mark-up at the rate 6 months' average KIBOR plus 1.5% p.a (2009: 6 months' average KIBOR plus 1.5% per annum) repriced quarterly. The loan shall be repaid by the Company in four equal half-yearly installments of Rs. 6.25 million after meeting covenants regarding the repayment of a loan from a banking company amounting to Rs. 200 million.

5.6 Management considers that there is no significant non compliance of agreements with banking companies, financial institutions and related party, where the Company is exposed to penalties

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:

	2011		2010	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
	....Rupees....			
Within one year	-	-	18,074,795	17,012,029
After one year but not more than five years	-	-	-	-
Total minimum lease payments	-	-	18,074,795	17,012,029
Amount representing finance charges	-	-	(1,062,766)	-
Present value of minimum lease payments	-	-	17,012,029	17,012,029
Current portion	-	-	(17,012,029)	(17,012,029)
	-	-	-	-

6.1 All liabilities against assets subject to finance lease has been repaid during the year

6.2 The Company has exercised the option to purchase the leased assets upon completion of the lease periods.

	Note	2011	2010
		……….Rupees……….	
7. DEFERRED LIABILITIES			
Staff gratuity	7.1	**26,454,078**	22,792,929
Compensated absences		**1,744,980**	1,703,267
Deferred taxation	7.2	**-**	-
		28,199,058	24,496,196
7.1 Staff gratuity			
Workmen - Defined benefit plan	7.1.1	**3,406,267**	2,715,342
Non-workmen - Defined contribution plan	7.1.2	**23,047,811**	20,077,587
		26,454,078	22,792,929
7.1.1 Workmen - Defined benefit plan			
7.1.1.1 Liability recognised in the balance sheet			
Present value of defined benefit obligation	7.1.1.3	**8,226,276**	6,757,897
Unrecognized actuarial loss		**(4,820,009)**	(4,042,555)
		3,406,267	2,715,342
7.1.1.2 Expense recognised in the profit and loss account			
Current service cost		**4,041,320**	3,508,234
Interest cost		**1,389,535**	983,702
Actuarial loss recognised		**306,070**	337,758
		5,736,925	4,829,694

		Note	2011	2010
			..........Rupees..........	
7.1.1.3	**Changes in the present value of the defined benefit obligation**			
	Opening defined benefit obligation		**6,757,897**	7,566,942
	Current service cost		**4,041,320**	3,508,234
	Interest cost		**1,389,535**	983,702
	Actuarial loss / (gain)		**1,083,524**	(429,481)
	Benefits paid		**(5,046,000)**	(4,871,500)
	Closing defined benefit obligation		**8,226,276**	6,757,897
7.1.1.4	**Movement in defined benefit plan**			
	Opening balance		**2,715,342**	2,757,148
	Charge for the year	7.1.1.2	**5,736,925**	4,829,694
	Paid during the year		**(5,046,000)**	(4,871,500)
	Closing balance		**3,406,267**	2,715,342
7.1.1.5	**The principal assumptions used in the valuation of gratuity (Workmen - Defined benefit plan) are as follows:**			
	Discount rate		**14.00%**	13.00%
	Expected rate of salary increase		**13.50%**	12.50%

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

	2011	2010	2009	2008	2007
	....Rupees..				
Defined benefit obligation	**3,406,267**	2,715,342	2,757,148	2,665,409	2,443,391
Fair value of Plan assets	**-**	**-**	-	-	-
Net liability	**3,406,267**	2,715,342	2,757,148	2,665,409	2,443,391

7.1.1.7 Experience adjustments on obligation and plan assets

	2011	2010	2009	2008	2007
Present value of obligation	**8,226,276**	6,757,897	7,566,942	5,760,490	4,445,637
Fair value of plan assets	**-**	-	-	-	-
Deficit	**8,226,276**	6,757,897	7,566,942	5,760,490	4,445,637
Actuarial loss / (gain) on obligation	**1,083,524**	(429,481)	1,908,485	1,204,097	197,653

		2011	2010
		..........Rupees..........	
7.1.2	**Non-workmen - Defined contribution plan**		
	Opening balance	**20,077,587**	15,822,462
	Charge for the year	**6,470,385**	5,144,561
	Paid during the year	**(3,500,161)**	(889,436)
	Closing balance	**23,047,811**	20,077,587

7.2 Deferred taxation

7.2.1 As the Company's exports sales were more than 80%, management opted for the Income Tax Circular No. 20 of 1992, according to which local sales of goods (manufactured for export) as well as waste material, not constituting more than 20% of such production, may also be treated as export sales if the assessee opts to pay tax on such sales at the rate applicable to export sales. As a result, management recognized the provision for taxation for local sale other than sale of raw material at rate applicable to export sales. Therefore, no deferred tax has been recognised as all income other than income from sale of raw material of the company falls under the Final Tax Regime.

