



# INNOVATION AGILITY GROWTH

*A Sustainable Textile Company*



Annual Report  
**2024**

## **INNOVATION, AGILITY, GROWTH- A Sustainable Textile Company**

**Tata Textile Mills Limited** is dedicated to fostering a future marked by sustainable growth and progress. The cover of this year's report, with its combination of yarns, a light bulb, and a sprouting plant, vividly portrays our journey. The yarn symbolizes the strong foundation upon which we build. The light bulb represents the innovative spark that drives our strategies, while the growing plant signifies the sustainable growth we aspire to achieve.

**Innovation** lies at the heart of everything we do. Represented by the glowing light bulb on the cover, it symbolizes the bright ideas that fuel our progress and guide us towards a more sustainable future. Our investments in cutting-edge technology and processes not only enhance our productivity but also minimize our environmental footprint, reflecting our dedication to responsible industry leadership.

**Agility** is the second pillar of our success, depicted by the plant sprouting beside the light bulb. In an ever-evolving industry, our ability to adapt quickly to change has been instrumental in navigating challenges and seizing new opportunities.

**Growth** is the natural outcome of our innovative and agile practices. Our growth is not merely in terms of market share or revenue but in our capacity to contribute positively to the planet and society. We are broadening our horizons, not just for business success, but for the betterment of the communities and ecosystems in which we operate.

In this Annual Report, you will discover how we have embraced innovation, agility, and growth to pioneer sustainable practices that ensure long-term success while upholding our commitment to environmental stewardship and social responsibility.





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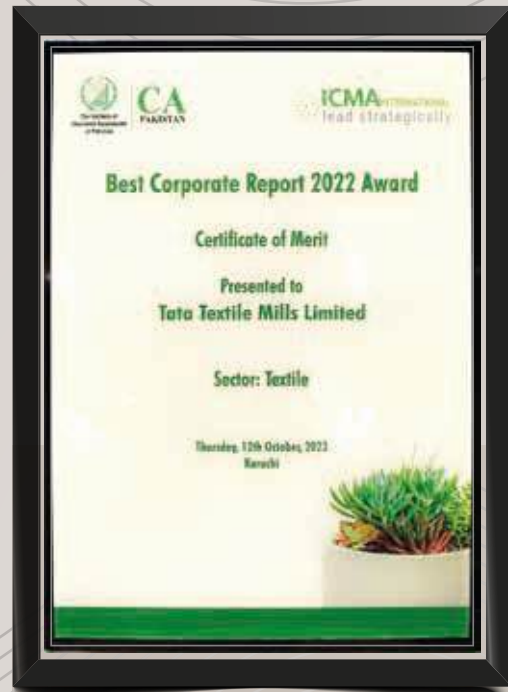
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# AWARDS AND ACCOLADES



**Certificate of Merit for the Best Corporate Report 2022**



**Recognition Shield for OHSE Best Practices Award**



**Employer of the Year Award (Gold Recognition in the National Category)**

## ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

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# Our Company's Vision, Mission, Culture and Values



## VISION STATEMENT

We envision our credibility as one of the World's leading companies known for its values, principally honest business practices and optimum quality standards in diversified product range with sustained growth.



## MISSION STATEMENT

We shall remain committed to exceeding the highest expectations of our customers. We strive for the production of best quality yarns for high value products.



## CULTURE

We are one team, committed to excellence, through continuous improvement, collaboration, and respect.



### One team

We are all part of the same team, working together towards a common goal.



### Committed to excellence:

We strive for the highest standards of performance and quality.



### Continuous improvement

We are always looking for ways to improve our processes and results.



### Collaboration

We work together to achieve our goals, sharing ideas and resources.



### Respect

We treat each other with respect, regardless of our differences.



## VALUES



### Integrity

We contribute to support family-oriented work environment founded on trust, honesty, transparency, with open communication and fair dealing.



### Respects

We value people as our valuable asset. Value and treat others as we would want others to treat/value us.



### Teamwork

To own the business and work for mutual benefits of the company and individual Work effectively with each other to achieve organizational goals with a helping and a positive attitude.



### Accountability

To deliver excellence in results with commitment to all stakeholders take responsibility for the success of business marked by continuous development whilst achieving shareholders objectives.



# COMPANY INFORMATION

## BOARD OF DIRECTORS

Mr. Mazhar Valjee - Chairman  
Mr. Shahid Anwar Tata - Chief Executive  
Mr. Adeel Shahid Tata - Executive Director  
Mr. Bilal Shahid Tata - Non Executive Director  
Mr. Farooq Advani - Independent Director  
Mr. Tayyeb Afzal - Independent Director  
Ms. Samar Shahid - Non Executive Director

## AUDIT COMMITTEE

Mr. Tayyeb Afzal - Chairman  
Mr. Bilal Shahid Tata - Member  
Mr. Farooq Advani - Member  
Mr. Ghazanfer Yaseen - Secretary

## HR & REMUNERATION COMMITTEE

Mr. Mazhar Valjee - Chairman  
Mr. Farooq Advani - Member  
Mr. Adeel Shahid Tata - Member  
Mr. Bilal Shahid Tata - Member  
Ms. Samar Shahid - Member  
Ms. Humera Ahmad - Secretary

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Zaid Kaliya

## COMPANY SECRETARY

Mr. Muhammad Hussain

## HEAD OF INTERNAL AUDIT

Mr. Ghazanfer Yaseen

## AUDITORS

M/s. Yousuf Adil,  
Chartered Accountants

## BANKERS

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank (Pakistan) Limited  
HBL (Islamic Banking)  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
National Bank of Pakistan – AIBG  
Pak Oman Investment Company Limited  
Samba Bank Limited  
Soneri Bank Limited  
The Bank of Khyber  
The Bank of Punjab  
Bank Al Habib Limited  
United Bank Limited

## LEGAL ADVISOR

Ameen Bandukda & Co.

## REGISTERED OFFICE

6th Floor, Textile Plaza,  
M.A. Jinnah Road, Karachi.  
Tel: (92-21) 32412955-3 Lines, (92-21) 32426761-2-4  
Fax: (92-21) 32417710  
Email: ttm.corporate@tatapakistan.com

## FACTORY LOCATION

Khanpur, Baggasher, Muzaffargarh, Punjab  
S.I.T.E. Kotri, District Jamshoro, Sindh and  
Landhi Industrial Area, Karachi, Sindh.

## SHARE REGISTRAR

CDC Share Registrar Services Limited  
CDC House, 99-B, Block 'B', S.M.C.H.S.,  
Main Shahra-e-Faisal Karachi.  
Tel: (Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053

## WEB

www.tatapakistan.com

## CODE OF CONDUCT & BUSINESS ETHICS

The Company is committed to conducting its business in accordance with the applicable laws, rules, and regulations and with the highest standards of business ethics. Directors and employees are required to comply with the Code of Conduct, which is intended to help them put the Company's ethical principles into practice.



### HONEST AND ETHICAL CONDUCT

The Company expects all directors and employees to act in accordance with the highest standards of personal and professional integrity, honesty, and ethical conduct, while working at the Company's premises, at offsite locations, at Company-sponsored business and social events, and/or at any other place where directors and employees represent the company. Honest conduct is considered to be free from fraud and/or deception, while ethical conduct conforms to accepted professional standards, including the ethical handling of actual or apparent conflicts of interest as specified in the subsequent sections.



### CONFLICTS OF INTEREST

A conflict of interest occurs when a director or employee's actions or interests hinder their ability to perform their duties objectively and effectively, or when they receive improper personal benefits from their position. Any external business activity that affects one's ability to focus on their role at the Company must be disclosed to the Division Head and HR Head to ensure no conflict with Company interests. Receiving non-nominal gifts or having significant ownership interests in a supplier, customer, business partner, or competitor can create conflicts of interest. Directors must disclose potential conflicts to the Board of Directors for approval, while employees must disclose to the Division Head and HR Head and seek approval.



### COMPLIANCE WITH APPLICABLE LAWS, RULES, AND REGULATIONS

Directors and employees must adhere to all relevant laws, rules, and regulations, acquiring sufficient knowledge to recognize risks and seek advice when needed. Violations of applicable governmental laws, rules and regulations may lead to individual criminal and civil liability. For copyright protection, they must also avoid copying or transferring confidential or proprietary information from external sources unless officially authorized and legally permitted.



### CONFIDENTIAL INFORMATION PROTECTION

Confidential Information must be protected to prevent harm to the Company or benefit to competitors. Directors and employees must safeguard this information, use it only for business purposes, prevent unauthorized copying or disclosure, ensure electronic communications are correctly addressed and marked confidential, and avoid using it for personal gain or discussing it with unauthorized individuals.





## INSIDER TRADING

This involves buying or selling company stock based on material, non-public information, creating an unfair advantage. Employees and directors with such information must not:

- Trade or transact company stock,
- Share the information with others who might trade based on it,
- Use the information for personal gain or to benefit others.



## FAIR DEALING

Fairness in dealings with employees, customers, suppliers, and competitors is essential. The Company enforces merit-based hiring, prohibits discrimination, and has zero tolerance for harassment, which must be reported to HR.



## PROTECTION AND PROPER USE OF COMPANY ASSETS

The Company assets must be safeguarded and used efficiently for legitimate purposes; misuse, theft, or waste is not tolerated.



## GIFTS AND ENTERTAINMENT

Receiving gifts from business partners is generally prohibited unless they are customary, non-influential, and in line with the Code of Conduct.



## LIMITS OF AUTHORITY

Actions on behalf of the Company must align with approved delegation limits. Only authorized individuals may sign or approve official documents and represent the Company.



## POLITICAL ACTIVITIES

Directors and employees may volunteer for political campaigns in their personal capacity, ensuring no conflict with their work responsibilities and company representation.



## REPRESENTATION IN MEDIA

Only authorized spokespersons may speak for the Company in media, particularly in the event of a crisis. Responsible social media use is required to protect the Company's reputation.



## POST-SEPARATION RESPONSIBILITY

Upon leaving the Company, Directors and employees must return all assets and documents and continue to maintain confidentiality regarding information obtained during their tenure.

## GROUP INFORMATION

TATA Pakistan is a large well-respected conglomerate in Pakistan with diversified interests in textiles and foods businesses. The group's activities started in 1969 and since then has expanded into textile spinning business and has established itself as a premier brand. The group has diversified its business interests into the food sector. Tata Pakistan has sizable exports and contributes valuable foreign exchange to the national exchequer. With a reputation for quality and innovation, TATA Pakistan remains a key player in enhancing both local industry and international trade.

### TATA TEXTILE MILLS LTD. (TTML)

TTML is a public limited company incorporated in 1987 under the Companies Ordinance, 1984 (repealed by the Companies Act, 2017) and listed on Pakistan Stock Exchange. In 2021, Island Textile Mills Ltd., Salfi Textile Mills Ltd., and Tata Energy Ltd. merged into TTML, thereby synergy and efficiency of company enhanced. The registered office is located in Textile Plaza, Karachi. The spinning units are located in Karachi, Kotri and Muzaffargarh. For a general review of TTML's performance in comparison with last year, please refer to Part VI- "Analysis of Financial Information" of this annual report.

#### Kotri Unit

Established in 1970 and acquired in 1981 as an operational spinning unit in Kotri Industrial Estate, Sindh, this facility gained a strong reputation in cotton yarn spinning. In 2014, the company launched a strategic expansion plan, leading to the commencement of commercial production in 2015 with advanced, fully automated Reiter spinning machinery, covering the entire process from blow room to winding. Additionally, a 2.4 MW solar plant has been installed to generate renewable energy for the unit.

#### Landhi Unit

Established in 1968 and acquired in 1983, this unit was firmly established in the synthetic yarn market over four successful decades. In 2005, the unit underwent a comprehensive renovation, boosting its capacity to 36,708 spindles with state-of-the-art machinery, thereby doubling its spinning production capacity. To emphasis green energy production, a 1 MW solar plant is currently under installation to enhance energy efficiency.

#### Muzaffargarh Unit

The modern spinning unit, equipped with 44,400 spindles for cotton yarn production, has rapidly set the TATA Brand as a market standard. Located in Muzaffargarh near Multan, the facility is undergoing continuous upgrades, including automation initiatives and the replacement of old machinery. To reduce energy consumption, management has introduced highly efficient gas generators and installed a 2 MW solar plant. Further additional 2.7 MW solar plant currently under installation to optimize power generation costs.

### TATA BEST FOODS LIMITED (TBFL)

After four decades of excellence in the textile industry, the group diversified into the food sector in 2009 as a public limited unlisted entity under the Companies Ordinance, 1984. TBFL's core business involves meat processing at its internationally accredited facility in Landhi, Karachi, where it prepares, processes, preserves, packages, and markets meat and related products for both export and local sales to restaurants, hotel chains, and grocery stores. As a manufacturer and exporter, TBFL is playing a crucial role in the modernization of Pakistan's meat industry and contributes significantly to the economy through valuable foreign exchange.

### UPCROP (PVT.) LIMITED (UPPL)

UPPL is recently established in 2022, as a private limited entity under the Companies Act, 2017. UPPL is an innovative agricultural company founded with a vision to transform previously uncultivable land into productive agricultural units using advanced irrigation technology. The agricultural land of the company is situated at Muzaffargarh, spanning 350 acres. The company is committed to integrating cutting-edge sensor technology to gather precise data on soil, weather, and crop health, optimizing agricultural operations through innovative solutions.



## COMPANY PROFILE AND BUSINESS AT A GLANCE

Tata Textile Mills Limited (TTML) is premier textile spinning Company with 127,092 spindles. TTML produces a range of yarn catering to both domestic and international customers with the capability to process around 120 million pounds of cotton to produce 95 million pounds of yarn. TTML has a demonstrated history of exporting its products to diverse markets. TTML relies on modern and efficient machinery comprises international brands like Reiter, Truetzschler, Toyota, Murata, etc.

TTML is a proud recipient of following accolades during the year:

- **'Gold Recognition'** in the national category at 10th Employer of the Year Award 2024 by Employer's Federation of Pakistan (EFP).
- **'Certificate of Merit'** in Best Corporate Report 2022 Awards in the Textile Category from both the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan.
- **'Recognition Award'** for Best Practices in Occupational Safety, Health, and Environment for the year 2023, as conferred by EFP.

With a strong emphasis on health, safety, and environmental stewardship, TTML is a distinguished corporate socially responsible company. In 1990, the company developed a Quality Management System based on the ISO-9001 standard, which has since served as its foundational management system. Now this system is in process to integrate the requirements of Occupational Health and Safety, Environmental Management, and Energy Management Systems.

Additionally, TTML holds certifications on;

- OEKO-TEX,
- Global Organic Textile Standard (GOTS),
- Organic Content Standard (OCS),
- Global Recycle Standard (GRS),
- Recycled Claim Standard (RCS) and
- Regenagri Content Standard

TTML is an active participant in several international forums that pursue sustainability initiatives like;

- International Cotton Association (ICA),
- Cotton USA Licensee
- US Cotton Trust Protocol (USCTP),
- Cotton Made in Africa (CMiA) and
- Better Cotton Initiative (BCI)

TTML is also a valued part of the supply chain for prominent brands such as Primark and Inditex, this association has led the company to maintain its registration with 'Social Labor Convergence Program (SLCP) and utilizes Higg Index to measure & grow its sustainability practices.

TTML is striving efficiency in its energy management, employing a diverse range of energy sources to minimize costs while prioritizing the use of eco-friendly options for energy generation.

## PRODUCT PORTFOLIO

TTML has the capability to produce the following type of yarns:

- 100% Cotton Carded Knitting and Weaving Yarns.
- 100% Cotton Combed Knitting and Weaving Yarns.
- 100% Cotton Combed Compact Knitting and Weaving Yarns.
- 100% Cotton Carded Weaving Siro Yarns.
- 100% Cotton Combed Compact Weaving Siro Yarns.
- 100% Cotton Carded Compact and Non-Compact Weaving Yarns.
- 100 % Cotton Carded Slub Yarns.
- 100 % Cotton Carded Siro-Slub Yarns.
- Cotton Core Ring Spun Yarns.
- Zero Twist PVA Carded and Combed Yarns.
- 100% Cotton Plied Carded and Combed Yarns.
- Cotton / Polyester Blend Carded and Comb Yarn for Knitting and Weaving.
- Cotton / Tencel Blend Carded for Weaving Yarn.
- Cotton / Modal Blend Carded for Weaving Yarn.
- Cotton / Polyester Blend Carded and Comb Chain Yarn.

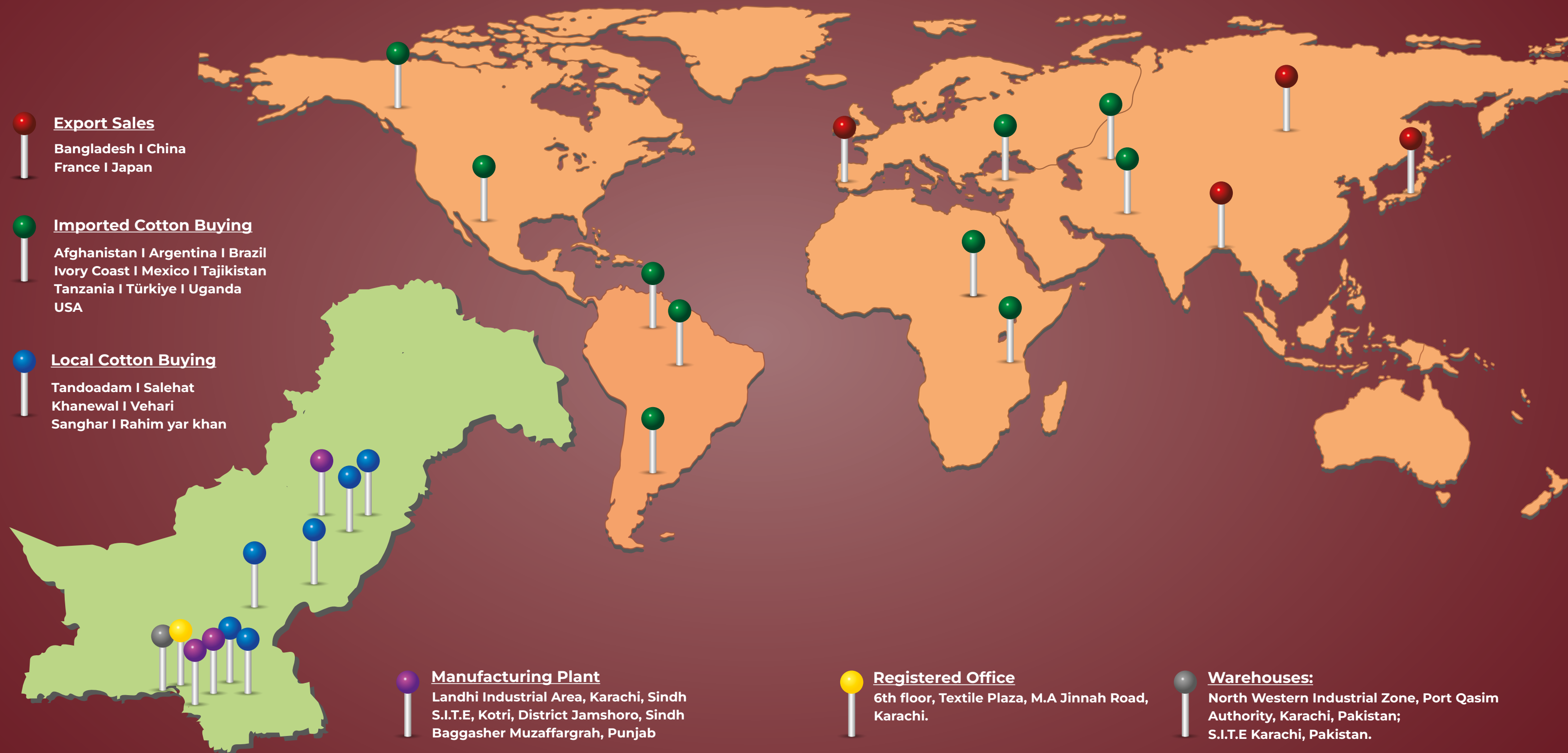
## APPLICATION

TTML products are widely employed by following:

- Denims
- Terry towels
- Bed Linen
- Woven apparel
- Knitted apparel

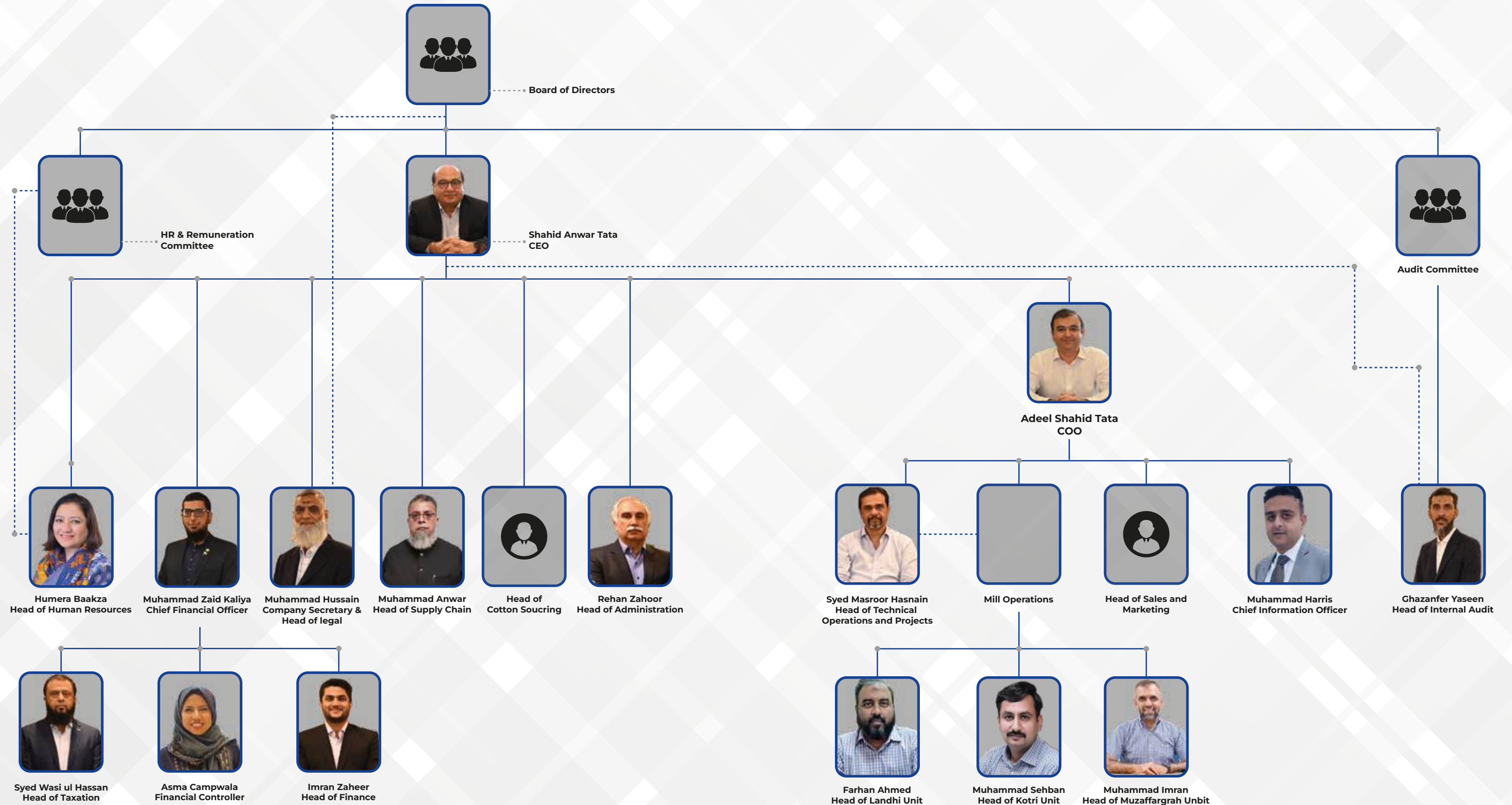


# GEOGRAPHICAL SPREAD



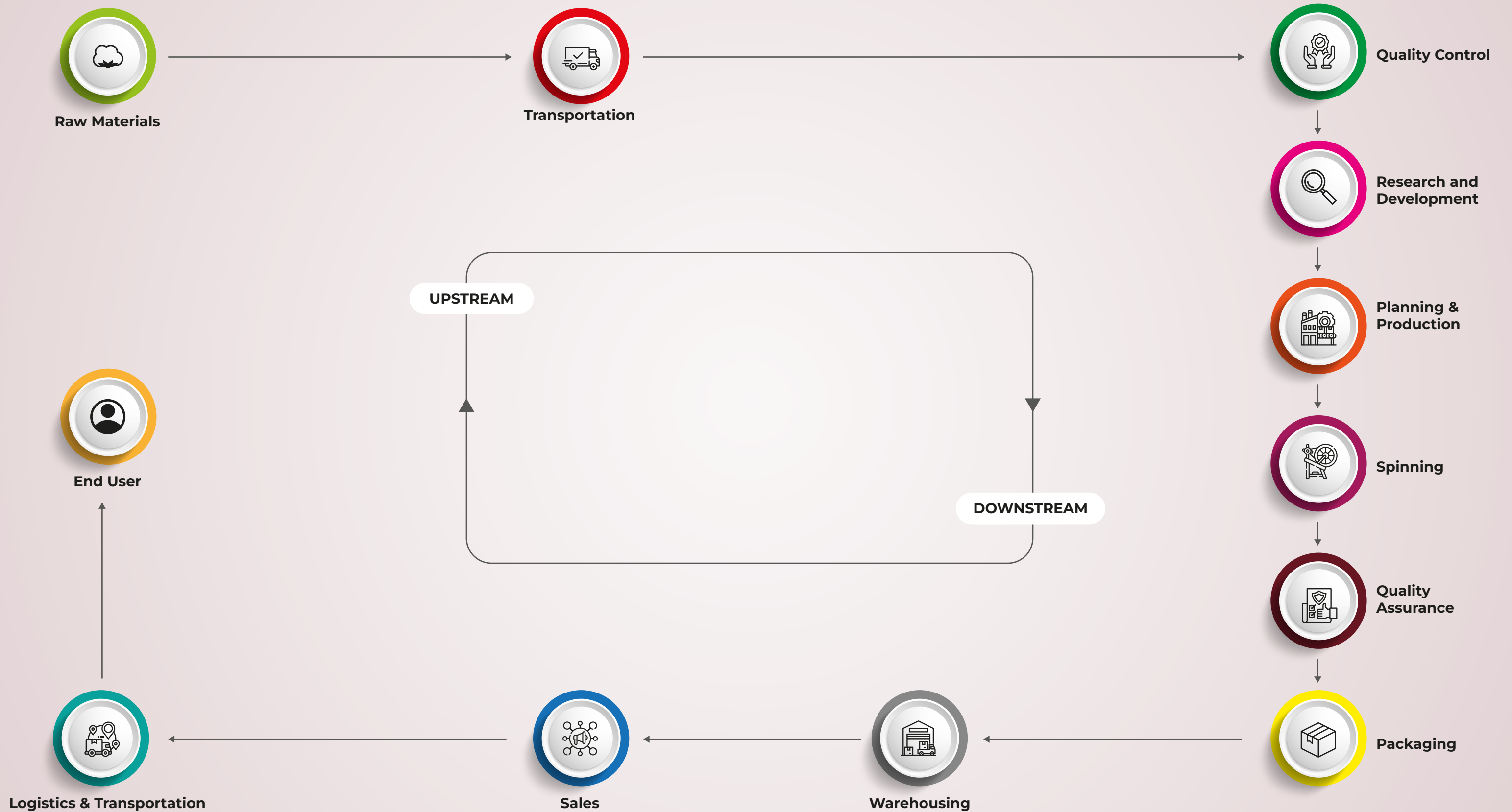


# ORGANIZATIONAL STRUCTURE







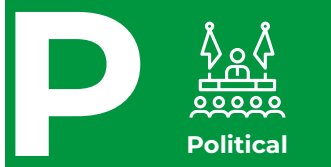




# Value-Chain Analysis





# STEEPLE ANALYSIS

	 <b>S</b> Social	 <b>T</b> Technological	 <b>E</b> Economic	 <b>E</b> Environmental	 <b>P</b> Political	 <b>L</b> Legal	 <b>E</b> Ethical
<b>FACTORS</b>	<p>A strong commitment to social responsibility is essential for improving business performance and preventing adverse effects on stakeholders. Socio-cultural factors, which include demographic attributes, norms, and local customs, immensely assist marketers to comprehend customer needs.</p>	<p>Technology is essential for sustained organizational growth. It plays a key role in the success of businesses. Businesses that comprehend the ways in which technology can impact their industry and market will be in a better position to make well-informed decisions about market expansion, product launches, and outsourcing.</p>	<p>Economic factors, such as interest rates, inflation, and exchange rates, can have a significant impact on the financial performance of businesses. These factors can affect the purchasing power of consumers, the cost of doing business, and the demand for goods and services. As a result, they can have a direct impact on the profitability, growth, and sustainability of businesses.</p>	<p>The growing environmental awareness and scarcity of resources have made environmental factors increasingly pivotal to the functioning of organizations. This has led to many companies adopting corporate social responsibility (CSR) and sustainability practices, as well as complying with environmental laws to avoid reputational loss and legal repercussions.</p>	<p>The extent of government intervention and the stability of political conditions are the key political factors that can have a significant impact on the attractiveness of a market and the overall performance of businesses. Frequent changes in government policies can make it difficult for businesses to plan and disrupt their operations.</p>	<p>Businesses are required to have a comprehensive understanding of the legal and regulatory frameworks that govern their operations, both domestically and internationally. Failure to comply with these requirements can have serious consequences, including reputational damage, financial penalties, and other sanctions.</p>	<p>Ethics can be defined as a set of universal moral principles that guide people's behavior, including business decision-making. Ethical considerations in business are those factors that help companies make decisions that are consistent with their ethical values. These factors can comprise the impact on the company's bottom line, its employees, and the environment.</p>
<b>ORGANIZATION'S RESPONSE</b>	<p>As a socially responsible organization, we're committed to making a tangible positive impact on society. TTML actively supports various social causes, such as educational programs, healthcare initiatives and environmental conservation efforts. By contributing to these areas, TTML aim to prioritize the well-being and safety of our employees. TTML believe that a healthy and secure workforce is essential for our organization's success. To this end, TTML implement policies and programs that promote employee health, safety, and work-life balance. TTML is also dedicated to continuously improving our corporate social responsibility (CSR) initiatives like TCF School, Jugnoo Sabaq, high education scholarship, etc. TTML regularly evaluates its existing programs and explores new opportunities to create a more sustainable and equitable future.</p>	<p>The management recognizes the critical role of technological advancements in ensuring organizational success in today's dynamic business environment. To maintain a competitive edge, TTML consistently embraces new technologies and seek innovative ways to improve efficiency of operations. TTML has made significant financial commitments to modernize its facilities and equipment. Additionally, TTML has invested in upskilling its workforce through targeted training programs that equip them with the knowledge and skills necessary to effectively utilize and leverage new technologies. Notable investments in technology include implementation of the highly advanced cloud-based ERP system, Oracle Fusion, Diligent Software, OPT Cotton, Qlick Sense, etc. This cutting-edge technology streamlines business processes, improves efficiency, and provide with valuable data-driven insights.</p>	<p>The company maintains a robust financial position by closely monitoring its debt-to-equity ratio and proactively implementing strategies to mitigate the negative effects of economic factors. An expert treasury team diligently tracks exchange rate fluctuations and develops risk management plans to hedge the impact of currency devaluation and interest rate increases. The company actively undertakes strategic tax planning and initiates timely refunds.</p>	<p>The company is dedicated to environmental preservation and sustainability. It strictly follows all relevant laws and regulations and proactively takes environmentally friendly steps to generate long-term benefits for society by using natural resources efficiently. To achieve this, the company has invested in a solar energy project to produce clean energy, reducing its dependence on depleting fuels and decreasing its carbon footprint. Additionally, the company has installed water purification and filtration system within the factory premises to provide clean water and sanitation for all its employees and surrounding community as well as periodically arranges plantation drive to combat climate change. Furthermore, the company has obtained certifications in Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Global Recycle Standard (GRS), and Recycled Claim Standard (RCS), demonstrating that its products meet rigorous environmental and social standards. These initiatives highlight the company's commitment to safeguarding the environment and building a sustainable future.</p>	<p>The company conducts ongoing monitoring and analysis of the country's political environment, including any changes in tariff structures and taxation. Through this proactive approach, TTML aim to mitigate potential adverse impacts on its business by making timely strategic adjustments. TTML's management team is committed to strict adherence to all relevant regulations, ensuring seamless operations and sustainable business growth.</p>	<p>The company is committed to ensuring full compliance with all relevant laws and regulations. This involves staying updated on new legislation and ensuring that all departments are aware of and adhere to the requirements. To achieve this, the company has a dedicated team of experienced professionals to provide specialized compliance guidance. Furthermore, the company engage legal and tax experts as retainers, to guarantee comprehensive compliance with all legal and regulatory obligations. The company's management explicitly condemns corrupt and fraudulent practices and is committed to operating with transparency and integrity in all its dealings. The company engages professional consultants and legal counsel whenever required.</p>	<p>The company is dedicated to upholding the highest ethical standards in all its business dealings. TTML prioritize transparency and accountability and strongly denounce all forms of corruption, fraud, and unethical conduct. TTML believe that these principles are fundamental for fostering and maintaining trust and confidence with our customers, employees, suppliers, and other stakeholders. TTML is committed to adhering to these principles in every aspect of our operations.</p>



## THE EFFECT OF SEASONALITY ON BUSINESS IN TERMS OF PRODUCTION AND SALES

TTML, a leading yarn manufacturer in Pakistan, faces the impact of cotton seasonality on its operations. Cotton procurement is tied to local (August to December) and international seasons, affecting working capital and exposing the company to currency fluctuations and natural disasters. To mitigate these challenges, TTML employs inventory management, production planning, and market-driven sales strategies. Following are some cotton procurement months in different regions:

- **United States:** In the United States, cotton harvesting typically begins in late August or early September and continues through November or December, with variations depending on the region and weather conditions.
- **West Africa (e.g., Mali, Burkina Faso, Ivory Coast, Benin):** Cotton harvesting in West African countries often begins in September and can continue through April, with variations depending on the region and weather conditions.
- **East Africa (e.g., Ethiopia, Tanzania):** In East African nations, cotton procurement usually starts around April and can extend into early September.
- **Southern Africa (e.g., Zimbabwe, Zambia):** Cotton harvesting in Southern African countries like Zimbabwe and Zambia can take place from March to May.
- **China:** Cotton harvesting in China typically occurs from September to December, with the peak of the season generally occurring in October.
- **Brazil:** In Brazil, cotton harvesting season varies by region but generally takes place from May to September, but the peak of the harvest typically occurs from June to July.

## THE LEGISLATIVE AND REGULATORY ENVIRONMENT IN WHICH THE ORGANIZATION OPERATES

TTML is committed to complying with all applicable laws and regulations. This includes corporate, taxation and labor laws of the country, Code of Corporate Governance, Pakistan Stock Exchange (PSX) regulations, other relevant laws, and the requirements of various certifications. The company is committed to maintaining its high standards of compliance and will continue to work closely with all relevant stakeholders to ensure that it remains compliant with all applicable laws and regulations.



## THE LEGITIMATE NEEDS, INTERESTS OF KEY STAKEHOLDERS AND INDUSTRY TRENDS

TTML takes specific steps to understand the needs and interests of all its stakeholders. Through innovative practices, it sets industry trends for meeting stakeholder needs.

To consistently exceed customer expectations, the company maintains consistent product quality. It has an in-house Quality Assurance department to ensure products meet relevant standards with state-of-art USTER technology.

The company keeps shareholders informed about its performance and trends through timely sharing of financial statements and directors' report. Annual corporate briefing sessions are also held.

TTML's growth is attributed to its dependable suppliers and business partners. The company maintains multiple sources for key components, ensuring a consistent supply of materials for production.

The company plans its CSR activities to significantly benefit local communities, tailored to their specific needs. Additionally, it contributes to the national treasury by promptly fulfilling its tax obligations.





# OUR ROAD TO SUCCESS

1969  
to  
1989

## 1969-1989: Laying the Foundation

- 1969:** Acquisition of embroidery unit from Naveena Industries.
- 1981:** Acquisition of Island Textile Mills Ltd., marking the entry into cotton yarn spinning.
- 1983:** Entry into synthetic yarn with the acquisition of Salfi Textile Mills Ltd.
- 1991:** Establishment of a modern spinning unit with 19,200 spindles in Muzaffargarh.

1990  
to  
2009

## 1990-2009: Expansion phase

- 1990:** Achieved Corporate ISO-9001 Certification
- 2004:** TTML's Unit II commenced operations with 25,200 spindles in Muzaffargarh
- 2005:** Became the first Usterized textile mill in Pakistan, achieved Supima Certifications, and enhanced capacity to 36,324 spindles of Salfi Textile Mills in Karachi
- 2007:** 100% production capacity enhancement at Landhi, Karachi
- 2009:** Achieved OEKO TEX Standard 100 Certification

## 2010-2019: Diversification and Technological Advancement

- 2010:** Diversified into meat processing with Tata Best Foods Ltd
- 2012:** Became the first in Pakistan to install Uster Quantum 3 clearers and Trutzschler Securomat
- 2013:** Implemented ERP Oracle EBS and joined the Better Cotton Initiative (BCI)
- 2014:** Passed the "Corporate Social Responsibility Audit" by SGS Pakistan
- 2015:** Established the second unit of Island Textile Mills Ltd. in Kotri, with 26,784 spindles

2010  
to  
2019

## 2020-2024: Sustainability and Digital Transformation

- 2020:** Installed Caterpillar Gas engine, improving efficiency by 20%.
- 2021:** Merger of Island Textile Mills Ltd., Salfi Textile Mills Ltd., and Tata Energy Ltd. into TTML.
- 2022:** Commissioned a 2.2 MW solar-powered energy plant.
- 2024:** Implemented cloud-based ERP "Oracle Fusion" and "Diligent Board" software as well as expanded solar energy capacity to 4.4 MW.

2020  
to  
2024



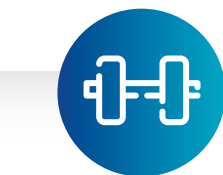
## SWOT Analysis

### Strengths:

- Established strong brand reputation and trust built over decades
- Consistency in quality products
- Ethical business practices
- Skilled and experienced workforce, with exclusive focus on DE&I
- Modern manufacturing facilities
- State-of-the-art cloud-based ERP with BI capabilities
- Self-power generation capability
- Environmentally and socially responsible organization
- Focus on Compliance & Sustainability
- Strong corporate culture

### Weaknesses:

- Fluctuations in raw material prices, particularly cotton
- High energy costs
- High finance costs
- Oversupply of cotton yarn
- Commodity is affected by business cyclicity
- High Labor-intensive processes
- Delayed and cumbersome tax refunds strain liquidity.
- Additional tax burden like super tax

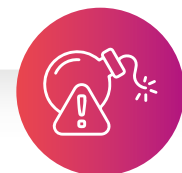


### Opportunities:

- Potential to develop and market value-added products
- Investing in the latest advanced technologies
- Adopting new sustainable practices can boost environmental credentials and attract to eco-conscious consumers
- Forming strategic partnerships with suppliers or retailers to strengthen market presence
- Expanding into new, untapped markets
- Opportunities for vertical and horizontal integration

### Threats:

- Economic instability, political uncertainty, and trade tensions
- Higher costs of doing business, including energy, interest, taxes, and inflation
- Abrupt fluctuation in interest and exchange rates
- Changes in regulations or government policies
- Intense competition and aggressive pricing strategies in the textile industry
- Supply chain disruptions caused by natural disasters or geopolitical issues
- Natural disasters impacting cotton crops
- Court ruling requiring the industry to pay
- Unstable and inconsistent natural gas supply



## Competitive Landscape and Market Positioning

TTML operates in a dynamic and competitive textile industry, driven by innovation, quality, and strategic expansion. Leveraging its strong reputation, efficient supply chain, and robust customer relationships, the company maintains a solid market position both domestically and internationally. Despite intense competition, particularly from cost-driven producers, TTML's focus on continuous improvement and technological advancement helps it navigate challenges and seize opportunities.

Porter's Five Forces model has been used to analyze the competitive industry dynamics and TTML's corporate strategy. This analysis supports the company's strategic decision-making, helping it to strengthen its competitive advantage and effectively address market challenges

### Porter's Five Forces Analysis of TTML



#### 1. Competition and Rivalry:

- High Competition:** The textile industry in Pakistan is highly competitive, with numerous local and international players, particularly Chinese manufacturers who compete aggressively on pricing.
- Overcapacity:** The spinning segment faces overcapacity, leading to intense price competition and margin pressure. Additionally, excessive import of yarn by manufacturer.
- Differentiation Challenges:** Limited product diversification and reliance on core products make it challenging to stand out from competitors.
- Geographically Dispersed Competition:** Textile companies across Pakistan are geographically dispersed, intensifying competition for quality product availability, market share and prices.
- Focus on Vertical Expansion:** Major companies are focusing on expansion strategies to gain a larger market share in both current and future markets.
- Customer Loyalty and Quality Standards:** TTML puts significant effort into maintaining customer loyalty through high-quality products, market expansion, and an efficient supply chain, encouraging healthy competition to uphold yarn quality standards.



## 2. Bargaining Power of Customers:

- **High Purchaser Power:** Buyers in both domestic and international markets have significant bargaining power due to the availability of alternative suppliers and intense competition.
- **Price Sensitivity and Switching Costs:** Buyers are highly price-sensitive, especially with competition from low-cost producers. TTML offers market-competitive rates and other benefits like credit facilities, rebates, and commissions to increase switching costs for customers.
- **Customer Relationship Management:** The company has invested heavily in customer relationship management, consistently raising the bar for customer service and developing innovative approaches to enhance the customer experience.
- **Adapting to Innovation:** A competent technical department enables TTML to quickly adapt to new innovations and product advancements, effectively meeting the evolving needs of customers, which helps maintain brand preference and loyalty.

## 3. Bargaining Power of Suppliers:

- **Supplier Influence:** The textile industry is highly dependent on raw materials, particularly cotton, where price volatility can impact costs. However, TTML has established strong relationships with a broad range of ginners.
- **Established Supplier Relationships:** TTML's strong relationships with suppliers, who adhere to professional business ethics, provide the company with significant negotiating leverage.
- **Supplier Onboarding Process:** The company ensures transparency and fairness in onboarding new suppliers, with assessments overseen by the Supply Chain Department and third-party experts, as needed.

