



**Tata Textile
Mills Limited**



**Annual Report
2010**



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COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN:	Mr. Anwar Ahmed Tata
CHIEF EXECUTIVE :	Mr. Shahid Anwar Tata
DIRECTORS:	Mr. Adeel Shahid Anwar Tata Mr. Farooq Advani Mr. Muhammad Ayub (NIT) Mr. Muhammad Waris Magoon Mr. Shahid Aziz (NIT)

AUDIT COMMITTEE CHAIRMAN:

Mr. Anwar Ahmed Tata

MEMBERS:

Mr. Adeel Shahid Anwar Tata
Mr. Muhammad Waris Magoon

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:

Mr. Farooq Advani

BANKERS:

The Royal Bank of Scotland Ltd.
Bank Al-Falah Ltd.
Faysal Bank Ltd.
Habib Metropolitan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Soneri Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
Allied Bank Ltd.

AUDITORS:

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

LEGAL ADVISOR:

Muhammad Afzal Awan Advocates.

SHARE REGISTRAR:

Noble Computer Services (Pvt.) Ltd.
Mezzanine Floor, House of Habib Building (Siddiqsons Tower),
3- Jinnah Cooperative Housing Society,
Main Shahrah-e-Faisal
Karachi- 75350
Tel# 34325482-87

REGISTERED OFFICE:

8, 8th Floor Textile Plaza,
M.A Jinnah Road Karachi.
Tel#32412955-3 Lines 32426761-2-4
Fax#32417710

WEB SITE ADDRESS:

www.tatatex.com

E- MAIL ADDRESS:

finance@tatatex.com

MILLS:

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

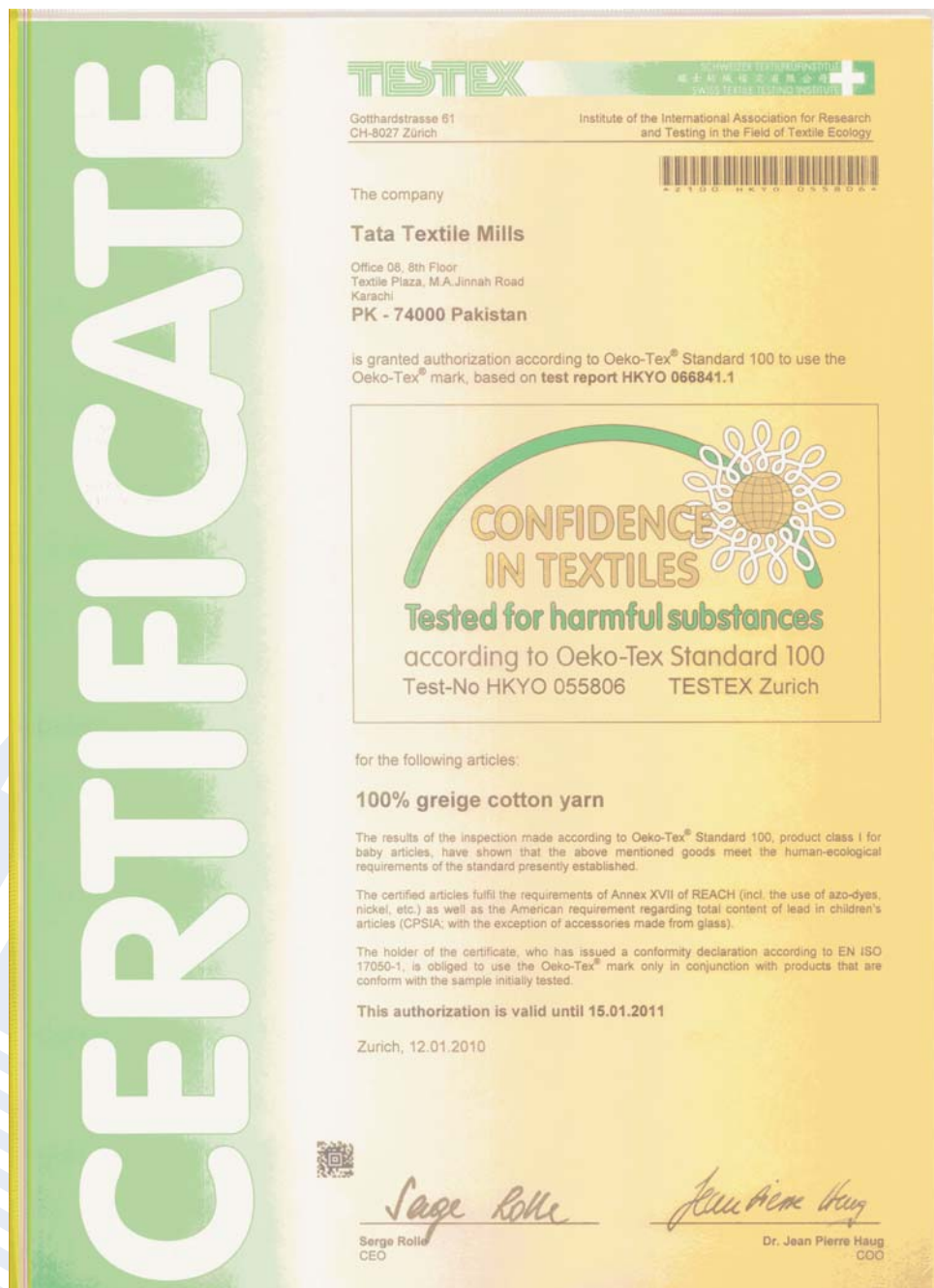
VISION STATEMENT

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

MISSION STATEMENT

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

COMMITTED TO QUALITY



COMMITTED TO QUALITY



CHAIRMAN'S REVIEW

On behalf of the Board of Directors of Tata Textile Mills Limited, I am pleased to share the results of the Company for the year ended June 30, 2010.

Performance of the Company:

During the year under review, the Company earned a pre-tax profit of Rs.457.293 million as compare to a pre-tax loss of Rs.217.729 million during the corresponding period of last year. The encouraging turnaround is primarily on account of improved business performance, better product margins, focused cost management and favourable movements during the year. Sales during the year are at Rs. 3.784 billion as compared to Rs. 2.805 billion during last year. This shows an increase of 35% sales over last year.

During the period under review, the international yarn market recovered from the worldwide recessionary economic scenario to a greater degree than expected. International demand for textile-related products, especially yarn, grew considerably due to probable future increases in cotton prices as well as inventory building in order to meet the next season's demand for retail-ready finished goods. Domestic retail demand in India and China has also played a major role in keeping yarn prices high.

The challenging business climate has provided an opportunity to pursue a business transformation and streamline our journey to position your Company strongly for the future. Our core values of honesty, integrity and respect for people continue to remain integral to our way of doing business. On the business front, your Company has experienced marked improvements on overall cash flow with tighter cost control and better credit management. In overall stakeholder and reputation management, we managed to advocate our views on all issues confronting the industry, ensuring that we are well abreast with industry change and are able to meet the challenges.

The first ever textile policy was announced with ambitious targets amid falling exports. The policy promised to double its current value addition but did not offer specific measures for achieving this uphill task. Unfortunately, this policy has apparently failed to recognize the due importance of the spinning sector which has been given a step-motherly treatment. The Government needs to play a pivotal role in helping this important industry which has been through very difficult times and is perhaps the only world class industry that Pakistan has and yet is the most neglected sector in this country.

The largest industrial sector in Pakistan is textile spinning and yet again, this was pushed back into crisis with the imposition of yarn export quota. After a great difficulty and efforts the industry matured to survive under free market mechanism. For last many years the industry has been net importer of cotton and yet the industry recognized the importance of free trade and never asked for any support, subsidy / protection or restriction on export of cotton. With the imposition of quota on yarn exports the industry was pushed into another disaster and crisis. The Textile Industry for the first time in the history of Pakistan had announced a cap of 50,000 tonnes per month which was further reduced to 35,000 tones per month. On the other hand duty free imports of cotton yarn were allowed to meet any shortage of yarn in Pakistan which was not the case.

There was no shortage of yarn in the market; it was only a matter of yarn prices which are dependent on cotton prices. The value added sector must learn to live without crutches and by capping the exports of yarn the Textile Ministry rewarded inefficiencies of the value added sector. The spinning sector is not getting any subsidies or support from the Government and yet we were able to modernize and achieve the highest level of efficiency. The free market mechanism should not be interfered with keeping in view the long term interest of the entire textile industry. Business can deal with wrong policies of the Government but never with the changing policies.

Shortage of electricity and gas has emerged as top issues of the year. The Government as well as textile policy promised undisturbed supply of power and gas to the industry. For the last three years in the winter season (i.e. during the months of October to February) there was a long shut down of gas but to our utmost surprise this year unprecedented gas load shedding has also started during the summer season. The supply of gas and electricity to the industry has badly worsened and is making the survival of spinning industry very difficult.

Future Outlook:

For the year 2010 – 2011, the cotton prices in the international market will remain high resulting in cotton procurement by us at higher prices. The deadly flash of floods that swept across the lands of Pakistan has wiped off the country's positive expectations. Pakistan may miss the cotton production target by about 3 million bales due to devastation caused by the floods. At present, production of 11 million bales is expected against the set target of 14 million bales for the year 2010 – 2011. The floods have caused huge losses to Pakistan agriculture economy and the worst hit cotton growing areas are districts in Punjab and Sindh.

In spite of the difficulties being faced we are determined to grow. We are looking for ways to convert weaknesses and threat into strengths and opportunities. In the current scenario we need to sustain our global positioning and second to increase our market share. This value can be increased only through marked improvement in quality, market tie-ups and image building.