Further, the Company does not claim any expenses other than cost of raw material sold against income from sale of raw material, so no deferred tax is recognised on this form of income also.

	Opening balance	Recognized in Profit and Loss Account	Recignized in surplus on revaluation of assets	Closing balance
	……Rupees……			
Movement for the year ended June 30, 2011				
Deferred tax liabilites	-	-	-	-
Deferred tax assets	-	-	-	-
	-	-	-	-
Movement for the year ended June 30, 2010				
Deferred tax liabilities on taxable temporary differences arising in respect of :				
- Property, plant and equipment - owned assets	34,142,843	(34,142,843)	-	-
- Leased assets	7,763,353	(7,763,353)	-	-
- Surplus on revaluation of property, plant and equipment	64,492,179	-	(64,492,179)	-
	106,398,375	(41,906,196)	(64,492,179)	-
Deferred tax assets on deductible temporary differences arising in respect of :				
- Staff gratuity	(1,300,572)	1,300,572	-	-
- Carry forward losses	(9,872,342)	9,872,342	-	-
	95,225,461	(30,733,282)	(64,492,179)	-

8. TRADE AND OTHER PAYABLES

	Note	2011	2010
		……….Rupees……….	
Creditors		**45,355,750**	38,327,623
Accrued liabilities		**125,253,487**	86,717,291
Retention money		**-**	82,721
Withholding income tax		**850,538**	618,400
Workers' Profit Participation Fund	8.1	**19,588,233**	24,556,797
Workers' Welfare Fund		**19,525,680**	11,655,482
Unclaimed dividend		**2,917,193**	2,427,424
Foreign bills payable		**30,363,380**	1,542,473
Other liabilities		**763,246**	995,224
		244,617,507	166,923,435

		Note	2011	2010
			..........Rupees..........	
8.1	**Workers' Profit Participation Fund**			
	Opening balance		**24,556,797**	-
	Allocation during the year		**19,588,233**	24,556,797
	Interest on funds utilized in the Company's business	26	**2,346,351**	-
			46,491,381	24,556,797
	Amount paid to the fund		**(26,903,148)**	-
	Closing balance		**19,588,233**	24,556,797

9. INTEREST / MARK-UP ACCRUED ON LOANS

	Note	2011	2010
Long-term financing			
- from banking companies and other financial institutions		**3,503,918**	6,016,794
- from related party		**14,140,327**	10,456,218
Short-term borrowings		**31,468,884**	30,687,894
		49,113,129	47,160,906

10. SHORT-TERM BORROWINGS

	Note	2011	2010
From banking companies - secured			
Running / cash finances	10.1	**480,988,271**	609,932,589
Finance against import / export	10.2	**1,695,463,866**	478,443,422
	10.3	**2,176,452,137**	1,088,376,011

10.1 These carry mark-up at the rates ranging from three months KIBOR plus 0.75% to 2% (2010: one to six months KIBOR plus 0.50% to 3%) per annum. These facilities are secured against pari passu charge over stock and receivables and personal guarantee of sponsor directors.

10.2 These facilities carry mark-up at the rate ranging from LIBOR plus 1% to 4.25% (2010: LIBOR / KIBOR plus 1.5% to 2%) 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. 2,572 million (2010: Rs. 2,450 million) from which the aggregate unavailed short-term borrowings facilities are of Rs. 396 million (2010: Rs. 1,361 million).

11. CONTINGENCIES AND COMMITMENTS

	Note	2011	2010
		..........Rupees..........	
Contingencies			
Amount claimed by WAPDA against installation of requisite panel, not acknowledged by the Company		**337,114**	337,114
Delayed payment surcharge on debentures, demanded by Collector of Customs not acknowledged by the Company		**496,166**	496,166
Commitments			
Letters of credit for store, machinery and raw material		**3,778,171**	78,656,420
Bank guarantees issued on behalf of the Company	11.1	**92,823,957**	79,856,557
Bills discounted		**653,849,865**	871,971,740
Outstanding sales contracts		**-**	45,313,200

11.1 This includes bank guarantee related infrastructure cess amounting to Rs. 40.7 million (2010: Rs. 24 million) which has been provided by the Company.