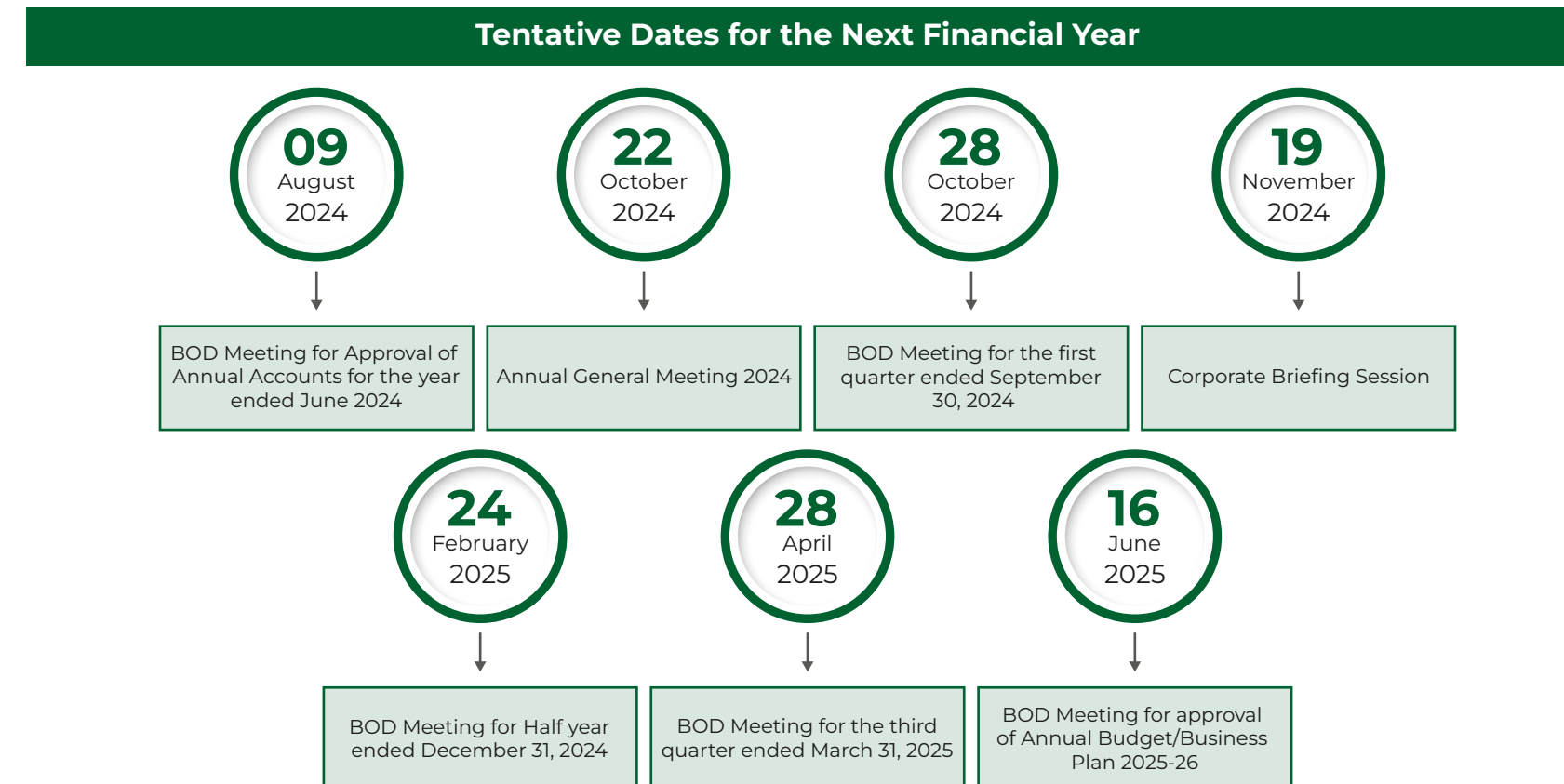
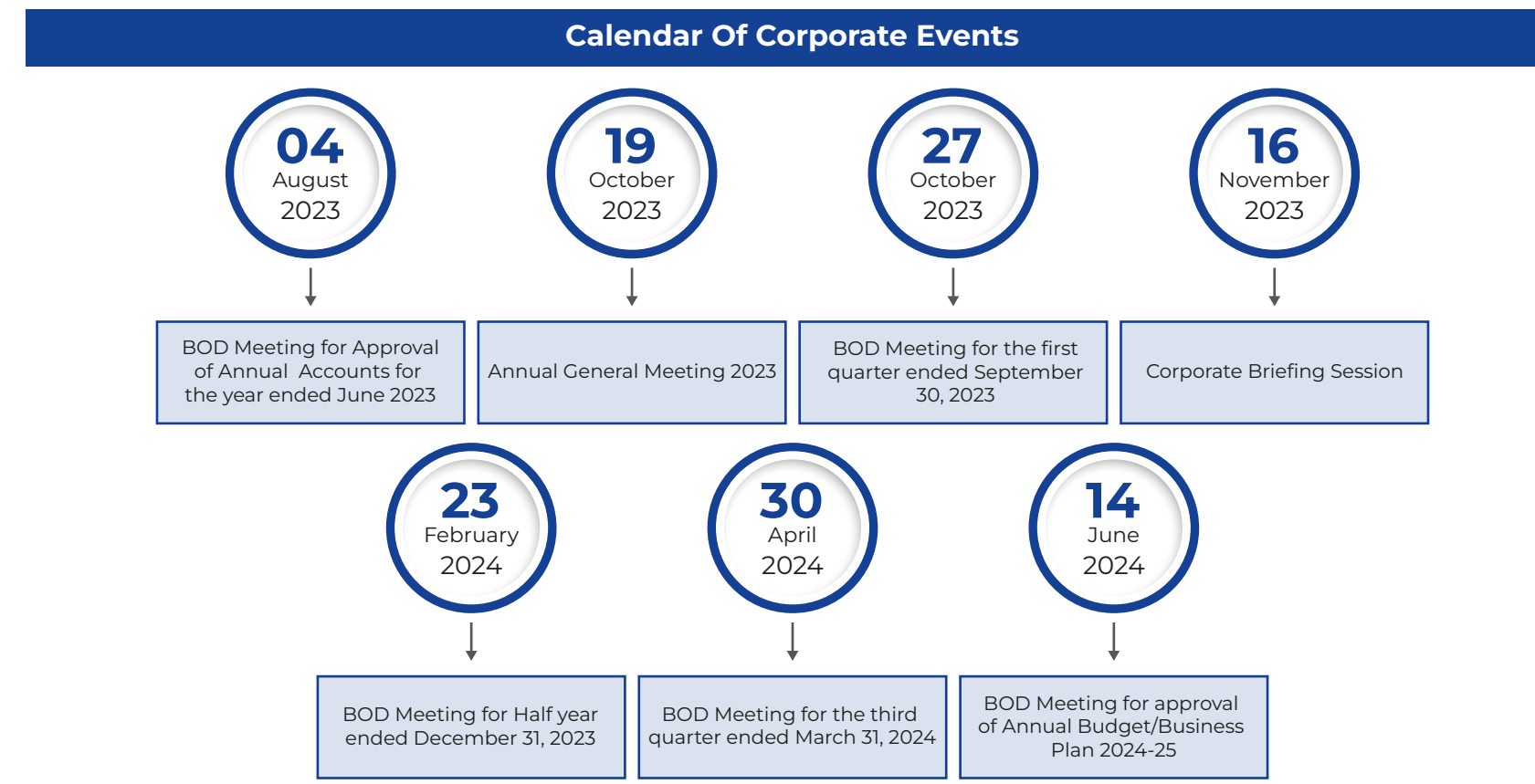
## 4. Threat of New Entrants:

- **Possibility of new market participant:** Significant capital investment is required for infrastructure, machinery, R&D, and marketing therefore, chances for new participants are moderate.
- **Cost Advantages:** Established players like TTML benefit from economies of scale, cost advantages, and existing relationships, making it difficult for new entrants to compete.
- **Brand Loyalty:** It takes considerable time to build brand loyalty, which established players like TTML already enjoy.
- **Regulatory and Seasonal Risks:** New entrants face stringent regulatory requirements, seasonal risks associated with cotton yields, and the need to establish manufacturing facilities around, adding further challenges.

## 5. Threat of Substitutes:

- **Product Nature and Low Risk:** The nature of TTML's products makes the risk of substitutes relatively remote, as alternatives do not significantly threaten the core business.

## CALENDAR OF CORPORATE EVENTS





## EMPLOYEE ENGAGEMENT ACTIVITIES - NOTABLE EVENTS

### Notable Events

08 August 2023	14 August 2023	12 September 2023	07 October 2023
Certificate Distribution for Successful Conclusion of Annual Audit 2023	Independence Day Celebration	Employee Self Service (ESS) Module Launch	Indus Hospital Cricket Tournament
27 October 2023	23 November 2023	17 December 2023	27 December 2023
Session on Breast Cancer Awareness	Financial Literacy Quarterly Session Roll-out	Training on Labor Laws and Industrial Relations	Training Program on Statistics
25 January 2024	08 March 2024	07 May 2024	30 May 2024
Mehran University Recruitment Drive	Women's Day Celebration and Session on "Microaggression"	Annual Eid Lunch	Kotri Jugnoo Sabaq Graduation Ceremony
31 May 2024	14 June 2024	21 June 2024	25 June 2024
Session on Mental Health Awareness	Muzaffargarh Jugnoo Sabaq Graduation Ceremony	Performance Management Session Rollout	Blood Donation Drive

## STRATEGY AND RESOURCE ALLOCATION

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## STRATEGY AND RESOURCE ALLOCATION

TTML is committed to shaping a brighter future through thoughtful decisions made today. Management is dedicated to revolutionizing the Company by fostering a strong organizational culture, pursuing professional excellence, and ensuring financial strength, all with the goal of maximizing returns for our stakeholders. The company's strategic objectives and plan are outlined below.

S.No.	Objectives	Priority	Nature	Strategy
1.	Sales growth and profitability	High	Short to Long term	Maximizing sales and profitability through a multifaceted strategy that includes market research, customer relationship building, product improvement, sales force training, and market expansion.
2.	Continuous improvement and innovation	High	Medium to long term	Establish top-tier productivity standards in technology, processes, and systems by exploring IoT possibilities to increase machine efficiencies, Optimization of Inventory management and control system. Utilization of Dashboards and automation to continuously enhance our operations efficiency, and make informed decisions.
3.	Build a brand image	High	Medium to long term	Build brand image by creating brand ambassadors and a future talent pipeline by developing structured traineeship program and partnering with professional institutes. Also promote the vision of Tata Pakistan through social media channels and create awareness.
4.	Enhance skills and capabilities of employees to support value-creation	High	Short to Medium term	Strategically enrich employee skills and capabilities by offering a range of internal and external capacity development programs essential for fostering value creation.
5.	Build organization's sustainability reputation through increased ESG focus	High	Medium to long term	Committed to sustainable practices that contribute to the betterment and long-term well-being of society. This includes environmentally conscious initiatives, social responsibility projects, and community engagement efforts.

Resource Allocation	Strategy affected by	KPIs monitored	KPIs Future Relevance	Linkage
Financial Capital	SBP Target policy rate	Profitability margin	Yes	Vision Mission
Human Capital	Resource shortages	Improve customer satisfaction		
Social and Relationship Capital	Technological changes	New markets		
Natural Capital	Changes in laws & regulations			
Intellectual Capital	Technological changes	Improved efficiency and productivity	Yes	Vision Mission
Financial Capital	SBP Target policy rate	Product Quality Survey		
Human Capital	Resource shortages	Inventory Management Optimization		
Social and Relationship Capital		Fostering & monitoring of a strong digital culture		
Social and Relationship Capital	ESG reporting and challenges	Improvement in External Customer Relations	Yes	Vision Mission
Intellectual Capital	Initiatives taken in promoting and enabling innovation	Employee feedback on system effectiveness for improved internal support		
Financial Capital				
Human Capital				
Human Capital	Resource shortages	Skills Enhancement	Yes	Strategic Goal
Financial Capital	Technological changes	Employee Satisfaction		
Intellectual Capital		Feedback on employee engagement surveys		
Financial Capital	ESG reporting and challenges	CSR and Sustainability targets Carbon Emission & Water redemption	Yes	Vision Mission
Manufactured Capital	Initiatives taken in promoting and enabling innovation			
Human Capital				



## Capabilities and Resources of the Company to Provide Sustainable Competitive Advantage

The company's continued success and ability to stay ahead is primarily due to its exceptional team of individuals who are dedicated and committed to its values. Their hard work and contribution have been instrumental in achieving positive outcomes, even during times of uncertainty. In addition, other factors that contribute to its competitiveness include leveraging cutting-edge technology, such as BMR, fostering a culture of continuous learning and collaboration, and consistently striving to improve its products addressing to evolving customers' needs and optimizing resource utilization.

## Significant Plans and Decisions

The management, in consultation with the Board of Directors, continues to develop capabilities to anticipate risks and formulate suitable strategies to mitigate them while formulating the strategic roadmap. The company has expanded its business operations in the past through restructuring and mergers. Considering the current economic challenges and high interest rates, there are no plans for any major restructuring, expansion, or discontinuation of operations at this time, other than those mentioned in the Directors' Report and Future Outlook.

## Major Capital Expenditures

The company has undertaken a major capital investment program to improve its overall business operations. This has included the installation of state-of-the-art spinning machinery, which has resulted in enhanced efficiency and productivity. The company has also initiated multiple integrated projects aimed at achieving maximum capacity in terms of production and profit, in order to maintain its competitive edge in the industry. Additionally, significant expenditure is done towards green energy whereas further expansion of renewable energy is also under development.

## Payment of Debts

The Company consistently meets its obligations on time and all the debt payments are made on time.

## Strategy to Overcome Any Liquidity Problems

The Company has sufficient cash flow from operations to meet its financial obligations. Its prudent liquidity management strategies ensure that the company has financing facilities to meet its obligations.

## RISKS AND OPPORTUNITIES

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## Risks and Opportunities

The Board of TTML principally assumes the responsibility to mitigate all possible risks and to identify and utilize potential events that may affect the Company. This principle keeps the Company within its risk appetite and helps to achieve its corporate objectives.

TTML is exposed to various risks, however, through comprehensive planning and an acute business understanding of the management, the Company continues to identify and mitigate actual, potential and perceived risks. The Company maintains an established control framework comprising clear structures, authority limits and accountabilities, well implemented policies and procedures and budgeting for review processes.

### Determining Level of Risk Tolerance and Establishing Risk management policies

The Board of Directors of the company is responsible for the risk management and determining the company's level of risk tolerance. In this regard, the Board has established and approved Risk Management Policy. The Board regularly reviews business risks to ensure that the management maintains a sound system of risk identification, risk management and its related internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders. In addition to this, the Board also reviews reports from various third-party service providers, auditors and consultants to remain updated on key operational and financial matters of the Company.

### Assessment of the Principal Risks

The Board of Directors of the Company has established corporate strategy and business objectives. Moreover, the Board's Audit Committee is responsible for Internal Control in the Company. The Internal and External Auditors' reports are submitted to the Audit Committee for its review, which after detailed deliberations and with improvement suggestions are submitted to the Board of Directors.

### Risk Management Framework and Approach

Our Risk Management Framework is essential for effectively identifying, assessing, and handling risks while capitalizing on opportunities. The Audit Committee regularly reviews financial and operational risks. Our approach involves risk management, where risks are prioritized by their impact and addressed accordingly. This method ensures operational efficiency and lays the foundation for a resilient risk culture. Our framework covers risk identification, measurement, mitigation, reporting, monitoring, and governance, all supported by our Risk Management Policy. This structure encourages responsible risk management, independent assurance, clear reporting, and strong controls, ultimately fortifying our company's stability and growth.

### Risk Management Methodology

We are committed to following the international standard of risk management methodology to mitigate or minimize risks at an acceptable level. Our risk management methodology consists of three key components:

- Identifying potential risks associated with our business.
- Assessing the consequences, severity, and probability of each identified risk.
- Implementing proactive strategies to oversee and mitigate potential disruptions.

## Risk Analysis Matrix

		Probability		
		Unlikely	Likely	Most Likely
Impact	High	<b>Medium</b> 	<b>High</b> Cotton price volatility	<b>High</b> Economic and political instability of the country  Rising cost of energy  High-Interest rates adversity
	Medium	<b>Low</b> Risk of litigation  Skilled Employees Turnover  Bad Debt	<b>Medium</b> Changes in laws and regulations  Technological advancement  Natural Disaster  Information System and Cyber Security Risk	<b>High</b> Exchange Rate Volatility  Risk of global supply chain disruption
	Low	<b>Low</b> Maintenance Risk  Health, Safety and Environmental Risks	<b>Low</b>	<b>High</b>

Following are the major principal risks, which may affect our business operations and mitigating strategies for controlling these risks. Sources of risks, assessment of likelihood and magnitude of their impact are also mentioned against each risk.

## Strategic Risks

Risk	Area of Impact	Source of Risk	Mitigating Strategy
<p><b>Economic and political instability of the country</b></p> <p>Unstable economic and political conditions can make it difficult for businesses to make strategic business and investment decisions and maximize returns. Changes in the external environment can also have a significant impact on businesses.</p> <p>Assessment: Likelihood: Most Likely Impact: High</p> <p>Ranking: 1</p>	<p>Financial Capital, Social &amp; Relationship Capital</p> <p>Strategic Objectives: Sales growth and profitability</p>	<p>External</p>	<p>The Company believes in an open and transparent relationship with the Government, regulator and other political stakeholders. As part of APTMA, Company through its representatives, provides valuable suggestions to the regulator, particularly during the budgetary process through APTMA.</p> <p>We regularly monitor the economic and legal impacts of Government policies and political actions on the Company as well as the textile industry.</p>
<p><b>Changes in laws and regulations</b></p> <p>Non-compliance with applicable laws and regulations can have a negative impact on a company's image and reputation. This can lead to decreased customer confidence, damaged relationships with stakeholders, and increased legal and financial risks.</p> <p>Assessment: Likelihood: Likely Impact: Medium</p> <p>Ranking: 7</p>	<p>Financial Capital, Social &amp; Relationship Capital</p> <p>Strategic Objectives: Sales growth and profitability</p>	<p>External</p>	<p>The Company keeps a close watch on changes in regulations and promptly adjusts its business strategy and operations to take advantage of the offered incentives and disseminate the information to all relevant process owners.</p>
<p><b>Technological advancement</b></p> <p>The failure to keep up with technological advancements can render production processes obsolete and inefficient, delay the launch of technologically-intense products, or make existing products relatively obsolete, all of which can negatively impact sales.</p> <p>Assessment: Likelihood: Likely Impact: Medium</p> <p>Ranking: 8</p>	<p>Intellectual Capital, Manufacturing Capital</p> <p>Strategic Objectives: Continuous improvement and innovation</p>	<p>External / Internal</p>	<p>To achieve cost competitiveness and optimum production efficiency, the company is continuously incurring substantial investments in BMR of its existing manufacturing facility, opting for the latest state-of-the-art technology. The company has OPT Cotton, the most efficient bale management system and production software installed to manage the stock. Further, the company invested in an advanced cloud-based ERP, Oracle Fusion, to meet the latest reporting needs.</p>

## Operational Risks

Risk	Area of Impact	Source of Risk	Mitigating Strategy
<p><b>Rising cost of energy</b></p> <p>The rising cost of energy in Pakistan can have a significant impact on businesses, leading to reduced productivity, operational disruptions and increased costs.</p> <p>Assessment: Likelihood: Most Likely Impact: High</p> <p>Ranking: 2</p>	<p>Financial Capital</p> <p>Strategic Objectives: Sales growth and profitability</p>	<p>External</p>	<p>It is an avoidable risk; however, the company is effectively managing it. TTML has its own power generation capability, including solar power plants. The management utilizes all of these energy sources to keep the energy mix cost at the lowest level by optimizing the use of each energy source based on its availability, cost, and environmental impact.</p>
<p><b>Cotton price volatility</b></p> <p>The cost of raw materials is a significant component of the cost of goods sold. An increase in the price of raw materials will have a direct impact on profitability and price competitiveness.</p> <p>Assessment: Likelihood: Likely Impact: High</p> <p>Ranking: 4</p>	<p>Financial Capital</p> <p>Strategic Objectives: Sales growth and profitability</p>	<p>External</p>	<p>Although the market is unpredictable but the company's procurement department is a well-versed and dedicated team with extensive purchasing expertise. This, along with a diversified supplier base and large volumes, helps to mitigate to some extent the risks associated with volatility in cotton prices.</p>
<p><b>Risk of global supply chain disruption</b></p> <p>These disruptions such as recent red sea crises pose a significant risk by potentially increasing the cost and time for importing raw materials and exporting finished goods. Such risks could lead to delays in production schedules, increased inventory holding costs, and reduced competitiveness in international markets.</p> <p>Assessment: Likelihood: Most Likely Impact: Medium</p> <p>Ranking: 6</p>	<p>Financial Capital</p> <p>Strategic Objectives: Sales growth and profitability</p>	<p>External</p>	<p>Adequate levels of stock are maintained and are readjusted, if there is any disruption</p>
<p><b>Skilled Employees Turnover</b></p> <p>High turnover of skilled employees can disrupt operations, make it difficult to find replacements, and increase costs. It can also prevent the company from achieving its goals.</p> <p>Assessment: Likelihood: Unlikely Impact: Medium</p> <p>Ranking: 12</p>	<p>Human Capital</p> <p>Strategic Objectives: Enhance skills and capabilities of employees to support value-creation</p>	<p>Internal</p>	<p>The company provides a healthy and inclusive work environment with optimal growth opportunities for its employees. It ensures a congenial work environment, market-based remuneration, career planning and development, and succession planning to mitigate risks, create value, and keep employees motivated and loyal.</p>



Risk	Area of Impact	Source of Risk	Mitigating Strategy
<p><b>Information System and Cyber Security Risk</b></p> <p>Technology risks having potential impact due to technology disruption, cyber-attack, hacking or failure to disrupt business processes posing adverse impact on confidentiality, integrity and availability of organization environment</p> <p>Assessment: Likelihood: Likely Impact: Medium</p> <p>Ranking: 10</p>	<p>Financial capital</p> <p>Strategic Objective: Sales growth and profitability Continuous improvement and innovation</p>	External / Internal	<p>Information is transmitted through secure connections and firewalls are in place to prevent malicious activities.</p> <p>An appropriate data back-up mechanism is in place. Moreover, alternative data processing sites are also available. Periodic log reviews further ensure that system-related controls are in place and working effectively. Additionally, Data transmitted to and from the cloud-based ERP, Oracle Fusion is securely encrypted and strong access controls are in place.</p>
<p><b>Natural Disaster</b></p> <p>Impact on production facility in case of natural disaster.</p> <p>Assessment: Likelihood: Likely Impact: Medium</p> <p>Ranking: 9</p>	<p>Manufactured Capital</p> <p>Strategic Objectives: Sales growth and profitability</p>	External	<p>Field SOPs and emergency preparedness guidelines are in place to deal with situations related to extreme weather conditions such as flooding etc.</p> <p>The Company has its production facilities in three different cities reducing the probability of natural disasters impacting whole company's operations.</p> <p>The Company has comprehensive insurance coverage in case of any catastrophic event. Further, the Company has well-established disaster recovery plan and data backup to coup-up any unwarranted event.</p>
<p><b>Maintenance Risk</b></p> <p>Possibility of production loss due to capacity or breakdown factor.</p> <p>Assessment: Likelihood: Unlikely Impact: Low</p> <p>Ranking: 14</p>	<p>Manufactured Capital</p> <p>Strategic Objective: Sales growth and profitability</p>	Internal	<p>Effective technical monitoring programs with regards to preventive maintenance are in place to ensure maximum plant efficiency and capacity utilization.</p> <p>The company has successfully implemented Enterprise Asset Management (EAM) to effectively manage and maintain its operational assets and equipment and scheduled maintenance of the assets.</p>

## Compliance Risks

Risk	Area of Impact	Source of Risk	Mitigating Strategy
<p><b>Risk of litigation</b></p> <p>Risk of having major legal cases initiated against the company</p> <p>Assessment: Likelihood: Unlikely Impact: Low</p> <p>Ranking: 11</p>	<p>Social and Relationship Capital</p> <p>Strategic Objective: Sales growth and profitability</p>	External	<p>Zero tolerance stance of the Company against any non-compliance, whether internal or external.</p> <p>Checklists of all applicable laws, rules and regulations are maintained and updated regularly.</p> <p>Significant litigation cases are handled through reputable law firms engaged by the company which specialize in particular areas. Additionally, in house legal affairs team supports operations by effective SOPs and additional review steps for significant contractual and regulatory obligations of the Company.</p>
<p><b>Health, Safety and Environmental Risks</b></p> <p>Actual or potential threat of adverse effects on the environment arising out of the Company's activities, workplace accidents and injuries can lead to increased expenses, legal responsibilities, harmed reputation, reduced efficiency, and lowered employee spirits, all of which collectively affect the company's overall performance.</p> <p>Assessment: Likelihood: Unlikely Impact: Low</p> <p>Ranking: 15</p>	<p>Natural capital, Social/ Human Capital</p> <p>Strategic Objective: Sales growth and profitability Continuous improvement and innovation</p>	Internal	<p>Various environmentally friendly initiatives such as Solar Project, Tree plantation drives, water management, recycling, energy emissions, Waste Heat Recovery unit and River Osmosis (RO) plant are being implemented, thus reducing environmental harm. The company focuses on energy conversation, operational efficiencies and carbon footprint reduction. The company has implemented a comprehensive safety and security policy across its facilities, including regular safety inspections, fire safety procedures, employee training, and in providing employees with health and life insurance. The safety and security policy are regularly reviewed and updated to ensure that it remains effective.</p>

## Financial Risks

Risk	Area of Impact	Source of Risk	Mitigating Strategy
<p><b>Exchange Rate Volatility</b></p> <p>The devaluation of the Pakistani rupee against foreign currencies could have a material adverse impact on the company's financial performance. The company imports a significant portion of its raw materials and components, and the devaluation will make these imports more expensive. Further, the Company has obtained a Foreign Exchange Loan (FE-Loan) to finance its import as well as exports.</p> <p>As a result, the company's profits could decline, and its financial performance could be materially adversely affected.</p> <p>Assessment: Likelihood: Most Likely Impact: Medium</p> <p>Ranking: 5</p>	<p>Financial Capital</p> <p>Strategic Objectives: Sales growth and profitability</p>	External	<p>A team of dedicated professionals monitors the forex market closely and capitalizes on the fluctuations in the market on a regular basis.</p>
<p><b>High-Interest rates adversity</b></p> <p>Interest rate hikes can make it challenging for businesses to make sound investment and financing decisions. This can lead to investor uncertainty, which can have a negative impact on shareholder returns.</p> <p>Assessment: Likelihood: Most Likely Impact: High</p> <p>Ranking: 3</p>	<p>Financial Capital</p> <p>Strategic Objectives: Sales growth and profitability</p>	External	<p>To mitigate the impact of rising interest rates, the company focuses on reducing its working capital requirements. By optimizing inventory levels, improving receivables management, and streamlining payables, TTML aims to decrease its reliance on borrowed funds.</p>
<p><b>Bad Debts</b></p> <p>The Company's cash flow and profitability could be adversely affected by bad debts.</p> <p>Assessment: Likelihood: Unlikely Impact: Medium</p> <p>Ranking: 13</p>	<p>Financial Capital</p> <p>Strategic Objectives: Sales growth and profitability</p>	Internal	<p>The company diligently assesses customer financial health and creditworthiness during onboarding and continually evaluates them. This proactive approach to risk management helps mitigate the potential impact of bad debts, ensuring a more secure financial position.</p>

## Opportunities

Opportunity	Area of Impact	Source	Strategic Objective
<p><b>State of the Art Technology</b></p> <p>State-of-the-art technology for Production resulting in efficiencies and lower costs. This will result not only in attracting and retaining new customers but will also increase value for stakeholders.</p>	<p>Manufactured Capital</p> <p>Strategic Objective: Continuous improvement and innovation</p>	<p>Automate repetitive and time-consuming tasks using Robotic Process Automation (RPA) and AI-driven analytics to optimize workflows and reduce operational costs.</p>	<p>Establish top-tier productivity standards in technology, processes, and systems by exploring IoT possibilities to increase machine efficiencies and Optimization of Inventory management and control system. Utilization of Dashboards and automation to continuously enhance our operations efficiency, and make informed decisions.</p>
<p><b>Sustainable and Eco-friendly Products</b></p> <p>There is growing consumer demand for eco-friendly and sustainable textiles. Developing products using organic cotton, recycled fibers, and environmentally friendly processes can open up new market segments.</p>	<p>Social and responsibility Capital</p> <p>Strategic Objectives: Build organization's sustainability reputation through increased ESG focus</p>	<p>Invest in sustainable sourcing, develop green certifications, and market products as environmentally conscious alternatives</p>	<p>Committed to sustainable practices that contribute to the betterment and long-term well-being of society. This includes environmentally conscious initiatives, social responsibility projects, and community engagement efforts.</p>
<p><b>Digital Transformation</b></p> <p>Leveraging digital tools for supply chain management, customer engagement, and predictive analytics can improve operational efficiency and customer satisfaction.</p>	<p>Intellectual capital</p> <p>Strategic Objectives: Continuous improvement and innovation</p>	<p>Implement ERP systems, enhance digital marketing efforts, and use data analytics to optimize production and supply chain decisions.</p>	<p>Establish top-tier productivity standards in technology, processes, and systems by exploring IoT possibilities to increase machine efficiencies, Optimization of Inventory management and control system. Utilization of Dashboards and automation to continuously enhance our operations efficiency, and make informed decisions.</p>
<p><b>Efficient and congenial work environment</b></p> <p>An effective and congenial work environment presents significant opportunities for a business. Such an environment enhances productivity, employee satisfaction, and overall organizational performance. By focusing on creating a positive and efficient workplace, companies can achieve higher employee retention, improved teamwork, and increased innovation.</p>	<p>Human Capital</p> <p>Strategic Objectives: Enhance skills and capabilities of employees to support value-creation</p>	<p>Provide congenial work environment where employee feels motivated for work</p>	<p>Strategically enrich employee skills and capabilities by offering a range of internal and external capacity development programs essential for fostering value creation. Additionally, this approach will facilitate the recruitment of a substantial pool of qualified, young talents with the potential to evolve into the next generation of highly skilled specialists and executives. The Company ensures to create value and to keep the employees motivated and loyal by providing Optimal growth opportunities, Market based remuneration package, Career planning and development through mentoring and trainings and Succession planning with the aim to create future leaders.</p>



## Risk of Supply Chain: Environmental, Social, and Governance Incidents

In line with TTML's commitment to transparency, we are addressing potential risks related to supply chain disruption in this annual report. As a yarn manufacturing company heavily reliant on cotton, we recognize the impact that environmental, social, and governance incidents can have on our supply chain.

### Environmental Risks:

Acknowledge the vulnerability of our cotton supply to environmental factors such as climate change, adverse weather conditions, and water scarcity.

#### Mitigation Strategy

TTML's strategy involves collaborating closely with cotton suppliers to enhance their sustainability practices. We maintain optimum raw material inventory levels to avoid the import of raw materials in the short term. In the long run we procure imported raw material.

### Social Risks:

Labor issues, human rights concerns, and social unrest can affect the stability of our cotton supply.

#### Mitigation Strategy

We actively engage with our suppliers to ensure safe working conditions, and adherence to ethical standards. Regular assessments & supplier evaluations are conducted to monitor compliance and address any potential disruptions stemming from social issues.

### Governance Risks:

Effective governance is crucial in maintaining the integrity of our supply chain.

#### Mitigation Strategy

We closely monitor regulatory changes and potential shifts in governance that might impact our cotton suppliers. Our approach through assessment of suppliers includes thorough due diligence to ensure suppliers operate within legal frameworks and uphold ethical business practices.

## SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

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## Sustainability and Corporate Social Responsibility (CSR)

### Board's Statement on Corporate Social Responsibility

Making a difference in society as an ethical corporate citizen is an objective we value strongly. We want to have a positive and long-lasting impact on people's lives while maintaining a strong focus on the goal of sustainable development. For many years, Social Responsibility has been at the heart of our operations and decision-making, and it is essential to our future.

At TTML, we keep looking for strategies to use water more efficiently, emit less contaminants, expand employee welfare, reduce emissions even more, and adopt a model that is circular. To serve our people and communities and provide them with the support they require, we must use our voice and resources.

On the product front, we have focused on sustainable products and processes. Increasingly we offer products made from sustainable fibers like Organic Cotton, Better Cotton Initiative (BCI) and Cotton made in Africa (CMiA) cotton and Recycled fibers. Our products are environmentally friendly, being made of certified fibers. The company is certified by OEKO Tex, Global Organic Textile Standard (GOTS), Organic Content Standard (OCS) and Regenagri which prescribes standards for the processing of fibers from certified organic agriculture. The Company is also certified by the Global Recycled Standard (GRS) and Recycled Claim Standard for the use of recycled fibers.

We have employed our efforts in CSR to connect with communities, comprehend their needs, and act as responsible corporate citizens. As part of our efforts to support community development initiatives, we provide well-maintained, safe, and secure facility for female staff in all manufacturing units fostering diversity in our workforce, actively conducting adult literacy program for underprivileged workers, encourage the education of children of employees and near-by underprivileged children through TCF campus collaboration, sponsor higher education to deserving students, setup free medical camps and blood donation drives and establish free Heat relief facility to combat heat wave during the year.

As per our "Go-Green" energy initiatives, the Company has already installed 4.4 MW solar power plant for consumption of renewable power while further extension of 3.7 MW solar plant is in process. Whereas several tree plantation drives were conducted during the year. At the employee's level, we considerably ensure the health and safety of our employees and encourage hiring employees on permanent basis.

Our CSR focus areas are:

- Education
- Healthcare
- Environment
- Community well-being

### Board's statement on Sustainability Reporting

The company has consistently taken steps towards sustainability in the past, and the most recent updates to the disclosure requirements are a reflection of our convictions regarding the longevity of the environment in which we live. We are aware that the communities residing nearby and the environment we live in are fundamental to the accomplishment of our strategic objective. The sustainability report demonstrates our commitment to and strategy for sustainability in the areas of *Environment, Employees, Production, and Community*. We already had an explicit objective for our sustainability work: to make sustainability a fundamental principle of how we conduct business. We are aware of how important it is to safeguard the environment, empower people, and foster industry transparency while creating an ethical business. These subjects are not only close to our hearts, but they also play a significant role in our business perspective.

With this report, we are placing more emphasis on impact, determination, and transparency in our operations and public reporting. When it comes to sustainability, we mean preserving nature for future generations while utilizing resources without harming humanity. We follow a business geared toward value creation while also acting ethically and adhering to sustainability in all of our business activities.

### Status of SECP Adoption of CSR Guidelines

Community welfare and sustainable business practices have always been prioritized by the company. The Company has an approved CSR Policy in place for this reason, and every year, the company undertakes a large number of CSR initiatives as per the aforesaid policy for the betterment of society. As per the company's approved CSR policy, the Company is to earmark an amount to be donated during the year which will be 3% of last year's profit after tax (PAT) whereas, the maximum limit/celling of disbursement of the donation is up to Rs.100 million.

A proactive and explicitly defined CSR program boosts a company's reputation and customer loyalty, which subsequently improves its potential to attract qualified personnel and promoting greater employee engagement. To ensure that CSR values are applied in their true spirit, the Company consistently focuses on the regulatory standards for adoption of CSR related practices:

- CSR Policy is approved by the Board along with approval of CSR budget every year.
- The Board is updated on a quarterly basis regarding the CSR activities carried out.
- Incorporation of CSR goals, objectives, and targets embedded into business objectives and strategy.
- Highlighting the importance of CSR activities to the employees for their contribution to society.
- Incorporation of CSR related KPIs of the relevant department thereby ensuring that these are part of the business strategy.
- Disclosure and reporting of CSR achievements.

### Chairman's Statement on Company's Sustainable Practices

The sustainability report outlines how sustainability serves as the foundation of our corporate strategy while maximizing growth and protecting the environment.

Our sustainability strategy takes into account the consequences of our activities and the value chain partners on the social, economic, and environmental fronts. The Company maintained its firm commitment to a sustainable future, which not only ensures our continued prosperity but also has a positive effect on the planet, despite the challenging business circumstances.

We are dedicated to maintaining these values that are beneficial to society, our stakeholders, and the communities we serve as we go forward. Emerging challenges call for an innovative solution. Due to this, we are undergoing a transformational journey in which we are including sustainability in every aspect of our business operations and promote social inclusiveness, diversity, and equality both within and across our supply chain. The company focuses on Health, Safety, and Environment (HSE) and implements the latest techniques to comply with environmental protection and occupational health and safety standards.

We are confident that the company will set the pace on this path to a sustainable future. We look forward to creating a bright future for the country and make a positive contribution to a thriving world by remaining devoted to our beliefs, overcoming the challenges, and grasping the possibilities that come along with it.





## SUSTAINABILITY-RELATED RISK AND OPPORTUNITIES

### RISK

- Energy consumption and greenhouse gas emissions** HFO and Gas usage for energy production contributes to increased GHG Emission which directly contribute to environmental challenges
- Raw material and inputs sourcing** Sourcing value chain may be linked to forced labor, child labor, or environmental degradation
- Waste management** Improper handling and disposal of chemicals/hazardous waste can harm workers and the environment
- Worker safety and labor practices** Risks related to worker safety due to absence of adequate safety system
- Regulatory compliance** Non-compliance with changing environmental, social, and governance (ESG) regulations can result in fines, reputational damage, and legal liabilities

### OPPORTUNITIES

- Net-Zero Target** Regular ESG reporting can enhance a company's brand reputation and transparency, ultimately increasing its value. As company strive for Net-Zero targets, it shall prioritize partnerships with suppliers who demonstrate minimal environmental impact, driving business growth and opportunities for those who lead in sustainability
- Renewable energy integration** Transitioning to solar or wind power can reduce energy costs and environmental impact
- Sustainable cotton sourcing** Adopting sustainable cotton standards, like organic cotton, can enhance brand reputation and reduce environmental impact
- Recycling and upcycling** Exploring opportunities to recycle or upcycle textile waste can reduce waste disposal costs and generate new revenue streams

### Compliance with international standards

Achieving certifications like ISO 9001, ISO 14001, & ISO 45001 can improve brand reputation and help accessing international markets

### Sustainable product innovation

Developing products with eco-friendly materials, designs, or functionalities can enhance brand reputation and attract premium prices

## CLIMATE-RELATED RISK AND OPPORTUNITIES

### RISK

- Extreme weather events** Floods, heatwaves, and storms disrupting supply chains, damaging infrastructure, and impacting production
- Temperature and precipitation changes** Altering cotton crop yields, quality, and timing, affecting raw material availability
- Energy price volatility** Fluctuations in energy costs impacting production expenses and profitability

### Regulatory compliance

Stringent climate regulations requiring investments in new technologies, processes, and reporting

### OPPORTUNITIES

- Circular business models** Embracing circular economy principles through textile recycling, upcycling, or product design innovations
- Carbon offsetting** Investing in renewable energy or carbon offsetting projects to reduce emissions and enhance reputation, declaring Net Zero targets which will help in becoming part of global supply chain, and help attracting more business opportunities
- Export market opportunities** Capitalizing on growing global demand for sustainable textiles and climate-resilient products



In TTML, sustainability spans the social, economic, and environmental spheres. The company is dedicated in promoting wellness for all and undergoing continuous improvement. The Sustainable Development Goals (SDGs) were adopted by the Pakistani Parliament in 2016. The Company is dedicated to leaving its mark by achieving the SDGs listed below using the best practices.

## 1. ECONOMIC

The economic dimension of sustainability concerns the Company's impact on the economic conditions of its stakeholders.



### a. Economic Performance

Growing the economy in a way that preserves the environment and natural resources for future generations is known as sustainable economic growth. The company operates as a component of the ecosystem that employs labor, capital, natural resources, and land necessary to produce goods and services that support economic growth. These resources are being managed by the company for sustainable economic growth so that they won't be depleted and remain available for use in the future. The company is dedicated to delivering value and long-term growth to all its stakeholders.

The complete audited financial statements of the Company and the statement of value addition and distribution of wealth, both of which are included in this report, allow for an accurate estimation and assessment of this growth and value. In addition, economic performance carries implications for all other material topics reported upon.

### b. Market Presence

The Company's market presence has a major effect on the employment and business opportunities it offers. From entry level positions to senior management, the company promotes recruiting workers from the local community in all vicinities of production and operations. Additionally, the company provides business opportunities to local contractors, suppliers, and cotton ginners dispersed throughout the country.

### c. Indirect Economic Impacts

The company also views itself as a responsible corporate citizen, thus it's critical that we continuously track and evaluate our indirect economic consequences in a broader perspective. The company's economic impacts on socioeconomic standing are evaluated using employment, income, and education. The Company's growth and development mean the growth and development of homeland, Pakistan. The company contributes to the national exchequer in accordance with applicable laws and regulations and fulfill all its obligations.

## 2. ENVIRONMENTAL

The Company's goal regarding the environment is to minimize any adverse environmental impacts associated with its activities. The company manages these impacts in accordance with regulatory compliance requirements such as National Environmental Quality Standards (NEQS) and the international standard of environmental management system ISO 14001:2015, regardless of our growth and plant expansion and the ensuing energy needs and environmental outputs. Management has a clear understanding of its obligations in this area, and the policy on the environmental management system is implemented in all its facets. The company has achieved sustainability certifications such as GOTS, OEKO-Tex, GRS, RCS, and Regenagri as part of its environmental mission. These certifications demonstrate the Company's dedication to delivering environmentally friendly solutions. The Company routinely conducts an environmental assessment and reevaluates consequences and elements that have been identified. Audits are also carried out to confirm that we adhere to all legal and regulatory obligations. Periodic internal audits are carried out in accordance with ISO 14001:2015 regulations, and no major non-compliance was recorded. On an operational level, reducing CO2 emissions and expanding the consumption of renewable energy sources like solar power generation can help our organization reach its goals for combating climate change.



### a. Energy

In addition to being essential for the environment, energy conservation give the company a competitive edge in terms of cost considerations. Our yarn production process heavily relies on energy, and the company now places a high priority on this issue as a result of the ongoing national energy crisis. The Company has undertaken a number of energy-saving measures that have reduced production costs. As part of its ongoing efforts to lessen its dependency on conventional fuels, the company holds regular awareness sessions at its head office and plant locations to raise knowledge of effective energy usage.

#### ► Solar Panel Installation

The company has set up 4.4 MW solar plants to benefit from cost-effectiveness and promote environmental sustainability. It will contribute to lowering greenhouse gas emissions and air pollution, which will benefit the environment. Our enhanced process efficiency has resulted in a substantial reduction of 9487 tons in GHG emissions, compared to our baseline.





### ► Waste Heat Recovery Plant

The Waste Heat Recovery (WHR) system captures wasted heat from production and power generators, converting it into electricity without needing external fuel. This process conserves energy and reduces the company's carbon footprint. The company has installed a WHR system at one manufacturing site and plans to add more.

### ► Waste-to-Energy Initiative

The company is in-process of implementing initiatives that minimize energy consumption and deal with concerns of environmental degradation because of waste materials that will be used to produce usable electricity. They replace conventional fossil fuels like furnace oil and depleting natural gas.

### ► Power Producing Plant

The company has also installed dual fuel power producing plants of a total of 19.7 MW which can run on gas, furnace oil and diesel at all three manufacturing sites. During the year, these efficient power plants were operated on natural gas and RLNG. Consequently, decreasing the impact due to emission of Carbon dioxide gas generated from utilizing furnace oil.

### ► Energy Conservation Drive

The Company has placed Light Emitting Diode (LED) lighting throughout its facilities as part of its energy preservation efforts. Maximum use of sunlight is preferred, and this initiative has been routinely evaluated. Additionally, education and awareness programs regarding energy-saving practices have been routinely carried out.

## b. Emissions

Our main goal is to reduce our carbon footprint and any potential damage to the environment we may cause. Our practice includes, but is not limited to:



- Compliance with applicable statutory, regulatory, and environmental requirements to the best of our abilities.
- To maintain emissions of particulate matter, CO2 at minimal levels / below the corresponding limitations defined in the National Environmental Quality Standards (NEQS)
- To locate, reduce, and get rid of waste generated by our operations in a way that causes the least amount of environmental damage and doesn't pollute the land, air, or water.
- To use recyclable materials and/or renewable resources whenever practical while reducing the consumption of electricity and water.
- Mitigating efforts to control emission and effluents- Our air quality measurement program identifies the limit of pollution parameters in the ambient air in and around our factory. The stack emissions monitoring is done regularly for the priority parameters in compliance with the requirements of NEQS (Self-Monitoring and Reporting) Rules, 2001. Reports of these tests are reviewed and submitted to the management and necessary actions are taken as and when required.
- Noise Pollution- Our plant has been designed in such a way to minimize the noise levels and to comply with acceptable limits of the NEQS. Moreover, noise levels are regularly monitored. Furthermore, periodic repair and maintenance of the plants ensure compliance of noise levels in accordance with NEQS.

## c. Waste Disposal

In order to comply with its objective for sustainable operations, the company recycles or responsibly sells all the available waste and scrap. Spinning yarn is a dry process and generates no process-related liquid waste. However, the Inventory department maintains log of stock of by-product and scrap and arranges its disposal as per prescribed procedure. As well as wax used for smoothening yarn is disposed of in an environment friendly manner.

## d. Water Resources

The Company seeks to reduce its water footprint by promoting water-saving practices amongst employees and adopting water-efficient technologies and equipment wherever possible. The Company is committed to the improvement of quality and sustainability of water resources. Distribution network is available to supply clean drinking water to all plant areas, parking and waiting areas. The company has installed RO (Reverse Osmosis) plant, demonstrating a commitment to integrated water resources management. Clean and filtered water is also available to the nearby villages free of cost. Water quality parameters are monitored and tested at regular intervals from well-reputed accredited laboratories. Clean water is also used in ornamental gardening & irrigation.



## e. Sanitation & Hygiene

All workers and the related business partners have access to sanitation and hygiene (wash) facilities owing to the investment from the company. Accommodation facility, parking lots, mosque, waiting spaces and other crucial parts of the facility all have clean and accessible restrooms. The trained housekeeping staff are responsible for maintaining the facilities for sanitation and hygiene.



## f. Recycle, Reuse and Reduce

- Yarn does not have any harmful impact on the environment. Recycled cotton and fibers are used in its production.
- Business process re-engineering is regularly done to reduce raw material wastage from operations.
- We use three major packaging materials, i.e., paper cones, cartons, and polypropylene bags. Paper cones, wooden pallets and corrugated cartons are reusable and recyclable. Polypropylene bags have resale value and are recycled or reused. Cloth bags are used for packaging of by-products which are recyclable or reuseable.



## g. Quality Management

The Company is committed to the manufacturing of high-quality yarn. Quality Management System is implemented in all our manufacturing facilities for process and product quality assurance which ensures smooth and optimized results. The consistency of performance of the yarn is vital for our customers so the cotton, process and final products are regularly tested as part of the spinning process.

Our Quality Management procedures include:

- Identifying and analyzing the gap, conducting trials to optimize the process
- Drafting and training of revised SOPs for on-job-training
- Continuous sampling and testing at each stage
- Procedures to conduct trials and monitor customer feedback and complaints





Our Quality Control laboratory certified by Uster, is a primary component to achieve our mission of maintaining strict control over every aspect of manufacture and quality and is maintained in accordance with ISO/IEC 17025 requirements. Our in-house uster-certified laboratories allow for timely, accurate, cost-effective testing that ensures every product, from raw material to finished goods, meets all quality requirements.

### h. Logistics

Heavy trucks are used to deliver yarn to customers. The Company acknowledges that these trucks may have an influence on the vicinity because slight mistakes can result in serious accidents. The Company has implemented safe transportation methods through an approved logistics policy in order to reduce this risk. The company has invested an extensive amount of funds upgrading pavements and drainage system. Moreover, we only collaborate with approved vendors of logistics solutions. Additionally, trucks are employed in a manner to prevent overloading and underloading. Due to the efficient use of the truck's capacity, the risk of accidents brought on by overloading is reduced.

### i. Tree Plantation Drive

Showcasing a commitment to sustainability, the Company has planted more than 10,000 trees in and around the factory premises through several plantation drives that occurred during the year. The Company is managing a nursery at all its manufacturing facilities to grow different species of seasonal flowers every year to collect seeds for the next year. Trees contribute to reducing carbon dioxide levels, improving air quality, and enhancing local biodiversity, aligning with corporate social responsibility (CSR) goals.



### j. Digital Transformation for a Greener Tomorrow

The company has taken several steps to go paper-less after implementation of highly advanced cloud ERP system as well as Diligent Boards software and strives to go maximum digital in future as its environmental and efficiency goal. The company has transitioned from conventional paper checks to digital payment methods, wherever possible. More initiatives towards digital transformation are covered in Section 8- "Disclosures on IT Governance and Cybersecurity".