SOCIAL COMPLIANCE AND HUMAN RESOURCES:

The Company believes that our people are our asset. Highly skilled and motivated workforce is essential for success. The Management remains committed to ensuring that all employees are treated with dignity and respect.

Human resource policy has been based on the underlying values of fairness, merit, equal opportunity and social responsibility. These values manifest themselves in the Company's policies of recruitment, performance appraisal, training and development, health and safety and industrial relations. Complying with our human resources policies, the Company does not employ any child labour and is an equal opportunity employer. Company maintains a high standard of employees working conditions.

The Company has taken a number of measures to develop its employees to meet the challenges of today's competitive corporate world. The Company has invested extensively in employee development programs by providing technical, computer, management, health & safety training in our in house training facility.

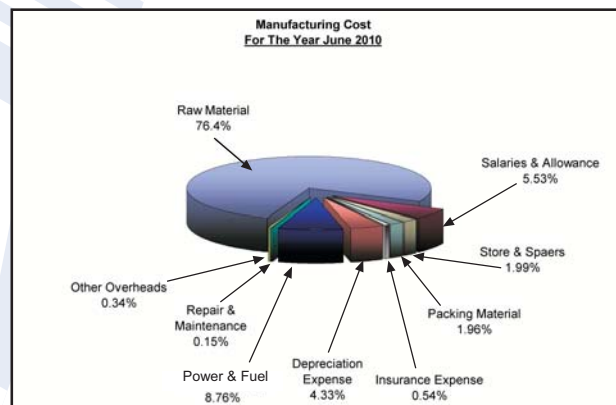
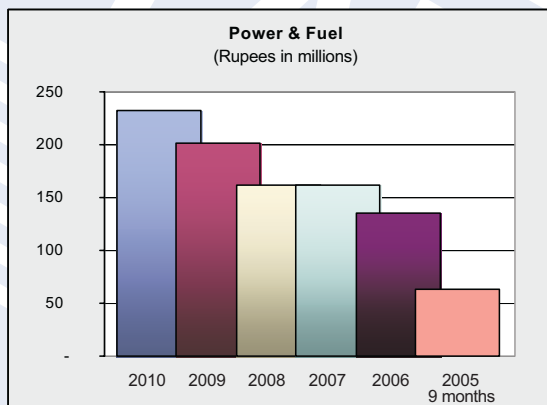
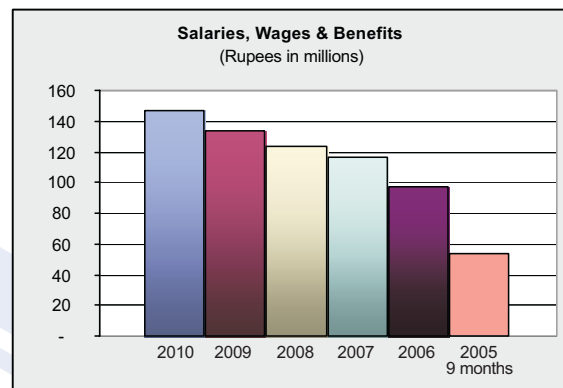
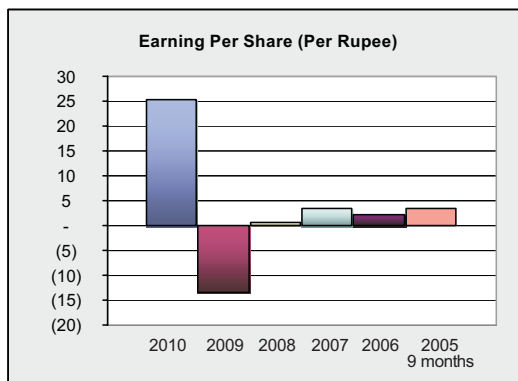
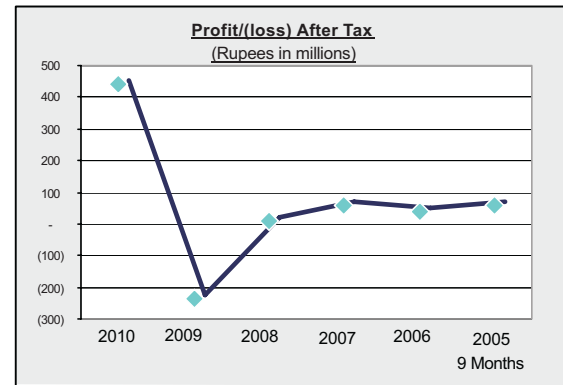
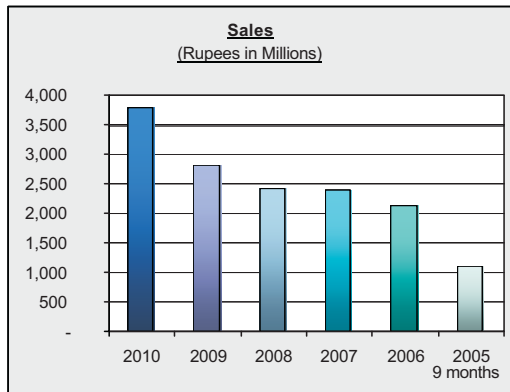
Acknowledgement:

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. Your Directors look forward to receiving similar support in the future.



ANWAR AHMED TATA
Chairman

Karachi.
Dated: September 20, 2010



DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting before you the 24th Annual Report together with the Audited Accounts for the year ended June 30, 2010.

FINANCIAL RESULTS

The Company made a pre tax profit of Rs.457.293 million after charging costs, expenses and depreciation for the year ended June 30, 2010.

	(Rupees)
Pre-tax profit for the year	457,293,469
Taxation	(16,692,768)
Profit after taxation	440,600,701
Accumulated Profit Brought Forward	117,405,073
Transfer from Surplus on Revaluation of Fixed Assets	46,184,559
Accumulated Profit Carried Forward	604,190,333

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 Companies are pleased to recommend the cash dividend @ 25 % for the year ended June 30, 2010.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- 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.
- Company has maintained proper books of accounts.
- In preparation of financial statements, appropriate accounting policies have been consistently applied.
- In preparation of financial statements International Accounting Standards, as applicable in Pakistan, have been followed and non-applicability, if any, has been adequately disclosed.
- 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.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations
- Key operating and financial data of last six years in a summarized form is annexed.
- 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 Directors who could not attend the Board Meetings due to their pre-occupations).

- j. The statement of pattern of share holding of the Company as at June 30, 2010 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 01-07-2009	Purchase	Sales	Closing Balance As on 30-06-2010
Mr. Anwar Ahmed Tata	4,932,002	334,464	-	5,266,466
Mr. Adeel Shahid Anwar Tata	500	16,022	-	16,522

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, 2011.

ON BEHALF OF THE BOARD OF DIRECTORS



SHAHID ANWAR TATA
CHIEF EXECUTIVE

Karachi

Dated: September 20, 2010

KEY OPERATING AND FINANCIAL RESULTS FROM 2005 TO 2010

Particular	2010	2009	2008	2007	2006	2005 (Nine Months)
-----Rupees in thousand-----						
Sales	3,783,989	2,804,593	2,415,386	2,381,978	2,123,409	1,095,063
Cost of Goods Sold	2,836,376	2,367,017	1,990,560	1,949,287	1,727,228	877,420
Gross Profit	947,612	437,576	424,827	432,691	396,181	217,642
Profit /(Loss) Before Taxation	457,293	(217,729)	27,677	81,560	67,334	80,740
Profit /(Loss) After Taxation	440,601	(234,551)	8,985	59,562	39,047	60,034

Financial Data

Equity Balance	777,438	290,653	477,089	489,754	436,272	401,956
Property, Plant & Equipment	2,222,126	2,330,419	2,318,568	1,405,254	1,495,267	1,447,166
Current Assets	1,416,780	1,452,118	1,823,273	1,202,547	1,059,763	964,799
Current Liabilities	1,590,614	1,957,621	2,032,475	1,223,551	1,177,804	960,134

Key Ratio

Gross Margin (%)	25.04	15.60	17.59	18.17	18.66	19.87
Profit / (Loss) after Tax (%)	11.64	(8.36)	0.37	2.50	1.84	5.48
Current Ratio	0.89	0.74	0.90	0.98	0.90	1.00
Earning Per Share (Rs.)	25.43	(13.54)	0.52	3.44	2.25	3.47
Cash Dividend (%)	25.00	-	-	10.00	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.)	16,003	14,848	15,038	15,761	15,170	9,313

**Patterns of Holding of Shares Held by the Shareholders
As at June 30, 2010**

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
224	1	100	11,927
339	101	500	78,795
372	501	1000	248,758
78	1001	5000	174,737
13	5001	10000	89,412
10	10001	15000	129,399
7	15001	20000	124,176
3	20001	25000	68,586
6	25001	30000	160,617
2	45001	50000	96,900
1	50001	55000	53,932
1	55001	60000	55,545
2	65001	70000	132,250
1	75001	80000	80,000
1	85001	90000	87,946
1	90001	95000	93,300
1	135001	140000	139,920
1	140001	145000	141,200
1	235001	240000	238,051
1	280001	285000	284,337
1	315001	320000	317,400
1	445001	450000	448,133
1	1265001	1270000	1,266,599
1	1470001	1475000	1,474,579
1	2090001	2095000	2,094,285
1	3965001	3970000	3,967,500
1	5265001	5270000	5,266,466
<u>1,072</u>			<u>17,324,750</u>