12 PROPERTY, PLANT AND EQUIPMENT

	Note	2011	2010
		..........Rupees..........	
Operating assets	12.1	**2,196,529,848**	2,219,711,310
Capital work in progress	12.6	**94,859,442**	2,415,354
		2,291,389,290	2,222,126,664

12.1 Operating assets

Particulars	Cost/ revaluation at July 01, 2010	Additions during the year	Transfers during the year	Disposals during the year	Cost/ revaluation at June 30, 2011	Accumulated depreciation at July 01, 2010	Depreciation for the year	Depreciation on transfers	Disposals	Accumulated depreciation and impairment at June 30, 2011	Written down value at June 30, 2011	Rate %
	....					RUPEES					....	
Company owned												
Free hold land	90,130,000	-	-	-	90,130,000	-	-	-	-	-	90,130,000	-
Buildings on free hold land	472,939,287	2,233,961	-	-	475,173,248	45,920,637	21,369,124	-	-	67,289,761	407,883,487	5
Plant and machinery	1,762,698,334	85,752,968	99,906,944	(4,033,582)	1,944,324,664	209,365,544	81,445,387	29,720,815	(514,618)	320,017,128	1,624,307,536	5
Factory and workshop equipments	12,046,704	231,009	-		12,277,713	5,602,141	652,941	-	-	6,255,082	6,022,631	10
Electric installations	64,412,652	-	-	-	64,412,652	20,647,125	4,376,553	-	-	25,023,678	39,388,974	10
Office premises	4,968,938	-	-	-	4,968,938	2,653,369	231,557	-	-	2,884,926	2,084,012	10
Furniture and fixtures	9,467,772	38,550	-		9,506,322	6,237,396	324,002	-		6,561,398	2,944,924	10
Office equipment	12,636,536	1,451,626	-	-	14,088,162	8,948,486	886,411	-		9,834,897	4,253,265	10-30
Vehicles	36,491,215	5,933,970	-	(6,071,650)	36,353,535	16,891,559	4,394,669	-	(4,447,712)	16,838,516	19,515,019	20
	2,465,791,438	95,642,084	99,906,944	(10,105,232)	2,651,235,234	316,266,257	113,680,644	29,720,815	(4,962,330)	454,705,386	2,196,529,848	
Assets held under finance lease												
Plant and machinery	99,906,944	-	(99,906,944)	-	-	29,720,815	-	(29,720,815)	-	-	-	5
June 30, 2011	2,565,698,382	95,642,084	-	(10,105,232)	2,651,235,234	345,987,072	113,680,644	-	(4,962,330)	454,705,386	2,196,529,848	

Particulars	Cost/ revaluation at July 01, 2009	Additions during the year	Transfers during the year	Disposals during the year	Cost/ revaluation at June 30, 2010	Accumulated depreciation at July 01, 2009	Depreciation for the year	Depreciation on transfers	Disposals	Impairment loss recognised during the year	Accumulated depreciation and impairment at June 30, 2010	Written down value at June 30, 2010	Rate %
	RUPEES												
Company owned													
Free hold land	90,130,000	-	-	-	90,130,000	-	-	-	-	-	-	90,130,000	-
Buildings on free hold land	470,075,420	2,863,867	-	-	472,939,287	23,471,093	22,449,544	-	-	-	45,920,637	427,018,650	5
Plant and machinery	1,634,757,153	1,086,323	126,854,858	-	1,762,698,334	90,388,296	81,725,770	37,251,478	-	-	209,365,544	1,553,332,790	5
Factory and workshop equipments	11,746,204	300,500	-	-	12,046,704	4,517,354	735,405	-	-	349,382	5,602,141	6,444,563	10
Electric installations	64,412,652	-	-	-	64,412,652	15,784,289	4,862,836	-	-	-	20,647,125	43,765,527	10
Office premises	4,968,938	-	-	-	4,968,938	2,396,084	257,285	-	-	-	2,653,369	2,315,569	10
Furniture and fixtures	9,356,322	111,450	-	-	9,467,772	5,084,201	434,888	-	-	718,307	6,237,396	3,230,376	10
Office equipment	11,525,622	1,110,914	-	-	12,636,536	7,635,095	941,763	-	-	371,628	8,948,486	3,688,050	10-30
Vehicles	27,530,896	7,112,925	3,293,000	(1,445,606)	36,491,215	12,152,164	3,728,017	2,070,999	(1,059,621)	-	16,891,559	19,599,656	20
	2,324,503,207	12,585,979	130,147,858	(1,445,606)	2,465,791,438	161,428,576	115,135,507	39,322,477	(1,059,621)	1,439,317	316,266,257	2,149,525,181	
Assets held under finance lease													
Plant and machinery	226,761,802	-	(126,854,858)	-	99,906,944	63,278,286	3,694,007	(37,251,478)	-	-	29,720,815	70,186,129	5
Vehicles	3,293,000	-	(3,293,000)	-	-	2,070,999	-	(2,070,999)	-	-	-	-	20
	230,054,802	-	(130,147,858)	-	99,906,944	65,349,285	3,694,007	(39,322,477)	-	-	29,720,815	70,186,129	
June 30, 2010	2,554,558,009	12,585,979	-	(1,445,606)	2,565,698,382	226,777,861	118,829,514	-	(1,059,621)	1,439,317	345,987,072	2,219,711,310	

	Note	2011	2010
		……….Rupees……….	