## 3. SOCIAL

The company prioritizes employee and community development, recruiting local talent and providing a healthy working environment. With over 3,100 employees, the company impacts livelihoods, opportunities, and growth prospects. Policies and procedures govern health, safety, and community investment. The company is an equal opportunity employer and uses performance improvement approaches to assess individual and business growth. Strong controls are in place to prevent child labor, forced labor, discrimination, human rights violations, and corruption. There have been no reported cases of Human rights violations, gender discrimination, forced or child labor, sexual harassments, or any other types of discriminatory acts during the reporting period.



### a. Employment Opportunities

Due to its policy of discouraging job insecurity, the company has provided all its employees and laborers with excellent employment opportunities on a permanent basis. Our manufacturing mills are bringing work opportunities, particularly for the local communities nearby. There were on average 3,169 permanent employees during the year. Due to its premium employee benefits for employees, the company is regarded as one of the best in the textile industry. Following benefits are provided to employees:

- Health care
- Life insurance
- Education assistance
- Marriage assistance
- Gratuity fund / Provident fund
- Earned leaves
- Bonus, and
- Vehicle and fuel allowances.

### b. Employee Engagement Initiatives

The company has always placed a priority on promoting and motivating its employees. The company arranged a variety of recreational events for them to keep them motivated. Recreational activities are always essential to boost employee morale and engagement, so the company has made sure to involve employees at all organizational levels in them. Recreational activities include:

#### ► Independence Day Celebrations

Independence Day was celebrated enthusiastically at our Head Office and Mills locations. CEO delivered a compelling speech, highlighting the values of freedom, unity, and national identity. The festivities included a joyful cake-cutting ceremony and a collective singing of the National Anthem, reinforcing our sense of camaraderie and patriotism. The event embodied our shared pride and commitment to our nation's ideals, uniting us in celebration.





► **Eid Festival Celebration**

At TTML, a vibrant Eid lunch brought together employees from diverse backgrounds to celebrate unity and togetherness. Staff at all locations celebrated Eid Milan, where top executives and directors gathered with employees, fostering meaningful interactions and exchanging warm wishes amidst the festive atmosphere. These celebrations exemplified the spirit of Eid Milan 2024, creating cherished memories and strengthening bonds.



► **Corporate Cricket Tournament**

The company's strong dedication to Corporate Social Responsibility (CSR) and well-being of employees is ingrained in its ethos. Our Cricket Team actively participated in the Corporate Cricket Tournament organized by the esteemed Indus Hospital & Health Network, in which the company sponsored as a Platinum Sponsor. Beyond showcasing sporting prowess, the event symbolized community engagement. This convergence of like-minded entities, united for a noble cause under the Indus Hospital & Health Network, reflects TTML's holistic approach, fusing corporate excellence with social impact and athletic achievement with community support, a contribution aligned with our values.



► **Inspire Inclusion - International Women's Day**

March 8th, 2024 marked a dedicated celebration at TTML to honor the contributions of women on International Women's Day. The event showcased our commitment to gender equality and empowerment. An awareness session on "workplace microaggressions" initiated the commemoration. As part of our celebration, we launched the "Thank Her E-card" initiative on March 6th, allowing both male and female employees to express appreciation towards their female colleagues. These heartfelt messages were delivered on March 8th. This event epitomized our resolve to create an inclusive and supportive workplace.



► **Breast Cancer Awareness Session**

On October 27, 2023, TTML hosted a pivotal Breast Cancer Awareness Session led by an esteemed expert doctor in the field, the session focused on empowering attendees with crucial information about female health which emphasized the importance of early detection, self-examinations, and regular screenings in combating breast cancer. This initiative underscored our commitment to promoting health and supporting our community with knowledge and hope.



► **Mental Health Awareness Session**

TTML hosted a mental health awareness event in collaboration with Sehat Kahani. The sessions aimed to demystify mental health, emphasizing its importance and addressing cultural stigmas prevalent in Pakistan. Through interactive discussions, participants learned to recognize mental health issues and the significance of seeking professional help. Practical stress management techniques, including mindfulness exercises and guided imagery, were demonstrated to help participants manage stress effectively.





➤ **Certificate Distribution on Record-Time Conclusion of Annual Audit 2023**

The company marked the successful Certificate distribution of record-time conclusion of Annual Audit 2023 with a formal celebration, recognizing the dedicated efforts of employees. Certificates of appreciation were presented followed by a delightful lunch to recognize the exceptional contributions of team members.



➤ **Career Fair**

TTML actively participated at the Career fair hosted by Mehran University, scouting young talents for our Future Leadership Program. Demonstrating our commitment to innovation and leadership, we connected with students who share our values. The event showcased TTML's diverse business domains and global presence, marking a pivotal moment for mutual growth.



➤ **Orientation and Induction**

Our recruitment process rigorously evaluates candidates based on role-specific criteria and values alignment. A new comprehensive orientation program was launched which engages new recruits in our business, enhancing their understanding of TTML's organization, core values, and operations. This equips them to excel in their roles and exceed performance targets.

➤ **TATA News Buzz - Newsletter**

Formerly known as "The Spin," our bi-annual newsletter has undergone a transformation and is now "Tata News Buzz." The name was chosen through a collaborative naming competition, where employees showcased their creativity and voted for their favorite. It offers insights into our journey, from innovation and sustainability milestones to the exceptional achievements of our workforce. This newsletter serves as a platform for sharing accomplishments, industry trends, insights, and our collective vision for the future. As TTML evolves, Tata News Buzz remains a reliable window into our world, where progress, people, and purpose intersect.



➤ **Employee Learning and Awareness E-Tips**

The company actively fosters financial literacy, encourages personal and professional growth, and addresses cybersecurity threats through its publications. In addition to TTML's newsletter, employees receive periodic e-mails such as "Money Wise," "Insights," and the "Information Security Awareness Series." These e-publications aim to provide valuable content on managerial and personal development topics, helping employees enhance their skills and knowledge for current and future roles. These e-publications have become a regular feature, allowing employees to learn directly via their inboxes.



➤ **Long Service Awards**

In the fiscal year 2023-24, we had the privilege of honoring 52 employees with Long Service Awards. Their long tenure and relevant contributions have supported our company's journey and success.

**c. Industrial Relations**

The company has established an Industrial Relations (IR) team for determination of adequate terms and conditions of employment. Further, the IR team is responsible for avoidance and settlement of disputes and differences between the Company, its employees, and their representatives through negotiation.

**d. Health and Safety**

At the organization, ensuring the safety and health of our people is paramount. Our commitment extends beyond safeguarding our facilities; it encompasses the well-being of our workforce. Employees are encouraged to comply with safety regulations and necessary protective gear including safety shoes, masks, ear plugs, safety caps are provided to them. We maintain a highly trained safety team, an emergency response unit, and paramedical staff. Our facility includes a fully equipped ambulance and an in-house dispensary. We've strategically placed safety sign boards throughout critical areas.



<b>Safe Man Hours Worked</b>	<b>Lost time injury frequency rate</b>	<b>Total recordable incident rate</b>	<b>HSE Training hours</b>	<b>Total # of HSE Trainings</b>
<b>7.465 Million</b>	<b>0.6695</b>	<b>1.79</b>	<b>1,979</b>	<b>219</b>



We prioritize training and awareness sessions in which workers undergo comprehensive fire & safety training and are equipped with Personal Protection Equipment which is regularly monitored. Our emphasis on vigilance includes theoretical instruction and practical drills for handling unforeseen emergencies. Mock drills for firefighting, evacuation, casualty management, and security are routine, enhancing readiness. Regular safety audits ensure compliance and continuous improvement.



### ► Enhancing Emergency Vigilance: Fire Safety Training and Drills

TTML's dedication to employee safety was evident in an immersive Fire Fighting Training program and drills at its Head Office. Throughout the year, 1,979 dedicated man-hours enriched the workforce with life-saving skills. This initiative exemplifies TTML's focus on safety and security. Culminating in comprehensive learning and a safety-conscious culture, it sets a new standard for workplace excellence, underlining our dedication to exceeding industry norms. Some of the key highlights include:



Health and Safety takes precedence in the company with a dedicated focus on both in-house and higher management meetings. The company employs a set of comprehensive safety manuals outlining policies and procedures. Calibration and maintenance certifications for fork lifters and construction equipment underscore our commitment. These programs involve regular health assessments of equipment and sites, as well as monitoring of employee well-being. Health and Safety considerations are integral to objectives set for department heads and senior management.

Production lines finished the whole year without any major injury. Reported injury case if happens, is thoroughly investigated by trained personnel and findings are subsequently circulated to senior management. Once investigations are completed, actions and recommendations are assigned to individuals with a strict follow-up system put in place to avoid any recurrence.

### ► Safety Management Systems

We've implemented a health and safety management system, engaging health and safety representatives from different departments. Monthly review meetings assess health and safety practices. Our approach aligns with ISO 14001:2015 and ISO 45001:2018 guidelines. Incident reporting follows defined procedures without reprisals.

### ► Monitored HSE Progress

Effectiveness of HSE system is gauged through feedback and mock exercises. To nurture a healthy mindset, the Company displays guidelines and undertakes steps to enhance employee well-being. Our dedicated team of HSE addresses issues by focusing on safety measures and appropriate training, the use of prescribed safety gadgets, equipment, and safe practices. Guidelines are displayed prominently, and training sessions cover occupational health & safety, firefighting, first aid, and more, conducted by competent staff in local languages. Regular training courses are provided during paid working hours to promote a safe environment.

The Company has taken multiple measures by frequently conducting training sessions and drills in 2023-24 to raise awareness and ensure staff safety, some of which are:

- Fire Fighting
- First Aid Basic
- Mental Awareness Session
- Breast Cancer Awareness Session
- Maintenance Management
- Operational Excellence

### ► Management Review Meeting

All manufacturing sites participate in separate Management Review Meetings (MRM) each month for discussion of operations pertaining to the Health Safety Management System, ESG, and CSR programs. The management talks about future expansion plans and approaches for putting environmental goals like water and energy conservation into practice.

**In summary, our commitment to health and safety is spun into our policies, systems, training, and nurturing a culture of wellness, driving us towards a safer, healthier work environment for all.**

### e. Training and Development

Learning and Development (L&D) within Human Resources is pivotal in enhancing business performance through precise skill enrichment. The company focuses on upskilling and reskilling, addressing the dynamic skills gap. An extensive program Training Need Assessment (TNA) in this regard is in place. A commitment to holistic growth shapes this strategy. Carefully curated training programs, internally and externally sourced, occur annually. These programs tap into the organization's resources and external expertise.



The synthesis of these training avenues showcases TTML's dedication to empower its workforce. By fostering continuous learning, the company nurtures individual careers and strengthens operational prowess. This approach ensures adaptability in navigating evolving business and technological landscapes. TTML's L&D initiatives embody its dedication to equipping employees for success and sustaining excellence. Different training sessions and workshops were conducted during FY 2023-24 of which major trainings worthy of mentioning here are:

- Data Analytics and BI Training Program
- Statistics Training Program
- Financial Literacy Series
- Better Cotton Initiative Session
- Basic Auditor course
- Certified Labor Laws Practitioner and IR Analyst
- Objective Setting
- Achievement drive

Demonstrating commitment to employee development, we conducted several training sessions, totaling 1900+ hours as well as 10,533+ hours of on-the-job trainings, spanning diverse areas from soft skills to technical competencies. In-house trainers also facilitated sessions, covering technical skills, policies, procedures. Furthering our dedication, non-management staff at Kotri completed a comprehensive Diploma "The Machinist" during the year. Our investment in training underscores our commitment to nurturing skills, knowledge, and fostering growth across the organization.



## Training and Development Gallery



### f. Diversity and Inclusion

TTML believes in fostering a diverse and inclusive workplace. Our HR department worked diligently to promote diversity in hiring, ensuring equal opportunities for all candidates. During the year, female workforce is significantly increased both at Head Office and Mills and along with ensuring more women-friendly congenial environment. Whereas we also encourage the hiring of specially abled workforce in our team which is proven with a headcount of 68 specially abled employees at different levels of the company.



### g. Equality/ Non-discrimination

The company strives to advance the fundamental principle of a workplace free from discrimination and where all employees have an equal opportunity to achieve their goals. The company is dedicated to ensuring that no employee will be treated differently based on a personal trait that is unrelated to their capacity to perform their duties. The company strongly discourages using discriminatory criteria such as age, gender, race, nationality, ethnic background, or religion. The anti-discrimination laws ought to be enforced on all employees.



### h. Employee Wellbeing

TTML places paramount importance on the management of both physical and mental health, considering it the cornerstone of work-life balance. Encouraging all employees to cultivate a healthy work-life balance, our goal is to foster a work style that enables them to bolster their health while maintaining high levels of productivity. The Company has taken several initiatives for the well-being of its employees. A few of these initiatives are as follows:

#### ➤ Sehat Kahani

TTML proudly introduced Sehat Kahani, a pioneering telemedicine platform with 7,000+ physicians, offering free services to employees and dependents under its Health Insurance policy through partnership with Jubilee Insurance. This reflects TTML's commitment to employee welfare and transforming healthcare for our corporate family.

#### ➤ Gym Facility

Prioritizing the physical wellbeing of its employees, TTML has established fully furnished and well-equipped gyms at its manufacturing facilities. These gymnasiums continue to operate to encourage employees to adopt a healthy lifestyle.



### ► Iftar During The Holy Month of Ramadan

During Ramadan, TTML hosted daily healthy and hygienic Iftar gatherings during Holy month of Ramadan. These events provided employees with the opportunity to break their fast together in a communal setting, fostering a sense of unity and camaraderie among colleagues. The Iftar gatherings at each location not only highlighted the spirit of Ramadan but also emphasized TTML's commitment to supporting its employees' religious observances and promoting a supportive workplace culture.



### i. Child Labor

Operating in three different manufacturing locations and a corporate office, we strictly prohibit child labor, reflecting our commitment to ethical practices. No child has been employed in the company, and this policy remains firm. Our focus is on child education, nurturing growth, and providing facilities for children. Our dedication extends beyond the workplace, affirming our commitment to their holistic development.

### j. Forced or Compulsory Labor

The Company believes in an open working environment; no employee is subjected to forced or compulsory labor.

### k. Consumer Protection Measures

We are committed to ensuring that our products are shipped in a manner that complies with the highest safety standards and meets or exceeds all legal requirements. The Company takes care of and applies appropriate procedures to manufacture its products to ensure that no harmful substances are present in any of its products. The Company ensures that the customers get the best value for money.

### l. Business Ethics and Anti-Corruption Measures

Any evidence or suspicion of any unethical or unlawful activity, damage to environment, any offence or injustice, non-compliance with applicable regulatory requirements or company policies can be reported in complete confidentiality. Our top-down and bottom-up communication approach fosters transparency. Employees are expected to uphold integrity. We condemn corruption and adopt a 'zero tolerance' stance. Our strong internal audit function ensures operational review to prevent corruption. We are strongly committed to promoting ethical behavior, transparency, and honesty across all aspects of our work.

### m. Local Communities

We aspire to witness our neighborhood communities flourishing. The company places a great deal of emphasis on investing in the areas that we serve and those who are close by.

### ► Establishment of Primary and Secondary Schools

The company is currently supporting 3 full fledge primary and secondary campuses of school in collaboration with The Citizen's Foundation (TCF), thereby promoting access to quality education for children from underprivileged backgrounds. Our focus on empowering young girls is reflected in this initiative, providing them with the knowledge and tools they need to build brighter futures.



### ► Jugnoo Sabaq Program

The company is actively running an adult literacy program "Jugnoo Sabaq", empowering workers with essential skills for personal and professional growth. TTML celebrated the graduation of the 5th batch of Jugnu Sabaq. This ceremony marked a moment of pride and joy, recognizing the graduates' achievements and the transformative impact of literacy. Each graduate received a certification, symbolizing their commitment to personal growth and lifelong learning.





➤ **Health Contributions: Making a Difference in Welfare**

In the spirit of philanthropy, our contributions continue to reshape lives. Demonstrating steadfast dedication, the company has extended a significant contribution to esteemed medical institutions, elevating healthcare access for the underprivileged. These substantial donations manifest our dedication to fostering a healthier society through support for improved medical facilities and treatments. Our collaborative efforts are aligned with the ethos of compassion and empowerment, nurturing a brighter, healthier future for all.

➤ **Promoting Higher Education: Our Commitment and Initiatives**

The company is a strong advocate for higher education, actively supporting it through various initiatives. We have provided higher education assistance to 10 deserving students, awarded scholarships to 3 textile students for advanced studies, and bridged the gap between industry and academia by hiring 16 recent graduates as trainees. Additionally, we have offered internship opportunities to 8 students, further enhancing their practical experience and career prospects.

➤ **Blood Donation Drive**

The company is a strong advocate for higher education, actively supporting it through various initiatives. We have provided higher education assistance to 10 deserving students, awarded scholarships to 3 textile students for advanced studies, and bridged the gap between industry and academia by hiring 16 recent graduates as trainees. Additionally, we have offered internship opportunities to 8 students, further enhancing their practical experience and career prospects.



➤ **Female Medical Camp**

The company organized a free medical camp at Muzaffargarh for females in collaboration with esteemed doctors during the year, aimed at promoting health and well-being within the community. This initiative provided valuable health screenings, consultations, and education on preventive care. The event was part of our broader commitment to social responsibility and improving access to healthcare for underserved populations.



➤ **Heat Relief Camp**

The company organized a free heat relief camp for the scorching heatwave this year, providing crucial support to those affected by extreme temperatures. The camp offered a range of services, including hydration stations with chilled water and shaded rest areas. This initiative reflected our commitment to community well-being and demonstrated our proactive approach to addressing urgent climate challenges.





# Certifications Acquired for Environmental Sustainability





## Corporate Affiliations



License of Better Cotton Initiative



License of Better Cotton Initiative



Member of Social Labor Convergence



Member of Primark



**EMPLOYERS' FEDERATION OF PAKISTAN**  
The Apex Body of Employers

Member of Employers' Federation of Pakistan

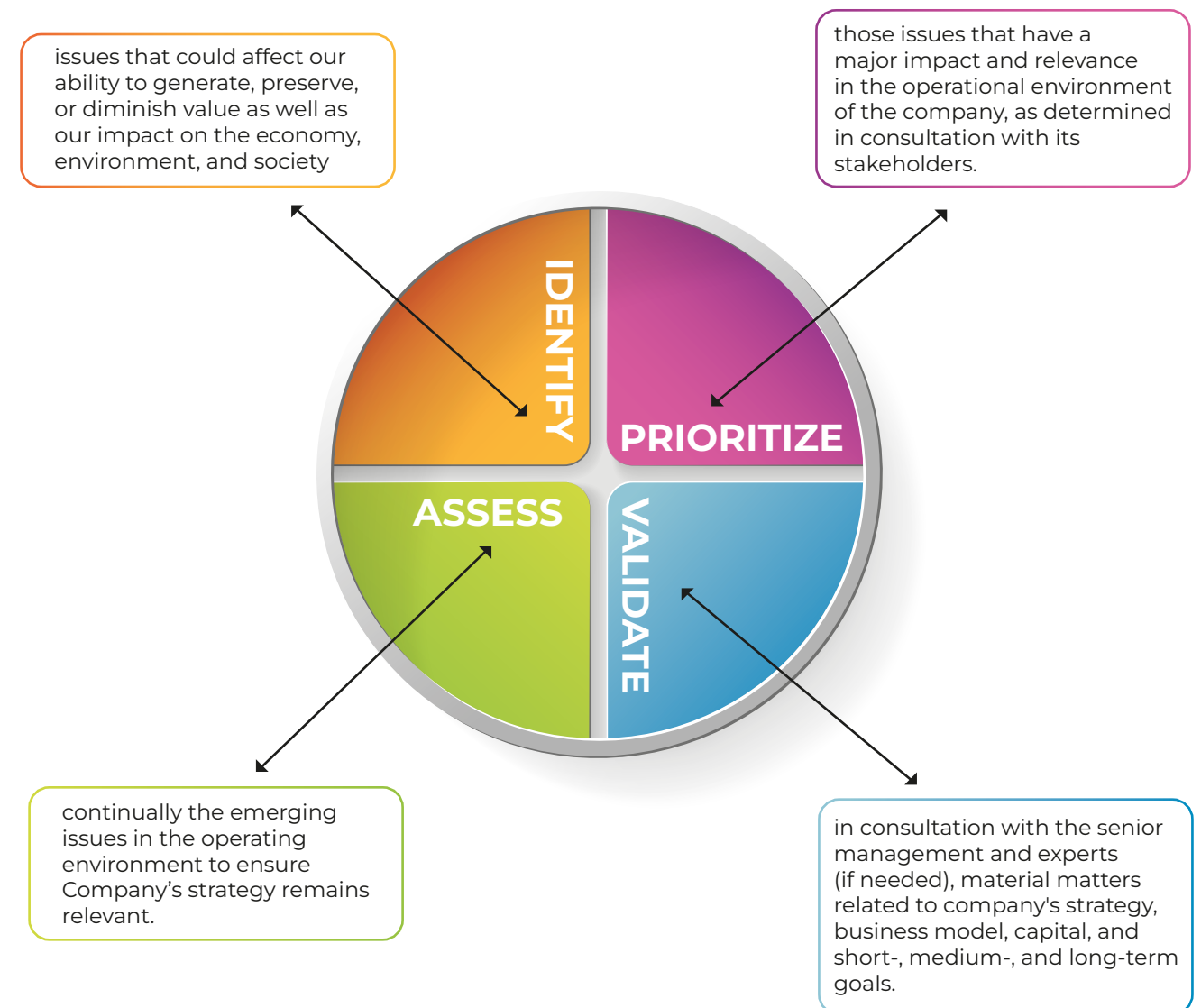


Member of Inditex

## Materiality Approach

The Company considers an item is material if, individually or collectively, it is anticipated to significantly affect the performance and profitability of the Company. Materiality is a matter of judgment. The delegation of authorities has also been clearly defined, and standardized procedures are followed for the carry out of day-to-day operations and transactions. All the matters as required by the Companies Act 2017 are referred to the Board of Directors for its approval.

The company's approach to assessing materiality offers a comprehensive perspective on the impacts both within and outside the organization. This report concentrates on the issues, opportunities, and risks that significantly affect its resources, its ability to conduct sustainable business, and its impact on the economy, environment, and people, including their human rights.





## Materiality Matrix

The table below lists the material concerns that have been observed. The issues have been graded according to how they affect stakeholders' assessments and decisions as well as the importance of their impact on the economy, society, and the environment. The materiality analysis aids us in determining where to allocate our internal resources as well as in identifying issues for the stakeholders.

Area	Material Topic	Grading	Boundary
<b>Economic</b>	Economic Performance	High	TTML
	Market Presence	Low	TTML
	Procurement Practices	Moderate	TTML
<b>Social</b>	Employment	High	TTML / Community
	Occupational Health and Safety	High	TTML
	Business Ethics	High	TTML / Supplier / Customer
	Human Rights	High	TTML / Supplier / Customer
	Diversity & Equal Opportunity	Moderate	TTML
	Training and Education	Moderate	TTML / Community
	Compliance	High	TTML / Regulator
<b>Environment</b>	Energy and Water	High	TTML / Community
	Carbon Emissions	High	TTML / Community
	Material Consumption	Moderate	TTML / Supplier
	Environmental Compliance	Moderate	TTML / Regulator / Community

## GOVERNANCE

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## DIRECTORS' REPORT

### FOR THE YEAR ENDED JUNE 30, 2024

The Board of Directors is pleased to present the Directors' Report and the audited Financial Statements of the Company for the year ending June 30, 2024.

We are proud to announce that the Company has been honored with the "10th Employer of the Year Gold Recognition Award-2024" in the National Category by the Employers' Federation of Pakistan. This distinguished award underscores our dedication to fostering an outstanding workplace environment conducive to the growth and success of our employees.

Furthermore, our Annual Report for 2022 earned the "Certificate of Merit" for Best Corporate Reporting in the Textile Category from both the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan.

Additionally, the Company received a "Recognition Award" for Best Practices in Occupational Safety, Health, and Environment for the year 2022, as conferred by the Employers' Federation of Pakistan.

## MACROECONOMIC ENVIRONMENT

Pakistan's economy encountered a series of unprecedented challenges, particularly in the first half of the year. These challenges included soaring inflation rates reaching multi-decade highs, rising energy prices, elevated interest rates, significant currency depreciation, and foreign exchange distress. Additionally, the ongoing conflict in the Middle East exacerbated global geopolitical tensions and impacted demand. Disruptions in shipping trade routes further complicated the global supply chain, affecting shipping costs and overall commodity prices.

For FY24, Pakistan's economy achieved a GDP growth of 2.4 percent, up from 0.29 percent in FY23. This improvement was primarily driven by macroeconomic policies and stringent measures. The textile sector experienced a significant contraction of 8.3 percent, while the Large-Scale Manufacturing sector saw a marginal decline of 0.1 percent, compared to a decline of 7.0 percent in the previous year. The Consumer Price Index (CPI) for FY24 was 24.5 percent, down from 29.2 percent in FY23. The latter part of the year saw a notable decline in the inflation rate, from 28.3 percent in January to 12.6 percent in June, largely due to the stabilization of the rupee.

The State Bank of Pakistan (SBP) implemented a stringent monetary policy to combat inflation, raising interest rates despite the associated contraction in economic activity. The securing of a nine-month USD 3 billion stand-by arrangement with the International Monetary Fund (IMF) provided essential financial support, contingent upon a series of conditions. These conditions included increasing fuel and electricity prices to reduce subsidy costs, tightening monetary policy, adopting a market-determined exchange rate policy, implementing rigorous taxation measures, and enhancing controls to address smuggling and manage imports. These measures contributed to a restoration of the current account deficit. While the Government's efforts in securing the IMF loan are commendable, it is important to acknowledge the adverse effects on various industries due to the increased cost of doing business.

Nevertheless, there were positive developments in the latter half of the year. On June 10, 2024, the SBP announced a reduction in the policy rate by 150 basis points, decreasing it from a record high of 22 percent to 20.5 percent. The Pakistan Stock Exchange (PSX) also demonstrated notable performance, with the PSX 100 index surpassing 71,000 points for the first time in its history, reflecting increased market confidence. Additionally, the stability of the exchange rate, supported by improvements in the external account and external inflows, along with an anticipated decline in global oil and commodity prices, has begun to restore confidence among economic agents, thereby facilitating economic growth.

## TEXTILE SECTOR

The textile industry in Pakistan experienced a modest recovery from July 2023 to March 2024, with production declining by 8.3%, a significant improvement compared to the 16% decline observed the previous year. This recovery is primarily attributed to the performance of cotton yarn and cloth, which together represent over 80% of the sector. Despite this, both segments continued to experience considerable reductions, with declines of 12.2% and 7.3%, respectively, compared to the previous year.

Textile exports fell marginally by 0.3% to an estimated USD 12.4 billion. Contributing factors include the ongoing Russia-Ukraine conflict, a global recession affecting market demand, and IMF conditionalities that led to the withdrawal of support and incentive programs. Nevertheless, cotton yarn showed resilience, recording a 38% increase in export volume (337,125 MT for 2023-24 compared to 244,486 MT for 2022-23). This growth was driven by a strategy of export diversification and competitive conversion costs, which significantly helped in mitigating the trade deficit.

Global trade has been disrupted by significant disturbances in key maritime routes, resulting in additional costs and longer transit times for rerouted ships. This issue is particularly impactful for Pakistan, where 60% of total exports are textiles. The reliance on efficient transportation for both machinery and raw materials means that delays and increased shipping costs are adversely affecting production and competitiveness.

## RAW MATERIAL

Pakistan for years has produced cotton crop in excess of 12 Mn bales and in some years even reaching as high as 15 Mn Bales. However, during last few years the production has significantly come down, leading to severe shortage of yield. In the year 2020-2021, we only produced 5.6 Mn bales, in 2022-2023, we produced a meager 4.9 Mn bales and in 2023-2024 we produced 8.4 Mn. In contrast, countries like India and other neighboring countries have increased their crop yields and improved the quality of their cotton crop.

Our local cotton requirement is approximately 14 Mn bales, so we should endeavor to meet our domestic needs. The domestic Textile Spinning Industry relies on local cotton as it has tailored its products to the quality and dyeing properties of local cotton. Not only is the Industry in Pakistan confronting shortage of domestically produced cotton, however, the problem and issue in Pakistani cotton are many, which includes, high moisture, short fiber, trash and contamination, inconsistency and bale to bale variation.

Additionally, with no middleman involved, the Spinners are forced to finance their own cotton requirements. It is imperative that we address this issue and work towards enhancing the quality of seeds and increasing cotton yields in the country.

## COST OF ENERGY

The rise in energy costs, particularly the sharp increase in power tariffs, has significantly impacted the company's profit margins. The price of natural gas surged from Rs. 1,100 per MMBTU to Rs. 3,000 per MMBTU, coupled with erratic and unpredictable gas curtailments, which have substantially elevated overall power costs. In response to the looming gas crisis, the company is exploring alternative energy sources to mitigate electricity costs and reduce dependence on natural gas. Currently, a 4.4 MW solar power plant is operational, and an additional 3.8 MW solar power plant is under construction, which will increase the company's total solar generation capacity to 8.2 MW. This investment in solar energy aims to provide clean energy and reduce the company's carbon footprint. To safeguard the export-oriented textile industry from potential disruptions, it is crucial to ensure a stable and affordable electricity supply.

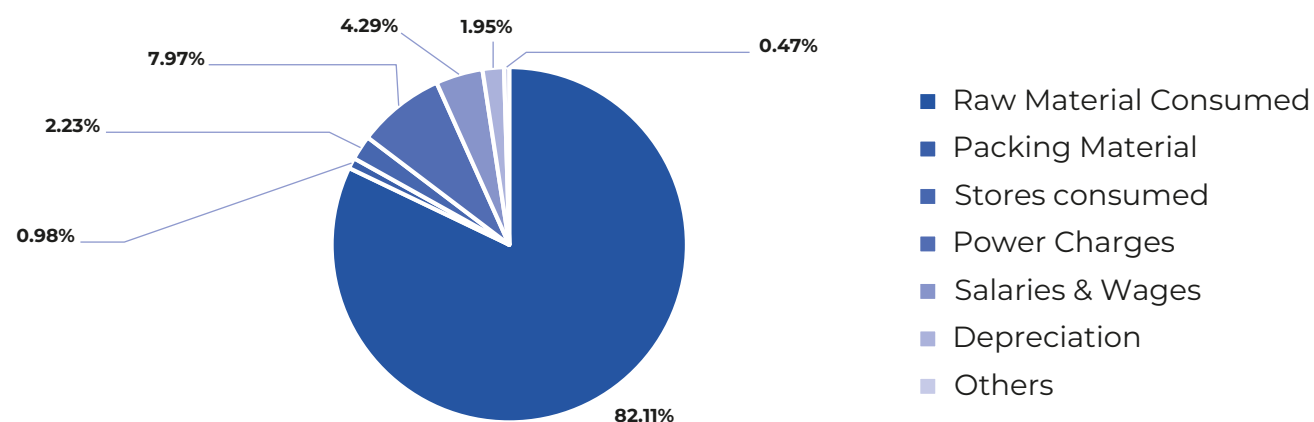


## FINANCIAL PERFORMANCE

Particulars	Year ended 30 June 2024	Year ended 30 June 2023	Variance	Variance %
<b>Rs. in million</b>				
Sales	<b>45,824</b>	34,911	10,913	31.3%
Cost of Sales	<b>(42,486)</b>	(30,666)	(11,821)	-38.6%
Gross Profit	<b>3,337</b>	4,245	(908)	-21.4%
Distribution, Admin & Other	<b>(1,143)</b>	(1,224)	81	6.8%
Other Income	<b>2,579</b>	392	2,186	557.6%
Finance Cost	<b>(4,497)</b>	(2,705)	(1,793)	-66.3%
Profit before taxation	<b>276</b>	709	(433)	-61.1%
Profit/ (Loss) after taxation	<b>(554)</b>	261	(814)	-312.6%
Earnings/(Loss) per Share	<b>(9.89)</b>	4.65	(14.55)	-312.6%

Gross margins have decreased primarily due to higher costs for raw materials, power, labor, and other conversion expenses compared to the previous year. Additionally, a substantial increase in finance charges, driven by the rise in the SBP's target policy rate, has adversely affected the company's profitability. This decline occurred despite an upward trend in both sales volume and prices.

Below is the breakup of manufacturing cost:



Raw materials constitute 82.1% of the cost of goods manufactured, with electricity costs accounting for 7.97%. To mitigate overall raw material costs, the company prioritized the procurement of local cotton over imported alternatives. Despite employing an optimal mix of local and imported raw materials to manage production expenses, the increased power tariffs and depreciation of the rupee contributed to the increase in the cost of goods sold. However, other income made a significant contribution of Rs. 2.5 billion to the company's bottom line, which has strengthened the company's financial strength.

## CAPITAL STRUCTURE

Debt to equity ratio on June 30, 2024, is 53:47 compared to 54:46 as on June 30, 2023. The debt-to-equity ratio for long term is 21:79 and 46:54 for short term on June 30, 2024 as against 16:84 on long term and 49:51 on short term on June 30, 2023.

## DIVIDEND

The Board of Directors in its meeting held on August 09, 2024, has not recommended a dividend for the year ended June 30, 2024.

## AUDITORS

The present External Auditors M/s Yousuf Adil, Chartered Accountants have completed the annual audit for the year ended June 30, 2024, and issued an unqualified audit report. The auditors will retire on the conclusion of the Annual General Meeting of the Company and being eligible, have offered themselves for reappointment. As proposed by the Audit Committee, the Board recommends their appointment as auditors of the Company for the year ending June 30, 2025.

## INFORMATION TECHNOLOGY (IT)

The company has successfully implemented Oracle Fusion, a comprehensive ERP system, marking a significant step in its digital transformation journey. This system integration has unified all operational processes and provided real-time data to support informed decision-making. The successful completion of Phase II, which included the deployment of the Enterprise Asset Management (EAM) and Manufacturing modules, represents a notable milestone. A dedicated project team, comprising IT, Accounting, and business experts, led the implementation and conducted extensive training for employees.

The ERP system has significantly enhanced operational efficiency, compliance, and reporting capabilities. The company is utilizing this platform to drive strategic initiatives and gain greater control over its business activities. To further strengthen its digital capabilities, the company plans to implement barcode technology, automate invoice processing, and enhance supplier relationship management. The IT department ensures robust security controls for the Cloud-based ERP system, including password management, system upgrades, firewall protections, and authorization controls with appropriate segregation of duties. Some major digital transformation initiatives for 2024-25 includes implementation of barcode technology for manufacturing and inventory management, Automation of invoice process with banks, Enablement of Supplier Relationship Management, Enablement of business dashboards for enhanced reporting, Evaluation and Integration of IoT for Mills operations and Implementation of Human Capital Management System. Additionally, several upgrades to our IT infrastructure have been made to support ongoing business operations, with further advancements planned to continue supporting our strategic objectives.

## HUMAN RESOURCE MANAGEMENT

The Human Resources (HR) department has been a crucial pillar in supporting organizational values and enhancing operational effectiveness. By focusing on talent acquisition, development, and retention, HR has significantly contributed to the achievement of the company's objectives. Key HR initiatives this year included the implementation of effective recruitment strategies, the provision of comprehensive training programs tailored to employee needs, prioritization of employee well-being, promotion of a diverse and inclusive workplace, and maintenance of a robust performance management system.

## HR TECHNOLOGY AND AUTOMATION

HR is dedicated to advancing operational excellence through digital transformation. This year, the company launched several new modules, including the Employee Self-Service Module (ESSM), Performance Management System (PMS), and Learning & Development System (LMS). These digital platforms empower employees with self-service capabilities such as leave management and tracking, while also streamlining administrative processes for HR and line managers.

## HR POLICIES

The company is committed to continuously reviewing and updating its policies and procedures. A new Employee Handbook, along with a revised Code of Conduct and Business Ethics, has been introduced to provide clear ethical guidelines and standards. Policy standardization across mills has been achieved through consolidated Time Management and Employee Relations Manuals. To further support employee well-being, the company revised the education assistance policy and expanded financial support for higher education.

## TALENT MANAGEMENT

Through strategic workforce planning, the Talent Management Department aligned talent acquisition efforts with business objectives. By analyzing organizational structure and budgeting for headcount, the department ensured optimal staffing levels and recruited top talent based on merit. To build a diverse talent pool, the department utilized various channels, including social media, employee referrals, and partnerships with universities in textile, engineering, and business fields. The Management Trainee (MT) program provided fresh graduates with valuable opportunities and strengthened the future leadership pipeline across all locations.

## EMPLOYEE LEARNING & DEVELOPMENT (L&D)

To enhance technical capabilities, the company delivered comprehensive learning and development programs, including both internal and external training. This included over 1,900 hours of staff training and 10,533 hours of on-the-job training for mill workers. Financial literacy initiatives were introduced through quarterly sessions and intellectual e-series, including "Money Wise" and "Insights," to equip employees with financial knowledge and professional guidance.

## EMPLOYEE ENGAGEMENT ACTIVITIES

To foster employee engagement and camaraderie, HR organized a range of activities, including festive celebrations, health awareness campaigns, and social gatherings. These initiatives aimed to create a positive work environment and strengthen employee connections. Additionally, the company revamped its internal newsletter, launching a naming contest that resulted in the title "Tata News Buzz." This updated platform serves as a vital communication tool for sharing company updates and employee stories.

## PERFORMANCE MANAGEMENT SYSTEM

Throughout the year, clear objectives were established at the corporate, departmental, and individual levels to align efforts with business goals. Regular coaching and feedback sessions were conducted to support employee growth and development. Comprehensive training was provided to managers to ensure fair and effective performance appraisals, fostering a performance-oriented culture where employees receive timely feedback, their contributions are recognized, and they are empowered to excel.

## EMPLOYEE RELATIONS

The company recognizes the importance of enhancing knowledge of labor laws among its HR and Industrial Relations (IR) teams. To this end, continuous training is provided to ensure team members are well-versed in relevant labor laws and their implementation.

## LONG SERVICE AWARDS

The company proudly honored 52 employees with Long Service Awards this year. These individuals have demonstrated exceptional dedication, commitment, and loyalty by serving the organization for 15 years or more.

## SUSTAINABILITY

The company is deeply committed to integrating sustainability into every phase of its operations. Following is a few of our initiatives for the year:

## Skills & Education

- Funded 3 campuses of fully equipped school in collaboration with The Citizen's Foundation (TCF) impacting lives of 450+ students from rural areas.
- A unique program called 'Jugnoo Sabaq', tailored specifically for illiterate staff.
- Provided higher education assistance to 10 deserving students.
- Provided scholarships to 3 deserving textile students to pursue higher education.
- Provided 12,433+ man hours of trainings to enhance skillset of our human capital.
- To bridge the gap between industry and academia, inducted 16 fresh graduates as trainees and provided internship opportunity to 8 students.

## Well-Being

- Sponsored 49 marriages of employees/workers and workers' children.
- Borne 50 funeral expenses of employees/workers and workers' dependents to extend support in times of grief.
- Fostering health & safety culture by providing a total of 219 trainings on HSE and conducting risk assessment of all areas
- Maintaining fully furnished and well-equipped gyms at its manufacturing facilities. These gymnasiums continue to operate to encourage employees to adopt a healthy lifestyle.
- Offering free consultation services to employees and dependents through Sehat Kahani through partnership with Jubilee Insurance
- Organized blood donation drives in collaboration with Indus Hospital keeping in view an aim that "a single drop of blood can save several lives"
- Sponsored in the Corporate Cricket Tournament organized by the esteemed Indus Hospital & Health Network, where our cricket team actively participated.

## Combat Against Climate Change

- Generating annual 5,441+ MWHs of electricity through Renewable energy source.
- 10,000+ trees were planted around the manufacturing facility.
- Prioritizes the safety and security of its workforce, infrastructure, and operations. Regular awareness sessions and evacuation drills are conducted to stay updated on the latest developments in HSE.
- Energy Emission: Ensured zero harmful emissions, adhering strictly to responsible waste management and disposal practices, maintaining emissions of particulate matter, CO2 at minimal levels / below the corresponding limitations defined in the National Environmental Quality Standards (NEQS). As well as our air quality measurement program identifies the limit of pollution parameters in the ambient air in and around our factory in compliance with the requirements of NEQS (Self-Monitoring and Reporting) Rules, 2001.

## Social Responsibility

- Community Engagement: As part of our efforts to support community development initiatives, the company have provided well-maintained, safe, and secure women staff accommodation facility in all manufacturing units, provision of clean and filtered water to nearby locals, carried out adult literacy programs for underprivileged workers, encouraged the education of under-privileged and special children, sponsored education, and contributed to flood relief.
- Diversity, equity and Inclusion: The company is committed to fostering a diversity, equity and inclusivity in our workplace culture. Despite ongoing challenges in achieving gender parity, particularly in remote locations, significant progress was made with a 14% increase in female representation compared to the previous year. The Management Trainee Officer (MTO) program plays a key role in enhancing women's participation in the workforce. To address equitable compensation, the company initiated a gender pay gap analysis and is actively working to close the current 4% disparity. The company also takes pride in employing individuals with disabilities, who represent 2% of the mill workforce.



## Economic Sustainability

- The company aims in investing in local communities by sourcing materials and services locally whenever possible, thereby boosting local economies.
- The company is keen to innovate sustainable products with lower environmental impacts and increased recyclability.

## CORPORATE SOCIAL RESPONSIBILITY

The Company goes beyond simply giving back and believes in doing good while doing well. The company is committed to making a positive impact beyond corporate philanthropy, striving to benefit both the organization and the communities it serves. In this regard, the Company has consistently shown commitment to making education more easily available and to providing financial support for students. Another goal is to make health care more accessible without any discrimination, to all patients regardless of their ability to pay. We partner with numerous charitable institutions and hospitals to create a win-win model and take responsibility for people's well-being, investing in sustainable projects that drive positive social and economic change.

## HEALTH SAFETY & ENVIRONMENT (HSE) AND QUALITY

The company remains committed to achieving excellence in Health, Safety, and Environment (HSE) standards, aligning its operations with international certifications such as ISO for Occupational Health and Safety (OHSAS) and Environmental Management. The comprehensive HSE manual, applicable across all locations, is central to the company's safety culture. Competent HSE teams are tasked with implementing and continuously improving systems, supported by regular internal audits. Additionally, the renowned management consulting firm, Ascentia conducted an HSE gap analysis across all locations and developed a thorough action plan to enhance safety and security, with all recommended practices incorporated into the system.

The company also upholds its international certifications, including Oeko-Tex from Aitex, Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Global Recycle Standard (GRS), and Recycled Claim Standard (RCS), demonstrating a strong commitment to sustainability. Partnerships with international platforms and sustainability programs, such as the Better Cotton Initiative, AMFORI-BEPI, Cotton Made in Africa, US Cotton Trust Protocol, and International Cotton Association, further underscore the company's dedication to sustainable practices. Employee safety training programs and mock evacuation drills are conducted regularly, with continuous feedback loops from employees and HSE teams to enhance systems.

## CONTRIBUTION TO THE NATIONAL EXCHEQUER

During the year 2024, the Company contributed nearly PKR 3.49Bn towards the National Exchequer by way of Government taxes, duties, and levies, compared to PKR 2.7Bn in FY 2023.

## CREDIT RATING

In June 2024, the company received a stable and favorable credit rating of 'A' for Long-Term and 'A1' for Short-Term from PACRA. The rating agency's assessment, categorized as "Stable," reflects the company's strong creditworthiness and its robust capacity for timely repayment.

## ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Board of Directors has employed an articulate paradigm of internal financial controls, promoting the culture of moral conduct and ethical obligation within the Company's systems and processes. Financial Controls are periodically reviewed to ensure these remain effective and are updated with amendments to any laws and regulations.

## CHANGE IN THE NATURE OF BUSINESS

No significant changes have occurred during the year concerning the nature of the business of the Company.

## FINANCIAL DATA AND GRAPHS

Highlights of the operating/financial data and graphs are presented in this Report.

## CORPORATE GOVERNANCE MATTERS

All matters pertaining to Policy, Board and Governance are addressed in the Corporate Governance Section and considered to be part of the Directors' Report.

## 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.

## FUTURE OUTLOOK

For FY 2024-25, inflation is expected to be around 12%. Growth is projected primarily in the large-scale manufacturing and wholesale and retail trade sectors. However, the performance of large-scale manufacturing, particularly the textile industry, will be crucial. Several factors will influence this sector's growth, including recent changes in export taxation introduced in the Federal Budget for 2024-25. The new tax structure imposes higher income tax rates and a 2% advance tax on export proceeds, which could diminish export competitiveness and increase liquidity risks. Additionally, the removal of zero-rating sales tax on local supplies to registered exporters under the Export Facilitation Scheme (EFS) will necessitate a more cumbersome refund process from the FBR, which is contrary to the original intent of EFS. The potential introduction of new tax measures could also influence inflation trends.

Rising utility tariffs are expected to further strain export competitiveness. The increase in electricity and gas tariffs, combined with the significant depreciation of the rupee in 2022-23, has already impacted profitability. Furthermore, with interest rates at record highs—recently reduced from 22% to 20.5%—the future economic landscape will largely depend on the State Bank of Pakistan's decisions regarding further rate adjustments.

The ability of Pakistan to manage external imbalances, address structural deficiencies, and implement prudent policies will be critical for its long-term economic development. The company expects to continue facing challenges related to inflation and power costs but is committed to overcoming these obstacles by enhancing operational performance. Our focus remains on maintaining financial stability, environmental responsibility, and commercial strength. We are dedicated to collaborating with the government to foster a prosperous, resilient, and sustainable Pakistan, and we anticipate proactive measures that will support industrial growth.