**CATEGORIES OF SHAREHOLDERS
As at June 30, 2010**

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
NIT and ICP	4	2,149,170	12.41
Banks, Development Finance Institutions	3	1,718,555	9.92
Joint Stock Companies	9	148,048	0.85
Associated Companies, Undertaking and Related Parties	1	3,967,500	22.90
Directors, CEO, their Spouses and Minor Children	7	7,314,340	42.22
Individuals	1,048	2,027,137	11.70
	<u>1,072</u>	<u>17,324,750</u>	<u>100.00</u>

Details of Categories of Shareholders As at June 30, 2010

	Number of shareholders	Shares Held
NIT and ICP		
National Bank of Pakistan Trustee Dept		2,148,217
Investment Corporation of Pakistan		953
	4	2,149,170
BANKS, DEVELOPMENT FINANCE INSTITUTIONS		
National Development Finance Corporation		3,823
National Bank Of Pakistan		1,266,599
The Bank Of Punjab		448,133
	3	1,718,555
JOINT STOCK COMPANIES		
ACE Securities (Pvt) Ltd.		1,982
Ismail Abdul Shakoor Securities (P.) Ltd.		2,402
Durvesh Securities Pvt. Ltd.		484
AWJ Securities (SMC-Private) Ltd.		500
Darson Securities (Pvt.) Ltd.		86
Naveena Industries (Pvt.) Ltd.		141,200
United Capital Securities (Pvt.) Ltd.		61
Y.S. Securities & Services (Pvt) Ltd.		1,133
Highlink Capital (Pvt.) Ltd.		200
	9	148,048
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES		
Salafi Textile Mills Ltd.	1	3,967,500
DIRECTORS, CEO, THEIR SPOUSES & MINOR CHILDREN		
Mr. Anwar Ahmed Tata (Chairman/Director)		5,266,466
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	7,314,340
INDIVIDUALS	1,048	2,027,137
Grand Total	1,072	17,324,750

Shareholders Holding 10% or More Voting Interest in the Company As at June 30, 2010

	Shares Held	Percentage
DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN		
Mr. Anwar Ahmed Tata	5,266,466	30.40
FINANCIAL INSTITUTION		
N. B.P , Trustee Deptt.	2,148,217	12.40
ASSOCIATED COMPANIES, UNDERTAKING & RELATED PARTIES		
Salafi Textile Mills Ltd.	3,967,500	22.90

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED 30TH JUNE 2010

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 NBFIs. 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



SHAHID ANWAR TATA
CHIEF EXECUTIVE

Karachi
Dated: September 20, 2010

Notice of Annual General Meeting

Notice is hereby given that the **24th Annual General Meeting** of the Shareholders of **Tata Textile Mills Limited** will be held on **Saturday the October 16, 2010 at 10:30 A.M.** at **5th Floor Textile Plaza M.A. Jinnah Road Karachi**, to transact the following business: -

ORDINARY BUSINESS

1. To confirm the minutes of the 23rd Annual General Meeting held on October 24, 2009.
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, 2010.
3. To appoint Auditors for the year 2010-11 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 @ 25 % (i.e. Rs. 2.50 per share), for the year ended June 30, 2010 as recommended by the Board of Directors.
5. To transact any other ordinary business or businesses with the permission of the **Chairman**.

By order of the Board of Directors



Farooq Advani
Company Secretary

Karachi:
Dated: September 23, 2010

Notes:

1. The Share Transfer Books of the Company will remain closed from October 08, 2010 to October 16, 2010 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint proxy. Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her Original CNIC or Passport to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Shareholders are requested to notify the change of address, if any, immediately.

Deloitte.

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

UAN: +92 (0) 21 111-55-2626
Fax: +92 (0) 21- 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, 2010.



Chartered Accountants

Place: Karachi
Date: September 20, 2010

Member of
Deloitte Touche Tohmatsu

Deloitte.

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

UAN: +92 (0) 21 111-55-2626
Fax: +92 (0) 21- 3454 1314
Web: www.deloitte.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of TATA TEXTILE MILLS LIMITED (the Company) as at June 30, 2010 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 except for the change as stated in note 2.3 with which we concur;
 - 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, 2010 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

M. Yousuf Adil Saleem & Co

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Karachi
Date: September 20, 2010

Member of
Deloitte Touche Tohmatsu

BALANCE SHEET

	Note	2010 Rupees	2009 Rupees (Restated)	2008 Rupees (Restated)
SHARE CAPITAL AND RESERVES				
Authorized 20,000,000 Ordinary shares of Rs.10 each		200,000,000	200,000,000	200,000,000
Issued, subscribed and paid-up	3	173,247,500	173,247,500	173,247,500
Unappropriated profit		604,190,333	117,405,073	303,841,116
		777,437,833	290,652,573	477,088,616
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT				
	4	944,649,981	926,342,361	957,429,267
NON-CURRENT LIABILITIES				
Long-term financing	5	302,314,839	475,971,350	489,880,520
Liabilities against assets subject to finance lease	6	-	17,023,557	53,525,446
Deferred liabilities	7	24,496,196	115,500,226	131,818,989
CURRENT LIABILITIES				
Trade and other payables	8	166,923,435	457,552,838	93,680,015
Interest / mark-up accrued on loans	9	47,160,906	52,524,038	37,505,858
Short-term borrowings	10	1,088,376,011	1,220,929,201	1,580,324,024
Current portion of:				
-long-term financing	5	200,859,664	166,982,394	189,614,449
-liabilities against assets subject to finance lease	6	17,012,029	36,776,916	52,811,888
Taxation - income tax		70,281,858	22,855,808	78,538,869
		1,590,613,903	1,957,621,195	2,032,475,103
CONTINGENCIES AND COMMITMENTS				
	11	3,639,512,752	3,783,111,262	4,142,217,941

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

AS AT JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees (Restated)	2008 Rupees
NON-CURRENT ASSETS				
Property, plant and equipment	12	2,222,126,664	2,330,419,170	2,318,567,602
Long-term deposits		606,356	573,707	377,568
CURRENT ASSETS				
Stores, spares and loose tools	13	35,742,257	41,251,364	27,248,689
Stock-in-trade	14	1,019,574,144	1,159,838,097	1,421,759,317
Trade debts	15	190,017,290	142,256,840	200,296,620
Loans and advances	16	94,123,827	50,079,034	103,288,165
Trade deposits and short-term prepayments	17	1,676,869	2,580,888	1,301,549
Other receivables		5,625,466	5,847,368	3,597,852
Other financial assets	18	2,483,184	1,883,184	1,735,247
Sales tax refundable		14,066,391	7,337,732	8,422,459
Cash and bank balances	19	53,470,304	41,043,878	55,622,873
		1,416,779,732	1,452,118,385	1,823,272,771
		3,639,512,752	3,783,111,262	4,142,217,941

SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees (Restated)
Sales	20	3,783,988,659	2,804,592,821
Cost of goods sold	21	(2,836,376,321)	(2,367,016,851)
Gross profit		947,612,338	437,575,970
Distribution cost	22	(146,124,741)	(127,150,841)
Administrative expenses	23	(58,718,350)	(58,853,690)
Other operating expenses	24	(35,829,793)	(149,022,842)
Other operating income	25	14,756,383	6,103,461
Finance cost	26	(264,402,368)	(326,380,925)
		(490,318,869)	(655,304,837)
Profit / (loss) before taxation		457,293,469	(217,728,867)
Provision for taxation	27	(16,692,768)	(16,822,523)
Profit / (loss) for the year		440,600,701	(234,551,390)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		440,600,701	(234,551,390)
Earnings per share - basic and diluted	28	25.43	(13.54)

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



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		457,293,469	(217,728,867)
Adjustments for :			
Depreciation of property, plant and equipment	12.2	118,829,514	118,939,885
Impairment on property, plant and equipment	12.5	1,439,317	-
Provision for staff gratuity and compensated absences		13,092,758	14,441,037
Finance cost	26	264,402,368	326,380,925
Gain on disposal of property, plant and equipment	25	(548,015)	(1,417,410)
Operating cash flows before movements in working capital		854,509,411	240,615,570
(Increase) / decrease in current assets			
Stores, spares and loose tools		5,509,107	(14,002,675)
Stock-in-trade		140,263,953	261,921,220
Trade debts		(47,760,450)	58,039,780
Loans and advances		(1,391,116)	7,296,210
Trade deposits and short-term prepayments		904,019	(1,279,339)
Other receivables		221,902	(2,249,516)
Other financial assets		(600,000)	(147,937)
Sales tax refundable		(6,728,659)	1,084,509
(Decrease) / increase in current liabilities			
Trade and other payables		(290,603,615)	363,874,469
Cash generated from operations		654,324,552	915,152,291
Finance cost paid		(269,765,500)	(311,362,745)
Income taxes paid		(42,653,677)	(30,296,096)
Staff gratuity and compensated absences paid		(8,871,326)	(10,027,926)
Long-term deposits		(32,649)	(196,139)
Net cash from operating activities		333,001,400	563,269,385
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(12,362,311)	(145,073,183)
Proceeds from disposal of property, plant and equipment		934,000	15,699,140
Net cash used in investing activities		(11,428,311)	(129,374,043)

	Note	2010 Rupees	2009 Rupees (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		7,296,700	101,646,406
Repayment of long-term financing		(147,075,941)	(138,187,631)
Proceeds from / repayment of short-term borrowings - import / export		351,536,333	(989,825,823)
Repayment of principal portion of finance lease		(36,788,444)	(52,536,861)
Dividend paid		(25,788)	(1,428)
Net cash from / (used in) financing activities		<u>174,942,860</u>	<u>(1,078,905,337)</u>
Net increase / (decrease) in cash and cash equivalents		496,515,949	(645,009,995)
Cash and cash equivalents as at July 01		(1,052,978,234)	(407,968,239)
Cash and cash equivalents as at June 30	30	<u>(556,462,285)</u>	<u>(1,052,978,234)</u>