12.2 Depreciation for the year has been allocated as under:

	Note	2011	2010
Cost of goods manufactured	21.1	**110,856,064**	116,259,994
Administrative expenses	23	**2,824,580**	2,569,520
		113,680,644	118,829,514

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, 2011 would have been as follows:

	2011 Cost	2011 Accumulated Depriciation	2011 Written down value	2010 Cost	2010 Accumulated Depriciation	2010 Written down value
	Rupees					
Land - freehold land	**20,612,299**	**-**	**20,612,299**	20,612,299	-	20,612,299
Building on free hold land	**254,746,304**	**113,289,844**	**141,456,460**	252,512,343	105,930,423	146,581,920
Plant and Machinery	**1,837,374,043**	**772,997,590**	**1,064,376,453**	1,652,857,750	692,083,591	960,774,159
Electric installations	**71,442,718**	**33,976,971**	**37,465,747**	71,442,718	29,814,110	41,628,608
	2,184,175,364	**920,264,405**	**1,263,910,959**	1,997,425,110	827,828,124	1,169,596,986

Revaluation of free hold 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	Cost / revalued amount	Accumulated depriciation	Written down value	Sale Proceeds	Name and Address
Vehicle	835,000	629,562	205,438	715,786	Mr. Muhammad Yameen House No.875/3, Hussainabad, F.B.Area, Karachi
Vehicle	1,229,000	873,266	355,734	726,000	Mr. Hamid Ali Ali's Apartment Phase I, D.H.A., Karachi.
Vehicle	1,051,425	758,574	292,851	725,000	Mr.Safiullah A-2/12, Aashi apartment University Road, Karachi
Vehicle	1,072,225	772,132	300,093	710,000	Mr.Safiullah A-2/12, Aashi apartment University Road, Karachi
Vehicle	1,229,000	938,037	290,963	627,500	Mr. Muhammad Yameen 875/3, Block 3,FB Area Karachi.
Vehicle	55,000	39,981	15,019	21,600	Mr.Aziz-ur-Reman Flat # C2, FL-2, Five Star Complex, Gulshan e Iqbal, Karachi
Vehicle	600,000	436,160	163,840	318,600	Mr. Obaid A-565, Block-D, North Nazimabad, Karachi
Plant and Machinery	4,033,582	514,618	3,518,964	5,390,000	Acro Textile Mills Ltd 106/3, Saint Johan's Park, Lahore
June 30, 2011	10,105,232	4,962,330	5,142,902	9,234,486	
June 30, 2010	1,445,606	1,059,621	385,985	934,000	

12.5 In the prior year, the Company carried out impairment testing to determine the recoverable amount of its operating assets that were not in use by the Company. Based on such testing, the Company assessed that no future benefit would flow to the Company from such assets. Therefore, impairment loss equal to the carrying amount of such assets had been charged to the profit and loss account in prior year. Details of such assets and impairment loss are as follows:

Particulars	2010			
	Cost	Accumulated depreciation	Book Value	Charged to Impairment
	........................Rupees........................			
Factory and workshop equipments	2,225,757	1,876,375	349,382	349,382
Office equipment	3,880,997	3,509,369	371,628	371,628
Furniture and fitting	3,741,031	3,022,724	718,307	718,307
	9,847,785	8,408,468	1,439,317	1,439,317

		Note	2011	2010
			……….Rupees……….	
12.6	**Capital work-in-Progress**			
	Civil work	12.6.1	**27,303,549**	1,887,270
	Machinery and electric installation	12.6.2	**63,442,562**	344,084
	Others	12.6.3	**4,113,331**	184,000
			94,859,442	2,415,354
12.6.1	**Civil work**			
	Opening balance		**1,887,270**	2,639,022
	Addition during the year		**27,650,240**	2,112,115
			29,537,510	4,751,137
	Less : Transfer during the year		**(2,233,961)**	(2,863,867)
	Closing balance		**27,303,549**	1,887,270
12.6.2	**Machinery and electric installation**			
	Opening balance		**344,084**	-
	Addition during the year		**148,851,446**	1,430,407
			149,195,530	1,430,407
	Less : Transfer during the year		**(85,752,968)**	(1,086,323)
	Closing balance		**63,442,562**	344,084
12.6.3	**Others**			
	Opening balance		**184,000**	-
	Addition during the year		**10,212,560**	7,528,200
			10,396,560	7,528,200
	Less : Transfer during the year		**(6,283,229)**	(7,344,200)
	Closing balance		**4,113,331**	184,000
13.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores and spares	13.1	**49,118,951**	35,707,884
	Loose tools		**164,650**	34,373
			49,283,601	35,742,257