## ACKNOWLEDGMENT

We extend our sincere appreciation to all employees for their hard work and dedication. We also thank our customers for their trust in our products and our bankers for their ongoing support. Our gratitude goes to our shareholders for their continued confidence in the management team.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



**Shahid Anwar Tata**  
Chief Executive Officer



**Adeel Shahid Tata**  
Director

Karachi:

Date: August 09, 2024



## CHAIRMAN'S REVIEW

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual financial statements of the Company for the year ended June 30, 2024. This fiscal year has been marked by unprecedented challenges and economic volatility. Despite these numerous obstacles, our team has demonstrated remarkable resilience and adaptability, navigating through Pakistan's low foreign exchange reserves, escalating energy costs, persistent inflationary pressures, elevated interest rates, and an increased tax burden. These factors, coupled with fluctuating global demand and reduced consumer purchasing power, have significantly impacted our business performance.

Over the years, the Pakistan's economy has shown resilience despite unexpected volatility and uncertainty. Moving forward, it is essential to sustain the reform momentum and focus on policies for securing stability and promoting sustainable growth. Macroeconomic adjustment measures, specifically fiscal consolidation to complement the ongoing monetary tightening and export strategies, will help relieve pressure on the Pak Rupee.

The indigenous organized textile industry is anticipated to face stiff competition due to the capacity expansion of existing plants and changing market dynamics. It is projected that profitability in the next fiscal year may be negatively impacted by increasing utility prices, wages, high finance costs, and the devaluation of the Pak Rupee. Currently, it appears that the corresponding increase in selling prices may not be absorbed by the market. Nevertheless, your management is determined to avail full benefits of any opportunities by continuing to focus on innovation, quality improvement, productivity, and cost optimization.

The Board recognizes that well-defined corporate governance processes are vital in enhancing corporate accountability and is committed to ensuring high standards of corporate governance to preserve and maintain stakeholders' value. The composition of the Board depicts reasonable balance and diversity, including independent directors. The Board possesses the requisite skills, core competencies, and industry knowledge to lead the Company effectively. During the year, the Board performed its duties as required under the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019, effectively and diligently. The Board has confirmed that internal control systems are sound in design and have been effectively implemented and monitored by the Board Audit Committee. The annual evaluation of the performance of the Board as a whole and its committees has been carried out following the requirements of the Regulations to ensure that the Board's overall performance is in line with the developed comprehensive criteria and found its performance satisfactory.

Despite these potential challenges, we remain committed to maintaining the highest quality standards and implementing cost optimization strategies to maximize value for all stakeholders. We will prioritize safety, health, and ethical practices, fostering a corporate culture that emphasizes customer satisfaction, quality, sustainability, and excellence. These efforts are integral to delivering optimum results given the current situation.

In closing, I extend my heartfelt gratitude to our dedicated employees, valued customers, and esteemed shareholders for their unwavering support and trust. Together, we will navigate these challenging times and emerge stronger, poised for sustained growth and success.

Karachi:

Date: August 09, 2024

  
**Mazhar Valjee**  
Chairman



## CEO's Message

Assalam-o-Alaikum,

I trust this message finds you well and in good spirits. In the fiscal year 2023-24, we faced challenges that sparked new avenues for growth. Amid global uncertainties and market fluctuations, TTML has advanced with exceptional determination. Our focus on operational excellence, sustainability, and digital transformation has consistently driven us forward, guiding us through adversity and helping us emerge stronger.

In line with the Company's vision and mission, TTML's management continue to focus on delivering quality products, formulating effective business strategies, and enhancing profitability and growth to achieve overall success. The Company increased its sales in 2023-24 by 31% to Rs. 45.8 billion. Despite an upward trend in both sales volume and price, net profit after tax decreased from 0.75% to net loss after tax of -1.21% in FY 2023-24, mainly impacted by economic slowdown, increase in energy tariffs, minimum wages and finance cost owing to high borrowing rate. Pakistan's economy faced unprecedented challenges during the year, including soaring inflation, energy crises, high borrowing rates. As Pakistan's economy is transitioning into the recovery phase, we are ready to rebound with greater strength in the year ahead.

This year, we successfully implemented Oracle Fusion, an advanced cloud-based ERP system, including Manufacturing module, establishing ourselves as the first in the textile spinning industry to achieve this milestone. We are poised to further invest in Balancing, Modernization, and Replacement (BMR) to boost efficiency and productivity. Our approach to capital expenditure is both strategic and systematic, focusing on energy conservation and sustainability. Each investment is meticulously analyzed to align with our long-term goals.

The Company's business is built on strong ethics, hard work, and concern for others. TTML firmly believes that contribution to our community has, and always will be, a matrix of our success. Each day, we deepen our commitment to addressing global challenges and enhancing our societal impact through adherence to high standards of Environmental, Social, and Governance (ESG) standards. We believe that long-term stakeholder value is achieved by implementing high-quality ESG initiatives. A notable example is the successful commissioning of 4.4 MW solar power projects. Additionally, 3.7 MW solar facility is under-installation which is expected to be commissioned by FY 2025. Our CSR efforts focus on key areas such as education, women's empowerment, health and safety, environmental conservation, and community well-being. For FY 2025, we will continue to prioritize sustainable growth, energy conservation, and health and safety.

As I conclude, I would like to express my gratitude to our valued customers for the steadfast faith they continue to place in us, the management team for their sincere efforts, the Board of Directors for their inspiring leadership and all stakeholders - Bankers, Brokers, Vendors, Associates and Shareholders for helping to build TTML into an exceptional company. I hope that the company enters the new phase of growth with the same values and focus on sustainability that has been our foundation for over five decades. Together, we will continue to pave the way for a brighter future for our Company, our Community and our Planet, In Sha Allah.



**Shahid Anwar Tata**  
Chief Executive





## Director's Profile

### Mr. Mazhar Valjee - Chairman

#### Independent Director

Mr. Mazhar Valjee has been associated with the House of Habib (HOH) where he has served as CEO of Indus Motor Company Ltd, Thal Limited, Pakistan Jute and Synthetics Limited, Habib Metro Pakistan (Pvt) Limited, Makro Habib Pakistan Limited and continues in the role of a group Director.

Outside HOH Mr. Valjee has served as CEO and Country Head of Schneider Electric Pakistan and is currently a Director on the Boards of Pakistan Cables Limited, Dynea Pakistan Ltd, Habib Metro Pakistan Ltd and Tata Best Foods Limited.

He has been an active member of The Indigenization Committee of the Engineering Development Board, the Energy Committee of OICCI, The Pakistan Jute Mills Association, Pakistan German Business Forum, Pakistan France Business Alliance and Young Presidents Organization. His association with Non-Profit organizations includes National Skills University, Family Educational Services Foundation (Deaf Reach), KIRAN Patients Welfare Society and The Hunar Foundation.

Mr. Valjee acquired business education from IBA Karachi and executive education from the Stanford-NUS program and from the Yale School of Management.

He has been on the Board of Tata Textile Mills Ltd since July 24, 2020



### Mr. Shahid Anwar Tata - Chief Executive

Mr. Shahid Anwar Tata holds a Bachelor's degree in Commerce and has been with the family Textile Spinning business since Graduation. He is serving as Director and CEO of Tata Pakistan which comprises of independent public listed spinning mills and a food processing business.

With over 40 years of experience and untiring efforts have helped him to acquire deep insight and expertise in export and manufacturing activities. He has played a key role in making the brand name "TATA" renowned both locally and internationally. Mr. Shahid Tata constantly strives to inspire his team of professionals in embracing modern technology for greater efficiency, and produce quality products, while maintaining fair and equitable dealing towards employees and workers.

He plays an instrumental role in contributing to the textile educational segment of Pakistan by serving on the Board of Governors at the Textile Institute of Pakistan (TIP) and as a Vice Chairman of the National Textile Foundation, Pakistan. (NTF)

Having a strong desire to give back to society, he is actively involved in philanthropy and supports many institutions in the health and education sectors, such as Aga Khan University Hospital, Indus Hospital, The Citizen Foundation, Pakistan, besides several other Welfare & Educational projects. Mr. Shahid Tata's dedication to the Textile Industry, education and Philanthropy showcases his commitment to making a positive impact on society. His leadership at Tata Pakistan has not only led to the success and growth of the Company but also to the development of future generations of textile professionals in Pakistan.

Mr. Shahid Tata is also a Member of the YPO Gold Pakistan which is a leading organization for CEOs worldwide.



### Mr. Tayyeb Afzal - Independent Director

Tayyeb Afzal is an accomplished C-level executive with extensive experience spanning over 45 years across various sectors in geographies. His expertise lies in financial services, manufacturing, and professional services, particularly in the areas of risk governance, leadership, financial management, and strategic planning.



As the first corporate leader in Pakistan to achieve certification in Risk Governance® from the DCRO Institute, Tayyeb has demonstrated a strong commitment to best practices in corporate governance and risk management. His expertise extends to serving as an independent director, business advisor, and mentor to aspiring entrepreneurs, reflecting his dedication to nurturing talent and fostering growth in the business community.

With a reputation for board-level excellence, Tayyeb is widely recognized for his impactful contributions to leading public and private companies in Pakistan. His leadership of audit committees, proficiency in financial optimization, and strategic guidance on initiatives such as IPO planning, M&A, and due diligence underscore his strategic vision and operational acumen.

Having worked in diverse international markets such as the U.K., Canada, and various Middle Eastern countries, Tayyeb brings a global perspective to his roles, leveraging his deep understanding of different cultural contexts and business environments. His experience in external and internal auditing, corporate banking, and equipment leasing further enhances his ability to add value across a spectrum of industries and functional domains.

Tayyeb's professional credentials as a Fellow of the Institute of Chartered Accountants of England & Wales (ICAEW) and a Fellow of The Association of Chartered Certified Accountants (ACCA) of the UK attest to his technical proficiency and commitment to upholding the highest standards of ethical conduct and professional excellence.

In summary, Tayyeb Afzal stands out as a dynamic and visionary leader with a proven track record of driving business success through strategic foresight, analytical thinking, and a deep-seated commitment to fostering organizational growth and innovation. His blend of global experience, industry expertise, and leadership capabilities positions him as a valuable asset to any organization seeking to navigate complex challenges and capitalize on emerging opportunities in today's dynamic business landscape.



## Mr. Farooq Advani - Independent Director

Mr. Farooq Advani brings with him over 49 years of experience in business and financial management in the Textile manufacturing, Power and Food businesses. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICAP).

He worked for thirty years with Tata Pakistan in the areas of Accounts, Corporate Affairs, Sales Tax, Income Tax, HR, IT, Cost & Budget and Insurance. He has also served as the Director on the Board of Listed & unlisted Companies, Company Secretary, Chief Financial Officer, Head of Cost & Budget, Head of Information Technology and Project director of ERP Implementation.



He has Core Competencies in Financial Analysis, Audit Compliance, Internal Control, Operating and working Capital Management, Cash-flow Management and Modeling, Business Valuation, Cross Functional Team Leadership and Decision Making & Risk Analysis.



## Mr. Adeel Shahid Tata - Director

Mr. Adeel Shahid Tata holds an undergraduate degree from the USA and boasts more than 17 years of adeptly overseeing textile enterprises. Infusing the group with a fresh approach to management, he stands out as a dynamic and impassioned professional who revitalizes the business landscape.

Furthermore, Mr. Tata's expertise extends well beyond his academic foundation; he has undertaken a multitude of professional courses spanning supply chain management, cotton administration, risk assessment, creative ideation, and negotiation strategies. Beyond his educational and professional accomplishments, he assumed the pivotal role of Chapter Chair for YPO Pakistan during 2021-2022. YPO is a preeminent global organization catering to CEOs worldwide and Mr. Tata has been an active participant in the organization.



## Mr. Bilal Shahid Tata - Director

Mr. Bilal Shahid Tata is an experienced business leader with a strong academic background. He holds a Master's Degree in Business Administration from Cardiff University, UK, and a bachelor's Degree from Clark University, USA, specializing in Finance.

With over a decade of experience in business management, finance, and strategy, he is the founder and CEO of Tata Best Foods Ltd (TBFL). Under his leadership, TBFL has become a prominent player in the meat processing and export industry in Pakistan. The company operates a state-of-the-art Meat Processing facility and Cattle Feedlot Farm.



One of TBFL's key achievements under his guidance is its leadership in exporting Meat Products from Pakistan. The company is known for its high-quality products and innovative approach to logistics. TBFL pioneered the use of refrigerated containers for exporting Chilled Bone-in Beef and Goat meat to GCC countries, effectively eliminating the need for costly Air Cargo.

Mr. Bilal Shahid Tata's academic excellence, financial expertise, and strategic vision have been instrumental in TBFL's success and its reputation as an industry leader in the field of meat processing and exports.



## Ms. Samar Shahid - Director

Ms. Samar Shahid is a psychologist and mental health counselor holding a Master's Degree in Psychology from Columbia University, New York and Bachelor's degree in Psychology, Education and International Relations from Brandeis University.

She has considerable experience in the field of education and has served with organizations such as the Karachi American School and Haque Academy. She also runs a private clinic serving as a mental health professional. Over the years she has participated in a number of skills training programs which have focused primarily on Human Development and Education. Keen on giving back to the community, she currently chairs the Charity and Donation Committee at Tata Pakistan. Ms. Shahid firmly believes that education and human development are the bedrock of any young, modern and dynamic society.

She has recently joined the Board of Tata Best Foods Limited and has been on the board for Tata Pakistan since 2018.



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

### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Tata Textile Mills Limited (the Company) for the year ended June 30, 2024 in accordance with the requirements of Regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

  
Chartered Accountants

**Place:** Karachi

**Date:** August 26, 2024

**UDIN:** CR2024100573x8pPmnh0

## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: **Tata Textile Mills Limited**

Year ended: **June 30, 2024**

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

The total number of directors are Seven as per the following

- Male: Six
- Female: One

- The composition of the Board is as follows:

	Particulars	Names
i.	Independent Directors	Mr. Mazhar Valjee
		Mr. Tayyeb Afzal
		Mr. Farooq Advani
ii.	Non-Executive Directors	Mr. Bilal Shahid Anwar
		Ms. Samar Shahid
iii.	Executive Directors	Mr. Shahid Anwar (CEO)
		Mr. Adeel Shahid Anwar
iv.	Female Director	Ms. Samar Shahid

The independent director meets the criteria of independence under the Companies Act, 2017 ('Act')

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- The Board has developed a vision/mission statement, overall corporate strategy, and significant policies for the Company. The Board has ensured that a complete record of particulars of significant policies along with their dates of approval or updating is maintained by the company.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording, and circulating minutes of the meeting of the Board.



8. The Board of Directors has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and these Regulations.
9. The Board remained fully compliant with the provision with regard to their directors' training program.
10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations.
11. The Chief Financial Officer and Chief Executive Officer duly endorse the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
- a) Audit Committee
- i. Mr. Tayyeb Afzal Chairman
- ii. Mr. Farooq Advani Member
- iii. Mr. Bilal Shahid Anwar Member
- b) HR and Remuneration Committee
- i. Mr. Mazhar Valjee Chairman
- ii. Mr. Farooq Advani Member
- iii. Mr. Adeel Shahid Anwar Member
- iv. Mr. Bilal Shahid Anwar Member
- v. Ms. Samar Shahid Member
13. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committee for compliance.
14. The frequency of meetings of the committee was as follows:
- a. Audit Committee Quarterly
- b. Human Resource and Remuneration Committee (HRRC) Bi-Annual
15. The Board has set up an effective internal audit function supervised by a qualified Head of Internal Audit who is considered suitably experienced for the purpose and is conversant with the policies and procedures of the company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except, in accordance with the Act, these regulations, or any other regulatory requirement, and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33, and 36 of the Regulations have been complied with; and
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33, and 36 are below:

S.No.	Non-Mandatory Requirement	Reg. No.	Explanation
1.	<b>Nomination Committee;</b> The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29 (1)	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the HRRC.
2.	<b>Risk Management Committee;</b> The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of the effectiveness of risk management procedures and present a report to the Board.	30 (1)	Currently, the board has not constituted a Risk Management Committee and the Company's CEO/CFO performs the requisite functions and apprises the board accordingly.
3.	Companies are also encouraged to arrange training for: i. at least one female executive every year under the Directors' Training program from year July 2020; and ii. at least one head of department every year under the Directors' Training program from July 2022.	19 (3)	The Company has not arranged any training under Directors' Training Program for female executives or head of the department during the year.
4.	Display of code of conduct and role of the Board and its members to address Sustainability Risks and Opportunities;	10	During the year, the Securities and Exchange Commission of Pakistan issued certain amendments (in relation to Regulation 10) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 through its notification dated June 12, 2024. Currently, the management is assessing these amendments and compliance thereof, as applicable, will be performed in due course of time.

**ON BEHALF OF THE BOARD OF DIRECTORS**

  
**Mazhar Valjee**  
Chairman

  
**Shahid Anwar Tata**  
Chief Executive Officer

Karachi:  
Date: August 09, 2024

## CORPORATE GOVERNANCE

### Governance Framework

The main philosophy of business followed by the sponsors of Tata Textile Mills for over five (5) decades has been to create value for all stakeholders through fair and sound business practices, which translates into policies approved by the Board and implemented throughout the Company to enhance the economic and social values of all stakeholders of the Company.

Our Governance strategy is to ensure that the Company follows the direction defined by its Core Values, current regulatory framework, and industry best practices. The Board, discharges its responsibilities as defined by the "Code of Corporate Governance" (CCG), listing requirements of Pakistan Stock Exchange Limited (PSX), and the Corporate Financial Reporting Framework (CFRF) of Securities & Exchange Commission of Pakistan (SECP).

Our approach towards Corporate Governance ensures ethical behavior, transparency, and accountability in all that we do and to attain a fair value for the shareholders.

### Compliance Statement

Living up to its standards, the Board of Directors has, throughout the year 2023-24, complied with the CCG, the listing requirements of the PSX, and the CFRF of SECP. The Directors confirm that the following has been complied with:

- a. The financial statements for the year ended June 30, 2024, present fairly its state of affairs, the results of its operations, cash flows, and changes in equity.
- b. Proper books of accounts of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements for the year ended June 30, 2024, and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements, and any departures therefrom have been disclosed and explained.
- e. The internal control systems are sound in design and have been effectively implemented and monitored.
- f. There are no doubts about the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance as detailed in listing regulations.
- h. There have been no material changes since June 30, 2024, to date of the report and the Company has not entered into any commitment during this period which would have an adverse impact on the financial position of the Company.

### The Board of Directors

The Board of Directors consists of qualified individuals possessing knowledge, experience, and skills in various professions, with the leadership and vision to provide oversight to the company.

The Board is headed by Chairman Mr. Mazhar Valjee, an Independent Director, and out of seven (7) directors, three (3) are independent directors. The current Board composition reflects a good mix of experience, backgrounds, skills, and qualifications. All directors have many years of experience and are fully aware of their duties and responsibilities under the Code of Corporate Governance. Six (6) Directors have acquired the formal Directors Training Certificates, while one (1) director got exemptions from SECP on meeting criteria.

All the directors possess sufficient skills and experience of the Board as described in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

To further its role of providing oversight and strategic guidelines to the company, the Board has formulated the roles and responsibilities of the Chairman and Chief Executive Officer. The Board has constituted two Sub Committees, namely the Board Audit Committee (BAC) which also monitors the risk management of the Company and the Human Resources & Remuneration Committee (HR&RC) which also oversee the sustainability governance of the organization.

The composition, role, and responsibilities of the Committees are clearly defined in their respective Terms of References.

All the Board members are given appropriate documents in advance of each meeting which normally includes a detailed analysis of business and matters, which the Board will be required to make a decision or give its approval. During the year 2023-24, the Board had five (5) meetings. The average attendance of the directors in Board meetings during the year was 86%.

### Evaluation of the Board's Performance

Complying with Listed Companies (Code of Corporate Governance) Regulations, 2019 The Board has approved a formal policy and a process has been put in place for conducting annual performance evaluation of the Board and its committees. The purpose of the evaluation is to ensure that the Board's performance is measured with reference to:

- overall corporate objectives,
- governance structure of the Company,
- statutory and regulatory compliance,
- effectiveness, collaboration, and
- value addition.

The assessment of the board's performance is conducted internally, without the engagement of any external consultants.

Performance evaluation was conducted as per the process approved by the Board for FY 2024, in which all members of the Board participated and provided their feedback. All individual Board members responded the comprehensive questionnaire focused on evaluating, from various angles, whether the Board has discharged its duties diligently and with foresight.

This exercise allows the critical self-assessment to ensure commitment to performance management, to review challenges in the dynamics of the Board and management, to enhance good corporate governance, and to develop appropriate skills, competencies, and motivation on the Board.



## Composition of Board

The current Board composition reflects a good mix of experience, and diversity in backgrounds, skills, and qualifications. All directors have many years of experience and are fully aware of their duties and responsibilities under the Code of Corporate Governance. The composition of the Board is in compliance with the requirements of the Code of Corporate Governance Regulations, 2019 applicable to listed entities which are given below:

### Total Number of Directors

a. Male	6
b. Female	1

### Composition:

i. Independent Directors	3
ii. Executive Directors	2
iii. Female Non-Executive Director	1
iv. Other Non-Executive Director	1

### Election of Board of Directors

The election of directors of your Company was held on October 19, 2023, for the term of three years commencing from October 26, 2023. The following directors have been elected for a period of three Years;

1. Mr. Mazhar Valjee	Independent Director / Chairman
2. Mr. Shahid Anwar	Executive Director / Chief Executive Officer
3. Mr. Adeel Shahid Anwar	Executive Director
4. Mr. Bilal Shahid Anwar	Non-Executive Director
5. Mr. Farooq Advani	Independent Director
6. Mr. Tayyeb Afzal	Independent Director
7. Ms. Samar Shahid	Non-Executive Director

### Justification for Independence of Independent Directors

- Mr. Mazhar Valjee
- Mr. Farooq Advani
- Mr. Tayyeb Afzal

The three elected directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per the requirement of the Companies Act, 2017 and Code of Corporate Governance 2019. Among the independent directors, there is an appropriate mix of individuals to ensure that there is an overall adequate level of knowledge and expertise for independent directors to effectively carry out their roles and functions vis-à-vis the Board and its committees.

### Committees of the Board

Subsequent to the election of the Board of Directors, the Audit and Human Resources & Remuneration Committees were reconstituted. Following are the details of the members of each committee:

#### Audit Committee

1. Mr. Tayyeb Afzal	Chairman
2. Mr. Farooq Advani	Member
3. Mr. Bilal Shahid Anwar	Member

## Human Resource and Remuneration Committee

1. Mr. Mazhar Valjee	Chairman
2. Mr. Farooq Advani	Member
3. Mr. Adeel Shahid Anwar	Member
4. Mr. Bilal Shahid Anwar	Member
5. Ms. Samar Shahid	Member

### Diversity in the Board

The diversity of the Board is essential to the company's strategic growth and resilience. Members bring a wide range of expertise, ensuring that the company benefits from informed decision-making across multiple areas critical to success. This diversity fosters an adaptable and innovative approach, positioning the company to thrive in an ever-evolving business environment.

The Board is comprised of professionals with extensive skills in:

- Business Operations & Corporate Governance
- Global Business Strategy
- Technology & Manufacturing
- Sales & Marketing
- Legal & Risk Management
- Accounting & Finance

These varied competencies ensure that the company's leadership is well-prepared to handle complex challenges across different functions, from operational efficiency to compliance and financial oversight. This diversity of experience strengthens the company's ability to assess opportunities from multiple angles and take well-balanced actions that benefit the organization in the long term.

Additionally, the Board places a strong emphasis on emerging areas such as:

- Digital Transformation
- Environmental Social Governance (ESG)

The focus on digital transformation ensures the company stays ahead in the fast-paced technological landscape, enhancing its operational agility and customer engagement. Similarly, the Board's commitment to ESG principles reinforces the company's dedication to sustainability, responsible governance, and aligning with modern expectations of ethical business practices.

By combining a wide range of skills with a forward-looking approach, the Board's diversity enhances the company's ability to innovate, adapt, and grow sustainably. This diversity in expertise and perspectives supports a comprehensive, well-rounded approach to achieving both short-term objectives and long-term success.

### Decisions Taken by the Board and Delegated to Management

The Company conducts quarterly Board meetings to approve important matters, with urgent decisions addressed via signed circular resolutions. Complying with legal requirements, the Board prioritizes strategic investments, expansion, control, risk management, governance, and policy endorsement.

Delegation to sub-committees and management is followed by careful monitoring in subsequent Board meetings. Meanwhile, day-to-day operational issues and tasks are managed by the executive team, led by the CEO.

### Directors' Training Program (DTP)

The Directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the Companies Act, 2017, and the Regulations of PSX Rule Book.

The Chairman, in collaboration with the Company Secretary and senior management, ensures that the Board members are provided, at all times, with the information necessary for them to effectively discharge their duties and responsibilities.

Out of seven directors, one director meets the exemption requirement of the Directors' Training Program and six directors have obtained the Directors' Training Program certification in prior years.

### Orientation Courses

The company follows a practice of conducting orientation sessions for its directors, aimed at familiarizing them with relevant laws, regulations, and their roles and duties. This enables directors to proficiently oversee the company's operations on behalf of its shareholders.

### External Oversight of Functions

Our company ensures that all its functions run smoothly and effectively through regular monitoring, benchmarking, and goal assessments. This includes:

- The Internal Audit department reviews all processes and functions regularly.
- Evaluating Manufacturing processes according to industry best practices.
- Periodic reviews of Information Systems and network security conducted by both internal and external auditors.

### Detail of Share Trading

The Chief Executive, Directors, Chief Financial Officer, Company Secretary, Head of Internal Audit, other Executives and their spouse(s), and minor children did not carry out any transaction in the shares of the company during the year.

### Roles and Responsibilities of the Chairman

The Chairman of the Board manages and provides leadership to the Board of Directors of the Company. He is accountable to the Board and acts as a direct link between the Board and the Company's management facilitated through the Chief Executive Officer. Additionally, He communicates Board decisions when appropriate, ensuring compliance with relevant laws, the Code of Corporate Governance, Listing Regulations, and other applicable regulations.

Roles and Responsibilities of the Chairman includes:

- issuing letters to directors outlining their roles, obligations, powers, and responsibilities, along with remuneration and entitlements, following the commencement of each director's term, in alignment with the Act and the company's Articles of Association;
- leading the board, ensuring its effective performance in fulfilling responsibilities;
- providing a review report in annual financial statement, evaluating the company's overall performance and the board's effectiveness in achieving objectives; and
- providing guarantee that board meeting minutes adhere to the requirements of Sections 178 and 179 of the Act.

### Roles and Responsibilities of the Chief Executive (CEO)

The Chief Executive (CEO) leads the development and execution of the Company's long-term strategy, guided by the Board of Directors, to enhance shareholder value. He oversees day-to-day management decisions and ensures the Company's objectives are carried out as directed by the Board. Serving as a link between the Board and Management, the CEO communicates on behalf of the Management.

Roles and Responsibilities of the CEO includes:

- being primarily accountable for managing the Company and its procedures, especially in financial matters, under the supervision of the Board, in accordance with the Companies Act, 2017; and
- implementing Board-approved strategies and policies, efficiently safeguarding resources, and ensuring statutory compliance;

Accordingly, all Business and Functional heads, report directly or indirectly to the CEO. The CEO also represents the Company's aims and policies to the concerned authorities and stakeholders.

### Chief Financial Officer (CFO), Company Secretary, and the Head of Internal Audit

The Chief Financial Officer (CFO), Company Secretary, and Head of Internal Audit possess the requisite qualifications and experience as prescribed in the Code of Corporate Governance and the Companies Act, 2017.

The appointment, remuneration, and terms & conditions of employment of the CFO, the Company Secretary, and the Head of Internal Audit (on recommendation of the Board Audit Committee) were determined by the Board of Directors. The removal of the CFO and Company Secretary whenever applicable is made with the approval of the Board of Directors.

### Business Philosophy & Best Corporate Practice

At TTML, we believe in ethical practices, sustainable manufacturing processes, transparent reporting to the shareholders, and the best practices of Corporate Governance to ensure success and better results for all stakeholders.



The Board members actively participate in the meetings to provide guidance concerning the company's business activities, and operational plans, review corporate operations, and formulate and review all significant policies. The Board firmly adheres to the best ethical practices and fully recognizes its responsibilities for the protection and efficient utilization of company assets for legitimate business objectives and compliance with laws and regulations.

The Chairman ensures that the discussions held during the Board meetings and the consequent decisions arising are duly recorded and circulated to all the directors within 14 days. The CFO and the Company Secretary attend all the meetings of the Board as required by the Code of Corporate Governance. All periodic financial statements and other working papers for the consideration of the Board/ Committees are circulated to the directors well before the meetings so as to give sufficient time for the directors to make decisions on an informed basis.

This year the Board has held five (5) meetings, agendas of which were duly circulated at least a week before the meetings.

### **Timely Communication of Financial Results**

The quarterly unaudited financial statements and the half-yearly financial statements (reviewed by the Auditors) were duly circulated within thirty (30) days and sixty (60) days respectively along with the Directors' Review Report. Annual Financial Statements, Board of Directors' Reports, Auditors' Reports, and other statutory statements and information are being circulated for consideration and approval by the shareholders within the time limit as defined in the Companies Act, 2017.

Periodic financial statements of the Company, duly endorsed by the CEO and the CFO, are circulated to Directors. Half-yearly and annual accounts are initialed by the external auditors before presenting them to the Audit Committee and the Board of Directors for approval.

### **Risk & Opportunity Management**

Management periodically reviews major strategic, financial and operating risks faced by the business. The Company's financial performance during the year was encouraging as compared to last year on account of uncertainties and, going forward into the new year the Company also needs to remain vigilant for uncertainties created by risk factors resulting economic and political instability of the company, rising cost of energy, high-interest rates adversity, cotton price volatility, exchange rate volatility and risk of global supply chain disruption that could have an impact on the future financial results of the Company.

### **Internal Control Framework**

The Board of Directors recognizes that the establishment of a sound system of risk oversight and management and internal control is a fundamental requirement of good corporate governance. Accordingly, effective and efficient system of Internal Controls has been established, which is monitored by the Board Audit Committee.

The Company has posted a qualified employee as Head of Internal Audit, who is being assisted by in-house executives to carry out the Internal Control functions.

The Company has placed an explicit internal control framework with clear structures, authority limits, accountabilities, well-defined policies, and detailed procedures, enabling the Audit Committee and the Board to have a clear understanding of risk areas and to place effective controls to mitigate these risks.

### **Sustainability Measures**

All aspects of sustainability including efficient operational procedures, effective internal controls, ethical behavior, and energy conservation are an integral part of our business model. At TTML, we also believe that employees are most critical in the progress, growth, and sustainability of any organization.

Our role as corporate citizens is as important to us as the satisfaction of our customers and earning a fair return for our shareholders. We are committed to working for the betterment and prosperity of our stakeholders. Management has endeavored to provide a safe and healthy work atmosphere by adopting practices and creating working conditions that are safe and healthy for our employees, vendors, contractors, suppliers, and customers.

### **Engaging Stakeholders & Transparency**

The development of stakeholders' relationships is of significant importance for us. Building "stakeholder engagement" and compliance with regulatory requirements and terms and conditions are one of the main business principles by which we abide. To bring an accurate understanding of the company's management policies and business activities to all its stakeholders, we strive to make full disclosure of all material information to all stakeholders through various announcements on its website, to the Stock Exchange, and other sources available to help investors to make informed decisions.

We encourage full participation of the members in the Annual General Meetings by sending corporate results and sufficient information following the prescribed timeline so as to enable the shareholders to participate on an informed basis. While increasing management transparency, we aim to strengthen our relationships and trust with shareholders and investors.

Our stakeholders include but are not limited to customers, employees, government, shareholders, suppliers, local communities, and bankers.

### **Issues Raised at Last AGM**

While general clarifications were sought by shareholders on company-published financial statements during the 37th Annual General Meeting of the Company held on October 19, 2023, no significant issues were raised.

### **Presence of the Board Audit Committee Chairman at the AGM**

The Chairman of the Board Audit Committee attended the Annual General Meeting of the Company for the year 2023 held on October 19, 2023, to answer shareholders' concerns/questions/queries, if any, on the audit committee's scope, roles, and responsibilities. During the meeting, no significant issues were raised.

### **Pattern of Shareholding**

A statement on the pattern of shareholding along with categories of shareholders, where disclosure is required under the reporting framework and the statement of shares held by the directors and executives as of June 30, 2024, is annexed.

## Mechanism for Providing Information and Recommendations to the Board

### Formal Reporting Line

The current organization/structure of the Company consists of various departments and divisions, each of which is led by a divisional head. These divisional heads are responsible for their respective divisions and the Board can then have access to them.

### Employees

At TTML, employees are encouraged to express their views and forward their suggestions. We follow an open-door policy and employees are free to send emails, phone, or even talk directly to the CEO. The employees can give suggestions, share their grievances and concerns or raise any matter related to the Company. In case the matter is of a significant nature, the same is addressed in the meetings of the Managing Committee, the Board of Directors, or the relevant Board Committees. The Company also has a Policy on Protection against Harassment at the Workplace to enable employees to raise serious concerns to the management regarding the business or Company without fear and repercussions.

The CEO meets all departmental and divisional heads on a frequent basis through which they are provided an opportunity to express their concerns and suggestions directly to the CEO. These meetings are aimed at capturing free and first-hand suggestions.

### Shareholders

Every year the Annual General Meeting of shareholders is held in accordance with the requirements of the Companies Act, 2017 which is attended by the Board, CEO, Company Secretary, CFO, and the senior management of the Company. The interactive session with the shareholders allows the shareholders to ask questions on financial, economic, social, and other issues and also give suggestions and recommendations. The CEO responds to all the questions.

The Company has also provided contact details of relevant personnel for general and specific queries on its website.

## DISCLOSURES ON BOARD'S POLICIES

### Related Party Transactions Policy

In line with SECP regulations and the Companies Act, 2017 for Related Party Transactions, the Company has a Related Parties Transaction Policy that has been approved by the Board. The Company maintains proper records of all transactions with related parties and discloses the relevant details in its financial statements. All related party transactions are reviewed and approved by the Audit Committee and the Board.

The Company enters into transactions with related parties in the ordinary course of business on an arm's length basis, otherwise subject to the approval of shareholders.

The detailed disclosure regarding transactions with related parties has been disclosed in note 39 of the financial statements.

### Director's Interest in Significant Contracts / Managing Conflict of Interest

As per the Code of Corporate Governance, the Company communicates the Code of Conduct to all employees and Directors. Further, the Directors and key employees are reminded of insider trading and to avoid dealing in shares during closed periods.

Every Director is required to bring to the attention of the Board complete details regarding any material transaction that has a conflict of interest for prior approval of the Board. The interested Directors neither participate in discussions nor vote on such matters. The complete details of all transactions with related parties are provided to the Board for approval. These transactions are also fully disclosed in the annual financial statement of the Company.

### Governance of Risk And Internal Controls

The Company has a well-structured risk management approach aimed at evaluating and mitigating risks to minimize their impact on the company's long-term goals and business strategy. Regular risk assessments help understand key risks, assign responsibilities for addressing them, and take necessary actions. We seamlessly integrate our significant concerns and main risks into our business planning.

The Board oversees risk management and sets our risk tolerance by establishing policies. This ensures that the management maintains a strong system to identify and handle risks, along with the necessary controls to protect company assets, resources, reputation, and shareholder interests. Recognizing the importance of effective internal controls in operations, reporting, and compliance, we've implemented a sound internal control system across the organization.

### Diversity Policy

The Company is committed to a diverse and inclusive workplace. We believe that a diverse workforce is a stronger workforce, and we are committed to creating an environment where everyone feels welcome, respected, and valued.

We provide equal opportunity to all job applicants, regardless of their age, gender, race, ethnicity, religion, ability, or any other personal characteristic. We have a zero-tolerance policy for harassment of any kind, and we are committed to creating a safe and respectful workplace for all employees.

We believe that diversity is one of our core values, and we are committed to promoting it in all aspects of our business. We encourage collaboration and communication among our employees, and we value the different perspectives that each person brings to the table.

We are committed to continuing our work to promote diversity and inclusion in the workplace. We believe that a diverse and inclusive workplace is a better workplace for everyone.

### Remuneration Policy of Non-Executive and Independent Directors

Through the Articles of the Company, the Board of Directors is authorized to fix the remuneration of the Directors. In this regard, the Board of Directors have developed a comprehensive Remuneration Policy for Non-executive and Independent Directors of the Company in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Non-executive directors including the independent director are entitled only to a fee for attending meetings of the Board of Directors or its Committees, General Meeting and / or business of the Company, as determined and approved by the Board of Directors from time to time. A Director shall also be provided or reimbursed for all traveling, hotel, and other expenses incurred by him for attending meetings of the Board or its Committees or General Meetings of the Company.

### Retention of Board Fees by the Executive Director in Other Companies

Executive Director of the Company may serve as Non-Executive Director on the board of any other Company by virtue of the Companies Act, 2017. Fees paid by any other Company in compliance with the remuneration policy of the respective Company, approved by the Board of Directors may be retained by the Executive Director in lieu of services rendered as Non-Executive Director.

### Security Clearance of Foreign Directors

The company does not have any foreign directors on board, so there was no need for security clearance.

### Board Meetings Held Outside Pakistan

The Board of Directors of the Company has not held any meetings abroad since all of its directors are based in Pakistan.

### Human Resource Management & Succession Plan

Our Human Resource Management (HRM) aims to use people effectively to meet both individual and company goals. This includes hiring employees and managing payroll. The Head of HR and CEO/COO are responsible for managing HR.



Our HR policy values adaptability, innovation, and accountability. It ensures equal opportunities, merit-based decisions and discouraging hiring relatives. We focus on staff development and succession planning. The promotions and rewards are awarded through a performance-based appraisal systems keeps the employee motivated. The policy is regularly reviewed by the HR head and approved by the Chief Executive for changes.

### Operational Policies

At TTML, we prioritize proper and fair transactions, strict adherence to laws, environmental preservation, ensuring zero harmful emissions and stringent waste management practices, respect for human rights, and continuous improvements in quality. These principles guide our corporate responsibility initiatives across procurement, purchasing, and distribution.

To support these commitments, we have established well-defined policies and procedures, which are communicated to all stakeholders. Compliance with these policies and procedures is ensured through continuous audits.

### Investors' Relationship and Grievances and Communication with Stakeholders' Policy

Tata Textile Mills Ltd. is committed to building and maintaining trustful relationships with its stakeholders, including shareholders and investors. In line with this commitment, The Company has an "Investor Relation Policy" that recognizes the importance of timely and fair disclosure of all material information to stakeholders and sets out principles for providing shareholders and prospective investors to allow them to make well-informed investment decisions and ensure a level playing field.

Investor grievances and complaints are very important and are properly reviewed to minimize the recurrence of similar issues in the future. The following principles are adhered to with regard to investor grievances:

- a. Investors are treated fairly at all times.
- b. Complaints raised are dealt with in a courteous and timely manner.
- c. Various modes of communication like email, telephone, meetings, and raising matters at the Annual General Meeting are available to investors.
- d. Queries and complaints are treated fairly and efficiently.
- e. Employees work in good faith and without prejudice toward the interest of the Company.
- f. Detailed company information regarding financial highlights, investor information, and other requisite information specified under the relevant regulations has been placed on the corporate website of the company which is updated on a regular basis.

### Dividend Policy

The general dividend philosophy of the Company is to maximize shareholder dividends from its Profit after Tax (PAT). The Company shall distribute at least 30% of PAT unless there is justification presented by the CEO for a lower distribution.

However, due to higher costs of raw materials, power, labor and other conversion expenses coupled with a substantial increase in finance charges, the company has a loss of Rs. 554 million after tax and loss of Rs. 9.89 per share. Therefore, the Board of Directors has decided not to recommend dividend for the financial year ended 2024.

### Employee Health, Safety, and Protection Policy

Our company is committed to safeguarding a healthy environment for everyone. At TTML, we comply with all environmental standards and our production practices conform to international standards and good manufacturing practices. Our processes and controls are agile and sustainable, ensuring that we do not compromise on quality and safety for our employees. We have also installed an RO water plant within the premises of the factory to provide clean water and sanitation for our entire workforce.

### Whistleblowing Policy

The Company is committed to doing business in an ethical and compliant manner. For this purpose, the Company has implemented a whistleblower policy to encourage the employees and other parties (customers and vendors, etc.) to report without any fear of retaliation, unethical behavior, malpractices, wrongful conduct, fraud, violation of the company's policies & values, violation of law by any employee.

### Safety of Company Records

Tata Textile Mills has a proper "Document & Record Control Policy" for retaining, maintaining, and retrieving administrative control of all documents and data that relate to the Company and has taken the following concrete measures to ensure the safety/security of the records. All important documents such as minutes and proceedings of the Board & its sub-committees, annual general meetings, statutory certificates, title documents of the company's property, and all other important communications and records are kept in a secure safe. All other important accounting records are outsourced to a record management company.

### Information Technology (I.T) Policy

A well-defined Information Technology Policy is in place to help achieve efficient and effective use of I.T resources for the company so as to establish priorities, strategy delivery, increase productivity and deliver the right services to users.

The I.T. Steering Committee comprises of CEO, two Directors, CFO, and CIO (Chief Information Officer) who are responsible for making major I.T. decisions. The CIO is responsible for ensuring communication of I.T. security policies to all users of the Company. Further, Internal Audit is responsible for monitoring compliance with I.T. policies. The Policy on Information Technology is focused on information security, human resource security, access control, information system acquisition development and maintenance, business continuity management, incident management, website, and Oracle Fusion-ERP.

### Review by the Board on the Business Continuity or Disaster Recovery Plan

The Board of Directors oversees the Company's up-to-date Business Continuity and Disaster Recovery plan, which is crucial for the efficient functioning of systems and servers, and to prevent unexpected issues. For Disaster Recovery Planning, we've adopted an effective strategy to minimize and manage information security risks, ensuring a swift transition to backup operations and a prompt return to normalcy in the data center after a disaster. This planning guarantees that vital functions continue with minimal disruption post-disaster.

In terms of Business Continuity Planning, we've dedicated significant efforts to maintain seamless business operations. The Company has Business Continuity Plans (BCP) in place which is also being reviewed and updated as per evolving industry standards and emerging risks to ensure ongoing business needs and preparedness to safeguard the organization and its resources, guaranteeing minimal disruption in case of unforeseen events by ensuring the availability of critical business functions.

## BOARD'S DISCLOSURE ON COMPANY'S USE OF ENTERPRISE RESOURCE PLANNING (ERP) SOFTWARE

### Integration the Function of Core Business Processes

#### BOARD'S DISCLOSURE ON COMPANY'S USE OF ENTERPRISE RESOURCE PLANNING (ERP) SOFTWARE

TTML continues to lead in adopting advanced technology by migrating its Oracle E-Business Suite ERP to the cloud-based Oracle Fusion. The implementation was successfully completed, and the following core applications are now fully operational at TTML:

- Accounts Payable
- Accounts Receivables
- General Ledger
- Cash Management
- Order Management
- Inventory
- Procurement
- Budgeting Control
- Enterprise Assets Management (EAM)
- Manufacturing module

These core applications and newly implemented modules have enabled TTML to integrate its various business operations seamlessly and enhance business reporting with real-time information. This integration has led to informed and timely decision-making and created synergies across departments.

#### Management Support in Implementation, Continuous Updates, and User Training of ERP Software

The IT Steering Committee remains vital in keeping our organization technologically advanced and efficient. They continually introduce new initiatives to improve processes and controls, employing a standardized application lifecycle management process for holistic implementation. The committee oversees the entire process chain, ensuring business process owners evaluate risks associated with upgrades, impacting both ERP systems and overall business activities.

To ensure the effective use of our core applications, the IT management team incorporates user feedback and industry best practices into ERP development. This year, our focus is towards developing dashboards for enhanced reporting purposes. Additionally, we conduct regular in-house training sessions to provide strategic user training and ensure smooth adoption of ERP functionalities.

#### ERP Project Control and Risk Management

The IT team continues to proactively manage and mitigate control risks associated with ERP systems in the company. They diligently identify, assess, and mitigate risks in a timely manner. To ensure system integrity, independent system audits are conducted regularly. Any issues identified during these audits are promptly addressed and rectified.

To maintain a controlled environment, access to sensitive information and segregation of duties are strictly enforced. We have a comprehensive policy that requires multiple levels of approval from senior management and the IT compliance department for any user rights requests. This ensures that our ERP systems remain secure and compliant with regulatory standards.

## Report of the Board Audit Committee on Adherence to the Code of Corporate Governance 2019

The members of the Audit Committee are pleased to present their report to the shareholders for the year ended June 30, 2024.

The Composition of the Board is as mentioned in the table below:

Name of Director as a Director	Status in Committee Status	Status as a Director
Mr. Tayyeb Afzal	Chairman Audit Committee	Independent Director
Mr. Farooq Advani	Member	Independent Director
Mr. Bilal Tata	Member	Non-Executive Director

#### Profile of BAC Members

Tayyeb Afzal is an accomplished C-Level executive with extensive experience spanning over 45 years across various sectors in geographies. His expertise lies in financial services, manufacturing and professional services, particularly in the areas of risk governance, leadership, financial management, and strategic planning.

Tayyeb's profession credentials as the Fellow of the Institute of Chartered Accountants of England & Wales (ICAEW) and the Fellow the Association of the Chartered Certified Accountants (ACCA) of the UK attest to his technical proficiency and commitment to upholding the highest standards of ethical conduct and professional excellence.