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



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2010

	Note	Share Capital	Revenue Reserve Unappropriated Profit	Total
		Rupees.....		
Balance as at July 01, 2008 as previously reported		173,247,500	316,204,524	489,452,024
Effect of prior period error	2.4.20.3	-	(12,363,408)	(12,363,408)
Balance as at July 01, 2008 as restated		173,247,500	303,841,116	477,088,616
Comprehensive income				
Loss after taxation for the year ended June 30, 2009 (restated)	2.4.20.3	-	(234,551,390)	(234,551,390)
Other comprehensive income - net of tax		-	-	-
		-	(234,551,390)	(234,551,390)
Transferred from surplus on revaluation of property, plant and equipment on account of:				
- incremental depreciation - net of deferred tax		-	45,306,697	45,306,697
- disposal - net of deferred tax		-	2,808,650	2,808,650
		-	48,115,347	48,115,347
Balance as at June 30, 2009 as restated		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		-	46,184,559	46,184,559
Balance as at June 30, 2010		173,247,500	604,190,333	777,437,833

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

SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN /DIRECTOR

TATA

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

2.3.1 Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following revised standards, amendments to published standards and interpretations to existing standards with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below:

Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IFRS 2 Share-based payments (Amendment)	January 01, 2010
IFRS 5 Non-current assets held for sale and Discontinued operations (Amendment)	January 01, 2010
IFRS 8 Operating Segments (Amendment)	January 01, 2010
IAS 1 Presentation of Financial Statements (Amendment)	January 01, 2010
IAS 7 Statements of cash flows (Amendment)	January 01, 2010
IAS 17 Leases (Amendment)	January 01, 2010
IAS 24 Related party disclosures (Revised)	January 01, 2011
IAS 32 Financial Instruments: Presentation (Amendment)	February 01, 2010
IAS 36 Impairment of assets (Amendment)	January 01, 2010
IAS 39 Financial Instruments: Recognition and Measurement (Amendment)	January 01, 2010
IFRS 9 "Financial Instruments - Classification and Measurement"	Not yet notified by SECP
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010

In addition to the above, amendments and improvements to various accounting standards have also been issued by IASB which are generally effective for accounting periods beginning on or after July 01, 2010.

The Company considers that the above standards and interpretations are either not relevant or will have no material impact on its financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosures in the financial statements.

2.4 The principal accounting policies adopted are set out below.

2.4.1 Leases

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

As Lessee

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

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

2.4.2 Borrowing cost

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

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

2.4.3 Staff retirement benefits

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

Defined benefit plan

The Company operates a gratuity scheme for all its employees under workmen category who have completed the minimum qualifying period of service as defined under the respective scheme. Provisions are made to cover the obligations under the schemes on the basis of actuarial valuation and charged to income. The most recent valuation was carried out as at June 30, 2010 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 increment or reduction in salary of any non-workmen.

Compensated absences

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

2.4.4 Taxation

Current

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

Deferred

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

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

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

2.4.5 Property, plant and equipment

Company owned

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

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

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

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

Assets held under finance lease

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

Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less any recognised impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. Expenditures include borrowing costs as referred to in note 2.4.2. These are transferred to specific assets as and when assets are ready for their intended use.

2.4.6 Investment**Held-to-maturity**

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

Regular way purchase or sale of investments

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

Derecognition

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

2.4.7 Stores, spares and loose tools

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

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

2.4.8 Stock-in-trade

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

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

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

2.4.9 Provisions

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

2.4.10 Trade debts and other receivables

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

2.4.11 Foreign currencies

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

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

2.4.12 Financial Instruments

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

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

2.4.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.4.14 Impairment**Financial assets**

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

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

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.

2.4.20 Prior period errors

2.4.20.1 Presentation of Raw Material Sale

In current year, the Company has rectified prior period error related to the presentation of 'Sale of Raw Material', which previously was presented net of cost as 'Trading income' under 'Other Operating Income' instead of 'Sale' and related cost in 'Cost of Goods Sold'. Due to this the comparative figures in these financial statements have been restated in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

2.4.20.2 Recording of Infrastructure Cess

In current year, the Company has rectified prior period error related to recording of infrastructure cess imposed by the Sindh Government. In previous years case regarding the levy of infrastructure cess was pending in the High Court. In financial year 2008-2009, the High Court decided that the Company would be required to pay the infrastructure cess from 2006. However, the Company did not book the infrastructure in the said financial year. Accordingly, this error has been corrected retrospectively and the comparative figures in these financial statements have been restated in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

2.4.20.3 The effects of the above restatements on financial statements for the previous year are summarized below:

summarized below:	As per audited financial statements	Effect of prior period errors		Restated amounts
		Presentation of sale of raw material (note 2.4.20.1)	Recording of infrastructure cess (note 2.4.20.2)	
	(----- Rupees -----)			

Effect of prior period error on financial statements for the year ended June 30, 2009

Balance Sheet

Unappropriated profit	133,106,124	-	(15,701,051)	117,405,073
Trade and other payables	441,851,787	-	15,701,051	457,552,838

Profit and Loss Account

Sales	2,683,127,760	121,465,061	-	2,804,592,821
Cost of goods sold	2,265,656,118	98,023,090	3,337,643	2,367,016,851
Other operating income	29,545,432	(23,441,971)	-	6,103,461
Loss for the year	231,213,747	-	3,337,643	234,551,390
Earnings per share - basic and diluted	(13.35)	-	(0.19)	(13.54)

Effect of prior period error on financial statements for the year ended June 30, 2008

Balance Sheet

Unappropriated profit	316,204,524	-	(12,363,408)	303,841,116
Trade and other payables	81,316,607	-	12,363,408	93,680,015

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2010 Number of shares	2009 Number of shares		2010 Rupees	2009 Rupees
13,100,000	13,100,000	Ordinary shares of Rs. 10 each fully paid: In cash	131,000,000	131,000,000
4,224,750	4,224,750	As bonus shares	42,247,500	42,247,500
<u>17,324,750</u>	<u>17,324,750</u>		<u>173,247,500</u>	<u>173,247,500</u>

- 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	
Salafi 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	2010 Rupees	2009 Rupees
4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax			
4.1 Surplus on revaluation of property, plant and equipment			
Opening balance		990,834,540	1,042,571,472
Transferred to unappropriated profit on account of			
--incremental depreciation - net off deferred tax		(46,184,559)	(45,306,697)
--disposal of property, plant and equipment		-	(2,808,650)
- net off deferred tax		-	(3,621,585)
Related deferred tax liability		(46,184,559)	(51,736,932)
Closing balance		944,649,981	990,834,540
Related deferred tax liability			
Opening balance		(64,492,179)	(85,142,205)
Adjustment due to income subject to FTR	7.2.1	64,492,179	17,028,441
Transferred to profit and loss account on account of			
--incremental depreciation		-	3,410,181
--disposal of property, plant and equipment		-	211,404
Closing balance		-	(64,492,179)
		944,649,981	926,342,361

5. LONG-TERM FINANCING

From banking companies and other financial institutions - secured

Demand finances	5.1	216,739,606	283,152,806
Term finance	5.2	5,893,500	13,750,000
Vehicle loans	5.3	8,651,193	10,768,153
Export oriented projects (EOP)	5.4	246,890,204	310,282,785

From related party-unsecured

Subordinated loan	5.5	25,000,000	25,000,000
		503,174,503	642,953,744

	Note	2010 Rupees	2009 Rupees
Less: Current portion:			
Demand finances		(68,913,200)	(86,413,200)
Term finance		(1,105,029)	(13,750,000)
Vehicle loans		(3,615,946)	(3,426,612)
Export oriented projects (EOP)		(127,225,489)	(63,392,582)
		<u>(200,859,664)</u>	<u>(166,982,394)</u>
		<u>302,314,839</u>	<u>475,971,350</u>

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

Demand Finance Facility from National Bank of Pakistan amounting to Rs. 200 million carries markup / interest at the rate of 3 months KIBOR ask side plus 1% (2009: 3 months KIBOR ask side plus 1%) per annum repriced quarterly, which is repayable in 20 equal quarterly installments commencing from September 2009.

Demand Finance-I facility amounting to Rs. 100 million from Pak Kuwait Investment Company Limited has been rescheduled during the year. As per the revised terms, the loan carries mark-up at an average 6 months KIBOR plus 2.5% repriced semi annually (2009: cut-off yield on six months' T-Bills plus 3.5% per annum with a floor of 5% and a cap of 12%) per annum. The principal installments will be paid on September 13, 2010, March 13, 2011 and September 13, 2011 instead of September 13, 2009, March 13, 2010 and September 13, 2010.

Demand finance facility from National Bank of Pakistan amounting to Rs. 40 million carries markup / interest at the rate of 3 months KIBOR ask side plus 1.5% (2009: 3 months KIBOR ask side plus 1.5%) per annum repriced quarterly, which is repayable in 16 equal quarterly installments commencing from August 2009.

The aggregate unavailed long-term finance facilities available amounting to Rs. 4.35 million (2009: Rs. 4.35 million).

Demand Finance-II facilities amounting to Rs. 140 million from National Bank of Pakistan and Standard Chartered Bank have been repaid during the year.