	Note	2011	2010
		..........Rupees..........	
14. STOCK-IN-TRADE			
Raw material	14.1	**1,330,654,239**	839,449,589
Work-in-process		**36,706,864**	19,825,774
Finished goods		**692,497,504**	140,394,768
Waste		**56,496,981**	19,904,013
	14.2	**2,116,355,588**	1,019,574,144

14.1 It includes raw material in transit at NRV amounting to Rs. 167 million (2010: Rs. Nil).

14.2 At current year end, net realizable values of raw material, work-in-process and finished goods were lower than their cost, which resulted in write-downs of Rs. 516 million (2010: Rs Nil), Rs. 11 million (2010: Rs. Nil) and Rs. 225 million (2010: Rs. Nil) respectively and were charged to cost of sales.

	Note	2011	2010
		..........Rupees..........	
15. TRADE DEBTS - Considered good			
Export	15.1	**222,682,048**	146,522,362
Local		**72,912,165**	43,494,928
		295,594,213	190,017,290

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

15.2 Trade debts are non-interest bearing and are generally on 10 to 90 day terms.

15.3 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.

15.4 Trade debts include debtors with a carrying amount of Rs. 3.36 million (2010: Rs. 0.684 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.

	2011	2010
	..........Rupees..........	
15.4.1 Aging of past due but not impaired		
90-120 days	**2,850,117**	-
120 days above	**510,805**	684,488
	3,360,922	684,488

	2011	2010
16. LOANS AND ADVANCES - Considered good		
Due from employees	**2,558,235**	2,401,239
Advances to creditors	**4,714,096**	12,652
Advances for expenses	**93,434**	79,112
Advance income tax	**141,967,482**	88,573,803
Advances against letters of credit	**669,534**	3,057,021
	150,002,781	94,123,827

	Note	2011	2010
		……….Rupees……….	
17. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Bank guarantee margin		**811,241**	311,241
Short-term prepayments		**2,614,626**	1,365,628
		3,425,867	1,676,869
18. OTHER FINANCIAL ASSETS			
Investment Held-to-maturity		**2,483,184**	2,483,184

18.1 This represents investment made in term deposit receipts held for a period of 6 months with a markup rate of 12.5% (2010: 9%) per annum.

	Note	2011	2010
19. CASH AND BANK BALANCES			
Cash at bank			
On current accounts		**65,618,836**	52,038,610
On saving accounts	19.1	**760,917**	356,132
		66,379,753	52,394,742
Cash in hand		**816,265**	1,075,562
		67,196,018	53,470,304

19.1 This represents the amount held in savings accounts with the banks on which the mark up rate ranging between 5% to 7% (2010 : 5% to 7%) per annum.

	Note	2011	2010
20. SALES-Net			
Export			
- Yarn		**3,561,795,783**	2,733,524,685
- Yarn (indirect export)		**1,022,915,141**	184,202,541
- Waste		**374,432,495**	232,108,418
		4,959,143,419	3,149,835,644
Local			
- Yarn		**47,819,939**	332,873,017
- Raw Material		**91,296,183**	219,842,000
- Waste		**110,983,626**	81,464,513
		250,099,748	634,179,530
		5,209,243,167	3,784,015,174
Discount		**(11,169,953)**	(26,515)
		5,198,073,214	3,783,988,659
21. COST OF GOODS SOLD			
Cost of goods manufactured	21.1	**4,955,211,760**	2,661,775,735
Finished goods			
Opening stock		**160,298,781**	180,116,202
Purchase of finished goods		**-**	-
Closing stock	21.2 and 21.3	**(748,994,485)**	(160,298,781)
		(588,695,704)	19,817,421
Cost of goods manufactured sold	21.3	**4,366,516,056**	2,681,593,156
Cost of raw material sold		**61,160,951**	154,783,165
		4,427,677,007	2,836,376,321