Mr. Farooq Advani is a seasoned professional having experience around five decades of business and financial management in the Textile manufacturing, Power and Food businesses. He is a Fellow Member of Institute of Chartered Accountant of Pakistan (ICAP).

Mr. Bilal Shahid Tata holds a Master's Degree in Business Administration from Cardiff University, UK and a Bachelor's Degree from Clark University, USA. He has more than 10 years of experience in Business Management and is well versed in finance and strategy. He is currently serving as a CEO of Tata Best Foods Limited, which is operating a Modern Meat Processing facility and Cattle Feedlot Farm. Tata Best Foods Ltd is one of the leading exporters of Meat Products from Pakistan

#### Meetings of the Board Audit Committee

The Committee met four (4) times during the year, quarterly meetings were held primarily to review and recommend interim and annual financial statements to the Board of Directors (Board) for its considerations and approval.

The Chief Executive Officer and Chief Financial Officer of the Company attend the Committee meetings upon invitation. Internal auditors are present at all Committee meetings, while the attendance of External Auditors is based on the specific requirements of the meetings.



The secretary of the Committee / head of internal audit circulates either minutes or synopsis of meetings to all members, directors, head of internal audit and where required to CFO prior to the next meeting of the Board. The Chairman provides updates of all significant matters discussed in the meeting to the Board.

### Financial Statements

The Committee has concluded its annual review, of the conduct and operations of the Company during the year ended June 30, 2024, and reports that:

- The financial statements of the Company for the year ended June 30, 2024 have been prepared on a going concern basis under requirements of Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- In line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP, the Auditors have issued unmodified audit reports in respect of the above financial statements for the year 2024.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.
- The Committee reviewed quarterly, half-yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.
- Accounting estimates are based on reasonable and prudent judgment.
- The Company in accordance with the Companies Act, 2017, has maintained proper and adequate accounting records and the external reporting is consistent with management process and adequate for shareholders' needs.
- The Chief Executive Officer, Director and the Chief Financial Officer have endorsed the financial statements of the Company, while the Chief Executive Officer and Director have signed the Directors' Report. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations, applicable accounting standards, establishment, and maintenance of internal controls and systems of the Company.
- The Committee has reviewed all related party transactions prior to approval by the Board.
- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- Trading and holdings of Company's shares by Directors and executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholding.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive Officer and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

### Risk Management and Internal Controls

- The Company has developed a sound mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.
- The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function, which is duly reviewed by the Committee for effectiveness.
- The Internal Audit department is responsible for monitoring of compliance, inherent and other risks associated with the internal controls and other areas of operations of the Company.
- The Company's approach towards risk management and types and detail of risks along with mitigating measures are disclosed in relevant section of the Annual Report.

### Internal Audit

- The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.
  - The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders' wealth at all levels within the Company.
  - The Internal Audit department has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal audit findings, took appropriate action or brought the matters to the Board's attention where required.
  - Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
  - The Head of Internal Audit has direct access to the Chairman of the Audit Committee. At year-end meeting, the Committee met HOIA without the presence of the management. The management supported internal audit activities and provided all the required information on timely basis in a transparent manner.
- The recommendations of the internal auditors were agreed for implementation in due course of time and there was no point of conflict between the management and the internal auditors.
- The Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
  - Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

### External Auditors

- The statutory auditors of the Company, M/s. Yousuf Adil, Chartered Accountants, have completed the audit of financial statements of the Company for the year ended June 30, 2024 and review of the "Statement of Compliance with the Code of Corporate Governance" for the year ended June 30, 2024 and shall retire on the conclusion of the 38th Annual General Meeting.

- The Audit Committee has discussed the audit process and the observation, if any, of the External Auditors regarding the preparation of the financial statements including compliance with the applicable regulations or any other issues.
- The External Auditors attended all the Audit Committee meetings where their reports were discussed. At year-end meeting, the Committee met the External Auditors without the presence of the management. The Committee discussed the audit process and any observation identified during audit of the financial statements and checking compliance with the applicable regulations or any other issues.
- The External Auditors also attended General Meetings of the Company during the year and have confirmed attendance of the 38th Annual General Meeting scheduled for Oct 22, 2024. The Auditors have also indicated their willingness to continue as auditors.
- The External Auditors do not provide any services other than external audit of the Company. The audit firm has no financial or other relationship of any kind with the Company except that of External Auditors.
- Being eligible, M/s. Yousuf Adil, Chartered Accountants have offered themselves to be re-appointed as auditors for the financial year 2024-2025. The Committee being satisfied with the performance of external auditors has recommend them to the Board for reappointment for the year ending June 30, 2025.

### Annual Report 2024

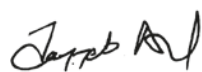
- The Company has issued a very comprehensive Annual Report which besides presentation of the financial statements and the Directors' Reports of the Company, also discloses other information much in excess of the regulatory requirements to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholder of the Company.
- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Annual Report 2024 gives a detailed view of how the Company evolved, its state of affairs and future prospects.

### The Audit Committee

- The Audit Committee believes that it has carried out responsibilities to the full, in accordance with terms of reference approved by the Board, which included principally the items mentioned above and the actions taken by the Audit Committee in respect of each of these responsibilities. Evaluation of the Board performance, which also included members of the Audit Committee was carried out separately.

### Whistle Blowing

- The Company has approved the whistle blowing policy in place & during the year there was no instance which was reported to the Audit Committee.



**Tayyeb Afzal**

Chairman

Board Audit Committee

Karachi:

Date: August 07, 2024

## TERMS OF REFERENCE OF COMMITTEES OF THE BOARD

The Board of Directors have constituted Audit Committee and Human Resource and Remuneration Committee to work under its guidance. Details about the composition and terms of reference of both committees are as under:

### AUDIT COMMITTEE:

Mr. Tayyeb Afzal	Chairman (Independent)
Mr. Farooq Advani	Member (Independent)
Mr. Bilal Shahid Anwar	Member (Non-Executive)

The committee consists of three members, including two independent directors, one of them also serves as the chairman.

### Purpose and Independence

The BAC's primary objective is to adhere to the Listed Companies (Code of Corporate Governance) Regulations, 2019, and carry out tasks assigned by the Board accordingly. These responsibilities encompass reviewing and advising on financial policies and reports, ensuring the Company's financial practices align with these regulations, and investigating any financial matters that arise.

### Meeting

The BAC meets at least once every quarter of each financial year. The secretary of BAC calls meetings at the request of the BAC chairman, the external auditors, or the head of internal audit. Unless all BAC members unanimously agree otherwise in writing, each member of the BAC and any other person required to attend will receive notice of each meeting confirming the venue, time, date, and agenda of items to be discussed no later than seven calendar days before the meeting.

### Quorum of Meetings

A minimum of two (2) members must be present to constitute a quorum. If the Chairman of the BAC is unavailable for a valid reason, another member of the BAC may lead the meeting with the consensus of the committee.

### Minutes of Meeting

The BAC Secretary shall circulate the draft minutes of the meeting to all BAC members, the Head of Internal Audit, and the CFO within seven (7) calendar days of the meeting. The final minutes shall be circulated within fourteen (14) calendar days of the meeting. If this is not practicable, the BAC Chairman shall communicate a synopsis of the proceedings to the Board, which shall be prepared by the BAC Secretary. The minutes of the BAC meeting shall be approved by the Chairman of the next BAC meeting.

### Terms of Reference

#### a) Financial Reporting

- Oversee the preparation of financial statements and disclosures that are in accordance with applicable laws and regulations and reasonably portray the company's financial condition, results of operations, plans, and long-term commitments.
- Review the annual financial statements of the company prior to their approval by the board, focusing on:



- Major judgmental areas
- Significant adjustments resulting from the audit
- The going concern assumptions
- Any changes in accounting policies and practices
- Compliance with applicable accounting standards
- Compliance with statutory and regulatory requirements
- All related party transactions
- Determine the company's compliance with relevant statutory requirements.
- Review the external auditors' opinion on the financial statements of the company.
- Review management letters issued by external auditors and the management responses thereto.

#### b) Oversight of Controls

- Understand the company's system of internal control and control process.
- Review material findings of audit and ascertain that the internal control system, including financial controls, accounting system, and reporting structure, are adequate and effective.
- Review the company's statement on internal controls prior to endorsement by the board and internal audit reports.

#### c) Internal Audit

- The BAC has oversight of the internal audit function.
- The Head of Internal Audit reports to the BAC and has direct access to the Chairman of the BAC and its members.
- The BAC reviews the scope and extent of internal audit and ensures that it has adequate resources and is appropriately placed within the company.
- The BAC approves the internal audit plan and ensures that it is aligned with the BAC's own goals and objectives.
- The BAC reviews the results of internal audits and considers any major findings or recommendations.
- The BAC may advise internal audit department to perform investigations or other services in matters of concern to the BAC.
- The BAC considers any other issue or matter as may be assigned by the Board.

### HUMAN RESOURCE & REMUNERATION COMMITTEE (HR&RC):

1. Mr. Mazhar Valjee	Chairman	Chairman (Independent)
2. Mr. Adeel Shahid Anwar		Member
3. Mr. Bilal Shahid Anwar		Member (Non-Executive)
4. Mr. Farooq Advani		Member (Independent)
5. Ms. Samar Shahid		Member (Non-Executive)

The Human Resource and Remuneration Committee (HR&RC) is constituted by the Board of Directors. It is comprised of five members, with a majority being non-executive directors. There are two Independent Directors including the Chairman.

#### Meeting

The HR&RC met in a financial year and may meet more often if requested by a member of the Board, the committee itself, or the CEO. The HR head or any other person appointed by the Board may act as the Secretary of the committee.

The committee member do not participate in the proceedings of the committee when an agenda item relating to his/her performance or review, or renewal of the terms and conditions of his/her service comes up for consideration.

#### Terms of Reference

- Recommends to the board a policy framework for determining remuneration of directors and senior management.
- Undertakes an annual formal process of evaluating the performance of the board as a whole and its committees.
- Recommends human resource management policies to the board.
- Evaluates the performance of the executive officer and reviews the company's management succession plan.
- Recommending to the Board the selection, evaluation, compensation, development (including retirement benefits) and succession planning of the CEO, Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit.
- Employee reward and performance management.
- Consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer.
- Oversees employee development by monitoring HR aspects of organizational learning and development.
- Ensures that the performance management system is achieving its objectives of fairly rewarding employee performance and is in line with company objectives.
- Has authority to discuss any relevant matters with management and to request appropriate reports, explanations, and/or activity modifications.
- May delegate its authority to the chairman or any other member of the committee when it deems appropriate and in the best interest of the company.
- Oversee sustainability governance, setting strategies, priorities, and targets for long-term value creation while ensuring compliance with ESG guidelines.

## Detail of Board and its Committee Meetings

During the year under review, five (5) Board of Directors Meetings, four (4) Audit Committee Meetings and two (2) Human Resource & Remuneration Committee meetings were held. The attendance of the directors is as follows:

Name of Director	Number of Meeting Attended		
	Board Meeting	Audit Committee	Human Resource & Remuneration Committee
Mr. Mazhar Valjee	5	N/A	2
Mr. Shahid Anwar	5	N/A	N/A
Mr. Adeel Shahid Anwar	4	N/A	2
Mr. Bilal Shahid Anwar	4	1	2
Mr. Farooq Advani	5	4	2
Mr. Tayeb Afzal	5	4	N/A
Ms. Samar Shahid	3	N/A	2
Ms. Saiqa Shahid*	1	N/A	N/A
Ms. Shahbano Hameed*	-	N/A	N/A

\*Retired from the Board on completion of the term on October 19, 2023.

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

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## ANALYSIS ON FINANCIAL & NON-FINANCIAL PERFORMANCE

### FINANCIAL PERFORMANCE

#### 1. Financial Performance in Comparison with Prior Year

During the year the Company has successfully managed to post a healthy net revenue of Rs. 45.83 billion which is higher as compared to Rs. 34.91 billion turnovers attained last year, primarily due to 27% acceleration in sales volume. Moreover, on the cost front, the Company has faced multiple challenges from rising raw material prices and energy tariffs, inflationary impacts on key cost components and high interest rates, global supply chain challenges and high fuel prices. The Company recorded a net loss after tax of Rs. 554 million in this year as compared to net profit of Rs. 260.5 million recorded in the prior year. The Company recorded a decline in the gross profit margin to 7.3% as compared to 12.2% last year whereas, the net profit margins squeezed to -1.21% this FY as compared to the net profit margin of 0.75% last year.

A comprehensive analysis of the Company's financial performance in comparison to the prior year has been reported in the 'Financial performance' section of Directors' Report. Further details can also be viewed in the 'Horizontal / Vertical' section Analysis of this Annual Report.

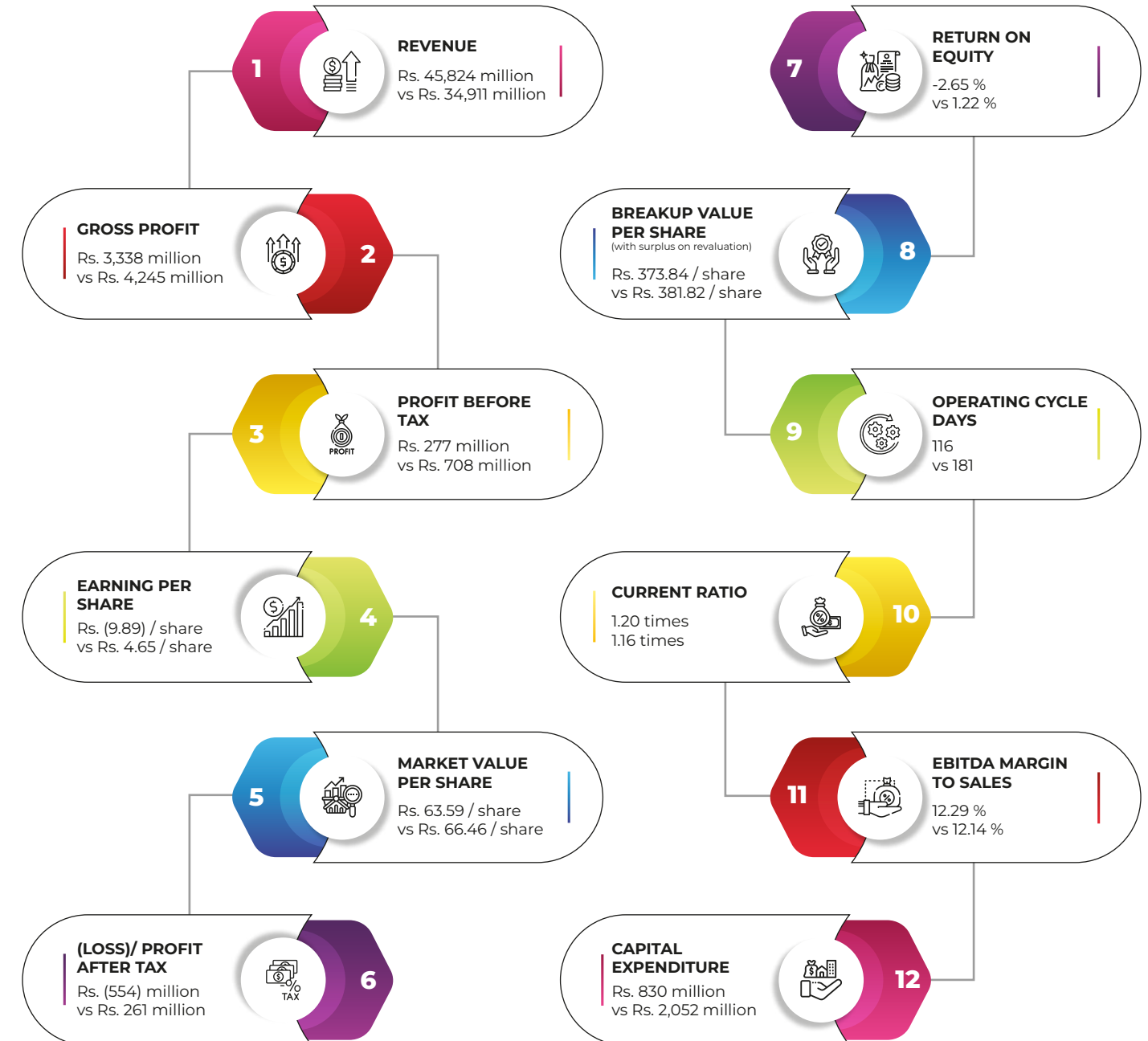
#### 2. Financial Performance in Comparison with Budget

The management firmly follows the practice of preparation & monitoring of annual and quarterly budgets to ensure that the financial, operational, and capital strategies that were developed and approved for execution as part of the budget process are coming together as planned. After execution, budgets are thoroughly examined to poster accountability related to expenditure. Moreover, this systematic & detailed monitoring exercise allows the management to assess the need for any remedial action, ensure new initiatives are delivering anticipated improvement and gather more insights that may impact forthcoming undertakings.

## FINANCIAL KPI

Key Performance Indicator is a measurable value that demonstrates how effectively and efficiently the company is achieving key business objectives. The company employs KPIs at multiple points to gauge their success at reaching targets. The KPIs evaluated to measure achievement against objectives has been detailed below:

### KEY FINANCIAL HIGHLIGHTS (2024 vs 2023)



## NON-FINANCIAL KPI

### HUMAN CAPITAL

OBJECTIVES	KPIs Monitored
Efficient human capital management in a systematic and efficient manner	Alignment of individual objectives with corporate objectives with predefined grading structure to appraise employees fairly
Monitoring operational efficiencies	Development of learning management system to evaluate the results of external / internal training and assess and identify further learning needs for the employees

### MANUFACTURED CAPITAL

OBJECTIVES	KPIs Monitored
Operational excellence	Significant CAPEX done during the year in technologically advanced machinery to achieve labor, cost, and energy efficiencies
Maintenance of quality of yarn	Product quality is monitored at every stage of the production cycle to ensure that our products always meet the expectations of our customers  Regular Customers feedback on quality were obtained and recorded
Philosophy of innovation, continuous improvement, and growth	Adoption of latest techniques across all critical contemporary performance units and various improvements in the production process were observed  The new product development initiatives are focused on promoting innovation

### INTELLECTUAL CAPITAL

OBJECTIVES	KPIs Monitored
Leverage technology for business process automations	Significant investment was made during the year in the acquisition of state of the art and latest Cloud based ERP solution. Efficiencies to be further increased after integration of data flow from several modules with automated dashboard reporting
Best Corporate Governance and ethical approach	Ensuring that SOP's, work instructions & job descriptions are aligned with appropriate policies. Zero tolerance was postered towards any fraudulent activity
Retention, recruitment, and development of employee capabilities	Functional strength of the Company is sustained by retaining highly qualified and skilled employees across all cadres and conducting regular training sessions for them to improve their competencies

## SOCIAL & RELATIONSHIP CAPITAL

OBJECTIVES	KPIs Monitored
Contribute responsibly as a corporate citizen	Active participation and contribution in CSR activities to exhibit a sense of responsibility towards and ownership of society in the area of education, health and community well-being

### NATURAL CAPITAL

OBJECTIVES	KPIs Monitored
Embracing and encouraging environmental sustainability practices	Adopted several environmental sustainability steps not limited to ensuring optimized natural resource consumption, efficient use of sustainable raw material for production of yarn and minimum use of depleting natural gas for power generation

### Non-Financial Performance in Comparison with Budget

The Company also places emphasis on its non-financial Key performance indicators and accordingly had allocated budget for the growth of its manufactured / human / social / intellectual capital during the year. The management regularly evaluated the aforementioned KPIs and significant deviations from the previous year were examined for timely corrective actions. These KPIs are reviewed by the Board on a quarterly basis. The management anticipates these KPIs to be relevant in the future as well to assess the Company's performance.





## Methods & Assumptions Used in Compiling the Indicators

Key performance indicators depict the Company's return. The Company uses different sets of methods and assumptions while compiling its financial and non-financial indicators. The Company analyses its market positioning, competitors' competencies, employees' capabilities and general market conditions while compiling its non-financial indicators. The Company evaluates sales, gross profit, profit after tax and earnings per share on a regular basis to analyze its financial performance. Market price is the measure of perception of the Company in the market. The Company also analyses the market price of shares with its book value to evaluate investors' confidence in the script.

The Company manages its dividend policy with the purpose of increasing shareholders' wealth. The dividend payment indicates how much the Company wants to retain the amount from the distributable profits of shareholders for future business expansion / growth. The dividend payment serves as an indicator of how effectively earnings are sustaining and rewarding the stakeholders. The Company takes its decisions of cash or stock dividend based on market conditions, share price and governing laws and regulations.

The key assumptions used for compiling financial indicators are below:

### Financial Position

- Appropriateness of capital mix of the Company.
- Proportion of financial leverage in debt equity mix
- Monitoring current ratio.

### Financial performance

- Growth in export sales performance and increasing local sales
- Exploring opportunities to source the best quality raw materials at competitive prices.
- Managing key components of variable cost.
- Initiating and maintaining techniques for optimal fixed cost absorption

### Liquidity Position

- Monitoring on funds used in / generated from operating, investing and financial cash flow activities.
- Reviewing funds used in working capital management.
- Effectively segregating cash and non-cash items

All the indicators are devised in the light of these basic assumptions and are periodically reviewed and monitored. Furthermore, the Company performs variance analysis from corresponding figures of comparative periods and from budgeted figures as comparability for Quarterly Review to directors and monthly to Management. These indicators are finally used to report financial information to all users of the financial statements in the form of annual financial statements.

## KEY OPERATING AND FINANCIAL DATA

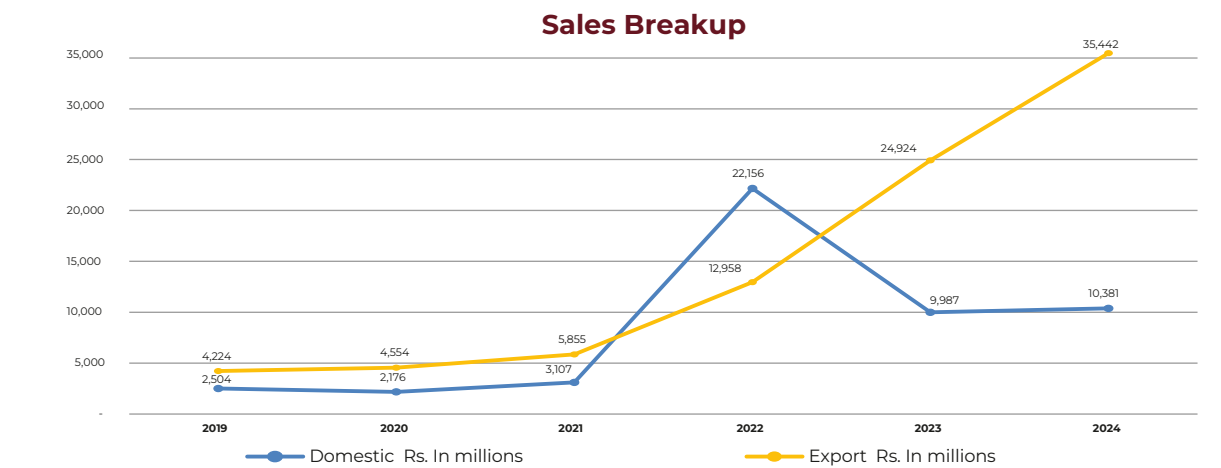
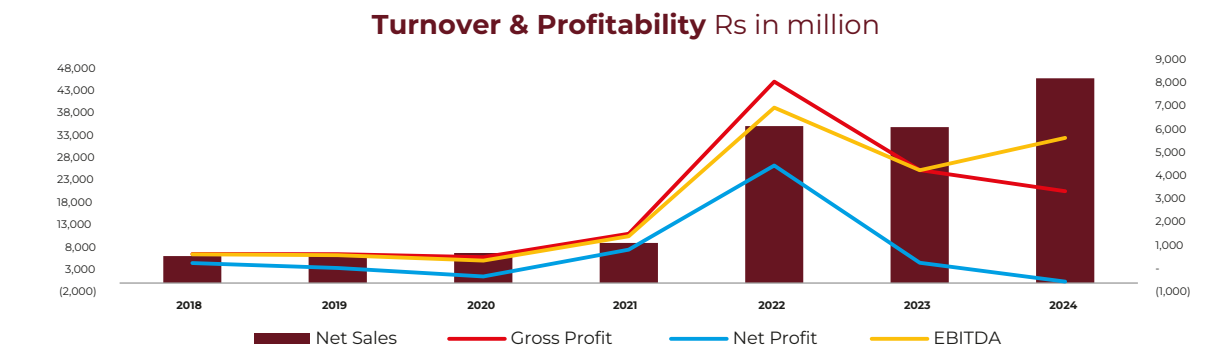
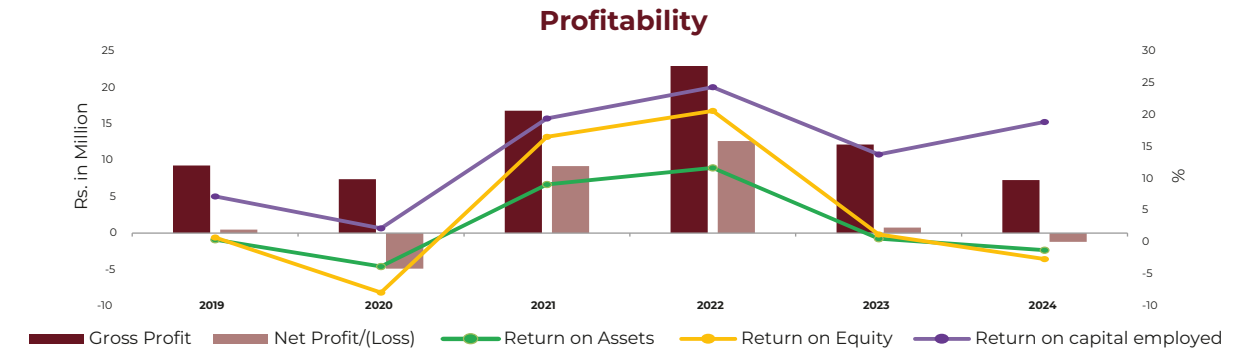
RATIOS		UOM	2024	2023	2022	2021	2020	2019
<b>PROFITABILITY RATIOS</b>								
Gross Profit Ratio	%		<b>7.28</b>	12.16	22.94	16.80	7.39	9.30
Net Profit / (Loss) to sales	%		<b>(1.21)</b>	0.75	12.65	9.19	(4.89)	0.49
EBITDA Margin to sales	%		<b>12.29</b>	12.14	19.75	15.59	5.21	8.70
Operating leverage ratio	Times		<b>1.27</b>	77.89	1.49	27.31	(2,120.47)	(1.55)
Return on Equity	%		<b>(2.65)</b>	1.22	20.60	16.54	(7.90)	0.73
Return on capital employed	%		<b>18.88</b>	13.77	24.33	19.43	2.18	7.20
Shareholders' Funds	%		<b>0.24</b>	0.24	0.28	0.30	0.20	0.25
Return on Shareholders' Funds	%		<b>(0.05)</b>	0.02	0.41	0.30	(0.19)	0.02
Total Shareholder Return	%		<b>(0.04)</b>	0.03	(0.04)	1.75	0.17	(0.29)
<b>LIQUIDITY RATIOS</b>								
Current Ratio	Times		<b>1.20</b>	1.16	1.42	1.46	1.17	1.26
Quick/Acid test Ratio	Times		<b>0.69</b>	0.50	0.60	0.84	0.53	0.48
Cash on current liabilities	Times		<b>0.02</b>	0.01	0.02	0.40	0.11	0.06
Cash flow from operations to Sales	Times		<b>0.08</b>	0.13	0.21	0.16	0.06	0.09
Cash flow to capital expenditures	Times		<b>4.65</b>	2.14	4.88	26.00	1.38	4.41
Cash flow coverage ratio	Times		<b>0.16</b>	0.18	0.45	0.35	0.09	0.17
<b>INVESTMENT / MARKET RATIOS</b>								
(Loss)/ Earnings per Shares	Rs		<b>(9.89)</b>	4.65	79.35	47.54	(18.98)	1.89
Price/Earning ratio	Times		<b>(6.43)</b>	14.28	0.88	1.79	(1.63)	13.99
Price to Book ratio	%		<b>17.01</b>	17.41	18.09	29.64	12.90	10.27
Dividend Yield ratio	%		<b>0.00</b>	7.52	17.94	0.00	0.00	1.89
Dividend Payout ratio	%		<b>0.00</b>	107.46	15.75	0.00	0.00	26.40
Dividend Cover ratio	Times		<b>0.00</b>	0.93	6.35	0.00	0.00	3.79
Cash Dividend per Share	Rs		<b>0.00</b>	5.00	12.50	0.00	0.00	0.50
Breakup value per share with surplus	Rs		<b>373.84</b>	381.82	385.16	287.39	240.25	258.02
Breakup value per share without surplus	Rs		<b>186.62</b>	194.72	191.34	155.91	102.05	115.09
Market Value per Share as at June 30th	Rs		<b>63.59</b>	66.46	69.68	85.18	31.00	26.50
Highest market value during the year	Rs		<b>86.00</b>	75.79	90.70	91.36	32.95	56.80
Lowest market value during the year	Rs		<b>57.57</b>	50.89	56.61	29.15	18.04	26.50
<b>CAPITAL STRUCTURE RATIOS</b>								
Financial Leverage ratio	Times		<b>0.84</b>	0.79	0.50	0.60	0.81	0.60
Weighted average cost of debt	%		<b>21.49</b>	16.76	9.62	7.39	12.63	11.32
Debt to equity ratio (book value)	%		<b>21.22</b>	13.22	19.12	13.55	16.61	12.00
Debt to equity ratio (market value)	%		<b>18.56</b>	11.52	16.56	10.74	15.28	11.28
Total debt to equity ratio	%		<b>112.08</b>	116.11	76.59	82.77	107.67	80.95
Net assets per share	Times		<b>37.38</b>	38.18	38.52	28.74	24.03	25.80
Interest Cover / Time Interest earned ratio	Times		<b>1.06</b>	1.26	5.27	4.59	0.29	1.39

## KEY OPERATING AND FINANCIAL DATA

RATIOS	UOM	2024	2023	2022	2021	2020	2019
<b>ACTIVITY / TURNOVER RATIOS</b>							
Total Assets Turnover ratio	Times	<b>1.03</b>	0.75	0.92	0.98	0.78	0.83
Fixed Assets Turnover ratio	Times	<b>2.14</b>	1.63	1.73	1.97	1.42	1.43
No. of days in Inventory	Days	<b>79</b>	162	137	92	123	122
No. of days in Receivables	Days	<b>55</b>	68	43	35	54	33
No. of days in Payables	Days	<b>18</b>	49	31	21	28	17
Operating cycle	Days	<b>116</b>	181	149	106	149	138
Inventory Turnover Ratio	Times	<b>4.64</b>	2.26	2.67	3.95	2.96	2.99
Debtors Turnover Ratio	Times	<b>6.60</b>	5.26	8.28	10.39	6.67	10.94
Creditors Turnover Ratio	Times	<b>19.81</b>	7.46	11.77	17.42	13.08	21.73
Return on assets	%	<b>(1.25)</b>	0.56	11.67	9.05	(3.81)	0.40
<b>NON-FINANCIAL RATIOS</b>							
Production per Employee	Kg in '000	<b>14.36</b>	13.54	13.87	14.02	13.10	12.82
Revenue per Employee	Rs. in '000	<b>14,460</b>	11,139	10,621	2,676	5,837	5,447
Spares Inventory as % of Assets Cost	%	<b>1.33</b>	0.86	0.38	0.50	0.45	0.63
Maintenance Cost as % of Operating Expenses	%	<b>0.16</b>	0.23	0.19	0.16	0.18	0.12

## Financial Ratios

### Profitability Ratios



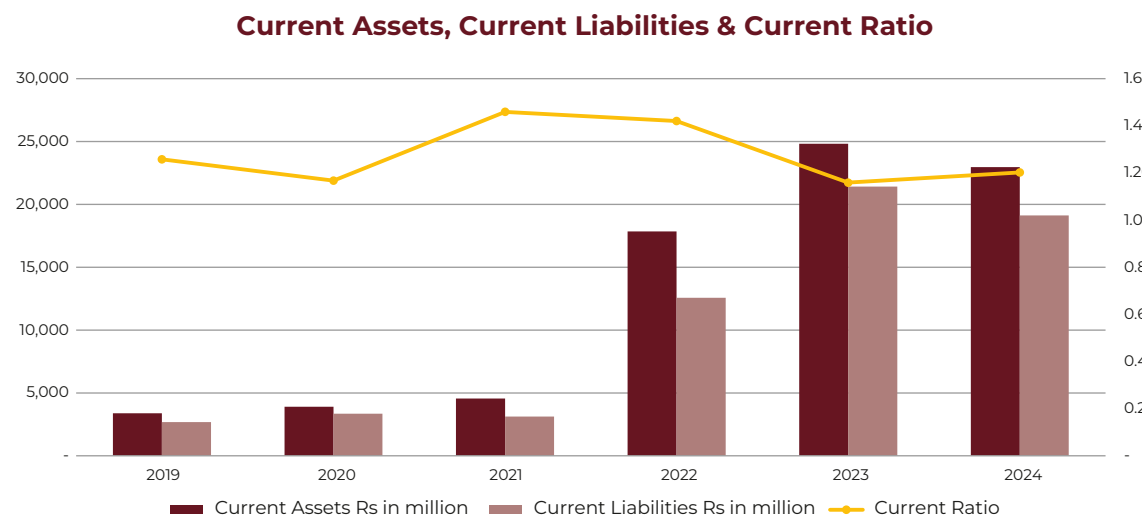
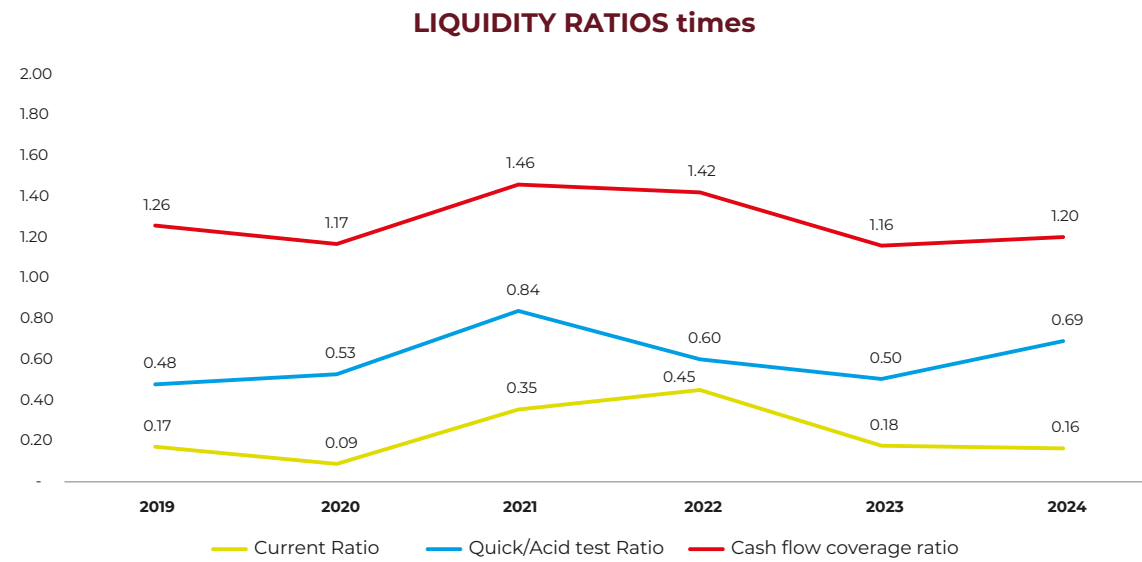
### Profitability Ratios

The profitability ratio has been on a declining trend mainly on account of slow economic growth and persistently high inflation resulting in higher input costs but through vigilant management of resources including better procurement strategy, the company has managed to sustain its sales revenue to Rs. 45.82 billion in 2024. This can be attributed to the increase in sales volume and company's ability to offer competitive pricing to customers. The Company has recorded a gross profit of Rs. 3.34 billion in 2024, as compared to Rs. 4.25 billion recorded in 2023. Major challenges include high energy tariffs, high finance cost and higher input costs due to inflation. Resultantly, causing a decrease in the Company's gross profit margin from 12% in 2023 to 7% in 2024. However, this is offset by an increase in other income to Rs. 2,579 million in 2024, which has helped the Company to maintain its operational profit. The increase in other income is mainly attributed to dividend income from listed securities and unrealized gain on these investments as well as increased profit on Term Deposits during the year. As a result, the company's operating profit before financing cost has increased from Rs. 3.4 billion in 2023 to Rs. 4.7 billion in 2024. Due to aforementioned challenges, the Return on Equity (ROE) for the current year stands at -2.65% as compared to 1.22% last year. However, the Return on Capital Employed (ROCE) for the current year is 18.88% as compared to 13.77%.



# Financial Ratios

## Liquidity Ratios

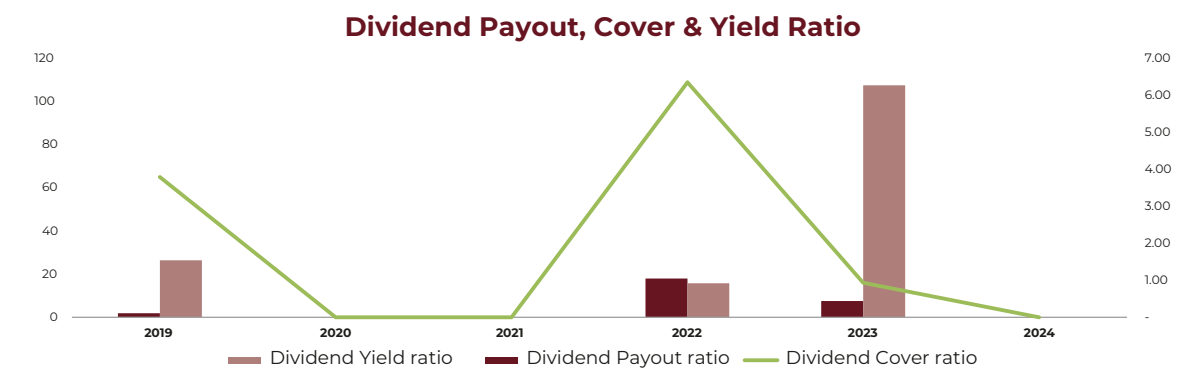
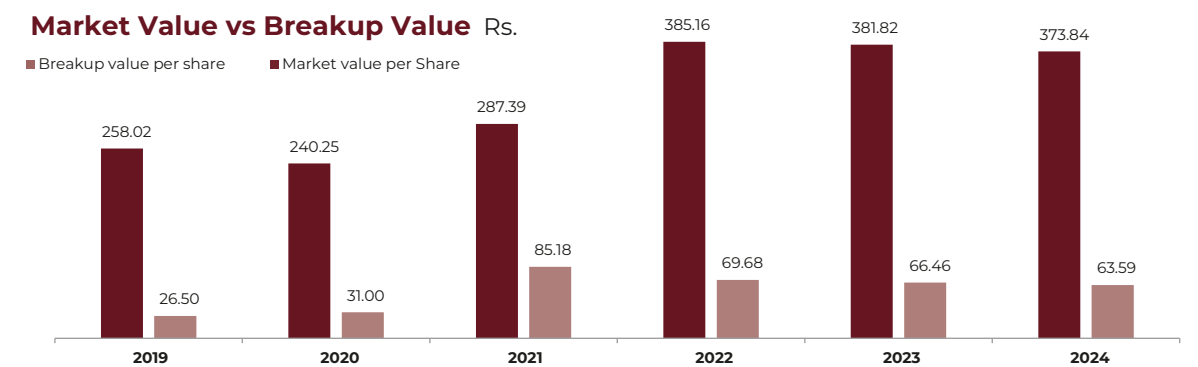
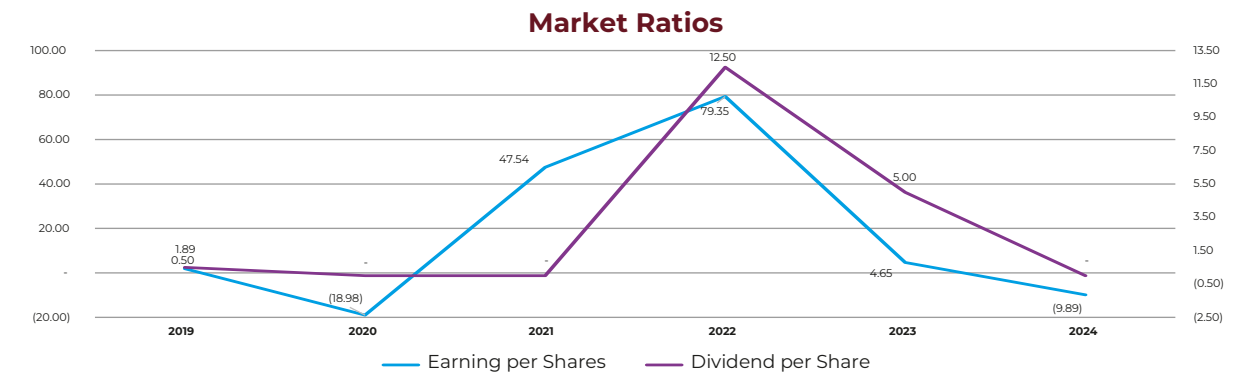


### Liquidity Ratios

Liquidity ratios have been consistent over the years, mainly on account of strong and prudent working management policies. The company has prioritized its exposure to economical long-term finance for its plant and machinery as against the running finance for the last couple of years. The current ratio recorded in the current year is 1.20 times slightly higher than last year of 1.16 times while quick ratio recorded in the current year is 0.69 times slightly higher than last year of 0.50 times, indicating a balanced approach, providing enough liquidity to cover short-term obligations while also reflecting efficient asset management. Quick Ratio was recorded at 0.69 times while Cash to current liabilities improved to 0.02 times from the previous year's 0.01 times.

# Financial Ratios

## Investment / Market Ratios

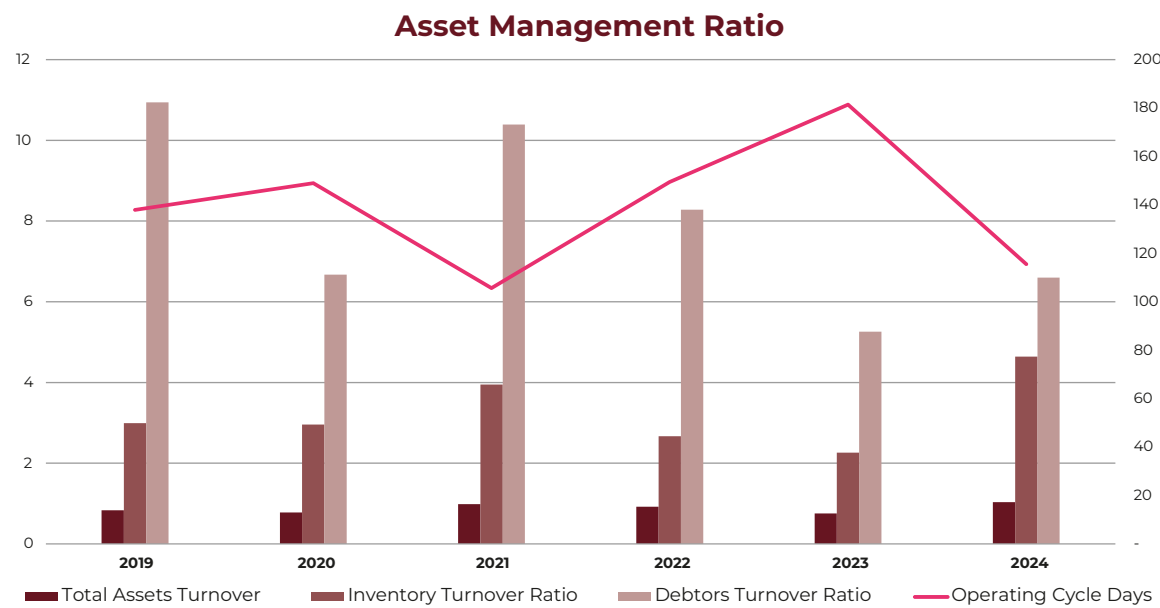
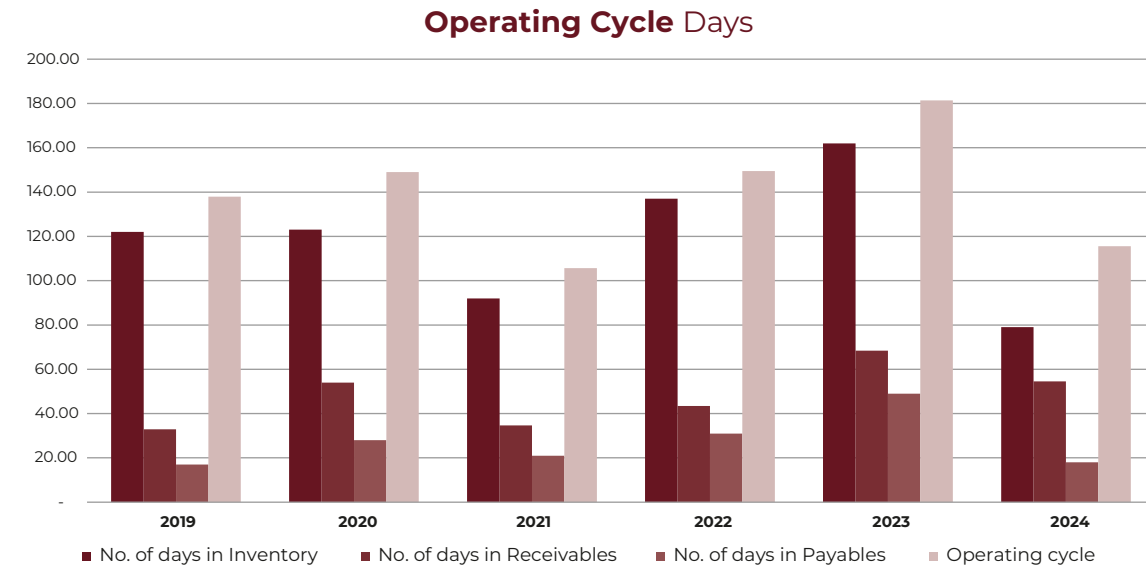


### Investment / Market Ratios

Due to the decline in profitability as explained earlier, the company registered a loss per share which was recorded at Rs. -9.89 as compared to earnings per share of Rs. 4.65 in the preceding year. This resulted in price earnings ratio of -6.43 in the current year. As a result, the breakup value per share was recorded at Rs. 373.84 reflecting the reduced equity base.