- 5.2** The loan from Faysal Bank Limited is secured against joint pari passu specific charge on all present and future fixed assets including land, building, plant and machinery. The loan carries markup at a rate of 3 months' average KIBOR plus 2% (2009: Nil). The loan is repayable in 16 quarterly equal installments commenced from October 2009.

Term loan from Soneri Bank Limited has been repaid during the year.

- 5.3** These represent loans obtained from Soneri Bank Limited and secured against vehicles acquired from such loans and guarantee of the Company. These loans carry mark-up at the rate of 13% (2009: 13 %) per annum and are repayable in 60 equal monthly installments commenced between September 2005 to March 2010. The unavailed facility as at June 30, 2010 is Rs. 11.348 million (2009: 9.232 million)

- 5.4** These loans are secured against first pari passu charge over current and future fixed assets including land, building, plant and machinery of the Company. These loans carry mark-up ranging from 7% to 9% (2009: 7% to 9%) per annum. In accordance with SMEFD Circular No. 01 of 2009 issued by State Bank of Pakistan (SBP) banks have deferred the installments payable by the Company during the period from January 01, 2009 to December 31, 2009. These loans comprise of:

EOP loan of Rs. 216 million from National Bank of Pakistan which is repayable in 10 equal semi annually installments commenced from March 2006.

EOP loans of Rs. 150 million, Rs. 39.8 million and Rs. 69.3 million from Faysal Bank Limited which are repayable in 10, 12 and 8 equal semi annual installments commenced from April 2006, January 2010 and June 2010 to August 2010 respectively.

EOP loans of Rs. 33.5 million and 8 million from Pak Oman Investment Company Limited which are repayable in 46 and 47 equal monthly installments respectively commenced from January 2007.

EOP loan of Rs. 31.5 million from KASB Bank Limited which is repayable in 40 equal monthly installments commenced from January 2007.

- 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 the repayment of National Bank of Pakistan's loan amounting to Rs. 200 million.

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

	2010 Rupees	2009 Rupees
6 months or less		
- Short-term borrowings	1,088,376,011	1,220,929,201
- Long-term loans	247,633,106	321,902,806
- Liabilities against assets subject to finance lease	17,012,029	53,800,473
	<u>1,353,021,146</u>	<u>1,596,632,480</u>

- 5.7** 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 :

	2010		2009	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
	-----Rupees-----		-----Rupees-----	
Within one year	18,074,795	17,012,029	41,564,136	36,776,916
After one year but not more than five years	-	-	18,115,177	17,023,557
Total minimum lease payments	18,074,795	17,012,029	59,679,313	53,800,473
Amount representing finance charges	(1,062,766)	-	(5,878,840)	-
Present value of minimum lease payments	17,012,029	17,012,029	53,800,473	53,800,473
Current portion	(17,012,029)	(17,012,029)	(36,776,916)	(36,776,916)
	-	-	17,023,557	17,023,557

- 6.1** These represent finance leases entered into with financial institutions for plant and machinery and vehicles. Rates of finance cost range from 14.43% to 16.33% (2009: 6.58% to 17.43%) per annum and are used as discounting factors. The lease terms are of 3 to 5 years.
- 6.2** The Company intends to exercise the option to purchase the leased assets upon completion of the lease periods.
- 6.3** These are secured against title of lease assets, demand promissory notes, security deposits and personal guarantees of directors.

	Note	2010 Rupees	2009 Rupees
7. DEFERRED LIABILITIES			
Staff gratuity	7.1	22,792,929	18,579,610
Compensated absences		1,703,267	1,695,155
Deferred taxation	7.2	-	95,225,461
		<u>24,496,196</u>	<u>115,500,226</u>
7.1 Staff gratuity			
Workmen	7.1.1	2,715,342	2,757,148
Non-workmen	7.1.2	20,077,587	15,822,462
		<u>22,792,929</u>	<u>18,579,610</u>
7.1.1 Workmen - Defined benefit plan			
7.1.1.1 Movement in liability:			
Opening balance		2,757,148	2,665,409
Charge for the year	7.1.1.3	4,829,694	4,996,449
Paid during the year		(4,871,500)	(4,904,710)
Closing balance		<u>2,715,342</u>	<u>2,757,148</u>
7.1.1.2 Reconciliation:			
Present value of defined benefit obligation	7.1.1.4	6,757,897	7,566,942
Unrecognized actuarial loss		(4,042,555)	(4,809,794)
		<u>2,715,342</u>	<u>2,757,148</u>
7.1.1.3 Charge for the year:			
Current service cost		3,508,234	4,111,418
Interest cost		983,702	691,259
Actuarial loss recognised		337,758	193,772
		<u>4,829,694</u>	<u>4,996,449</u>
7.1.1.4 Changes in the present value of the defined benefit obligation:			
Opening defined benefit obligation		7,566,942	5,760,490
Current service cost		3,508,234	4,111,418
Interest cost		983,702	691,259
Actuarial (losses) / gain		(429,481)	1,908,485
Benefits paid		(4,871,500)	(4,904,710)
Closing defined benefit obligation		<u>6,757,897</u>	<u>7,566,942</u>

2010

2009

7.1.1.5 The principal assumptions used in the valuation of gratuity are as follows:

Discount rate	13.00%	13.00%
Expected rate of salary increase	12.50%	12.50%

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

	2010	2009	2008	2007	2006
	(----- Rupees -----)				
Defined benefit obligation	2,715,342	2,757,148	2,665,409	2,443,391	2,403,251
Fair value of Plan assets	-	-	-	-	-
Deficit	<u>2,715,342</u>	<u>2,757,148</u>	<u>2,665,409</u>	<u>2,443,391</u>	<u>2,403,251</u>

7.1.1.7 Experience adjustments on obligation and plan assets

Present value of obligation	6,757,897	7,566,942	5,760,490	4,445,637	-
Fair value of plan assets	-	-	-	-	-
Deficit	<u>6,757,897</u>	<u>7,566,942</u>	<u>5,760,490</u>	<u>4,445,637</u>	-
Actuarial gain / (loss) on obligation	429,481	(1,908,485)	(1,204,097)	(197,653)	-
Actuarial (gain) / loss on assets	-	-	-	-	-

7.1.2 Non-workmen - Defined contribution plan

	2010 Rupees	2009 Rupees
Opening balance	15,822,462	11,823,824
Charge for the year	5,144,561	5,994,851
Paid during the year	(889,436)	(1,996,213)
Closing balance	<u>20,077,587</u>	<u>15,822,462</u>

7.2 Deferred taxation

Opening Balance	Recognized in Profit and Loss Account	Recognized in surplus on revaluation of assets	Closing Balance
(----- Rupees -----)			

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)	-
	<u>106,398,375</u>	<u>(41,906,196)</u>	<u>(64,492,179)</u>	-
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	-	-
	<u>95,225,461</u>	<u>(30,733,282)</u>	<u>(64,492,179)</u>	-

Opening Balance	Recognized in Profit and Loss Account	Recognized in surplus on revaluation of assets	Closing Balance
(----- Rupees -----)			

Movement for the year ended June 30, 2009

Deferred tax liabilities on taxable temporary differences arising in respect of :

- Property, plant and equipment owned assets	32,082,938	2,059,905	-	34,142,843
- Leased assets	-	7,763,353	-	7,763,353
- Surplus on revaluation of property, plant and equipment	85,142,205	(3,621,585)	(17,028,441)	64,492,179
	117,225,143	6,201,673	(17,028,441)	106,398,375

Deferred tax assets on deductible temporary differences arising in respect of :

- Staff gratuity	(1,267,808)	(32,764)	-	(1,300,572)
- Carry forward losses	-	(9,872,342)	-	(9,872,342)
	115,957,335	(3,703,433)	(17,028,441)	95,225,461

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, previously recognized deferred tax liability was reversed as all income other than income from sale of raw material of the company falls under the Final Tax Regime.

8. TRADE AND OTHER PAYABLES

	Note	2010 Rupees	2009 Rupees (Restated)
Creditors		38,327,623	26,448,726
Accrued liabilities		86,717,291	61,453,581
Retention money		82,721	-
Withholding income tax		618,400	368,060
Workers' Profit Participation Fund	8.1	24,556,797	-
Workers' Welfare Fund		11,655,482	1,821,803
Unclaimed dividend		2,427,424	2,453,212
Foreign bills payable		1,542,473	364,017,638
Other liabilities		995,224	989,818
		166,923,435	457,552,838

8.1 Workers' Profit Participation Fund

Opening balance	-	1,516,017
Allocation during the year	24,556,797	-
Interest on funds utilized in the Company's business	-	196,916
	24,556,797	1,712,933
Amount paid to the fund	-	(1,712,933)
Closing balance	24,556,797	-

	Note	2010 Rupees	2009 Rupees
9. INTEREST / MARK-UP ACCRUED ON LOANS			
Long-term financing			
- from banking companies and other financial institutions		6,016,794	3,260,365
- from related party		10,456,218	6,956,028
Short-term borrowings		30,687,894	42,307,645
		<u>47,160,906</u>	<u>52,524,038</u>

10. SHORT-TERM BORROWINGS

From banking companies- secured

Running finances / cash finances	10.1	609,932,589	1,094,022,112
Finance against import / export	10.2	<u>478,443,422</u>	<u>126,907,089</u>
	10.3	<u>1,088,376,011</u>	<u>1,220,929,201</u>

10.1 These carry mark-up at the rates ranging from one to six months KIBOR plus 0.5% to 3% (2009: one to three 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 / KIBOR plus 1.5% to 2% (2009: LIBOR / KIBOR plus 1% to 3%) per annum. These arrangements are secured against pledge of stock, trust receipts, equitable mortgage charge over fixed assets and personal guarantee of sponsor directors.