		Note	2011	2010
			..........Rupees..........	
21.1	**Cost of goods manufactured**			
	Raw material consumed	21.1.1	**4,081,990,152**	2,027,965,757
	Stock-in-transit -write down		**136,316,570**	-
	Packing material consumed		**64,426,828**	52,108,055
	Stores and spares consumed		**74,366,827**	52,873,519
	Salaries, wages and benefits	21.1.2	**164,104,795**	146,623,957
	Power and fuel		**274,347,333**	232,509,417
	Insurance		**17,257,220**	14,384,827
	Repairs and maintenance		**5,296,821**	3,943,343
	Depreciation	12.2	**110,856,064**	116,259,994
	Processing charges		**34,957,833**	-
	Other overheads		**8,172,407**	9,156,799
			4,972,092,850	2,655,825,668
	Work-in-process			
	Opening stock		**19,825,774**	25,775,841
	Closing stock	14 and 21.3	**(36,706,864)**	(19,825,774)
			(16,881,090)	5,950,067
			4,955,211,760	2,661,775,735

		Note	2011	2010
21.1.1	**Raw material consumed**			
	Opening stock		**839,449,589**	548,385,556
	Purchases - net		**4,405,922,613**	2,319,029,790
			5,245,372,202	2,867,415,346
	Closing stock	14 and 21.3	**(1,163,382,050)**	(839,449,589)
			4,081,990,152	2,027,965,757

21.1.2 Salaries, wages and benefits include Rs. 9 million (2010: Rs. 7 million) in respect of staff retirement benefits.

21.2 It includes waste stock amounting to Rs. 56 million (2010: Rs. 20 million).

21.3 Raw materials consumed, work in process and finished goods have been adjusted for NRV write downs of Rs. 516 million (2010: Rs Nil), Rs. 11 million (2010: Rs. Nil), Rs. 225 million (2010: Rs. Nil) respectively.

		Note	2011	2010
			..........Rupees..........	
22.	**DISTRIBUTION COST**			
	Export development surcharge		**9,816,719**	7,017,584
	Inland freight on export		**16,542,100**	18,544,603
	Ocean freight		**39,478,441**	43,706,932
	Bank charges		**17,979,297**	13,640,660
	Forwarding charges		**3,008,635**	4,080,745
	Postage and telegram		**506,468**	1,129,696
	Wharfage		**4,455,880**	4,328,036
	Miscellaneous export expenses		**3,054,830**	2,150,482
	Brokerage and commission		**72,265,792**	46,229,437
	Others		**4,140,406**	5,296,566
			171,248,568	146,124,741

	Note	2011	2010
		..........Rupees..........	
23. ADMINISTRATIVE EXPENSES			
Director's remuneration		**7,482,371**	6,827,805
Staff salaries and benefits	23.1	**33,104,386**	31,191,668
Traveling and conveyance		**3,854,824**	4,678,378
Printing and stationery		**1,042,074**	720,050
Postage and telephone		**1,233,486**	1,132,109
Legal and professional		**2,049,057**	730,679
Advertisement		**86,792**	71,000
Repairs and maintenance		**1,425,664**	1,046,112
Vehicles running and maintenance		**1,772,640**	1,644,701
Auditors' remuneration	23.2	**870,000**	870,000
Fees and subscription		**425,783**	1,054,415
Electricity		**2,277,865**	2,064,533
Insurance		**431,045**	998,866
Charity and donation	23.3	**2,835,000**	2,400,000
Depreciation	12.2	**2,824,580**	2,569,520
Other		**931,886**	718,514
		62,647,453	58,718,350

23.1 Staff salaries and benefits include Rs. 3 million (2010: Rs. 3 million) in respect of staff retirement benefits.

	Note	2011	2010
		..........Rupees..........	
23.2 Auditors' remuneration			
Audit fee		**500,000**	500,000
Other remuneration as auditor			
- Half yearly review fee		**40,000**	40,000
- Other services		**330,000**	330,000
		870,000	870,000

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

	Note	2011	2010
24. OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund		**19,588,233**	24,556,797
Workers' Welfare Fund		**7,870,198**	9,833,679
Impairment on property, plant and equipment	12.5	**-**	1,439,317
		27,458,431	35,829,793
25. OTHER OPERATING INCOME			
Profit on bank accounts		**851,295**	401,780
Gain on disposal of property, plant and equipment		**4,091,584**	548,015
Exchange gain - net		**34,441,929**	13,806,588
		39,384,808	14,756,383