The company strives to maintain a consistent approach to profit appropriation, taking into account various factors such as business needs, growth prospects, and strategic considerations. This year, no dividend has been declared due to the adverse effects of rising energy tariffs, global inflation, and high interest rates, which have not only affected the company's net margins but also impacted its working capital cycle. Additionally, the market value of shares also dropped from Rs. 66.46 to Rs. 63.59.

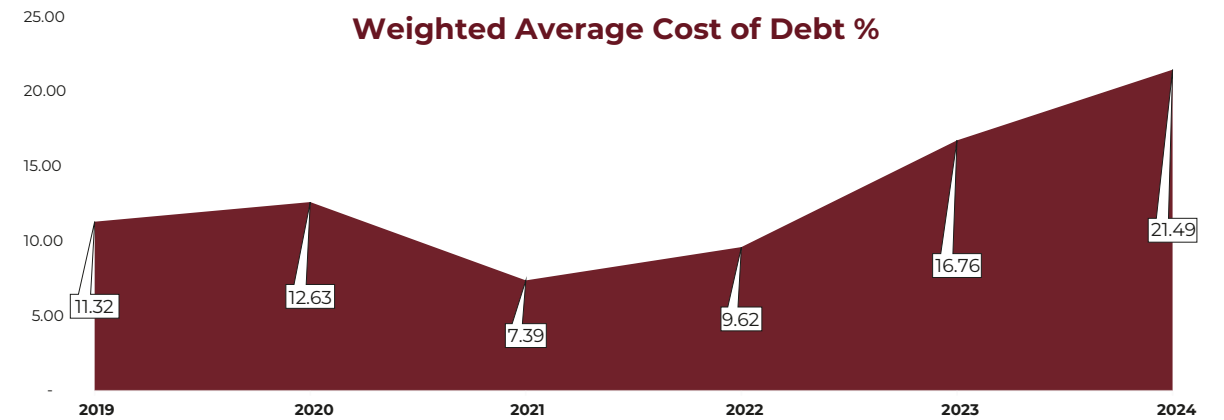
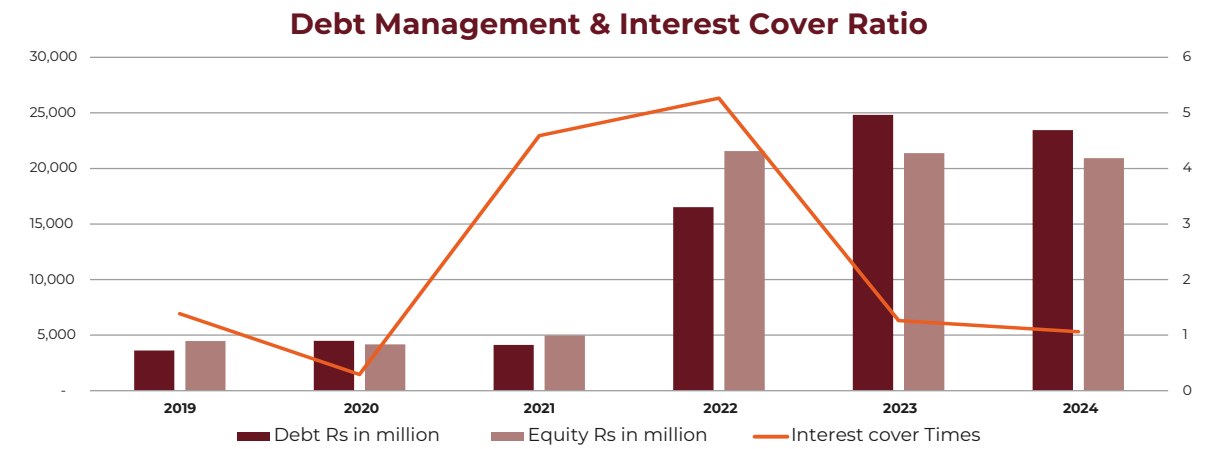
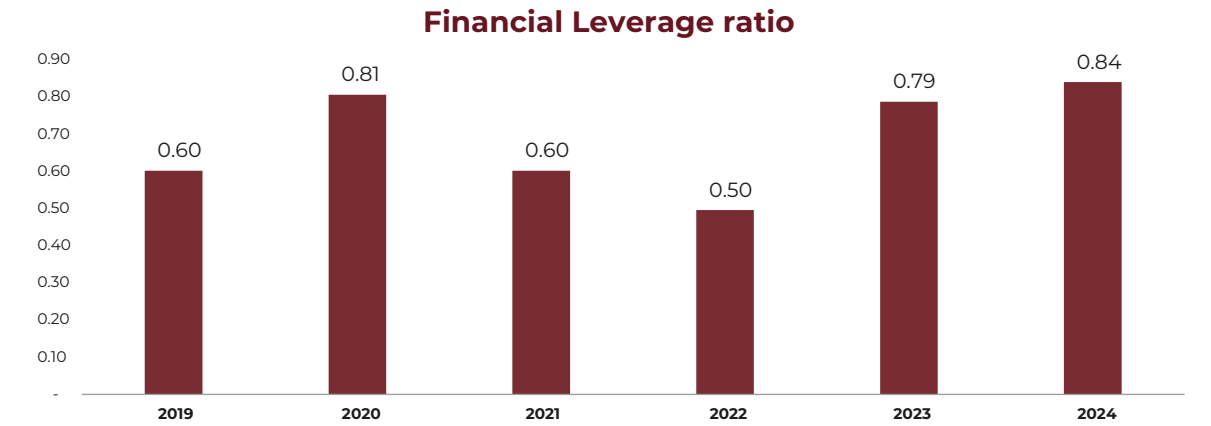
## Financial Ratios Turnover Ratios



### Turnover Ratios

Asset turnover ratio raised from 0.76 times in 2023 to 1.03 times in 2024 on account of higher sales in 2024 as compared to 2023. In addition, the asset base of the Company has decreased on account of stock in trade owing to optimized inventory levels compared to the preceding year. Inventory turnover decreased from 2.67 times in 2023 to 2.26 times in 2024 due to decrease in inventory levels. Accordingly, inventory turnover has been recorded at 79 days in the current year. The debtor turnover days have decreased to 55 days in 2024 as compared to 68 days in 2023. The creditor turnover days have decreased to 18 days compared to 49 days in 2023, in line with decreased foreign bills payable for raw material in transit. As a result, the Company's overall operating cycle decreased to 116 days from 181 days.

## Financial Ratios Capital Structure Ratios

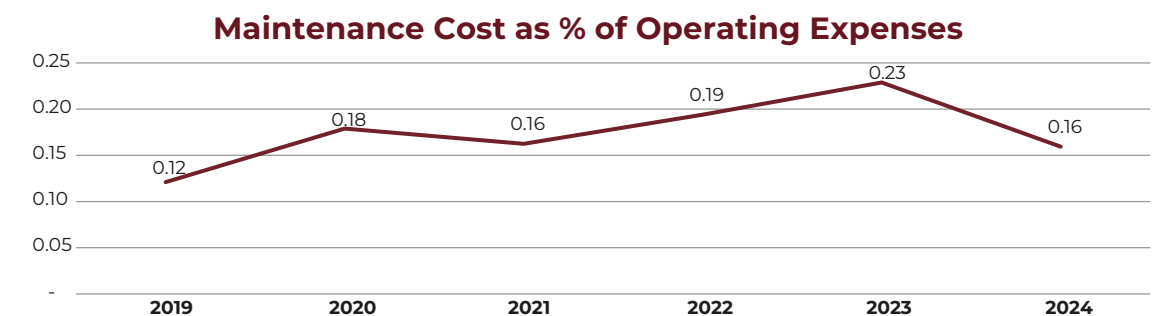
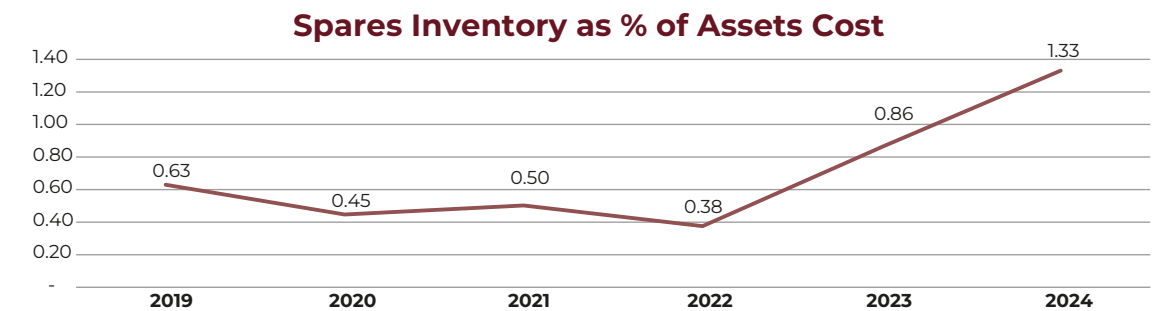
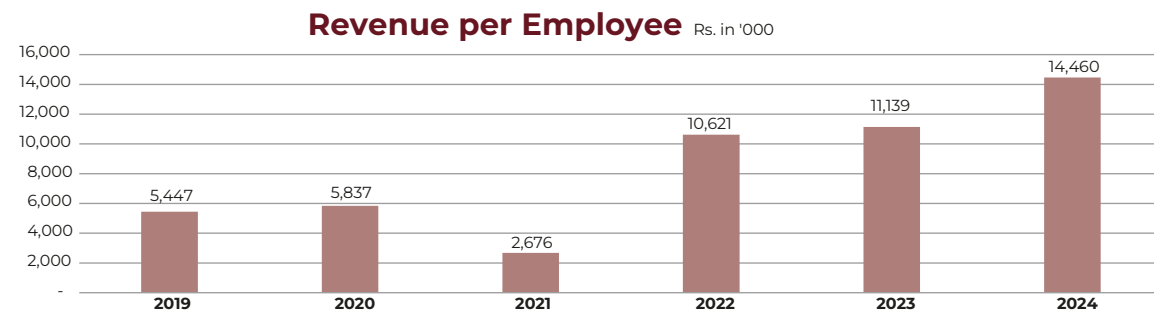
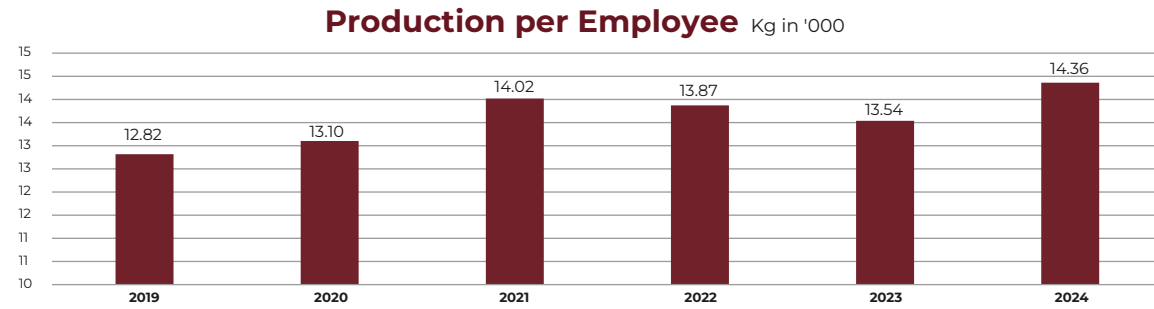


### Capital Structure Ratios

The Company has availed the term finance facility of Rs. 2.28 billion in the current year to finance the CAPEX carried out during the year, which resultantly has increased the Finance leverage Ratio. Further, the Weighted Average Cost of debt for the year has increased mainly due to higher policy rates in this period as compared to previous ones. The higher WAC of debt resulted in high finance cost which in combination with declining profits further reduced the interest coverage ratio.



## Non- Financial Ratios



### Non- Financial Ratios

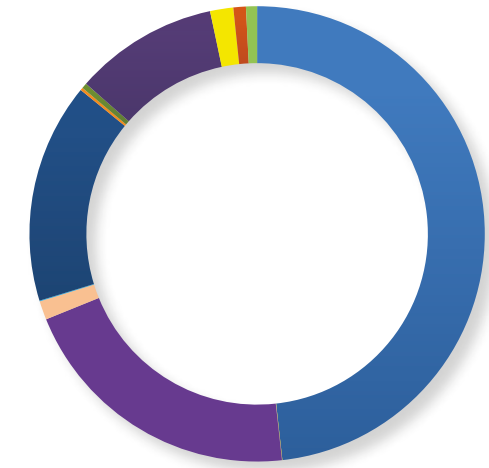
The non-financial ratios indicate a consistent level of operational efficiency, marked by increasing production per employee and revenue per employee ratios. This enhancement is largely attributed to the merger and technological advancements implemented over time. Additionally, the spare inventory as a percentage of total assets has been on an upward trend reflecting strong focus on upkeep of manufacturing operations whereas, maintenance cost as a percentage of operating expenses have remained stable over the years.

## FINANCIALS AT A GLANCE

Statement of Financial Position as at June 30, 2024

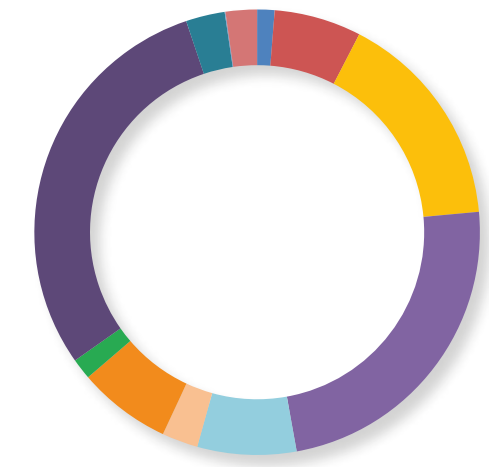
### TOTAL ASSETS

- Property, plant and equipment
- Intangible assets
- Long-term Deposits
- Stock-in-trade
- Stores, Spares and loose tools
- Short term prepayments
- Trade debts
- Loans and Advances
- Other receivables
- Other financial assets
- Advance income tax
- Sales tax
- Cash and bank balances

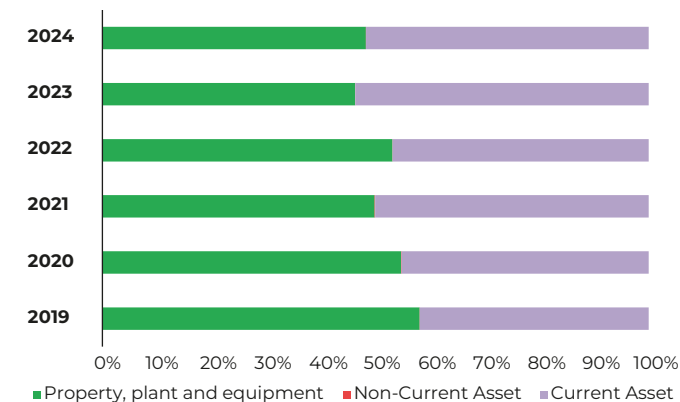


### TOTAL LIABILITES & EQUITY

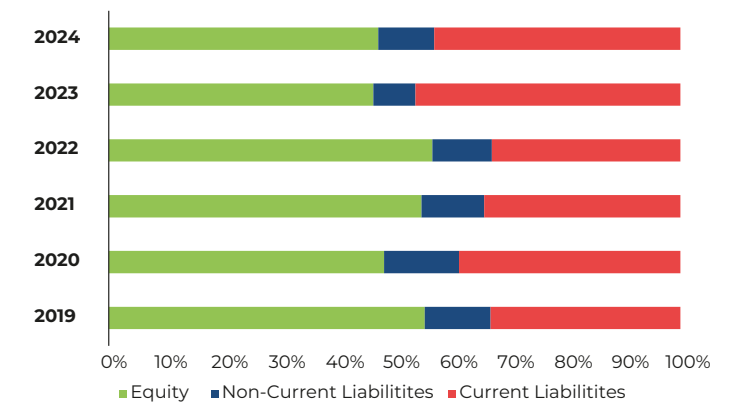
- Share capital
- General Reserve
- Unappropriated Profit
- Surplus on revaluation
- Long Term Loans
- Deferred Liabilities
- Trade and other Payables
- Accrued Markup
- Short Term Borrowings
- Current Portion of Long Term Finance
- Unclaimed dividend
- Provision for income tax



### Six years Analysis - Assets



### Six years Analysis - Equity & Liabilities

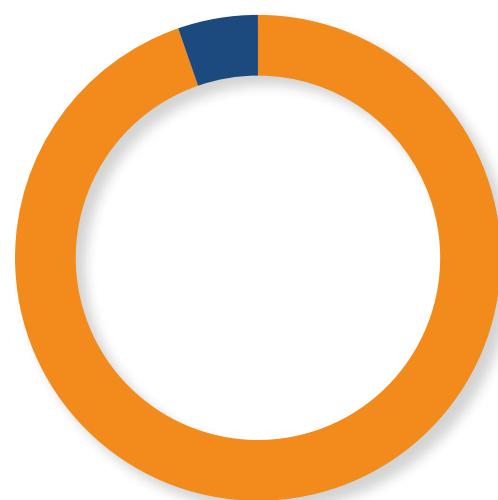


## FINANCIALS AT A GLANCE

Statement of Profit or Loss for the Year 2024

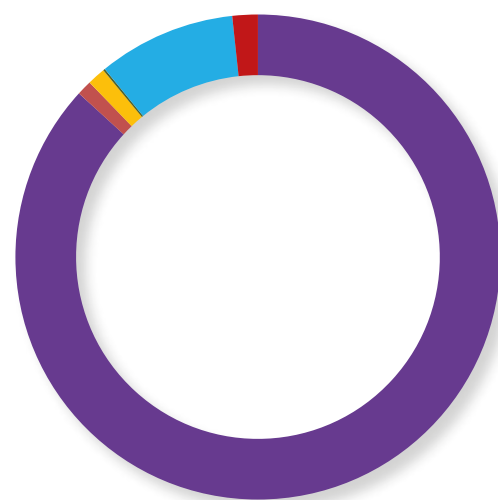
### INCOME

- Turnover
- Other Income



### EXPENSE

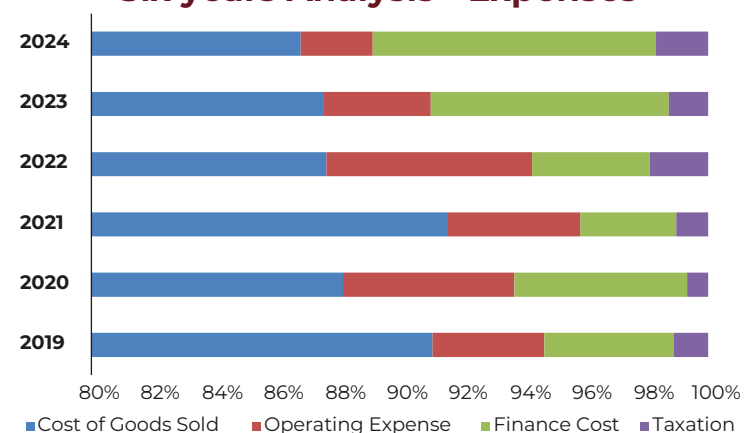
- Cost of Goods Sold
- Distribution cost
- Administrative expenses
- Other operating expenses
- Finance Cost
- Taxation



### Six years Analysis - Revenue



### Six years Analysis - Expenses



## ANALYSIS OF FINANCIAL POSITION

	2024	2023	2022	2021	2020	2019
<b>Rupees in million</b>						
Property, plant and equipment	21,411	21,368	20,231	4,536	4,725	4,682
Other non current assets	14	18	11	8	10	31
Current assets	22,968	24,816	17,841	4,555	3,908	3,376
<b>Total assets</b>	<b>44,393</b>	<b>46,202</b>	<b>38,083</b>	<b>9,099</b>	<b>8,643</b>	<b>8,089</b>
Shareholders' equity	20,933	21,379	21,567	4,979	4,162	4,472
Non current liabilities	4,350	3,412	3,954	999	1,135	933
Current portion of long term financing	1,255	774	1,554	139	19	96
Current portion of deferred government grant	-	-	3	6	3	-
Short term borrowings	13,143	14,014	6,572	2,328	2,668	2,154
Other current liabilities	4,712	6,623	4,433	648	656	434
<b>Total equity &amp; liabilities</b>	<b>44,393</b>	<b>46,202</b>	<b>38,083</b>	<b>9,099</b>	<b>8,643</b>	<b>8,089</b>

### Vertical Analysis

	<b>Percentage</b>					
Property, Plant and Equipment	48.2	46.3	53.1	49.9	54.7	57.9
Other non current assets	0.0	0.0	0.0	0.1	0.1	0.4
Current assets	51.7	53.7	46.9	50.1	45.2	41.7
<b>Total assets</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Shareholders' equity	47.2	46.3	56.6	54.7	48.2	55.3
Non current liabilities	9.8	7.4	10.4	11.0	13.1	11.5
Current portion of long term financing	2.8	1.7	4.1	1.5	0.2	1.2
Short term borrowings	29.6	30.3	17.3	25.6	30.9	26.6
Other current liabilities	10.6	14.3	11.6	7.2	7.6	5.4
<b>Total equity &amp; liabilities</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

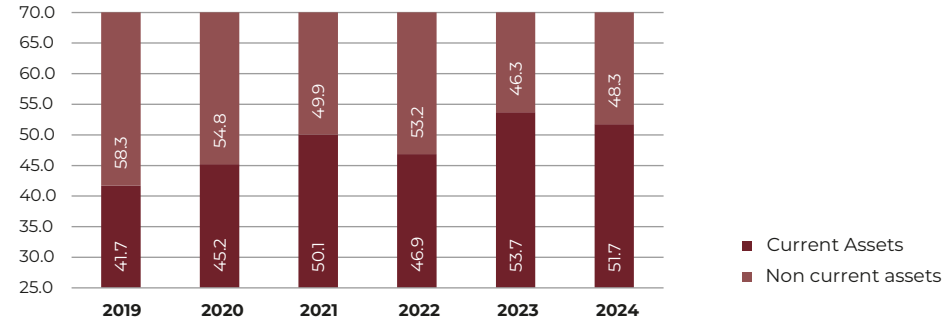
### Horizontal Analysis

	<b>Percentage</b>					
Property, Plant and Equipment	0.2	5.6	346.0	(4.0)	0.9	19.0
Other non current assets	(22.2)	63.6	37.5	(20.0)	(67.7)	675.0
Current assets	(7.5)	39.1	291.7	16.6	15.8	31.7
<b>Total assets</b>	<b>(3.9)</b>	<b>21.3</b>	<b>318.5</b>	<b>5.3</b>	<b>6.9</b>	<b>24.4</b>
Shareholders' equity	(2.1)	(0.9)	333.2	19.6	(6.8)	19.7
Non current liabilities	27.5	(13.7)	295.8	(12.0)	21.7	12.4
Current portion of long term financing	62.1	(50.2)	1,018.0	631.6	(80.2)	(18.6)
Short term borrowings	(6.2)	113.2	182.3	(12.7)	23.9	58.2
Other current liabilities	(28.9)	49.4	584.1	(1.2)	51.2	(4.8)
<b>Total equity &amp; liabilities</b>	<b>(3.9)</b>	<b>21.3</b>	<b>318.5</b>	<b>5.3</b>	<b>6.9</b>	<b>24.4</b>

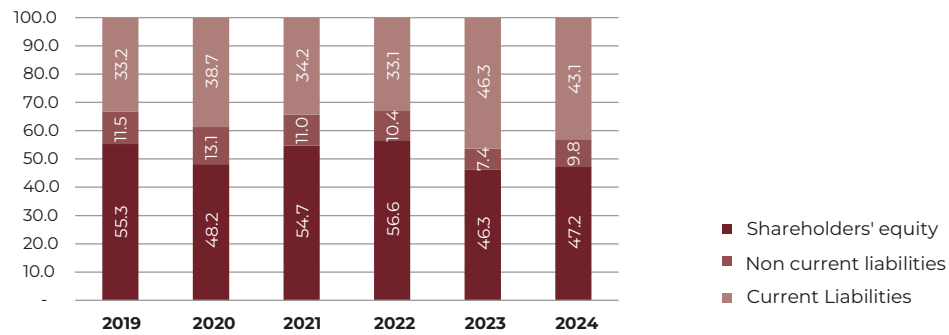


## ANALYSIS OF FINANCIAL POSITION

Vertical Analysis of Total Assets %



Vertical Analysis of Equities & Liabilities %



## VERTICAL ANALYSIS

### PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment increased by Rs. 2.22 billion due to Capex in BMR and Solar-powered plants. The ratio of property, plant and equipment to total assets has increased by 2% as high investment in the latest technological advanced machinery and renewable electricity were made during the year.

### STOCK IN TRADE

The ratio of stock in trade to total assets has decreased as compared to prior year owing to high inventory levels last year.

### TRADE DEBTS

Trade debts increased by Rs. 305 million from last year due to slow recovery from customers owing to the slow market conditions.

### TRADE & OTHER PAYABLES

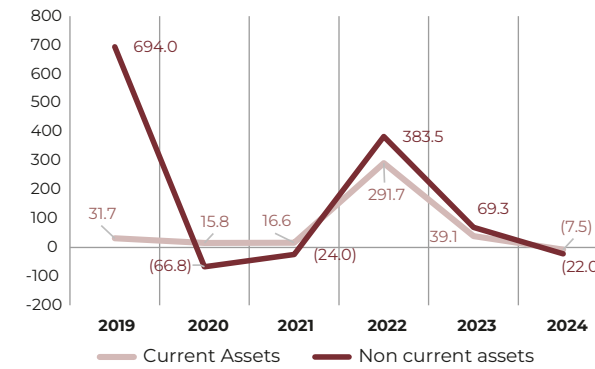
Trade and other payables have decreased by Rs. 2.3 billion compared to the previous year, primarily due to a reduction of Rs. 2.02 billion in foreign creditors, attributable to stock in transit.

### LONG TERM FINANCE

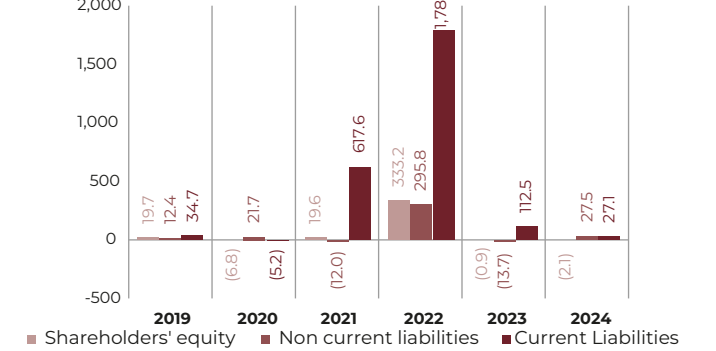
The percentage of long-term finance to total equity and liabilities has been increased as a result of the significant rise in capital expenditures incurred during the period.

## ANALYSIS OF FINANCIAL POSITION

Horizontal Analysis of Total Assets %



Horizontal Analysis of Total Equity & Liabilities %



## HORIZONTAL ANALYSIS

### NON-CURRENT ASSETS

Non-Current Assets of the Company comprise of property, plant & equipment, intangible assets and long-term deposits. The non-current assets of the Company have increased by 357% from Rs. 4.7 billion in 2019 to Rs. 21.4 billion by 2024 mainly due to merger, continuous investment in latest machines, modernization and balancing of manufacturing facilities and installation of Solar power plants.

### CURRENT ASSETS

Stock in trade decreased owing to optimized inventory levels from last year. Whereas, stores & spares have increased on account of growing needs of business operations.

Other receivables mainly include sales tax receivable. Sales tax refunds recovery depends on several considerations including but not limited to pending verification of sales tax claim by the sales tax department on the basis of the sales tax audit and funds available at the Government treasury.

### EQUITY

During the past six years, the Company's share capital primarily increased due to merger in 2022. The reserves of the company witnessed several fluctuations over the period of 6 years, due to profit retention to finance capital expenditure. Resultantly, after the merger the total shareholders' equity stood at Rs. 20.9 billion with an increase of 368% since 2019. A significant increase in 2022 is reflected due to surplus on revaluation of land and healthy profitability. The company has managed to sustain the reserves of the company and distributed its retained earnings to shareholders diligently.

### NON-CURRENT LIABILITIES

Non-current liabilities comprise of deferred taxation and retirement benefits and Long-term financing. Long-term financing has increased over the years due to long term finance obtained for acquisition of plants and machinery on account of expansion and modernization of production facilities and installation of Solar power plants.

### CURRENT LIABILITIES

The current liabilities have decreased due to an decrease in operating cycle days from 181 days to 116 days.

## ANALYSIS OF PROFIT OR LOSS

	2024	2023	2022	2021	2020	2019
<b>Rupees in million</b>						
Revenue from contract with customers - net	45,824	34,911	35,114	8,962	6,730	6,727
Cost of sales	(42,486)	(30,666)	(27,060)	(7,456)	(6,232)	(6,102)
<b>Gross profit</b>	<b>3,338</b>	4,245	8,054	1,506	498	625
Administration, selling and distribution expenses	(1,081)	(1,045)	(1,011)	(271)	(220)	(217)
Other operating expenses	(62)	(179)	(1,047)	(82)	(173)	(26)
Other income	2,579	392	212	9	11	6
<b>Operating profit/(loss) before financing cost</b>	<b>4,774</b>	3,413	6,208	1,162	116	388
Finance cost	(4,497)	(2,705)	(1,179)	(253)	(396)	(281)
<b>Profit/(Loss) before taxation</b>	<b>277</b>	708	5,029	909	(280)	107
Taxation	(830)	(448)	(586)	(85)	(49)	(75)
<b>Profit/(Loss) after taxation</b>	<b>(553)</b>	260	4,443	824	(329)	32

### Vertical Analysis

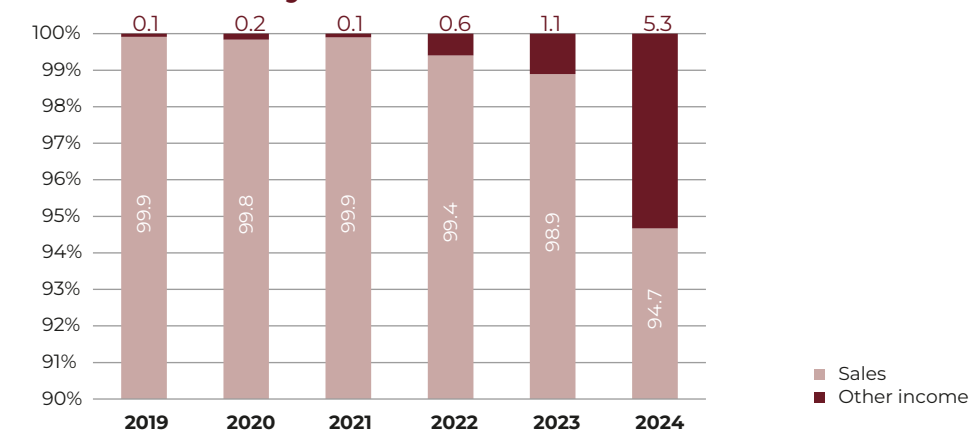
	<b>Percentage</b>					
Net sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(92.7)	(87.8)	(77.1)	(83.2)	(92.6)	(90.7)
<b>Gross profit</b>	<b>7.3</b>	12.2	22.9	16.8	7.4	9.3
Administration, selling and distribution expenses	(2.4)	(3.0)	(2.9)	(3.0)	(3.3)	(3.2)
Other operating expenses	(0.1)	(0.5)	(3.0)	(0.9)	(2.6)	(0.4)
Other income	5.6	1.1	0.6	0.1	0.2	0.1
<b>Operating profit/(loss) before financing cost</b>	<b>10.4</b>	9.8	17.7	13.0	1.7	5.8
Finance cost	(9.8)	(7.8)	(3.4)	(2.8)	(5.9)	(4.2)
<b>Profit/(Loss) before taxation</b>	<b>0.6</b>	2.0	14.3	10.2	(4.2)	1.6
Taxation	(1.8)	(1.3)	(1.7)	(1.0)	(0.7)	(1.1)
<b>Profit/(Loss) after taxation</b>	<b>(1.2)</b>	0.7	12.7	9.2	(4.9)	0.5

### Horizontal Analysis

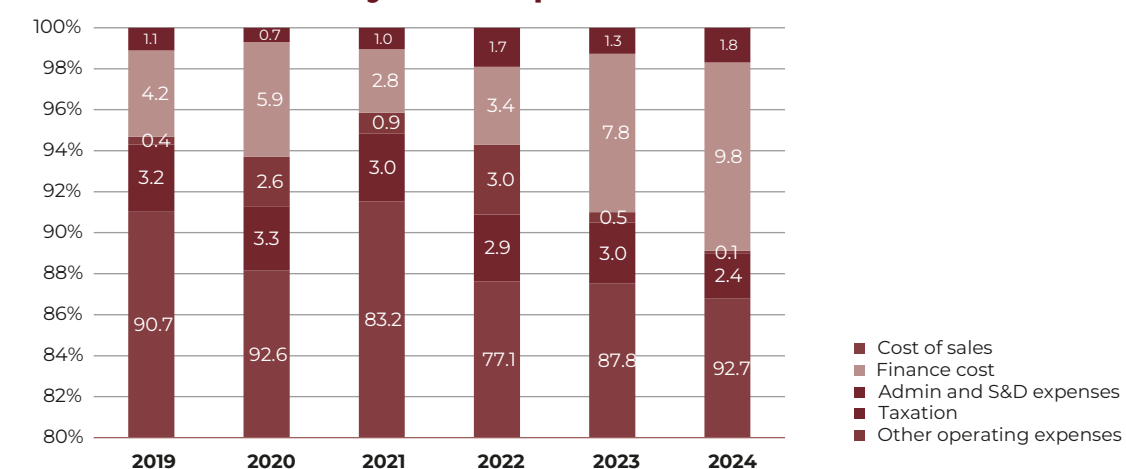
	<b>Percentage</b>					
Net sales	31.3	(0.6)	291.8	33.2	0.0	34.2
Cost of sales	38.5	13.3	262.9	19.6	2.1	30.6
<b>Gross profit/(loss)</b>	<b>(21.4)</b>	(47.3)	434.8	202.4	(20.3)	83.8
Administration, selling and distribution expenses	3.4	3.4	273.1	23.2	1.4	3.3
Other operating expenses	(65.4)	(82.9)	1,176.8	(52.6)	565.4	160.0
Other income	557.9	84.9	2,255.6	(18.2)	83.3	(90.8)
<b>Operating (loss)/profit before financing cost</b>	<b>39.9</b>	(45.0)	434.3	901.7	(70.1)	109.7
Finance cost	66.3	129.4	366.0	(36.1)	40.9	178.2
<b>Profit/(Loss) before taxation</b>	<b>(60.9)</b>	(85.9)	453.3	(424.6)	(361.7)	27.4
Taxation	85.3	(23.6)	589.4	73.5	(34.7)	82.9
<b>Profit/(Loss) after taxation</b>	<b>(312.7)</b>	(94.2)	439.2	(350.5)	(1,128.1)	(25.6)

## ANALYSIS OF PROFIT OR LOSS

### Vertical Analysis of Total Income %



### Vertical Analysis of Expense %



## VERTICAL ANALYSIS

### GROSS PROFIT

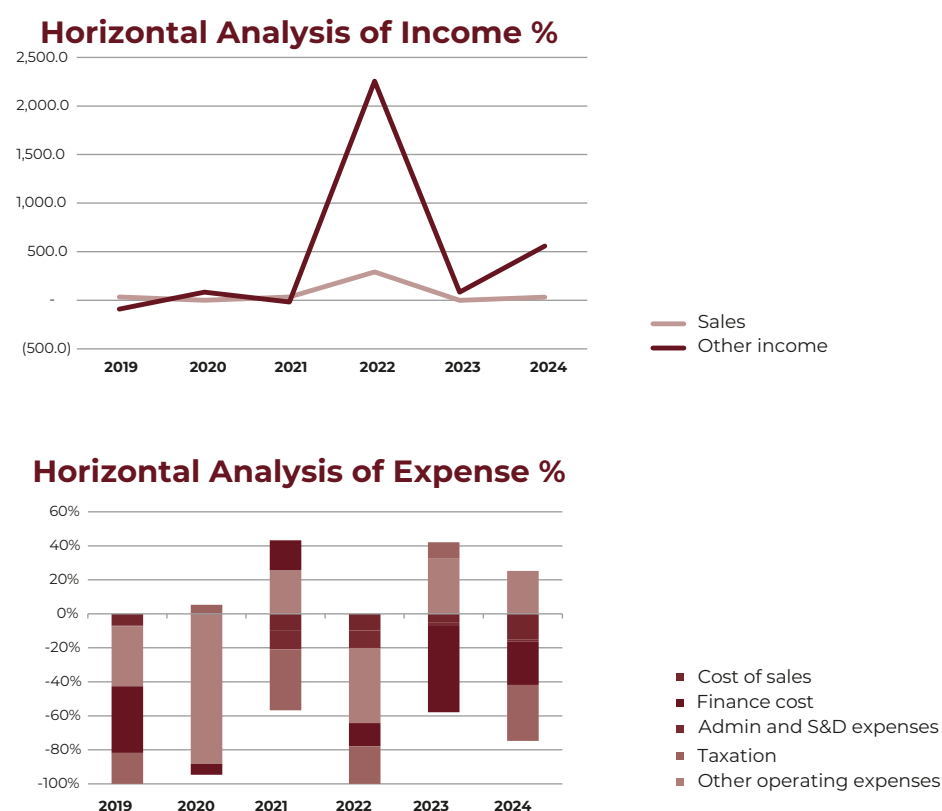
The topline has increased however, the gross profit has been decreased to Rs. 3.34 billion from Rs. 4.25 billion last year, because of drastic increase in energy cost, minimum wages and stores and spares impacted by inflationary factors. As a result, the gross profit margin decreased from 12.2% to 7.3% as compared to last year. Regardless of all the challenges, the management have put numerous efforts into improving efficiencies and economies of scale.

### PROFIT AFTER TAX

Net profit after tax decreased from Rs. 206 million to Net loss after tax of Rs.553 million mainly impacted by increase in finance cost owing to increased borrowing rate and decrease in Gross margin. However, current year depicted drastic increase of other income from 1.1 % of sales to 5.6 % of sales which is mainly attributed to dividend income from listed securities and unrealized gain on these investments as well as profit on Term Deposits during the year.



## ANALYSIS OF PROFIT OR LOSS



## HORIZONTAL ANALYSIS

### SALES & COST OF SALES

The Company thoroughly emphasized achieving the goal of sustainable growth through value creation. The momentum of sales growth continued over the period of six years on primarily on account of merger and positive market demand. The increase in sales revenue is mainly attributable to high inventory levels at start of the year which were sold during the year. In addition, sales prices have been under pressure owing to competition in the global market. The cost of sales recorded cumulative average growth rate of 38.5% from last year, on account of volume growth, increase in raw material prices and other inflationary factors.

### SELLING EXPENSES

Selling & distribution expenses increased to Rs. 488 million in 2024 from Rs. 379 million in 2023 owing to high sales volumes, rise in fuel cost and other inflationary factors.

### FINANCE COST

The finance cost during the period has increased significantly by 66%, totaling Rs.4,497 million. This surge can be attributed to various factors, including higher policy rates, higher working capital requirements owing to inflationary impact and the non-availability of economical source of financing alternatives for investments in new machinery and solar plant for which significant CAPEX has been incurred during the year.

## ANALYSIS OF CASH FLOWS

	2024	2023	2022	2021	2020	2019
<b>Rupees in million</b>						
Net cash (used in)/generated from operating activities	811	(3,565)	832	1,527	(184)	(534)
Net cash (outflows)/inflows from investing activities	(1,296)	(2,216)	(3,401)	(304)	(256)	(154)
Net cash (outflows)/inflows from financing activities	927	(552)	1,174	471	(507)	817
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>442</b>	<b>(6,333)</b>	<b>(1,395)</b>	<b>1,694</b>	<b>(947)</b>	<b>129</b>

### Vertical Analysis

	<b>Percentage</b>					
Net cash generated/(used in) from operating activities	183.5	56.3	(59.7)	90.1	19.4	(414.0)
Net cash inflows/(outflows) from investing activities	(293.2)	35.0	243.9	(17.9)	27.0	(119.3)
Net cash inflows/(outflows) from financing activities	209.7	8.7	(84.2)	27.9	53.6	633.3
<b>Cash and cash equivalents</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Horizontal Analysis

	<b>Percentage</b>					
Net cash (used in)/generated from operating activities	(122.8)	(528.5)	(45.5)	(929.8)	(65.5)	(254.8)
Net cash (outflows)/inflows from investing activities	(41.5)	(34.8)	1,018.9	18.7	66.2	(61.9)
Net cash (outflows)/inflows from financing activities	(267.9)	(147.0)	149.4	(192.9)	(162.1)	1,441.5
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(107.0)</b>	<b>354.1</b>	<b>(182.3)</b>	<b>(278.9)</b>	<b>(834.1)</b>	<b>(2,250.0)</b>



## ANALYSIS OF CASH FLOWS

### Comments on Cash flows

#### Cash Flows from Operating Activities

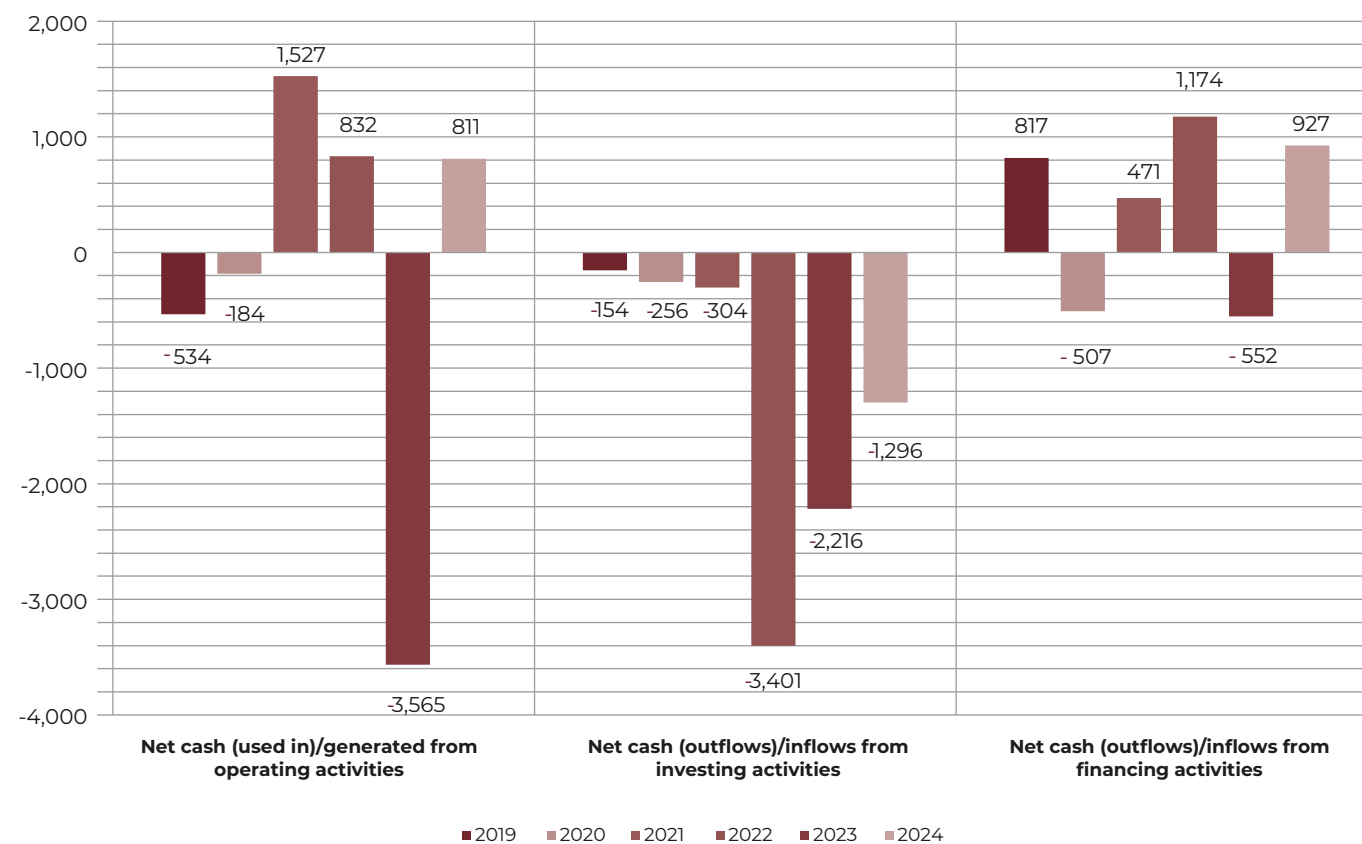
Cash flows from operating activities have witnessed significant fluctuations since 2019. The net cash generated in operations stood at Rs. 811 million in 2024 against Rs. 534 million cash used in 2019. This is mainly driven by merger and changes in the working capital of the business. Decrease in working capital requirement mainly inventory and trade payables as compared to last year has resulted in positive cash flow from operations in this year.