10.3 These facilities are available from various commercial banks of Rs. 2,450 million (2009: Rs. 1,589 million) from which the aggregate unavailed short-term borrowings facilities are of Rs. 1,361 million (2009: Rs. 367 million).

	Note	2010 Rupees	2009 Rupees
11. CONTINGENCIES AND COMMITMENTS			
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		78,656,420	-
Bank guarantees issued on behalf of the Company	11.1	79,856,557	74,856,557
Bills discounted		871,971,740	674,868,995
Outstanding sales contracts		45,313,200	8,100,403

11.1 This includes bank guarantee related to infrastructure cess amounting to Rs. 23,627,894 which has been provided by the Company.

Annual Report 2010

TATA

TEXTILE MILLS LIMITED

12 PROPERTY, PLANT AND EQUIPMENT

	Note	2010 Rupees	2009 Rupees
Operating assets	12.1	2,219,711,310	2,327,780,148
Capital work in progress	12.6	2,415,354	2,639,022
		<u>2,222,126,664</u>	<u>2,330,419,170</u>

12.1 Operating assets

Particulars	Cost/ revaluation at July 01, 2009	Additions/ * transfers during the year	Disposals during the year	Cost/ revaluation at June 30, 2010	Accumulated depreciation at July 01, 2009	Depreciation for the year / 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	-	1,635,843,476	90,388,296	81,725,770	-	-	209,365,544	1,553,332,790	5
		* 126,854,858				* 37,251,478					
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	(1,445,606)	33,198,215	12,152,164	3,728,017	(1,059,621)	-	16,891,559	19,599,656	20
		* 3,293,000				* 2,070,999					
	2,324,503,207	12,585,979	(1,445,606)	2,465,791,438	161,428,576	115,135,507	(1,059,621)	1,439,317	316,266,257	2,149,525,181	
		* 130,147,858				* 39,322,477					
Assets held under finance lease											
Plant and machinery	226,761,802	-	-	99,906,944	63,278,286	3,694,007	-	-	29,720,815	70,186,129	5
		* (126,854,858)				* (37,251,478)					
Vehicles	3,293,000	-	-	-	2,070,999	-	-	-	-	-	20
		* (3,293,000)				* (2,070,999)					
	230,054,802	(130,147,858)	-	99,906,944	65,349,285	3,694,007	-	-	29,720,815	70,186,129	
						(39,322,477)					
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	

* Represent transfers from lease

Particulars	Cost/ revaluation at July 01, 2008	Additions/ * transfers during the year	Disposals during the year	Cost/ revaluation at June 30, 2009	Accumulated depreciation at July 01, 2008	Depreciation for the year / transfers	Disposals	Impairment loss recognised during the year	Accumulated depreciation and impairment at June 30, 2009	Written down value at June 30, 2009	Rate %
(----- RUPEES -----)											
Company owned											
Free hold land	90,130,000	-	-	90,130,000	-	-	-	-	-	90,130,000	-
Buildings on free hold land	469,337,343	738,077	-	470,075,420	-	23,471,093	-	-	23,471,093	446,604,327	5
Plant and machinery	1,489,586,595	111,427,024	(16,956,466)	1,584,057,153	-	77,470,244	(4,927,013)	-	90,388,296	1,544,368,857	5
		* 50,700,000				* 17,845,065					
Factory and workshop equipments	10,920,001	826,203	-	11,746,204	3,744,167	773,187	-	-	4,517,354	7,228,850	10
Electric installations	39,288,495	25,124,157	-	64,412,652	12,707,448	3,076,841	-	-	15,784,289	48,628,363	10
Office premises	4,968,938	-	-	4,968,938	2,110,211	285,873	-	-	2,396,084	2,572,854	10
Furniture and fixtures	9,264,324	91,998	-	9,356,322	4,618,890	465,311	-	-	5,084,201	4,272,121	10
Office equipment	10,067,047	1,458,575	-	11,525,622	6,576,152	1,058,943	-	-	7,635,095	3,890,527	10-30
Vehicles	25,659,714	5,194,077	(6,569,895)	24,283,896	11,061,403	3,428,497	(4,317,618)	-	12,152,164	15,378,732	20
		* 3,247,000				* 1,979,882					
	2,149,222,457	144,860,111	(23,526,361)	2,324,503,207	40,818,271	110,029,989	(9,244,631)	-	161,428,576	2,163,074,631	
		53,947,000				19,824,947					
Assets held under finance lease											
Plant and machinery	277,461,802	-	-	226,761,802	72,518,955	8,604,396	-	-	63,278,286	163,483,516	5
		* (50,700,000)				* (17,845,065)					
Vehicles	6,540,000	-	-	3,293,000	3,745,381	305,500	-	-	2,070,999	1,222,001	20
		* (3,247,000)				* (1,979,882)					
	284,001,802	(53,947,000)	-	230,054,802	76,264,336	8,909,896	-	-	65,349,285	164,705,517	
						(19,824,947)					
June 30, 2009	2,433,224,259	144,860,111	(23,526,361)	2,554,558,009	117,082,607	118,939,885	(9,244,631)	-	226,777,861	2,327,780,148	

* Represent transfers from lease

	Note	2010 Rupees	2009 Rupees
12.2 Depreciation for the year has been allocated as under:			
Cost of goods manufactured	21.1	116,259,994	113,961,782
Administrative expenses	23	2,569,520	4,978,103
		<u>118,829,514</u>	<u>118,939,885</u>

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, 2010 would have been as follows :

	-----2010-----			-----2009-----		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
Land - freehold land	20,612,299	-	20,612,299	20,612,299	-	20,612,299
Building on free hold land	252,512,343	105,930,423	146,581,920	249,648,476	98,240,707	151,407,769
Plant and Machinery	1,652,857,750	692,083,591	960,774,159	1,524,916,569	604,293,639	920,622,930
Electric installations	71,442,718	29,814,110	41,628,608	71,442,718	25,188,709	46,254,009
	<u>1,997,425,110</u>	<u>827,828,124</u>	<u>1,169,596,986</u>	<u>1,866,620,062</u>	<u>727,723,055</u>	<u>1,138,897,007</u>

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	Accumulated Depreciation	Written down value	Sale Proceeds	Name and Address
Vehicle	576,700	391,708	184,992	224,000	Mr. Muhammad Sehban A-201/1, Bridge view Apptt. Ch. Khaliq uz Zaman Road Clifton, Karachi
Vehicle	73,906	57,438	16,468	10,000	Raja Khalil Ahmed A-265, P & T Society, Sector - 32, Korangi , Karachi
Vehicle	795,000	610,475	184,525	700,000	Mr. Muhammad Yameen, House No. 875/3, Hussainabad, F.B Area, Karachi
June 30, 2010	<u>1,445,606</u>	<u>1,059,621</u>	<u>385,985</u>	<u>934,000</u>	
June 30, 2009	<u>23,526,361</u>	<u>9,244,631</u>	<u>14,281,730</u>	<u>15,699,140</u>	

12.5 During the 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. Details of such assets and impairment loss are as follows:

2010

Particulars	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
	<u>9,847,785</u>	<u>8,408,468</u>	<u>1,439,317</u>	<u>1,439,317</u>

	Note	2010 Rupees	2009 Rupees
12.6 Capital work-in-Progress			
Civil work	12.6.1	1,887,270	2,639,022
Machinery and electric installation	12.6.2	344,084	-
Others	12.6.3	184,000	-
		<u>2,415,354</u>	<u>2,639,022</u>
12.6.1 Civil work			
Opening balance		2,639,022	302,345
Addition during the year		2,112,115	3,074,754
		<u>4,751,137</u>	<u>3,377,099</u>
Less : Transfer during the year		(2,863,867)	(738,077)
Closing balance		<u>1,887,270</u>	<u>2,639,022</u>
12.6.2 Machinery and electric installation			
Opening balance		-	929,251
Addition during the year		1,430,407	135,621,930
		<u>1,430,407</u>	<u>136,551,181</u>
Less : Transfer during the year		(1,086,323)	(136,551,181)
Closing balance		<u>344,084</u>	<u>-</u>
12.6.3 Others			
Opening balance		-	1,194,354
Addition during the year		7,528,200	6,290,829
		<u>7,528,200</u>	<u>7,485,183</u>
Less : Transfer during the year		(7,344,200)	(7,485,183)
Closing balance		<u>184,000</u>	<u>-</u>
13. STORES, SPARES AND LOOSE TOOLS			
Stores	13.1	16,497,305	20,803,737
Spares		19,210,579	20,406,391
Loose tools		34,373	41,236
		<u>35,742,257</u>	<u>41,251,364</u>

13.1 It includes stores and spares in transit amounting to Rs. 2,181,472 (2009: Rs. 6,144,196).

	Note	2010 Rupees	2009 Rupees
14. STOCK-IN-TRADE			
Raw material	14.1	839,449,589	953,946,054
Work-in-process		19,825,774	25,775,841
Finished goods	14.2	140,394,768	164,988,384
Waste		19,904,013	15,127,818
		<u>1,019,574,144</u>	<u>1,159,838,097</u>

14.1 It includes raw material in transit amounting to Rs. Nil (2009: Rs. 405,560,498).

14.2 Finished goods of Rs. Nil (2009: Rs.44,518,589) carried at net realizable value.

15. TRADE DEBTS - CONSIDERED GOOD

Export	15.1	146,522,362	121,624,195
Local		<u>43,494,928</u>	<u>20,632,645</u>
		<u>190,017,290</u>	<u>142,256,840</u>

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. 0.684 million (2009: Rs. 1.36 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.