		Note	2011	2010
			..........Rupees..........	
26.	**FINANCE COST**			
	Mark-up on :			
	Long-term financing			
	- from banking companies and other financial institutions		**44,602,135**	59,505,074
	- from related party		**3,684,109**	3,500,190
	Short-term borrowings		**105,867,431**	178,947,428
	Lease finance charges		**709,784**	4,209,107
	Interest on Workers' Profit Participation Fund	8.1	**2,346,351**	-
	Bank guarantee commission		**1,426,167**	1,490,145
	Bank charges		**1,730,768**	1,349,368
	Letter of credits discounting charges		**22,008,351**	15,401,056
			182,375,096	264,402,368
27.	**TAXATION**			
	Current			
	-for the year		**62,585,484**	47,426,050
	Deferred - Reversal of previously recognised deferred tax	7.2.1	**-**	(30,733,282)
			62,585,484	16,692,768

27.1 Relationship between tax expense and accounting profit

	2011	2010
Accounting profit	**366,051,467**	457,293,469
Tax @ 35% (2010: 35%)	**128,118,013**	160,052,714
Effects of:		
Income subject to Final Tax Regime	**(65,532,529)**	(112,626,664)
Reversal of previously recognised deferred tax	**-**	(30,733,282)
	62,585,484	16,692,768

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 :

		2011	2010
Profit for the year	**Rupees**	**303,465,983**	440,600,701
Weighted average number of ordinary shares outstanding during the year	**No. of shares**	**17,324,750**	17,324,750
Earnings per share	**Rupees**	**17.52**	25.43

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2011			2010		
	Chief Executive	**Directors**	**Executives**	**Chief Executive**	**Directors**	**Executives**
	Rupees					
Meeting fee	**20,000**	**120,000**	**-**	20,000	130,000	-
Managerial remuneration	**5,574,971**	**1,907,400**	**25,963,996**	4,847,805	1,980,000	20,771,692
Bonus / Ex-gratia	**602,840**	**50,000**	**2,200,025**	437,253	165,000	1,714,991
Retirement benefits	**502,840**	**-**	**2,175,025**	437,253	165,000	1,714,991
Leave encashment	**-**	**-**	**1,087,512**	-	-	857,496
Utilities	**1,457,940**	**-**	**-**	468,975	-	-
	8,158,591	**2,077,400**	**31,426,558**	6,211,286	2,440,000	25,059,170
No. of persons	**1**	**6**	**16**	1	6	14

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

	Note	2011	2010
		..........Rupees..........	
30. CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	**67,196,018**	53,470,304
Short-term running finances	10	**(480,988,271)**	(609,932,589)
		(413,792,253)	(556,462,285)

	2011	2010
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	**15,466,385**	16,002,708

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 party	Nature of transactions	2011	2010
		..........Rupees..........	
Associated undertakings / Directors	Purchase of goods	**-**	98,549,913
	Sales of Goods	**11,343,542**	-
	Share of expenses paid	**11,737,977**	2,639,313
	Share of expenses received	**2,493,065**	1,444,588
	Rent of godown	**240,000**	240,000
	Markup charges	**3,684,109**	3,500,190
	Purchase of stores and spares	**2,889,767**	10,961
	Dividend paid	**9,918,750**	-
	Processing charges	**34,957,833**	-
	Sale of stores and spares	**-**	2,947,946

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. 382 million (2010: Rs. 255 million), the financial assets which are subject to credit risk amounted to Rs. 381 million (2010: Rs. 254 million). 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 investing activities, including deposits with banks and financial institutions and other financial instruments. The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating. The names and credit rating of major banks where the Company maintains its bank balances are as follows:

Name of bank	Rating agency	Credit rating	
		Short-term	Long-term
Bank Al-falah Limited	PACRA	**A1+**	AA
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	**A-1**	A
Faysal Bank Limited	PACRA	**A-1+**	AA
Habib Metropolitan Bank Limited	PACRA	**A1+**	AA+
MCB Bank Limited	PACRA	**A1+**	AA+
National Bank of Pakistan Limited	JCR-VIS	**A-1+**	AAA
Soneri Bank Limited	PACRA	**A1+**	AA-

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.

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 and finance leases. 90% of the Company's debt will mature in less than one year at June 30, 2011 (2010: 81%) 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.