#### Cash Flows from Investing Activities

The cash flows used in investing activities were Rs. 1.29 billion in 2024 as compared to Rs. 154 million utilized in 2019. Capital expenditures and civil works were the main constituents that affected cash inflow from investing activities. Investment in capital expenditure relates to continuous BMR of existing manufacturing facilities and installation of solar power plant which were the major constituents of cash outflows from investing activities.

#### Cash Flows from Financing Activities

The Company's net cash generated from financing activity has been positive as the Company has secured the term loan for the significant CAPEX incurred during the year.



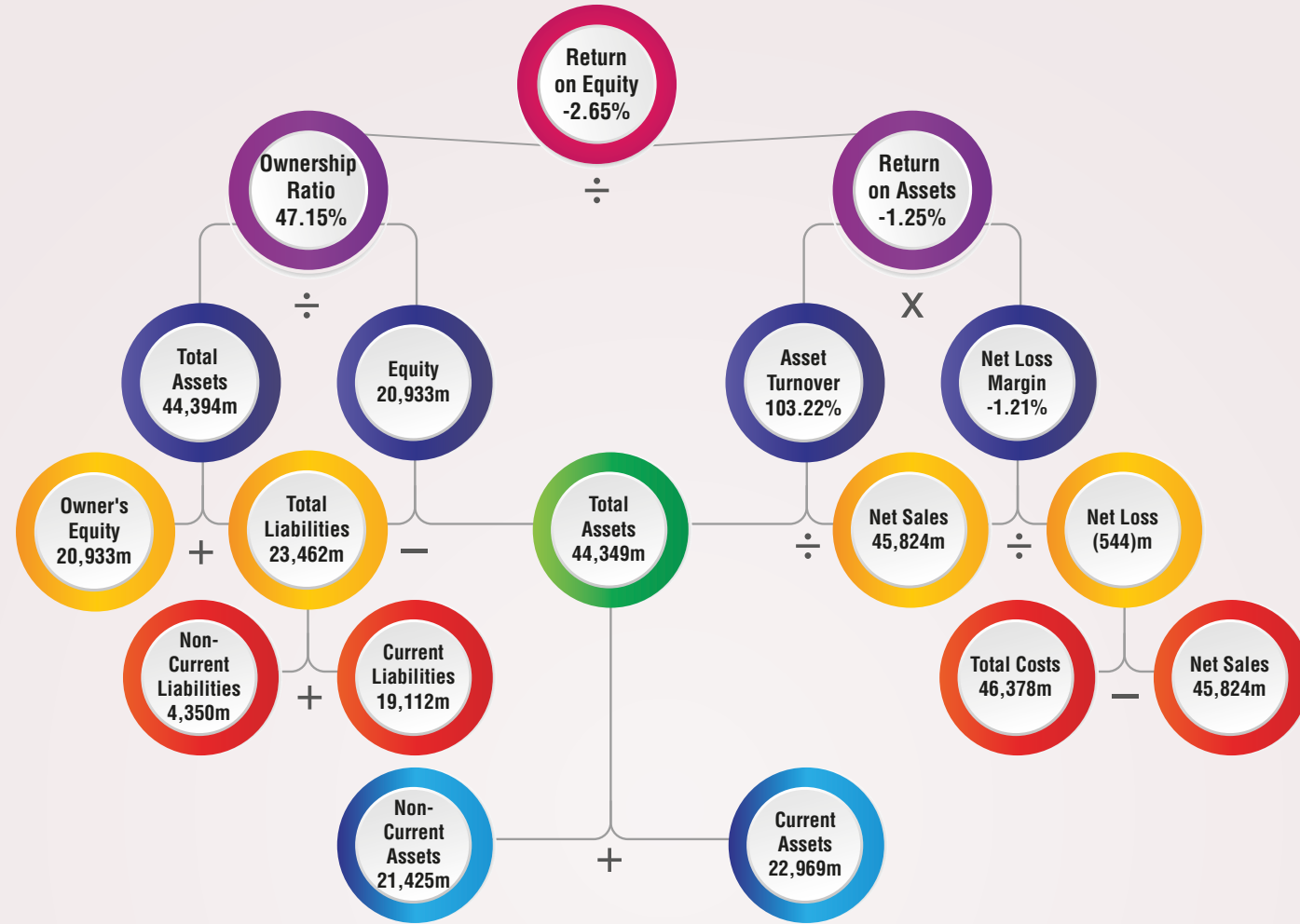
## STATEMENT OF CASH FLOWS - DIRECT METHOD

FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	Rupees in '000	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customer	45,518,962	32,515,706
Cash Paid to Suppliers, Employees and Others	(39,668,472)	(33,079,440)
Finance cost paid	(4,508,265)	(2,367,754)
Income taxes paid	(333,494)	(493,715)
Defined benefit obligations paid	(117,417)	(69,269)
Staff compensated absences paid	(29,751)	(18,922)
Provident fund paid	(50,523)	
<b>Net cash (used in) / generated from operating activities</b>	<b>811,039</b>	<b>(3,513,394)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(830,397)	(2,042,017)
Proceeds from disposal of property, plant and equipment	29,036	13,243
Purchase of intangible assets	(890,144)	(10,000)
Purchase of other financial assets		(229,086)
Disposal of investments	297,233	-
Long term deposits	(131)	-
<b>Net cash used in investing activities</b>	<b>(1,296,028)</b>	<b>(2,267,860)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance obtained	2,401,353	314,325
Repayments of long term finance	(784,703)	(1,611,813)
Short term borrowings obtained - net of payments	(524,420)	1,130,187
Dividend paid	(165,041)	(384,921)
<b>Net cash (used in) / generated from financing activities</b>	<b>927,189</b>	<b>(552,222)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>442,201</b>	<b>(6,333,476)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>(9,484,450)</b>	<b>(3,150,974)</b>
<b>Cash and cash equivalents at end of the year</b>	<b>(9,042,249)</b>	<b>(9,484,450)</b>



## DuPont Analysis



Years	Profit Margin (A)	Asset Turnover (B)	Equity Multiplier (C)	ROE (A*B*C)
2024	-1.21%	1.03	2.12	-2.65%
2023	0.75%	0.75	2.19	1.23%
2022	12.65%	0.92	1.77	20.60%
2021	9.19%	0.98	1.83	16.53%
2020	-4.89%	0.78	2.08	-7.90%
2019	0.49%	0.83	1.81	0.73%

Net Sales remained strong with an increase of 31% as sales volume increased by 27% as compared to previous year. However, the company recorded loss due to elevated energy tariffs, record-high interest rates, continued exchange rate devaluation, inflation and overall affects of high input costs.

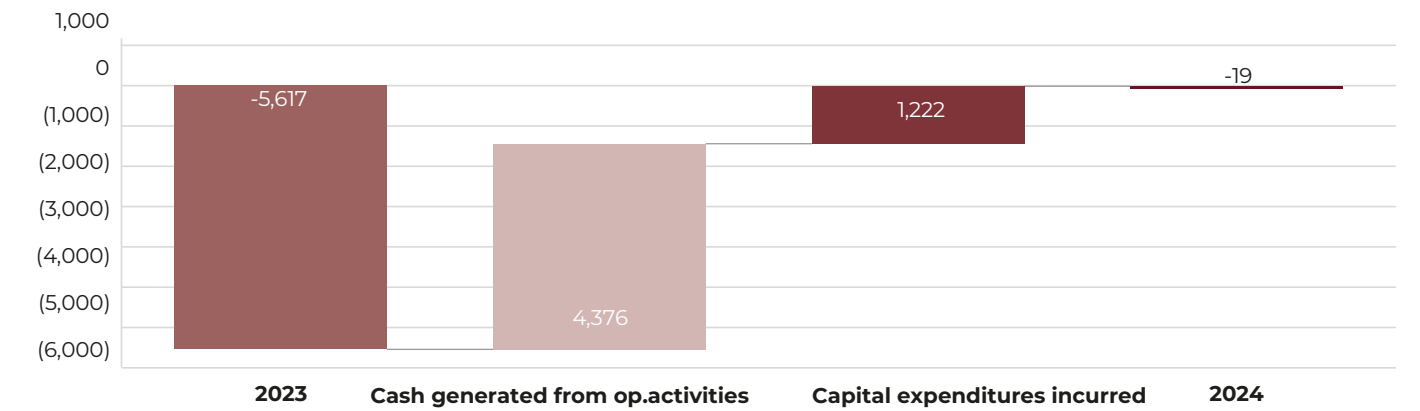
Further, the total assets of the Company slightly decreased by 3.9% as compared to last year. The decline was mainly attributable to decrease in asset base on account of decrease in stock in trade which was partly offset by increase in short-term investment balances and trade debts. This resulted in return on assets ratio of -1.25%.

The Financial Leverage ratio of the Company has remained at same level due to short-term loans obtained to finance the increasing working capital needs owing to higher input costs.

## FREE CASH FLOW

Cash generated from / (used in) operating activities  
Less: Capital expenditures incurred

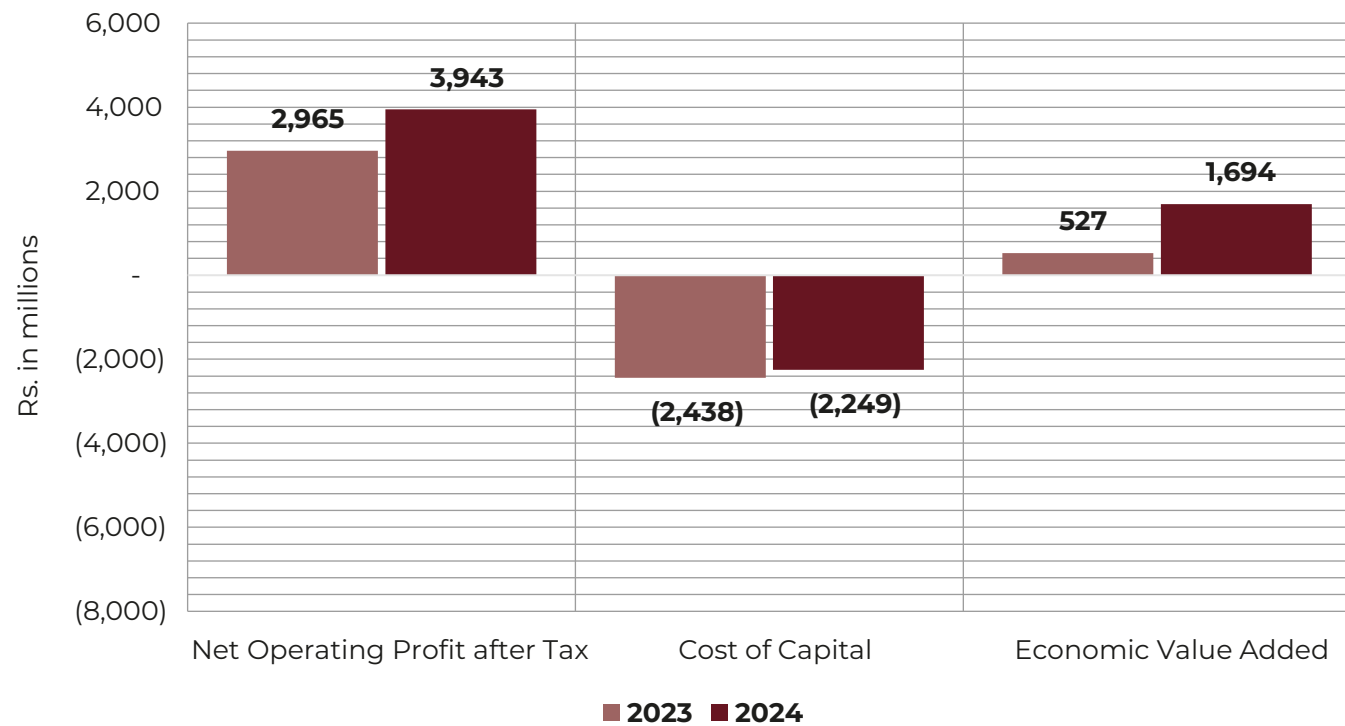
	2024	2023
	Rupees in million	
Cash generated from / (used in) operating activities	811	-3,565
Less: Capital expenditures incurred	-830	-2,052
	-19	-5,617



Free cash flows have substantially increased, primarily due to a reduction in inventory compared to the previous year. Last year, significant capital expenditures were allocated towards innovative, sustainable, and advanced plant and machinery. Additionally, reduction in trade payables also affected the free cash flows.

## Economic Value Added

	2024	2023
	Rupees in '000	
Net Operating Profit after Tax	3,943,499	2,965,187
Cost of Capital	(2,249,082)	(2,437,690)
<b>Economic Value Added</b>	<b>1,694,417</b>	<b>527,497</b>
Cost of Capital		
Total Assets	44,394,156	46,201,783
Less: Current Liabilities	(19,111,625)	(21,410,265)
Invested Capital	25,282,531	24,791,518
WACC	8.90%	9.83%
<b>Cost of Capital</b>	<b>2,249,082</b>	<b>2,437,690</b>

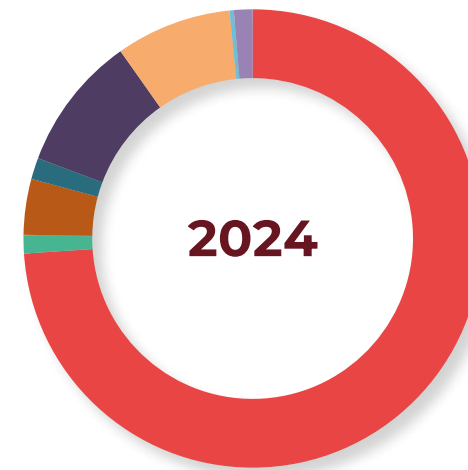


### Comment:

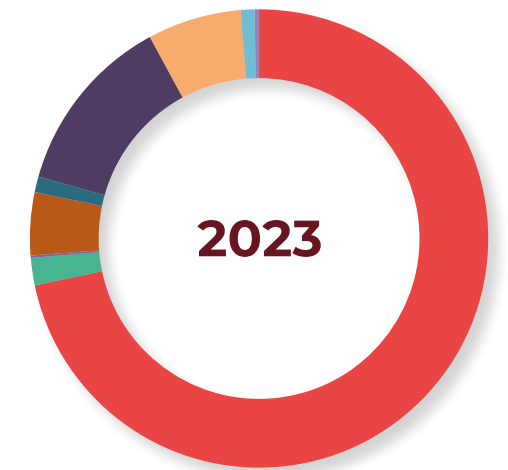
EVA is the relevant yardstick for measuring economic profits. Economic value addition has increased in comparison to last year, mainly on account of increase in net operating profits after tax. WACC has decreased mainly on account of decrease in Return on equity although there has been an increase in long term debt and cost of debt.

## Statement of Value Additions and its Distribution

	2024		2023	
	Rs. in '000	(%)	Rs. in '000	(%)
<b>Wealth generated</b>				
Sales including sales tax	51,073,167	95.19%	40,115,935	99.03%
Other income	2,578,686	4.81%	392,153	0.97%
	<b>53,651,853</b>	<b>100.00%</b>	<b>40,508,088</b>	<b>100.00%</b>
<b>Wealth distribution</b>				
Cost of sales	40,742,105	75.94%	29,292,396	72.19%
Administrative, distribution and others	701,391	1.31%	784,236	1.93%
Charity	19,878	0.04%	69,496	0.17%
Employees	2,165,944	4.04%	1,812,926	4.47%
Income tax	829,569	1.55%	448,045	1.10%
Sales tax	5,249,467	9.78%	5,205,297	12.83%
Financial charges	4,497,410	8.38%	2,704,662	6.67%
Dividend to shareholders	167,982	0.31%	391,955	0.97%
Allocated from business	(721,893)	-1.35%	(131,429)	-0.32%
	<b>53,651,853</b>	<b>100.00%</b>	<b>40,577,584</b>	<b>100.00%</b>



- Cost of sales
- Administrative, distribution and others
- Charity
- Employees
- Income tax
- Sales tax
- Financial charges
- Dividend to shareholders
- Allocated from business



- Cost of sales
- Administrative, distribution and others
- Charity
- Employees
- Income tax
- Sales tax
- Financial charges
- Dividend to shareholders
- Allocated from business



## Share Price Sensitivity Analysis

Share prices depend on overall market performance, investor confidence in the economy, the overall fundamentals of the company and policies issued/imposed by Government and regulatory bodies. Being a responsible and law-compliant entity, the company circulates price sensitive information to the stock exchange in accordance with the requirements of listing regulations in a timely manner. The PSX demonstrated an upward trend during the current FY on account of global recovery, support through IMF program, tightening monetary policies and exchange rate stability, having an impact on the investors' confidence.

The Company's share price was PKR 63.59 per share on June 30, 2024, as compared to PKR 66.46 on June 30, 2023. During the year the market price of the share observed fluctuation from the lowest of PKR 57.57 per share on June 27, 2024, to highest of PKR 86.00 per share on January 01, 2024.

The Company's share price is sensitive to the following uncontrollable external factors:

### Availability of Raw Material

The Company's performance is largely dependent upon the availability of raw materials, which is highly sensitive to seasonal fluctuations. Thus, any negative or positive change in the cotton yield will affect the Company's performance and influence the share price.

### Raw Material Cost Volatility

The production of yarn requires mainly cotton and fibers, which constitutes a significant portion of the Company's total annual expenditures. A rise in major input prices can cause a negative impact on margins, therefore lowering the EPS, which further lowers the share price.

### Selling Price and Demand

Sales volume is driven by various factors including plant production capacities and demand & supply situation. An increase in demand of yarn may result in an increase in market price which will contribute towards better profitability and Earnings per share (EPS) which will ultimately increase the share price.

### Exchange Rate

The company generated 6% of its revenue from direct exports and imported 43% of its raw materials, through which the entity is exposed to exchange rate risk. Any favorable or unfavorable movement in exchange rates might affect the Company's profitability and hence, affect the share price. The Company has adopted effective strategies to minimize and hedge the risk of exchange rates.

### Interest Rate

The Company's finance cost is 9.81% of the turnover, which has significantly affected the bottom line and liquidity position of the company. Any adverse interest rate movement will affect the Company's profitability and hence affect the share price.

### Stock Market

A company's share price depends on overall market performance, investor confidence in the economy and particular sector and the overall fundamentals of the Company. Positive sentiments, news flows prevailing in the market may result in an appreciation of the share price of the Company.

### Government Policies

The Company is exposed to Government regulations, tax schemes, policies, incentive schemes which directly affect the Company's financial performance which in turn may affect the share price. Any change in Government policies related to the textile sector may substantially impact on the share price of the Company.

### Political Instability

A favorable and consistent political system provides an ideal environment for companies to thrive. On the contrary, unstable law and order jeopardize business growth. Political instabilities, volatile government policies, strikes and protests, and hurdles in the supply chain affect the Company's sales. The stable political situation in the Country improves the overall business performance and investor confidence and encourages foreigners to deal with some of the prominent companies in the Country, which may have an impact on the Company's share price.

## Agriculture

The agricultural sector serves as the backbone of Country's economy and employs the majority of the population either directly or indirectly in agriculture related activities therefore, the well-being of this sector is vital for the country's overall economic performance. Good environmental conditions for cotton crops, having required rainfalls, results in optimal quality of cotton at cheaper prices. The times when these factors are favorable, textile sector's sales boost due to the availability of quality cotton at cheaper rates which generate higher profit margins for producing various types of yarn which in turn positively affect the share price of the Company.

### High Energy tariffs

One of the most crucial factors for the survival of the textile sector in the country is the availability of gas and electricity, shaping its performance. The disrupted supply of natural gas and electricity influences the entity to shift to costly alternatives like HFO generators, which directly affect the Company's financial position. High energy tariff of Natural gas, RLNG, and HFO as well as grid tariffs of transmission & distribution companies also impacted the Company's profitability.

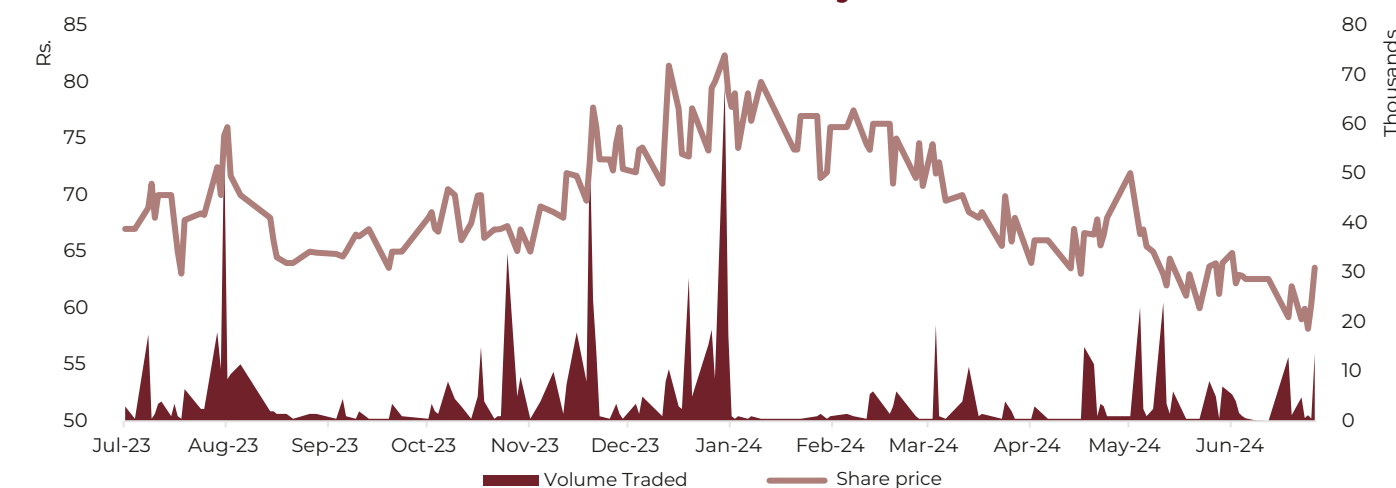
### Sensitivity Analysis of Change in Market Capitalization

Share Price as of June 30, 2024 Rs. 63.59  
Market Capitalization as of June 30, 2024 Rs. 3,560,633,024

Change in Share Price by  
+10% Rs. 356,063,302  
-10% Rs. (356,063,302)

Month	Highest Rs.	Lowest Rs.	Closing Rs.	Volume traded during the month
Jul-23	73.37	63.06	72.47	66,000
Aug-23	76.90	62.00	64.90	173,500
Sep-23	67.99	63.00	65.00	14,000
Oct-23	73.00	64.00	66.95	98,000
Nov-23	80.00	65.00	75.99	152,500
Dec-23	85.43	71.01	80.00	112,000
Jan-24	86.00	71.50	71.51	94,000
Feb-24	78.00	71.00	74.60	28,000
Mar-24	74.50	65.00	68.00	46,500
Apr-24	69.95	63.02	68.00	40,500
May-24	71.95	60.00	63.99	88,100
Jun-24	66.25	57.57	63.59	48,132

### Share Price Analysis

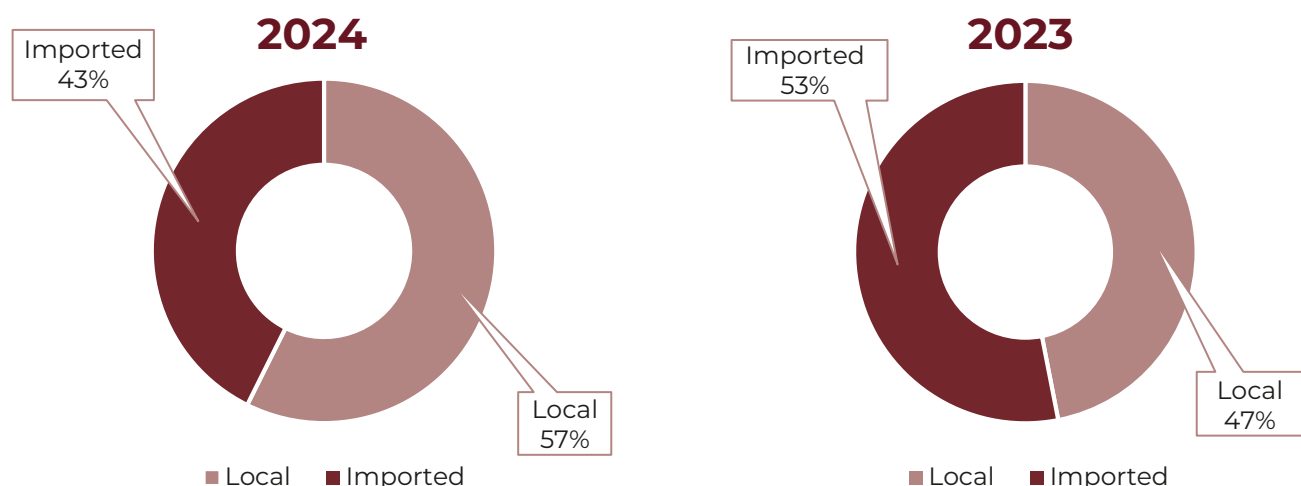


## COMPOSITION OF LOCAL VS. IMPORTED MATERIAL (SENSITIVITY ANALYSIS)

The Company is the Country's leading Manufacturer and Supplier of quality yarn. The company's raw materials comprise of Cotton & fibers and packing materials. Imported raw material and local raw material represent 43% and 57% of Cost of Sales for the year ended June 30, 2024, and were 53% and 47% in the corresponding year, respectively. Considering impact of import on company, If the Pakistani Rupee had strengthened / weakened by 10% against the US Dollars with all variables held constant, the profit or loss for the year would have been higher / lower by Rs. 16 million (2023: 203 million), hence profitability of the company is sensitive to such fluctuation. This analysis assumes that all other variables, in particular, interest rates remain constant. Management takes necessary measures to mitigate such impacts as per Company's risk management policies.

The composition of the raw material procured during the fiscal year is stated as follows:

Year	2024		2023	
	KG in '000'	Rs. in '000'	KG in '000'	Rs. in '000'
Local	35,852	17,543,062	22,860	13,187,471
Imported	26,646	13,207,128	25,858	15,692,635
Total	62,498	30,750,190	48,719	28,880,106



### Major Capital Expenditures

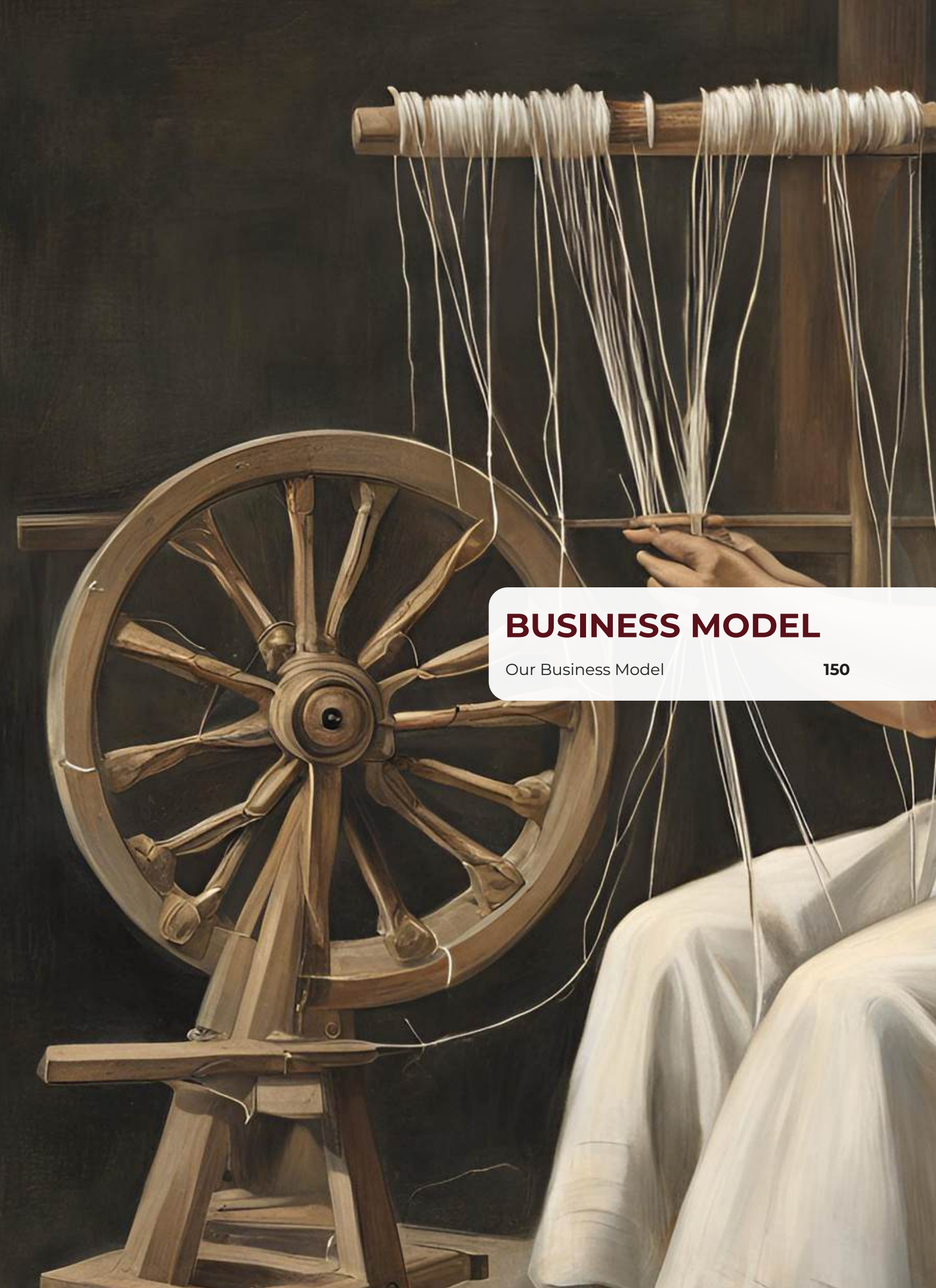
With the aim of remaining competitive on the Local and Global grounds, the Company rigorously invests in new technologically advanced machinery. The purpose of the investment is to reduce the cost of production by achieving operational excellence and serving customers better in terms of quality. This year the Company has made a CAPEX of Rs. 2.2 billion, predominantly to replace old and obsolete machines.

### Disclosure of Market Share of the Company

The Company holds over four decades of experience in Pakistan's spinning industry, operating 127,092 spindles. The Company's prominence stands out in the spinning sector, despite the high level of competition. The market share of the Company cannot be determined accurately due to the unavailability of industry data.

### CEO Presentation Video on the Company's Business

Video presentation by CEO briefing about the business overview, performance, strategy and outlook has been uploaded on the media section of the Company's website and can be viewed at [www.tatapakistan.com/tata-textile-mills](http://www.tatapakistan.com/tata-textile-mills)



## BUSINESS MODEL

Our Business Model

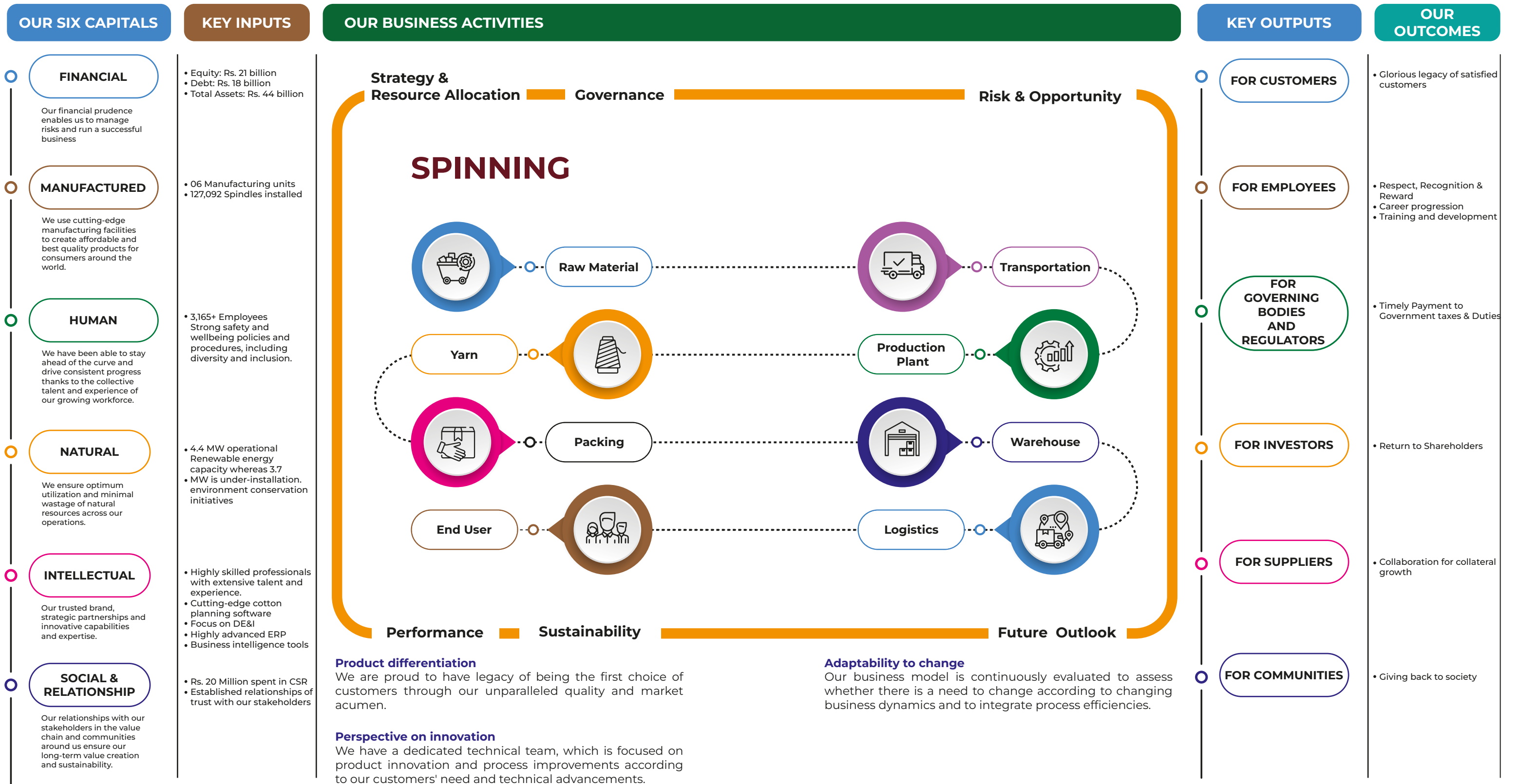
150



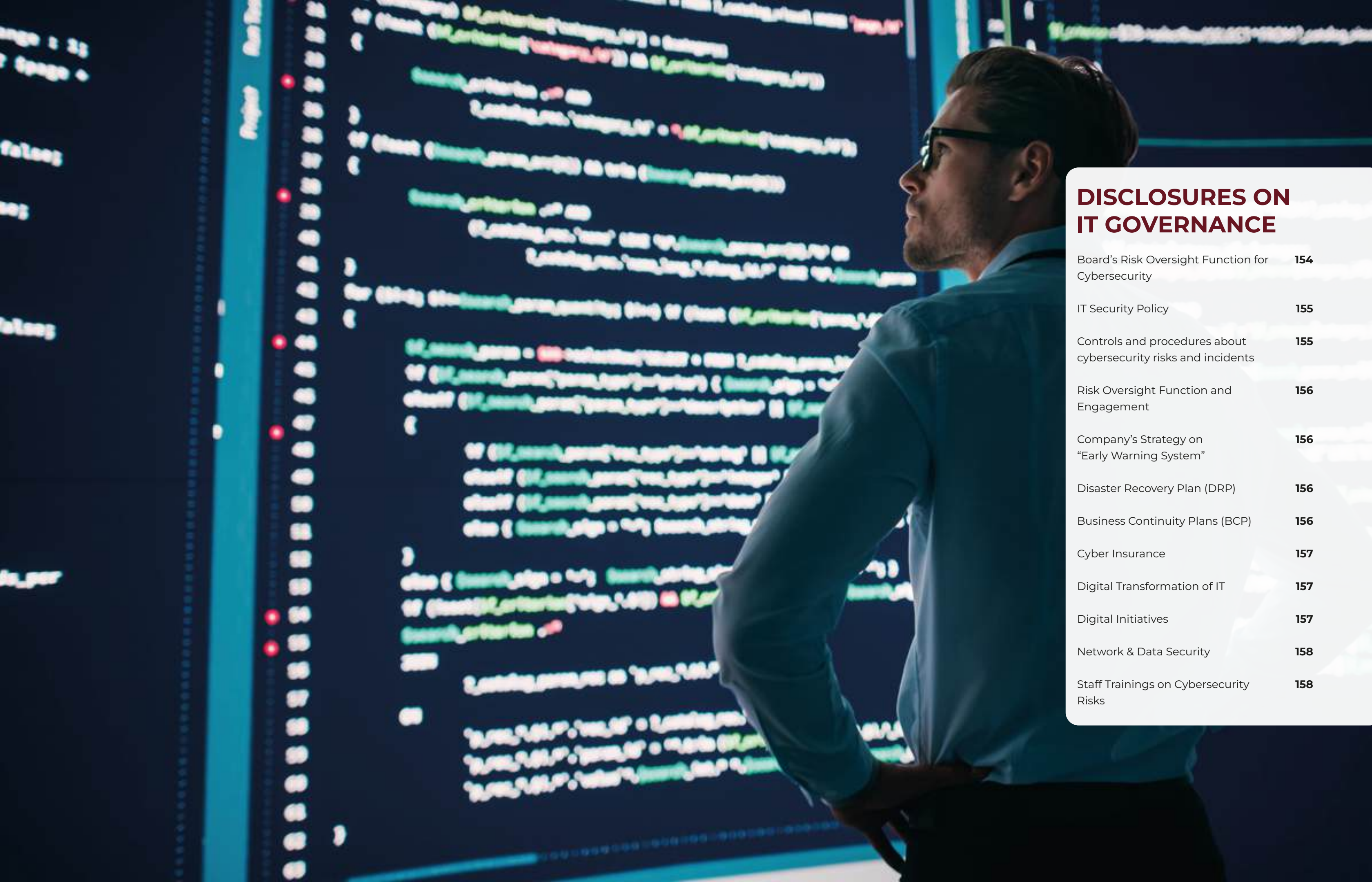
# OUR BUSINESS MODEL

## An integrated approach to value-creation

Anchored to our core values and aligned with our vision, our business model is designed to reflect our integrated approach to deliver enhanced value for all stakeholders and continue progress towards creating a sustainable future. There is no material change in Company's business model during the year.







## DISCLOSURES ON IT GOVERNANCE

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## IT Governance & Cybersecurity

A thorough and comprehensive information technology ("IT") governance mechanism is in place at the Company to make sure that IT is in line with organizational goals and strategy and adds value to the business. IT policies are intended to encourage prompt, accurate, effective, and informed decision making regarding a Company's IT operations and investments. The policies' mutual goal is to establish the IT governance structure, along with the related processes, guidelines, responsibilities, and roles, as a vital part of the overall IT Management framework, which directs management regarding the implementation and oversight of the Company's IT investments.

The Company's IT Governance include individual policies that addresses following matters:

- Managing IT initiatives under the direction of an IT Steering Committee
- A shared vision of the advantages IT can provide the business, together with goals and the IT strategies for achieving those goals.
- Strategies and guidelines for making IT decisions and managing initiatives.
- IT Risk Management Policy, which oversees the Department's internal controls and governance frameworks. Under this policy, the Company undertakes ongoing assessments of threats and risks pertaining to information assets to evaluate whether additional safeguards, countermeasures, and controls are required.
- Effective Change Management controls over executing and monitoring changes to the infrastructure, application programs and configuration.
- IT Security policy to combat potential risk from misuse of information, Internet, emails electronic and computing devices and network resources to conduct business and interact effectively with internal networks and business systems.
- IT Backup and Restoration policy to ensure integrity and availability of data and Information.
- Setting forth the segregation of responsibilities between the IT department and end users, and establishing, revising, and retiring, as necessary, organizational IT and other technology-related policies.

Overall, the IT governance ensures optimization of resources, IT value delivery, adequate performance measurement to achieve business objectives and effective IT risk management implementation.

### Board's Risk Oversight Function for Cybersecurity:

The Company emphasizes the utmost importance on the safe custody, transmission, and storage of its financial and non-financial information since it regards data as one of the most critical assets of the business. The Company has aligned its policies and procedures to make efficient use of IT resources in achieving the strategic and operational objectives while strengthening shareholders' value.

To effectively supervise, board members actively participate in overseeing and directing its operations. The Head of IT administers cybersecurity risk and assessments, and he presents his findings and recommendations to the IT Steering Committee. In order to reduce any potential cyber risk, he is also accountable for ensuring that the IT team and other employees undergo the proper training. The IT team is responsible for developing and effectively managing the security framework and making sure that the protocols are put in place to store, safeguard, retrieve, and transmit data that is vulnerable to cyber risks. CEO along with two directors, CFO, and Head of IT constitute the IT Steering Committee, which is established with the objective of overseeing the Company's IT governance and cybersecurity-related issues. The IT Steering Committee evaluates the financial, reputational, and compliance risks and seeks recommendations from the Board, where necessary.

The Company implements strong strategies with the support of its internal IT team and external specialists (where needed) to continuously identify and reduce cyber risks or threats. IT security policy, controls, procedures & third-party audit are reviewed in IT Steering Committee meeting and ensure that all the recommendations identified in third party security audit report should be implemented.

## IT Security Policy

The purpose of IT Security is to ensure continuity of business of the Company and to minimize business loss by safeguarding and reducing the impact of security lapses. The Policy's scope is to safeguard Company information assets from all threats, including cybersecurity risks, whether they are internal or external, intentional, or accidental. As well as it relates to use of Internet, E-mails, Electronic and computing devices, and network resources.

The Company's policy ensures that:

- Information is secured against unauthorized access.
- Confidentiality is guaranteed by protections against unauthorized disclosure or accidental disruption. Integrity of information (its accuracy and completeness) is maintained by protecting against unauthorized modification.
- Information Security Management System requirements are satisfied, including record keeping, for regulatory and legislative compliance.
- Disaster Recovery Plans are established, maintained and evaluated to guarantee the Company has access to information and crucial services when it's required.
- All employees receive IT security-related training and education.
- Implementation of multi-layer security model which includes firewalls, user authentication, network segregation and database access controls.
- Any breach of information security, actual or suspected, to be reported to and highlighted by the Internal Audit department.
- The controls, guidelines, and procedures that apply to staff who access and utilize the IT resources and assets of an organization.

## Controls and Procedures about Cybersecurity Risks and Incidents

The effectiveness of cybersecurity framework depends on a number of crucial components that collectively make up the Company's cybersecurity strategy. The Company has implemented extensive controls and processes to manage its main IT capabilities and to mitigate different security risks.

The Company has deployed multiple controls and procedures to manage its core IT functionalities and to mitigate different security threats which are all monitored by system and firewall log Analyzer. Firewall log Analyzer is an impressive record management solution which acts as an analytics and reporting platform. It gives businesses access to a single platform via which they can track automate, orchestrate, and adapt. This facilitates streamlined security operations, proactive risk assessment and mitigation, and aggregate visibility of the threat landscape.

The Company has deployed multiple systems to secure IT systems and data which includes:

- Network and web application firewall
- Cloud email security
- Internet access management
- End point security systems
- Centralized security analytics
- End-to-end security posture awareness and control
- Restricted Administrative Privileges
- Physical security

## Risk Oversight Function and Engagement

The board is engaged in oversight through the IT Steering Committee and Internal audit, to have an update on cybersecurity matters. The management is responsible to ensure a third-party independent audit by a reputed firm on a regular basis as per compliance with international standards of IT governance. The services of external audits include evaluating an information system's credibility and quality in relation to the required criteria and identifying any discrepancies that need to be addressed. This aids management by identifying security systems or control vulnerabilities so that recommendations can be made to prevent potential cyberattacks of any sort.

Additionally, logs are routinely checked for any suspicious activity by IT department, and the results of the review are to be kept for auditing purposes. This enables management to take preventative action to protect the organization's information assets.

In addition, the Internal Audit department regularly performs network and back-up management audits, the results of which are presented to the Board's Audit Committee.

## Company's Strategy on "Early Warning System"

The Company has implemented in place a robust early warning system that makes it possible to identify, evaluate cybersecurity risks and incidents. This technology enables proactive monitoring and threat identification, allowing for rapid responses and appropriate disclosures. It comprises policies for incident reporting, regular security assessments, threat intelligence sharing, and incident reporting protocols.

## Disaster Recovery Plan

In order to efficiently respond to potential IT failures or cyber intrusions, the Company has developed and maintains a resilient disaster recovery strategy. The methods, procedures, and tools outlined in this plan will help to minimize the effects of disruptions, hasten the restoration of crucial operations, maintain information and security policies. In the event of a disaster, this plan aids in ensuring the continuation of operations and the accessibility of critical resources. To comply with the Company's information technology and security standards, these plans have an acceptable level of controls. With such a strategy, critical functions are supported after a disaster with the lowest level of disruption conceivable.

## Business Continuity Plans (BCP)

To ensure uninterrupted operations, the Company is diligently developing Business Continuity Plans (BCP) aimed at safeguarding its resources and minimizing disruptions from unforeseen events. These plans are designed to maintain critical business functions and ensure swift recovery in the face of challenges. A key component of this strategy is the Disaster Recovery Plan (DRP), managed by the IT department. The DRP focuses on the recovery of IT systems and data, complementing the broader BCP framework. While the BCP addresses continuity across all departments, the IT-driven DRP ensures that technological infrastructure supports the overall resilience and operational stability of the business. This integrated approach strengthens our ability to handle disruptions effectively and maintain business continuity.