15.4.1 Aging of past due but not impaired

90-120 days	-	31,100
120 days and above	<u>684,488</u>	<u>1,332,215</u>
	<u>684,488</u>	<u>1,363,315</u>

16. LOANS AND ADVANCES

Considered good

Due from employees	2,401,239	3,899,892
Advances to creditors	12,652	-
Advances for expenses	79,112	61,971
Advance income tax	88,573,803	45,920,126
Advances against letters of credit	<u>3,057,021</u>	<u>197,045</u>
	<u>94,123,827</u>	<u>50,079,034</u>

17. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Bank guarantee margin	311,241	911,241
Short-term prepayments	<u>1,365,628</u>	<u>1,669,647</u>
	<u>1,676,869</u>	<u>2,580,888</u>

18. OTHER FINANCIAL ASSETS

Investment Held-to-maturity	<u>2,483,184</u>	<u>1,883,184</u>
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18.1 This represents investment made in term deposit receipts held for a period of 6 months with a markup rate of 9% (2009: 10% to 14%) per annum.

	Note	2010 Rupees	2009 Rupees
19. CASH AND BANK BALANCES			
Cash at bank			
On current accounts		52,038,610	40,433,590
On saving accounts	19.1	<u>356,132</u>	<u>329,410</u>
		52,394,742	40,763,000
Cash in hand		<u>1,075,562</u>	<u>280,878</u>
		<u>53,470,304</u>	<u>41,043,878</u>
19.1 This represents the amount held in savings accounts with the banks on which the mark up rate ranging between 5% to 7% (2009 : 5% to 7%) per annum.			
	Note	2010 Rupees	2009 Rupees (Restated)
20. SALES-Net			
Export			
-Yarn		2,733,524,685	2,085,370,271
-Yarn (indirect export)		184,202,541	-
-Waste		<u>232,108,418</u>	<u>191,883,650</u>
		3,149,835,644	2,277,253,921
Local			
-Yarn		<u>332,873,017</u>	<u>381,560,116</u>
-Raw Material		<u>219,842,000</u>	<u>121,465,061</u>
-Waste		<u>81,464,513</u>	<u>24,322,263</u>
		634,179,530	527,347,440
		3,784,015,174	2,804,601,361
Discount		<u>(26,515)</u>	<u>(8,540)</u>
		<u>3,783,988,659</u>	<u>2,804,592,821</u>
21. COST OF GOODS SOLD			
Cost of goods manufactured	21.1	2,661,775,735	2,227,035,732
Finished goods			
Opening stock		<u>180,116,202</u>	<u>150,737,772</u>
Purchase of finished goods		-	71,336,459
Closing stock	21.2	<u>(160,298,781)</u>	<u>(180,116,202)</u>
		19,817,421	41,958,029
Cost of goods manufactured sold		2,681,593,156	2,268,993,761
Cost of raw material sold		<u>154,783,165</u>	<u>98,023,090</u>
		<u>2,836,376,321</u>	<u>2,367,016,851</u>
21.1 Cost of goods manufactured			
Raw material consumed	21.1.1	2,027,965,757	1,658,182,802
Packing material consumed		52,108,055	49,018,497
Stores and spares consumed		52,873,519	44,036,524
Salaries, wages and benefits	21.1.2	146,623,957	133,864,329
Power and fuel		232,509,417	201,590,621
Insurance		14,384,827	14,854,226
Repairs and maintenance		3,943,343	2,935,844
Depreciation	12.2	116,259,994	113,961,782
Other overheads		<u>9,156,799</u>	<u>12,387,162</u>
		2,655,825,668	2,230,831,787
Work-in-process			
Opening stock		<u>25,775,841</u>	<u>21,979,786</u>
Closing stock	14	<u>(19,825,774)</u>	<u>(25,775,841)</u>
		5,950,067	(3,796,055)
		<u>2,661,775,735</u>	<u>2,227,035,732</u>

	Note	2010 Rupees	2009 Rupees (Restated)
21.1.1 Raw material consumed			
Opening stock		548,385,556	1,249,041,759
Purchases - net		2,319,029,790	957,526,599
		<u>2,867,415,346</u>	<u>2,206,568,358</u>
Closing stock	14	(839,449,589)	(548,385,556)
		<u>2,027,965,757</u>	<u>1,658,182,802</u>

21.1.2 Salaries, wages and benefits include Rs. 7,387,468 (2009: Rs. 8,581,244) in respect of staff retirement benefits.

21.2 It includes waste stock amounting to Rs. 19,904,013 (2009: Rs. 15,127,818).

	Note	2010 Rupees	2009 Rupees
22. DISTRIBUTION COST			
Export development surcharge		7,017,584	4,581,352
Inland freight on export		18,544,603	14,930,253
Ocean freight		43,706,932	34,579,099
Bank charges		13,640,660	12,982,631
Forwarding charges		4,080,745	2,357,839
Postage and telegram		1,129,696	2,426,126
Wharfage		4,328,036	5,191,664
Miscellaneous export expenses		2,150,482	3,165,472
Brokerage and commission		46,229,437	39,438,259
Others		5,296,566	7,498,146
		<u>146,124,741</u>	<u>127,150,841</u>

23. ADMINISTRATIVE EXPENSES			
Director's remuneration		6,827,805	6,075,475
Staff salaries and benefits	23.1	31,191,668	27,854,812
Traveling and conveyance		4,678,378	5,811,242
Printing and stationery		720,050	753,343
Postage and telephone		1,132,109	1,074,099
Legal and professional		730,679	1,924,759
Advertisement		71,000	117,555
Repairs and maintenance		1,046,112	826,884
Vehicles running and maintenance		1,644,701	1,357,893
Auditors' remuneration	23.2	870,000	695,000
Fees and subscription		1,054,415	1,228,691
Electricity		2,064,533	1,983,129
Insurance		998,866	687,208
Charity and donation	23.3	2,400,000	2,824,510
Depreciation	12.2	2,569,520	4,978,103
Other		718,514	660,987
		<u>58,718,350</u>	<u>58,853,690</u>

23.1 Staff salaries and benefits include Rs. 2,586,787 (2009: Rs. 2,410,056) in respect of staff retirement benefits.

23.2 Auditors' remuneration			
Audit fee		500,000	375,000
Other remuneration as auditor			
- Half yearly review fee		40,000	40,000
- Other services		330,000	280,000
		<u>870,000</u>	<u>695,000</u>

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

	Note	2010 Rupees	2009 Rupees
24. OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund		24,556,797	-
Workers' Welfare Fund		9,833,679	1,821,803
Impairment on property, plant and equipment	12.5	1,439,317	-
Exchange loss - net		-	147,201,039
		<u>35,829,793</u>	<u>149,022,842</u>
		2010 Rupees	2009 Rupees (Restated)
25. OTHER OPERATING INCOME			
Profit on bank accounts		401,780	507,640
Gain on disposal of property, plant and equipment		548,015	1,417,410
Others		-	4,178,411
Exchange gain - net		13,806,588	-
		<u>14,756,383</u>	<u>6,103,461</u>
		2010 Rupees	2009 Rupees
26. FINANCE COST			
Mark-up on :			
Long-term financing			
- from banking companies and other financial institutions		59,505,074	65,857,195
- from related party		3,500,190	3,956,651
Short-term borrowings		178,947,428	220,795,901
Lease finance charges		4,209,107	7,351,896
Interest on Workers' Profit Participation Fund	8.1	-	196,916
Bank guarantee commission		1,490,145	1,071,718
Bank charges		1,349,368	4,496,189
Letter of credits discounting charges		15,401,056	22,654,459
		<u>264,402,368</u>	<u>326,380,925</u>
27. TAXATION			
Current			
-for the year		47,426,050	22,855,808
-for prior year		-	(2,329,852)
Deferred - Reversal of previously recognised deferred tax	7.2.1	(30,733,282)	(3,703,433)
		<u>16,692,768</u>	<u>16,822,523</u>
27.1 TAXATION			
Relationship between tax expense and accounting profit:			
Accounting profit / (loss)		457,293,469	(217,728,867)
Tax @ 35% (2009: 35%)		160,052,714	(76,205,103)
Effect of:			
Income chargeable to tax at reduced rates		(112,626,664)	94,246,054
Reversal of previously recognised deferred tax		(30,733,282)	-
Inadmissible expenses		-	1,111,425
Prior year adjustment		-	(2,329,852)
		<u>16,692,768</u>	<u>16,822,523</u>
		2010	2009 (Restated)
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 :			
Profit / (loss) for the year	Rs.	440,600,701	(234,551,390)
Weighted average number of ordinary shares outstanding during the year		<u>17,324,750</u>	<u>17,324,750</u>
Earnings / (loss) per share	Rs.	<u>25.43</u>	<u>(13.54)</u>

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	-----2010-----			-----2009-----		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
	-----Rupees-----					
Meeting fee	20,000	130,000	-	10,000	75,000	-
Managerial remuneration	4,847,805	1,980,000	20,771,692	4,215,475	1,860,000	20,936,232
Retirement benefits	437,253	165,000	1,714,991	380,220	165,000	1,824,876
Leave encashment	-	-	857,496	-	-	383,187
Utilities	468,975	-	-	497,640	-	-
	<u>5,774,033</u>	<u>2,275,000</u>	<u>23,344,179</u>	<u>5,103,335</u>	<u>2,100,000</u>	<u>23,144,295</u>
No. of persons	1	6	14	1	6	11