	Interest rate	Less than 1 month	1-3 months	3 months 1- years	1-5 years	More than 5 years	Total
			---------Rupees---------				
2011							
Long term financing	**7% - 15.41%**	**5,071,233**	**63,653,899**	**92,658,611**	**278,451,507**	**69,068,709**	**508,903,959**
Liabilities against asset subject to finance lease	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trade and other payables		**-**	**204,653,056**	**-**	**-**	**-**	**204,653,056**
Interest / mark-up accrued on loans		**38,166,953**	**10,946,176**	**-**	**-**	**-**	**49,113,129**
Short-term borrowings	**3.4% - 15.51%**	**-**	**-**	**2,176,452,137**	**-**	**-**	**2,176,452,137**
		43,238,186	**279,253,131**	**2,269,110,748**	**278,451,507**	**69,068,709**	**2,939,122,281**
2010							
Long term finance	7-15.76%	5,684,675	64,224,847	174,234,922	341,535,012	12,500,000	598,179,456
Liabilities against asset subject to finance lease	14.39%	1,985,324	4,045,922	10,980,783	-	-	17,012,029
Trade and other payables		-	130,092,756	-	-	-	130,092,756
Interest / mark-up accrued on loans		44,376,424	2,784,482	-	-	-	47,160,906
Short-term borrowings	1.875-14.42%	-	-	1,088,376,011	-	-	1,088,376,011
		52,046,423	201,148,007	1,273,591,716	341,535,012	12,500,000	1,880,821,158

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

	2011	2010
	……….Rupees……….	
6 months or less		
- Short-term borrowings	**2,176,452,137**	1,088,376,011
- Long-term loans	**212,174,877**	247,633,106
- Liabilities against assets subject to finance lease	**-**	17,012,029
	2,388,627,014	1,353,021,146

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 optimizing 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 1 month, 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account other financing options available.

33.4.2 Interest Rate Sensitivity

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Company's profit for the year ended June 30, 2011 would increase / decrease by Rs. 24 million (2010: Rs. 14 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

33.4.3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However, the Company is not materially exposed to foreign currency risk on assets and liabilities. As at June 30, 2011, financial assets include Rs. 240 million (2010: Rs. 186 million) and financial liabilities include Rs. 1,718 million (2010: Rs. 245 million) which are subject to foreign currency risk against US Dollars.

33.4.4 Foreign Currency Sensitivity Analysis

At June 30, 2011, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 148 million (2010 : Rs. 6 million), mainly as a result of foreign exchange gains / losses on translation of foreign currency trade debts and US Dollar denominated 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:

	2011			2010		
	Loan and receivables	Held to maturity	Total	Loans and receivables	Held to maturity	Total
	Rupees					
Assets as per balance sheet						
Deposits	**1,461,199**	**-**	**1,461,199**	917,597	-	917,597
Trade debts	**295,594,213**	**-**	**295,594,213**	190,017,290	-	190,017,290
Other receivables	**12,595,428**	**-**	**12,595,428**	5,625,466	-	5,625,466
Loans and advances	**2,558,235**	**-**	**2,558,235**	2,401,239	-	2,401,239
Cash and cash bank balances	**67,196,018**	**-**	**67,196,018**	53,470,304	-	53,470,304
Other financial assets	**-**	**2,483,184**	**2,483,184**	-	2,483,184	2,483,184
	379,405,093	**2,483,184**	**381,888,277**	252,431,896	2,483,184	254,915,080

	Financial Liabilities measured at amortized cost	
	2011	2010
	Rupees	
Liabilities as per balance sheet		
Long term loans	**385,941,139**	503,174,503
Liabilities against assets subject to finance lease	**-**	17,012,029
Trade and other payables	**204,653,056**	130,092,756
Interest / mark-up accrued on loans	**49,113,129**	47,160,906
Short-term borrowings	**2,176,452,137**	1,088,376,011
	2,816,159,461	1,785,816,205

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 shareholders' equity and surplus on revaluation of property, plant and equipment. Shareholders' equity consist of share capital and unappropriated profit. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares. The Company's overall strategy remains unchanged from 2010.

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

35. SUBSEQUENT EVENTS

The Board of Directors at their meeting held on September 07, 2011 have proposed a dividend of Rs. 3.00 per share (2010: Rs. 2.50 per share) for the year ended June 30, 2011, amounting to Rs. 51.97 million (2010: Rs. 43.3 million), subject to the approval of members at the annual general meeting to be held on October 10, 2011.

36. 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 07, 2011.

Pursuant to Section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of the Chief Executive who for the time being is not in the country.

ADEEL SHAHID ANWAR
DIRECTOR

ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

FORM OF PROXY

TATA TEXTILE MILLS LIMITED

I / We ____

of ____________________ being a member(s) of TATA TEXTILE MILLS LIMITED registered

at Folio No. ____________________ holder of ____________________

ordinary shares hereby appoint Mr./Mrs./Miss. ____________________

who is also a member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 25th Annual General Meeting of the Company at the Registered Office of the Company, 8, 8th Floor Textile Plaza, M.A. Jinnah Road, Karachi on Monday, October 10, 2011 at 12:30 P.M. or at any adjournment thereof.

As witness my/our hand this ____________________ day of 2011

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.

Note Pad

Note Pad