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

30. CASH AND CASH EQUIVALENTS

	Note	2010 Rupees	2009 Rupees
Cash and bank balances	19	53,470,304	41,043,878
Short-term running finances	10	(609,932,589)	(1,094,022,112)
		<u>(556,462,285)</u>	<u>(1,052,978,234)</u>

31. PLANT CAPACITY AND ACTUAL PRODUCTION

	2010	2009
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	16,002,708	14,848,001

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 transaction	2010 Rupees	2009 Rupees
Associated undertakings / Directors	Purchase of goods	98,549,913	136,218,656
	Share of expenses paid	2,639,313	959,239
	Share of expenses received	1,444,588	1,315,891
	Rent of godown	240,000	240,000
	Markup charges	3,500,190	3,956,651
	Purchase of stores and spares	10,961	183,199
	Sale of stores and spares	2,947,946	444,100
	Sale of property, plant and equipment	-	1,200,000

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. 254,915,080 (2009: Rs. 196,416,110), the financial assets which are subject to credit risk amounted to Rs. 253,839,518 (2009: Rs. 196,135,232). The Company manages credit risk in trade debts by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

The Company is exposed to credit risk from its operating activities (primarily for trade debts and loans and advances) and from its financing activities, including deposits with banks and financial institutions 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 Corporation maintains its bank balances are as follows:

Name of bank	Rating agency	Credit rating	
		Short-term	Long-term
The Royal Bank of Scotland Limited	PACRA	A1+	AA
Bank Al-falah Limited	PACRA	A1+	AA
Faysal Bank Limited	PACRA	A1+	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. The Company defines counterparties as having similar characteristics if they are related entities.

33.3 Liquidity Risk Management

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts. 81% of the Company's debt will mature in less than one year at June 30, 2010 (2009: 74%) 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.

	Weight Average effective rate of interest	Less than 1 month	1-3 months	3 month- 1 years	1-5 years	More than 5 years	Total
2010							
-----Rupees-----							
Long term financing	10.60%	5,357,230	54,159,802	141,342,632	289,814,839	12,500,000	503,174,503
Liabilities against asset subject to finance lease	14.88%	1,985,324	4,045,922	10,980,783	-	-	17,012,029
Interest / mark-up accrued on loans		44,376,424	2,784,482	-	-	-	47,160,906
Short-term borrowings	11.16%	-	-	1,088,376,011	-	-	1,088,376,011
Trade and other payables		-	130,092,756	-	-	-	130,092,756
		51,718,978	191,082,962	1,240,699,426	289,814,839	12,500,000	1,785,816,205
2009							
-----Rupees-----							
Long term finance	10.82%	285,551	36,549,402	133,466,395	438,173,771	34,478,625	642,953,744
Liabilities against asset subject to finance lease	12.17%	-	13,709,441	27,854,695	18,115,177	-	59,679,313
Interest / mark-up accrued on loans		49,379,036	3,145,002	-	-	-	52,524,038
Short-term borrowings	14.24%	-	-	1,220,929,201	-	-	1,220,929,201
Trade and other payables		-	455,362,975	-	-	-	455,362,975
		49,664,587	508,766,820	1,382,250,291	456,288,948	34,478,625	2,431,449,271

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, 2010 would increase / decrease by Rs. 13.616 million (2009: Rs. 19.18 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, 2010, financial assets include Rs.186.279 million (2009: Rs. 132.859 million) and financial liabilities include Rs. 244.938 million (2009: Rs. 81.300 million) which are subject to foreign currency risk against US Dollars.

33.4.4 Foreign Currency Sensitivity Analysis

At June 30, 2010, 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. 5.866 million (2009 : Rs. 5.169 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:

	Loans and receivables	Held to maturity	Total June 30, 2010
	Rupees		
Assets as per balance sheet			
Deposits	917,597	-	917,597
Trade debts	190,017,290	-	190,017,290
Other receivables	5,625,466	-	5,625,466
Loans and advances	2,401,239	-	2,401,239
Cash and cash bank balances	53,470,304	-	53,470,304
Other financial assets	-	2,483,184	2,483,184

Financial Liabilities **Total June 30, 2010**
 measured at
 amortized cost
 ----- Rupees -----

Liabilities as per balance sheet

Long term loans	503,174,503	503,174,503
Liabilities against assets subject to finance lease	17,012,029	17,012,029
Short-term borrowings	1,088,376,011	1,088,376,011
Trade and other payables	130,092,756	130,092,756
Interest / mark-up accrued on loans	47,160,906	47,160,906

Loans and receivables **Total June 30, 2009**
 Held to maturity
 ----- Rupees -----

Assets as per balance sheet

Deposits	1,484,948	-	1,484,948
Trade debts	142,256,840	-	142,256,840
Other receivables	5,847,368	-	5,847,368
Loans and advances	3,899,892	-	3,899,892
Cash and cash bank balances	41,043,878	-	41,043,878
Other financial assets	-	1,883,184	1,883,184

Financial Liabilities **Total June 30, 2009**
 measured at
 amortized cost
 ----- Rupees -----

Liabilities as per balance sheet

Long term loans	642,953,744	642,953,744
Liabilities against assets subject to finance lease	59,679,313	59,679,313
Short-term borrowings	1,220,929,201	1,220,929,201
Trade and other payables	455,362,975	455,362,975
Interest / mark-up accrued on loans	52,524,038	52,524,038

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 2009.

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

35. SUBSEQUENT EVENTS

The Board of Directors at their meeting held on September 20, 2010 have proposed a dividend of Rs.2.50 per share (2009: Rs. Nil per share) for the year ended June 30, 2010, amounting to Rs. 43,311,875 (2009: Rs. Nil), subject to the approval of members at the annual general meeting to be held on October 16, 2010.

36. DATE OF AUTHORIZATION FOR ISSUE

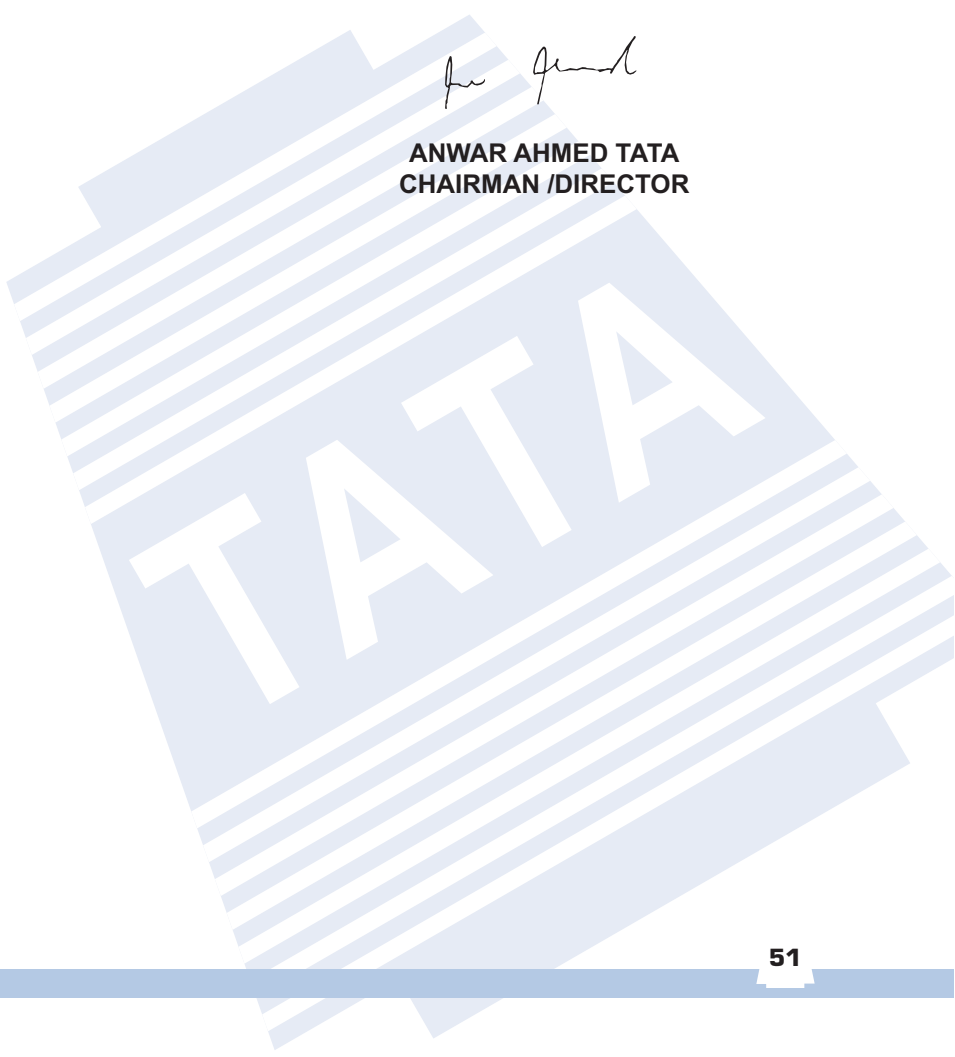
These financial statements have been approved by the board of directors of the Company and authorized for issue on September 20, 2010.



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN /DIRECTOR



TATA

TATA

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 24th Annual General Meeting of the Company at the Registered Office of the Company, 8, 8th Floor Textile Plaza, M.A. Jinnah Road, Karachi on Saturday, October 16, 2010 at 10:30 A.M. or at any adjournment thereof.

As witness my/our hand this _____ day of 2010

signed by the said _____ in the presence of _____

Affix Revenue
Stamps of Rs.5/-

Address

Signature of Member

CNIC No.

1. Proxies, in order to be effective, must be received 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.