## Cyber Insurance

Cybersecurity insurance serves as a contractual safeguard against financial risks associated with digital business operations. This coverage transfers some risk to insurers in exchange for regular fees. The field is relatively new and constantly evolving due to the ever-changing cyber threat landscape. Unlike traditional insurance, cybersecurity policies lack sufficient data for precise risk modeling, affecting coverage, rates, and premiums.

Currently, the Company doesn't possess specific cyber insurance. However, we maintain Disaster Recovery as a contingency plan in case of theft, disasters, or cyberattacks to facilitate data and hardware recovery. Our meticulous monitoring and risk assessment approach has resulted in a remarkably low cumulative cyber risk incident rate.

## Digital Transformation of IT

In recent decades, a paradigm shift known as Industry 4.0 has emerged as the fourth industrial revolution. Industry 4.0 elevates the role of digital technology by leveraging the Internet of Things (IoT), real-time data access, and the integration of cyber-physical systems. This transformation offers a holistic approach to manufacturing, connecting the physical and digital realms, fostering collaboration across departments, partners, and processes. Industry 4.0 empowers businesses to gain precise control, extract insights from real-time data, enhance productivity, optimize operations, and fuel growth. While Industry 4.0 encompasses numerous concepts like ERP, IoT, RPA, Blockchain, AI, and Cloud Computing, selecting the right solutions is essential, tailored to specific business needs.

Therefore, the IT Steering Committee decided to invest in ERP and Cloud computing to improve business process management tools and reporting that can be used to manage information across an organization.

Cloud computing is the delivery of computing services—including servers, storage, databases, networking, software, analytics, and intelligence—over the Internet ("the cloud") to offer faster innovation, flexible resources, and economies of scale. The Company typically pays only for cloud services.

The management decided to migrate companies on premises Oracle E-business Suite ERP solution to cloud-based ERP solution Oracle Fusion. Multiple cloud service provider solutions were reviewed and evaluated in IT Steering Committee and one cloud service provider was finalized. The Company went successfully live on January 01, 2023, on Oracle Fusion as per phase-I Implementation strategy with AR, AP, Core Financials, Cash Management, Project Management, Procurement and Contract Management modules executed. Phase II of implementation strategy which includes Budgetary Control, Fixed Assets, Enterprise Asset Management (EAM), Manufacturing and Maintenance module on cloud went fully live by January 2024.

## Digital Initiatives

One significant digital initiative by the Company is the adoption of "Diligent Boards software." This implementation has centralized and streamlined the management of corporate records, enhancing governance, compliance, risk mitigation, and decision-making. It has also enabled efficient online board meetings, with timely publication of notices and minutes.



The Company aims to minimize the usage of physical papers wherever possible in daily routine tasks. The Company is transitioning from conventional paper checks to digital payment methods whenever possible. The Company has successfully integrated various approval level workflows with our secured web portal platform for quick access to desired data and prompt action. Further, we have initiated an auto attendance system through face recognition technology and got tremendous results in terms of accuracy and time saving. Through this system, regular labor attendance is done timely without any human efforts.

## Network & Data Security

The organization's data security always remains our top priority. The secured VPN connections between multiple locations through a physical firewall have been extended with an upgraded version to ensure data integrity and security. Secured VPN infrastructure significantly contributed to work-from-home policy. The increasing complexity of cyber threats and the critical importance of protecting our organization's sensitive information have prompted the initiation of a Data Leakage Prevention (DLP) initiative coupled with a USB Locking Initiative. This initiative is designed to enhance our data security measures and protect against unauthorized data access and exfiltration.

## Staff Trainings on Cybersecurity Risks

The Company is cognizant of the significance that education and training are in reducing cybersecurity threats. It conducts extensive programs that educate staff about risks related to the internet, encourage cybersecurity awareness, and offer recommendations on secure computing procedures. To provide staff members with the knowledge and abilities they need to recognize and address cybersecurity issues, regular training sessions, workshops, and awareness campaigns are held. Through these initiatives, the Company as a whole becomes aware of the significance of cybersecurity.

As part of our ongoing efforts to strengthen the organization's cybersecurity posture, the Company have launched an IT Security awareness campaign across the organization. This campaign aims to educate all employees on best practices in cybersecurity, the importance of data protection, and the critical role they play in safeguarding our organization's information assets.



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## Forward Looking Statement

A tough year is anticipated for 2024-25 due to political uncertainty and economic challenges. Rising fuel costs and energy tariffs, high interest rates, and soaring inflation might have an adverse impact on consumers' purchasing power as demand declines. Considering all of the foregoing factors, the Company is in a strong position to experience sustainable growth owing to its high-quality yarn. We are continually becoming stronger in targeting new goals, employing market potential, and bolstering our position in the market across the country. Our approach will be systematically implemented through, laying the foundations for future progress.

The increasing cost of living in Pakistan, coupled with unstable political and economic conditions, has driven skilled workers and managers to seek employment opportunities abroad, leading to a talent shortage that presents a significant challenge for businesses. Although the Company has experienced some employee turnover, management is committed to retaining top talent and attracting new personnel as needed to ensure smooth operational continuity. However, the actual results of the company will be dependent on the availability of high-quality economical cotton within Pakistan. The healthy monsoon rains of CY 2024 have filled water reservoirs, which should boost crop yields and stimulate demand across various industrial sectors. We anticipate that increased agricultural output will drive greater demand for our products and services.

The Company plans to invest in Business Intelligence solutions and the BMR (Balancing, Modernization, and Replacement) of its manufacturing facilities after the successful implementation of the revolutionary ERP system, the first of its kind in the spinning industry, in FY 2023-24.

## Status of Plans Disclosed in the Previous Year's Future Outlook Statement

The major project disclosed in last year's annual report was the implementation of an advanced cloud-based ERP System which was rolled out successfully during 2023. The Company went successfully live on January 01, 2023, on Oracle Fusion and Phase II of the implementation strategy which included Budgetary Control, Fixed Asset, Enterprise Asset Management (EAM), Manufacturing module on the cloud went fully live at all locations by March 2024. Through this ERP, the company is set to integrate Business Intelligence into its dashboards, planning, and processes.

## Source of Information and Assumptions Used for Projections / Forecasts

For improved oversight, the Company creates annual budgets and forecasts. The forecasting method is carried out by taking into account historical statistics and information. The development of projections is based on macro and microeconomic indicators, market trends and research, forecasts of local and international material costs, data collected from regulatory and taxation authorities, seasonal variations, competitor behavior, and other factors. Based on the facts available, internal capabilities are evaluated and harmonization is planned to achieve the desired results.

Additionally, information is generated internally from key business units such as sales, manufacturing and operations, information technology, human resources, finance & treasury, etc. This information is combined with data gathered from the aforementioned sources to create reliable projections that are then adopted as formal strategies by the company after approval by the Board.

## Business Rationale for Major Capital Expenditure

The Company has undergone consistent growth. The Company has fully utilized its manufacturing capacity over the past few years. The company has a systematic approach to gauge the necessity for capital expenditures. For continual manufacturing of superior yarn while focusing on energy conservation and ecological preservation, the capital spending is principally focused on capacity expansion, BMR, safety, and sustainability. Extensive financial analysis is carried out ahead of any capital expenditures, including payback period, NPV/IRR, cash flow requirements, and other financial analysis tools.

## Significant Plans & Decisions

The Company has a long history of continuous investment in its facilities. The Company believes in step-by-step investments for capacity maintenance and BMR. These investments prove our commitment to providing our customers with unmatched quality products. In the next year, the Company will continue its focus on sustainable growth through structured reinforcement with a futuristic approach to drive long-term and sustainable progress.

The company is committed to identifying new markets and expanding its export sales, which provides avenues for business growth and provides shareholders with the desired return on investment. To cater new market trends and customers demand, the Company is set to launch new blow room for manmade fibers and minor model changes in existing line-up. Additionally, the company is implementing BI-powered dashboards for data-driven analysis and decision-making as well as optimizing inventory management and control through advanced bar-coding software.

The Company's focus on increased export sales has always facilitated it to successfully deal with the challenges of devaluation. Accordingly, it will continue to identify various opportunities for expansion of the global customer base. This, in turn, will help to save our country's valuable exchange reserves. Controlling plant costs, improvement in its productivity and business process improvements will remain another significant area of focus. The Company has significant plans to invest in energy conservation and health and safety projects.



## Future Research & Development Initiatives

As the yarn spinning industry evolves, TTML is committed to pioneering advancements through strategic Research & Development (R&D) initiatives. Looking ahead, our focus will be on enhancing fiber quality and developing innovative spinning technologies to meet the growing demands of the textile market. TTML continuously invests and has further plans to invest significantly in advanced machinery and automation to improve production efficiency and reduce waste. Our technical team is also exploring new yarn blends and sustainable materials, aiming to create products that are both high-performing and environmentally friendly. Additionally, we are dedicated to implementing smart technologies such as IoT and AI to optimize production processes and ensure consistent quality control. By fostering a culture of continuous improvement and embracing cutting-edge research, TTML is poised to not only enhance our product offerings but also contribute to the sustainability and growth of the yarn spinning industry. Through these initiatives, TTML aims to strengthen its market position and deliver exceptional value to our customers and stakeholders.

## STAKEHOLDERS' RELATIONSHIP AND ENGAGEMENT

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## STAKEHOLDERS' ENGAGEMENT POLICY

TTML is fully committed to building strong relationships with all its stakeholders. This policy outlines the core principles of engaging with them. When it comes to interacting with stakeholders, the company is dedicated to:

- Providing accurate and timely information to everyone involved.
- Seeking regular feedback from stakeholders.
- Continuously evaluating and improving these engagement efforts.

The frequency of these interactions follows corporate and business requirements set by laws, contracts, and specific needs as they arise.

## STEPS TAKEN BY THE MANAGEMENT TO ENCOURAGE MINORITY SHAREHOLDERS' PARTICIPATION IN ANNUAL GENERAL MEETING

The company ensures that the interests of minority shareholders are protected by taking the following steps to encourage their participation in general meetings:

- Timely announcements of all notices related to shareholders' meetings through the Pakistan Stock Exchange and publication in English and Urdu newspapers, as per the specified timeline and requirements.
- Dispatching all notices of shareholders' meetings to the registered addresses of shareholders available with the company, as per regulatory requirements, to acquaint them with the agenda of the meeting.
- Sending the annual report to each member of the company in electronic form through CD and in hard copy form, upon request, before the AGM.
- Facilitating and encouraging shareholders to appoint proxies in case they are unable to attend the AGM in person. For this purpose, proxies in English and Urdu are sent to the members along with the notices and are also available on the company's website.
- Conducting meeting in a safe and sound premises accessible to shareholders.
- Encouraging shareholders to comment, raise queries, and provide feedback during the meeting.
- Complying with all regulatory requirements and taking all possible steps to encourage the attendance of minority shareholders in general meetings.

## CORPORATE BRIEFING SESSION

The Company conducted a corporate briefing on November 16, 2023, through Zoom to update stakeholders on its operational and financial performance based on the Financial Statements ended on June 30, 2023. The session aimed to gather insights from shareholders and comprehend their perspectives. The management, including the Chief Executive, Chief Financial Officer, Financial Controller, Company Secretary, Head of Accounts and other senior officials, presented the Company's performance during the fiscal year ended on June 30, 2023. The briefing was followed by an interactive Question & Answer session, offering additional clarification on the matters covered in the presentation.



## INVESTORS' RELATIONS SECTION ON THE CORPORATE WEBSITE

The company is committed to maintaining strong and transparent relationships with all stakeholders, including investors and shareholders. To this end, the company has created a dedicated section on its website (<http://www.tatapakistan.com>) to provide investors and shareholders with accurate, transparent, and timely information. The website is regularly updated to ensure that the company meets its requirements and provides all relevant information to all stakeholders.

## REDRESSAL OF INVESTORS' COMPLAINTS

There was no complaint received from investors during the year ended June 30, 2024.

## STAKEHOLDERS' ENGAGEMENT

As a responsible corporate citizen, we recognize the significance of stakeholder engagement. We interact with our stakeholders to acquire their perspectives and expectations, which allows the company to define a timely and appropriate response to the issues they believe are important to the Company.

S.No.	Stakeholders	Management Initiatives	Mode of engagement	Frequency
1.	Shareholders/ Investors	TTML engages with its shareholders and investors through a variety of channels, including AGMs, EOGMs, corporate briefing sessions, and its website. The company is committed to providing its shareholders and investors with the information they need to make informed decisions about the company.	1. AGM 2. EOGM's 3. Periodic Reports 4. Annual Reports 5. Corporate Briefing 6. Website	1. Annually 2. If/when needed 3. Quarterly 4. Annually 5. Annually 6. Continuously available
2.	Customers	TTML is committed to customer satisfaction and understands that customers are at the core of its business. The company has taken multiple initiatives for customer engagement, such as conducting regular customer visits, complying with social, quality, and environmental standards, deploying systems to improve feedback and follow-up and maintaining close relationships.	1. Direct relationships 2. Customer meetups 3. Satisfaction surveys 4. Website	1. Continuous 2. Regularly 3. Annually 4. Continuously available
3.	Suppliers	TTML values its suppliers and engages with them through creative channels, such as meetings and feedback sessions. The company is committed to building long-term partnerships with its suppliers based on joint growth, sustainable practices, fair agreements, and timely payments.	1. Direct relationships 2. Meetings 3. Trade shows 4. Website	1. Daily 2. Regularly 3. Regularly 4. Continuously available



S.No.	Stakeholders	Management Initiatives	Mode of engagement	Frequency
4.	Banks	TTML values its bankers and considers them to be partners in success. The company ensures full compliance with all money lending requirements from its banks and engages with them through various channels, such as one-on-one meetings, annual reports, monthly and quarterly financial performance, financial projections, and communication about key business achievements. The company maintains excellent and lasting relationships with its bankers for strong partnerships.	<ol style="list-style-type: none"> <li>1. Direct relationships</li> <li>2. Meetings</li> <li>3. Financial reporting</li> <li>4. Websites</li> </ol>	<ol style="list-style-type: none"> <li>1. Regularly</li> <li>2. Regularly</li> <li>3. Periodic</li> <li>4. Continuously available</li> </ol>
5.	Media	TTML has maintains a strong system in place to share timely and prompt updates on material information for stakeholders on its website and the stock exchange website and through corporate briefing sessions. This system ensures that all stakeholders have access to the latest information about the company, which is essential for making informed decisions. Furthermore, the company also shares information through its social media platforms.	<ol style="list-style-type: none"> <li>1. Press release/ Notice of meeting</li> <li>2. Corporate briefing</li> <li>3. Recommendations related to Federal &amp; Provincial Budget</li> </ol>	<ol style="list-style-type: none"> <li>1. As required</li> <li>2. Annually</li> <li>3. Annually</li> </ol>
6.	Government and other regulatory bodies	TTML is committed to strict compliance with all applicable laws and regulations. The company ensures that all regulatory queries are responded to in a timely manner, and that all statutory returns and forms are filed on time.	<ol style="list-style-type: none"> <li>1. Issue specific meetings / discussion / correspondence</li> <li>2. Submission of statutory returns and reports</li> <li>3. Website</li> <li>4. Social Media</li> </ol>	<ol style="list-style-type: none"> <li>1. As required</li> <li>2. As required</li> <li>3. Continuously available</li> <li>4. Continuously available</li> </ol>
7.	Local communities	TTML is committed to CSR and actively participates in various projects related to health, education, and society. The company believes that good health and education are essential for a nation's success. It contributes to the well-being of communities by providing better education and healthcare facilities, offering scholarships to talented students, and supporting education and health programs.	<ol style="list-style-type: none"> <li>1. TCF school</li> <li>2. Health facility</li> <li>3. Website</li> <li>4. Social Media</li> <li>5. Career Fairs and industrial visits of students</li> </ol>	<ol style="list-style-type: none"> <li>1. Continuous</li> <li>2. Continuous</li> <li>3. Continuously available</li> <li>4. Continuously available</li> <li>5. As required</li> </ol>
8.	Employees	TTML considers its employees to be core asset and takes employee engagement to be crucial for its success. The company has taken various initiatives to engage its employees, such as annual performance appraisals, clearly defined roles and responsibilities, performance management and development, remuneration and benefits, and personal development, training, and safety.	<ol style="list-style-type: none"> <li>1. Interaction with management</li> <li>2. Goal setting</li> <li>3. Appraisals</li> <li>4. Employees events</li> <li>5. Website</li> <li>6. Newsletter ("TATA News Buzz")</li> </ol>	<ol style="list-style-type: none"> <li>1. Daily</li> <li>2. Annual / semi-annually</li> <li>3. Regularly</li> <li>4. Regularly</li> <li>5. Continuously available</li> <li>6. Semi-annually</li> </ol>

## STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

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## Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs)

Company's financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

## Adoption and Statement of Adherence With the International Integrated Reporting Framework (IIRF)

TTML is committed to creating value for the company and its stakeholders through a strategic approach. The company's core strength is its focus on economic, social, technological, and environmental factors, and their associated impacts, to achieve sustainable corporate value.

This report is designed to help users understand the company's operations by presenting information in a way that is clear and concise. By adopting the Integrated Reporting Framework, the company is bridging the gap between financial and non-financial information. This integration of business strategy insights with operational and non-financial data provides a more holistic view of the company's performance.

The integration of financial, social, and environmental information is a powerful way to communicate the company's performance, activities, and the strategic importance of aligning sustainability considerations with business approaches to the market and society.

## Management Approach

TTML is committed to adopting the International Integrated Reporting Framework (IIRF) and following the best corporate governance practices. The IIRF requires a strong commitment from the company's management, who are ultimately responsible for communicating the company's message to its stakeholders. The framework also emphasizes the importance of connectivity of information, ensuring that all stakeholders have a clear understanding of the company's philosophy and attitude towards achieving enhanced stakeholder value and customer satisfaction. The company believes that stakeholder value can be maximized through returns on investment, which can be achieved through revenue maximization and cost control measures.

## Objective of IR

The key objective of integrated reporting (IR) is to create a bridge between the guiding principles and content elements of an organization. This means that IR reports should provide a comprehensive overview of the organization's performance, taking into account both financial and non-financial factors. The content elements of IR have been briefly discussed in this report.

## Excellence in Integrated Reporting

The company aims to fulfill the requirements of the IR framework to build trust and transparency with its stakeholders. The management is committed to providing accurate information to its stakeholders, including customers, suppliers, employees, bankers, regulators, and communities. The company is focused on concise and coherent reporting of its business affairs to ensure that the information presented in this report is accurate and reliable.

## Application of the Integrated Reporting Framework

The company is compliant with the Integrated Reporting Framework (IRF) which is divided into two major segments:

- Guiding Principles of this Report
- Content Elements of this Report

## Guiding Principles of this Report





## Content Elements of this Report



## Disclosures Beyond BCR

The Company, in order to promote transparency in its dealings, has added certain additional information for its stakeholders, which is beyond the required criteria of BCR (Page No. --- ). Details are as follows:



# BEST CORPORATE REPORTING AWARDS 2024

## Checklist 2024

BCR Ref #	Section & Task	Page Reference
<b>1.</b>	<b>Organizational Overview and External Environment</b>	7
1.01	Mission, vision, code of conduct, ethics and values.	8-9, 11-12
1.02	Profile of the company including principal business activities, markets (local and international), key brands, products and services.	14-15
1.03	Geographical location and address of all business units including sales units and plants.	16-17
1.04	The legislative and regulatory environment in which the organization operates.	24
1.05	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates.	13
1.06	Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	N/A
1.07	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	N/A
1.08	Organization chart indicating functional and administrative reporting, presented with legends.	18-19
1.09	A general review of the performance of the company, including its subsidiaries, associates, divisions etc., for the year and major improvements from last year.	13
1.10	Description of the performance of the various activities / product(s) / service(s) /segment(s) of the entity and its group entities during the period under review.	13
1.11	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	20-21
1.12	a) Explanation of significant factors effecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response. b) The effect of seasonality on business in terms of production and sales.	22-23 24
1.13	The legitimate needs, interests of key stakeholders and industry trends.	25
1.14	SWOT Analysis of the company.	28
1.15	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	29-30
1.16	History of major events.	26-27
1.17	Details of significant events occurred during the year and after the reporting period.	31
<b>2</b>	<b>Strategy and Resource Allocation</b>	33
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve these objectives.	34-35
2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including: a. Financial Capital; b. Human Capital; c. Manufactured Capital; d. Intellectual Capital; e. Social and Relationship Capital; and f. Natural Capital.	34-35
2.03	The capabilities and resources of the company to provide sustainable competitive advantage and as result value created by the business.	36

BCR Ref #	Section & Task	Page Reference
2.04	Company's strategy on market development, product and service development.	34-35
2.05	The effects of the given factors on company strategy and resource allocation: technological changes, ESG reporting and challenges, initiatives taken by the company in promoting and enabling innovation and resource shortages (if any).	34-35
2.06	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	34-35
2.07	The linkage of strategic objectives with company's overall mission, vision and objectives.	34-35
2.08	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	36
2.09	a) Information about defaults in payment of any debts with reasons and b) Board strategy to overcome liquidity problem and its plan to manage repayment of debts and meet operational losses.	36
<b>3</b>	<b>Risks and Opportunities</b>	37
3.01	Key risks and opportunities (internal and external), including Sustainability-related risks and opportunities affecting availability, quality and affordability of Capitals.	40-45
3.02	A Statement from Board for determining the following: a) Company's level of risk tolerance by establishing risk management policies. b) Company's robust assessment of the principal risks being faced, including those that would threaten the business model, future performance and solvency or liquidity.	38-39
3.03	Risk Management Framework covering principal risk and uncertainties facing the company, risk methodology, risk appetite and risk reporting.	38-39
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	40-45
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (is any).	46
<b>4.</b>	<b>Sustainability and Corporate Social Responsibility (CSR)</b>	47
4.01	Board's statement for the adoption of CSR best practices including Board's commitment to continuous improvement and implementation updates in the form of periodic reviews to ensure the relevance and effectiveness of CSR practices in business strategies.	48
4.02	Board's statement about the company's strategic objectives and the intended impact on stakeholders on ESG (Environmental, Social and Governance) reporting/ Sustainability Reporting in line with IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures'.  Weightage will be given to companies who provides following disclosures (as per IFRS S1 and IFRS S2) along with the company specific examples for each factor for the investor's information:  a. Disclosures of company specific sustainability-related risks and opportunities and their impact on the financial performance in the short, medium and long term; b. Disclosures about four-pillars core content (Governance, Strategy, Risk Management and Metrics and Targets), together with the specific metrics designed by the company to demonstrate the performance and progress of the company. c. Disclosures of material information about sustainability-related risks and opportunities throughout a company's value chain together with specific examples of initiatives taken by the company. [In IFRS S1, the 'value chain' is the full range of interactions, resources and relationships related to a company's business model and the external environment in which it operates] d. Disclosure about company's climate-related risks and opportunities, as required in IFRS S2 including explanation of the specific methodologies and tools used by the company. [Climate-related opportunities refer to the potential positive effects arising from climate change for a company. Climate-related risks refers to the potential negative effects of climate change on a company and are of two types, physical risks (such as those resulting from increased severity of extreme weather) and transition risks (such as those associated with policy action and changes in technology)]	48-51



BCR Ref #	Section & Task	Page Reference
4.03	A chairman's overview on how the company's sustainable practices can affect their financial performance.	49
4.04	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR as per best business practices including: <ul style="list-style-type: none"> <li>Social initiatives such as research and development initiatives, employment generation, community health and education, and health and safety of staff etc.;</li> <li>Environmental initiatives like climate change mitigation etc. by focusing on 3R's (Reduce, Reuse &amp; Recycle) and how does the company reduce pollution, depletion and degradation of natural resources</li> <li>Technological innovation such as contributing to sustainability (i.e. energy-efficient processes or eco-friendly product designs);</li> <li>Information on consumption and management of materials, energy, water, emissions and waste.</li> </ul>	52-69
4.05	<ul style="list-style-type: none"> <li>Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.</li> <li>ISO certifications acquired for best sustainability and CSR practices.</li> </ul>	49
<b>5.</b>	<b>Governance</b>	75
5.01	Board composition: <ol style="list-style-type: none"> <li>Leadership structure of those charged with governance.</li> <li>Name of independent directors indicating justification for their independence.</li> <li>Diversity in the board i.e. competencies, requisite knowledge &amp; skills, and experience.</li> <li>Profile of each director including education, experience and involvement / engagement of in other entities as CEO, Director, CFO or Trustee etc.</li> <li>No. of companies in which the executive director of the reporting organization is serving as non-executive director.</li> </ol>	88-91, 96-99
5.02	A brief description about role of the Chairman and the CEO.	100-101
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	99
5.04	Chairman's Review Report on the overall performance of the board including: <ol style="list-style-type: none"> <li>Effectiveness of the role played by the board in achieving the company's objectives;</li> <li>Chairman's significant commitments, such as strategic, financial, CSR and ESG etc., and any changes thereto from last year';</li> <li>Board statement on the company's structure, processes and outcomes of internal control system and whether board has reviewed the adequacy of the system of internal control.</li> </ol>	85
5.05	Board statement of its commitment to establish high level of ethics and compliance in the company.	101-102
5.06	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	97
5.07	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	97
5.08	Details of formal orientation courses for directors.	100
5.09	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	100
5.10	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	102
5.11	Disclosure about related party transactions: <ol style="list-style-type: none"> <li>Approved policy for related party transactions.</li> <li>Details of all related parties transactions, along with the basis of relationship describing</li> <li>Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement.</li> </ol>	104

BCR Ref #	Section & Task	Page Reference
	<ol style="list-style-type: none"> <li>Disclosure of director's interest in related party transactions.</li> <li>In case of conflict, disclosure that how such a conflict is managed and monitored by the board.</li> </ol>	
5.12	Disclosure of Board's Policy on the following significant matters: <ol style="list-style-type: none"> <li>Governance of risk and internal controls.</li> <li>Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.</li> <li>Disclosure of director's interest in significant contracts and arrangements.</li> <li>Remuneration of non-executive directors including independent directors for attending board meetings and general meetings.</li> <li>Retention of board fee by the executive director earned by him against his services as non-executive director in other companies.</li> <li>Security clearance of foreign directors.</li> <li>Board meetings held outside Pakistan.</li> <li>Human resource management including: Preparation of succession plan; Merit based recruitment; Performance based appraisal system; Promotion, reward and motivation; Training and development; Gender and race diversity; Appointment of / quota for people with disability; and Employee engagement / feedback.</li> <li>Social and environmental responsibility including managing and reporting policies like procurement, waste and emissions."</li> <li>Communication with stakeholders.</li> <li>Dividend policy.</li> <li>Investors' relationship and grievances.</li> <li>Employee health, safety and protection.</li> <li>Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing protection to the complainant against victimization and reporting in Audit Committee's report.</li> <li>Safety of records of the company.</li> <li>Company's approach to managing and reporting policies like procurement, waste and emissions.</li> </ol>	105-107
5.13	Board statement of the organization's business continuity plan or disaster recovery plan.	107
5.14	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	92-95
5.15	Disclosure about: <ol style="list-style-type: none"> <li>Shares held by Sponsors / Directors / Executives;</li> <li>Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors / Executives or close family member of Directors/Executives etc.) or foreign shareholding (if any).</li> </ol>	242-243
5.16	Details about Board meetings and its attendance.	116
5.17	TORs, composition and meeting attendance of the board committees including (Audit, Human Resource, Nomination and Risk management).	113-115
5.18	Timely Communication: <p>within 40 days - 6 marks (within 50 days - 6 marks in case of holding company who has listed subsidiary /subsidiaries)</p> <p>within 60 days - 3 marks (Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).</p>	102, 239
5.19	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include: <ol style="list-style-type: none"> <li>Composition of the committee with at least one member qualified as "financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee.</li> <li>Committee's overall role in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed.</li> <li>Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure.</li> <li>Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance.</li> <li>Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures.</li> </ol>	109-112

BCR Ref #	Section & Task	Page Reference
	f. An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor,; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded.	
	g. If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.	
	h. The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company's position and performance, business model and strategy.	
	i. Results of the self-evaluation of the Audit Committee carried out of its own performance.	
	j. Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	
5.20	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	103
5.21	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including: a. how it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system; b. management support in the effective implementation and continuous updation; c. details about user training of ERP software; d. how the company manages risks or control risk factors on ERP projects; e. how the company assesses system security, access to sensitive data and segregation of duties.	108
5.22	Disclosure about the Government of Pakistan policies related to company's business / sector in Directors' Report and their impact on the company business and performance.	76-83
5.23	Information on company's contribution to the national exchequer (in terms of payment of duties, taxes and levies) and to the economy (measured in terms of GDP contribution, new jobs creation, increase in exports, contributions to society & environment and community development etc.)	80-82
<b>6.</b>	<b>Analysis of the Financial Information</b>	117
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between: a. Past and current performance; b. Performance against targets /budget; and The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.	118-122
6.02	a. Analysis of financial ratios (Annexure I) with graphical presentation and disclosure of methods and assumptions used in compiling the indicators." b. Explanation of negative change in the performance against prior year.	123-130, 142-143
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years. Weightage to be given to graphical presentation.	133-140
6.04	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	141
6.05	a. Information about business segment and non-business segment; b. Segmental analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	202
6.06	Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning.	146-147
6.07	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	148
6.08	Disclosure of market share of the company and its products and services.	148
6.09	Statement of value added and its distribution with graphical presentation: a. Employees as remuneration; b. Government as taxes (separately direct and indirect); c. Shareholders as dividends; d. Providers of financial capital as financial charges; e. Society as donation; and f. Retained within the business.	145

BCR Ref #	Section & Task	Page Reference
6.1	Statement of Economic value added (EVA) EVA = NOPAT – WACC x TC, where NOPAT is Net Operating Profit After Tax, WACC is Weighted Average Cost of Capital, and TC is Total Invested Capital]	144
6.11	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	148
<b>7</b>	<b>Business Model</b>	149
7.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework.	150-151
7.02	Explanation of any material changes in the entity's business model during the year.	150-151
<b>8</b>	<b>Disclosures on IT Governance and Cybersecurity</b>	153
8.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	154
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	154-155
8.03	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	154
8.04	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	155
8.05	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	156
8.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	156
8.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	156
8.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	157
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	158
<b>9</b>	<b>Future Outlook</b>	159
9.01	Forward-looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	160
9.02	Explanation as to how the performance of the company meets the forward-looking disclosures made in the previous year.	160
9.03	Status of the projects in progress and were disclosed in the forward-looking statement in the previous year.	160
9.04	Sources of information and assumptions used for projections / forecasts in the forward-looking statement and assistance taken by any external consultant.	160
9.05	Disclosure about company's future Research & Development initiatives.	161-162
<b>10.</b>	<b>Stakeholders Relationship and Engagement</b>	163
10.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	164



BCR Ref #	Section & Task	Page Reference
10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a. Institutional investors; b. Customers & suppliers; c. Banks and other lenders; d. Media; e. Regulators; f. Local committees; and g. Analysts.	165-166
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	164
10.04	Investors' Relations section on the corporate website.	165
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	165
10.06	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	164
10.07	Highlights about redressal of investors' complaints including number of complaints received and resolved during the year.	164
10.08	Details about corporate benefits to shareholders like value appreciation, dividend etc.	145
<b>11</b>	<b>Striving for Excellence in Corporate Reporting</b>	167
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	168
11.02	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	172-178
<b>12</b>	<b>Specific Disclosures of the Financial Statements</b>	
12.01	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs (Annexure II).	184-239
<b>13</b>	<b>Assessment based on Qualitative Factors</b>	
13.01	Overall quality of information contained in the annual report based on the following qualitative factors: a. Clarity, simplicity and lucidity in presentation of Financial Statements Clarity, simplicity and lucidity in presentation of financial statements. b. Theme on the cover page. c. Effective use of presentation tools, particularly, effective use of diagrams, graphs, charts, smart arts, icons, tables and infographics in the annual report. d. Effectiveness and relevance of photos and graphs e. Effectiveness of the theme on the cover page.	Overall report
<b>14.</b>	<b>Industry Specific Disclosures (if applicable)</b>  Disclosures required for Banking Company (Annexure III). Disclosures required for Insurance Company (Annexure IV). Disclosures required for Exploration and Production (E&P) Company (Annexure V) Disclosures required for State-Owned Entities (SOEs) as per State-Owned Enterprises (Governance and Operations) Act, 2023 (Annexure VI)	N/A

## FINANCIAL STATEMENTS

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## INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF TATA TEXTILE MILLS LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **Tata Textile Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit or loss and comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

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

Following are the key audit matters:

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><b>1. Revenue Recognition</b></p> <p>The Company is engaged in manufacturing and sale of yarn. Revenue recognition policy has been explained in note 5.18 and the related amounts of revenue recognised during the year are disclosed in note 24 to the financial statements.</p> <p>The Company generates revenue from sale of goods to domestic as well as export customers.</p> <p>Revenue from the local (including indirect exports) and export sales is recognised when control of goods is transferred to the customer.</p> <p>We identified revenue recognition as key audit matter since it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognised on point in time basis i.e. when control of goods is transferred to the customer, in line with the accounting policy adopted and may not have been recognised in the appropriate period.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>obtained understanding and evaluated design and implementation of controls designed to ensure that revenue is recognised in the appropriate accounting period and based on transfer of control of goods to the customer;</li> <li>assessed appropriateness of the Company's accounting policies for revenue recognition in light of IFRS-15 'Revenue from contracts with Customers';</li> <li>checked on a sample basis whether the recorded local and export sales transactions were based on actual transfer of control of goods to the customer;</li> <li>tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents.</li> </ul>

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

Management is responsible for the other information. The other information comprises the information included in annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

  
**Chartered Accountants**

**Place:** Karachi

**Date:** August 26, 2024

**UDIN:** AR202410057tm2hGzBI

## STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024	2023
Rupees in '000			
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	21,410,599	21,367,677
Intangible assets	7	9,422	13,223
Long term deposits		4,727	4,596
		<b>21,424,748</b>	21,385,496
<b>Current assets</b>			
Stores, spares and loose tools	8	590,873	398,162
Stock in trade	9	9,152,912	13,593,083
Trade debts	10	6,939,535	6,634,797
Loans and advances	11	82,790	487,387
Short term prepayments		22,890	13,726
Other receivables		170,617	83,632
Other financial assets	12	4,538,018	2,118,712
Taxation	13	728,858	794,937
Sales tax		394,589	439,070
Cash and bank balances	14	348,326	252,781
		<b>22,969,408</b>	24,816,287
<b>Total assets</b>		<b>44,394,156</b>	46,201,783
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	15	559,936	559,936
General reserve		2,805,996	2,805,996
Unappropriated profits		7,083,799	7,537,077
Surplus on revaluation of operating fixed assets - net of tax	17	10,482,983	10,476,205
		<b>20,932,714</b>	21,379,214
<b>Non-current liabilities</b>			
Long term finance	18	3,187,320	2,051,708
Deferred liabilities	19	1,162,496	1,360,596
		<b>4,349,816</b>	3,412,304
<b>Current liabilities</b>			
Trade and other payables	20	3,003,524	5,354,612
Interest / mark up accrued	21	674,826	570,882
Short term borrowings	22	13,142,724	14,013,800
Current portion of long term finances	18	1,255,468	774,430
Unclaimed dividend		24,380	21,438
Provision for income and revenue taxes		1,010,704	675,103
		<b>19,111,626</b>	21,410,265
<b>Total equity and liabilities</b>		<b>44,394,156</b>	46,201,783
<b>Contingencies and commitments</b>			
	23		

The annexed notes from 1 to 46 form an integral part of these financial statements.

**Shahid Anwar Tata**  
Chief Executive Officer

**Muhammad Zaid Kaliya**  
Chief Financial Officer

**Adeel Shahid Tata**  
Director

**Shahid Anwar Tata**  
Chief Executive Officer

**Muhammad Zaid Kaliya**  
Chief Financial Officer

**Adeel Shahid Tata**  
Director

## STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
Rupees in '000			
Revenue from contract with customers - net	24	45,823,700	34,910,638
Cost of goods sold	25	(42,486,472)	(30,665,517)
<b>Gross profit</b>		<b>3,337,228</b>	4,245,121
Distribution cost	26	(488,492)	(379,078)
Administrative expenses	27	(592,794)	(665,664)
Other operating expenses	28	(61,560)	(179,299)
Finance cost - net	29	(4,497,410)	(2,704,662)
		<b>(5,640,256)</b>	(3,928,703)
Other income - net	30	2,578,686	392,153
<b>Profit before final taxes, revenue taxes and income tax</b>		<b>275,658</b>	708,571
Final taxes	31	(417,928)	(286,034)
<b>(Loss) / profit before revenue taxes and income tax</b>		<b>(142,270)</b>	422,537
Revenue taxes	32	(316,602)	(236,771)
<b>(Loss) / profit before income tax</b>		<b>(458,872)</b>	185,766
Income tax - net	33	(95,039)	74,759
<b>(Loss) / profit for the year</b>		<b>(553,911)</b>	260,525
<b>Rupees</b>			
(Loss) / earnings per share - basic and diluted	34	(9.89)	4.65

The annexed notes from 1 to 46 form an integral part of these financial statements.



## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		Rupees in '000	
(Loss) / profit for the year		(553,911)	260,525
<b>Other comprehensive income / (loss):</b>			
Items that will not be reclassified subsequently to the statement of profit or loss			
Remeasurement of defined benefit obligation deferred tax thereon	19.1.2	(46,462)	(28,397)
		3,865	3,675
		(42,597)	(24,722)
Adjustment of deferred tax relating to surplus on revaluation of operating fixed assets due to change in tax rate	17	317,990	(190,376)
<b>Other comprehensive income / (loss)</b>		<b>275,393</b>	<b>(215,098)</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(278,518)</b>	<b>45,427</b>

The annexed notes from 1 to 46 form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

	Capital reserves	Revenue reserves	Total		
	Issued, subscribed and paid up capital	Revaluation surplus	General reserve	Unappropriated profit	
	Rupees in '000				
Balance as at June 30, 2022	559,936	10,852,582	2,805,996	7,348,006	21,566,520
Transactions with owners of the Company:					
Final cash dividend for the year ended June 30, 2022 at Rs. 5 (50%) per share	-	-	-	(279,968)	(279,968)
Interim cash dividend for the quarter ended March 31, 2023 at Rs. 2 (20%) per share	-	-	-	(111,987)	(111,987)
Profit for the year	-	-	-	260,525	260,525
Other comprehensive income / (loss) :					
Remeasurement of defined benefit plan - net of tax	-	-	-	(24,722)	(24,722)
Adjustment of surplus on revaluation of operating fixed assets due to change in rate	-	(190,376)	-	-	(190,376)
<b>Total comprehensive loss for the year ended June 30, 2023</b>	-	(190,376)	-	(156,152)	(346,528)
Transferred from surplus on revaluation of operating fixed assets on account of:					
• incremental depreciation	-	(338,715)	-	338,715	-
• disposal of operating fixed assets	-	(6,508)	-	6,508	-
• reversal of CIP addition on Building	-	(36,119)	-	-	(36,119)
• reversal of deferred tax on land	-	195,341	-	-	195,341
	-	(186,001)	-	345,223	159,222
<b>Balance as at June 30, 2023</b>	<b>559,936</b>	<b>10,476,205</b>	<b>2,805,996</b>	<b>7,537,077</b>	<b>21,379,214</b>

**Shahid Anwar Tata**  
Chief Executive Officer

**Muhammad Zaid Kaliya**  
Chief Financial Officer

**Adeel Shahid Tata**  
Director

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

	Capital reserves		Revenue reserves		Total
	Issued, subscribed and paid up capital	Revaluation surplus	General reserve	Unappropriated profit	
	<b>Note Rupees in '000</b>				
Transactions with owners of the Company:					
Final cash dividend for the year ended June 30, 2023 at Rs. 3 (30%) per share	-	-	-	(167,982)	(167,982)
Loss for the year	-	-	-	(553,911)	(553,911)
Other comprehensive income / (loss) :					
Remeasurement of defined benefit plan - net of tax	-	-	-	(42,597)	(42,597)
Adjustment of surplus on revaluation of operating fixed assets due to change in rate	-	317,990	-	-	317,990
Total comprehensive loss for the year ended June 30, 2024	-	317,990	-	(764,490)	(446,500)
Transferred from surplus on revaluation of operating fixed assets on account of:					
▪ incremental depreciation	-	(310,724)	-	310,724	-
▪ disposal of operating fixed assets	-	(488)	-	488	-
<b>17</b>	-	(311,212)	-	311,212	-
Balance as at June 30, 2024	<b>559,936</b>	<b>10,482,983</b>	<b>2,805,996</b>	<b>7,083,799</b>	<b>20,932,714</b>

The annexed notes from 1 to 46 form an integral part of these financial statements.

**Shahid Anwar Tata**  
Chief Executive Officer

**Muhammad Zaid Kaliya**  
Chief Financial Officer

**Adeel Shahid Tata**  
Director

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		Rupees in '000	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before final taxes, revenue taxes and income tax		<b>275,658</b>	708,571
Adjustments for non-cash items and others:			
Depreciation on operating fixed assets	6.1.1	<b>856,637</b>	821,241
Amortisation of intangible assets	7.1	<b>4,301</b>	3,630
Provision for defined benefit obligations	19.1.2	<b>99,193</b>	94,820
Provision for compensated absences		<b>30,874</b>	19,019
Provision for Provident fund		<b>55,297</b>	28,855
Unrealised (gain) / loss on revaluation of other financial assets	12.2	<b>(1,805,165)</b>	22,275
Finance cost	29	<b>4,497,410</b>	2,704,662
Capital work in progress expensed out	6.2	<b>20,437</b>	37,540
Profit on term deposits and saving accounts	30	<b>(150,109)</b>	(51,499)
Gain on disposal of investments	30	<b>(21,229)</b>	-
Gain on disposal of operating fixed assets - net	30	<b>(4,336)</b>	(2,770)
<b>Operating cash flows before working capital changes</b>		<b>3,858,968</b>	4,386,344
<b>(Increase) / decrease in current assets:</b>			
Stores, spares and loose tools		<b>(192,711)</b>	(255,201)
Stock in trade		<b>4,440,171</b>	(3,464,945)
Trade debts		<b>(304,738)</b>	(2,394,932)
Loans and advances		<b>404,597</b>	(327,471)
Short term prepayments		<b>(9,164)</b>	7,149
Other receivables		<b>(35,251)</b>	(11,722)
Sales tax		<b>44,481</b>	(191,795)
<b>(Decrease) / increase in current liabilities:</b>			
Trade and other payables		<b>(2,355,862)</b>	1,663,006
<b>Net cash generated from / (used in) operations</b>		<b>5,850,491</b>	(589,567)
Finance cost paid		<b>(4,508,265)</b>	(2,367,754)
Taxes paid - net		<b>(333,494)</b>	(493,715)
Defined benefit obligations paid		<b>(117,417)</b>	(69,269)
Staff compensated absences paid		<b>(29,751)</b>	(18,922)
Provident fund paid		<b>(50,523)</b>	(25,666)
<b>Net cash generated from / (used in) operating activities</b>		<b>811,041</b>	(3,564,893)



## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
Rupees in '000			
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(830,397)	(2,052,017)
Proceeds from disposal of property, plant and equipment		29,036	13,243
Purchase of other financial assets		(890,144)	(229,086)
Proceeds from disposal of investments		297,233	-
Profit received on term deposits and saving accounts		98,375	51,499
Long term deposits		(131)	-
<b>Net cash used in investing activities</b>		<b>(1,296,028)</b>	<b>(2,216,361)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finance obtained		2,401,353	314,325
Repayments of long term finance		(784,703)	(1,611,813)
Short term borrowings obtained		11,559,286	8,920,127
Repayments of short term borrowings		(12,083,706)	(7,789,940)
Dividend paid		(165,041)	(384,921)
<b>Net cash generated from / (used in) financing activities</b>		<b>927,189</b>	<b>(552,222)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>442,201</b>	<b>(6,333,476)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(9,484,450)</b>	<b>(3,150,974)</b>
<b>Cash and cash equivalents at end of the year</b>	35	<b>(9,042,249)</b>	<b>(9,484,450)</b>

The annexed notes from 1 to 46 form an integral part of these financial statements.

**Shahid Anwar Tata**  
Chief Executive Officer

**Muhammad Zaid Kaliya**  
Chief Financial Officer

**Adeel Shahid Tata**  
Director

## NOTES TO THE MATERIAL ACCOUNTING POLICY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2024

### 1. Legal status and nature of Business

#### 1.1 The Company and its operations

Tata Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan on April 15, 1987 under the Companies Ordinance, 1984 (repealed by The Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The principal activity of the company is manufacturing and sale of yarn.

Following are the geographical locations and addresses of all business units of the Company:

#### Head Office

The registered office of the Company is situated at 6th floor, Textile Plaza, M.A. Jinnah Road, Karachi, in the province of Sindh.

#### Manufacturing facilities

The Company has following manufacturing units:

- 10-KM M.M. Road, Khanpur, Baggasher, Muzaffargarh, Pakistan;
- HX-1, Landhi Industrial Area, Karachi, Pakistan; and
- A/12, SITE, Kotri, District, Jamshoro, Sindh, Pakistan.

#### Warehouses:

The Company has following warehouses:

- W5/02 and W5/03, North Western Industrial Zone, Port Qasim Authority, Karachi, Pakistan; and
- F - 242, S.I.T.E Karachi, Pakistan.

### 2. Basis of preparation

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Act; and
- Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Act.

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

## 2.2 Basis of measurement

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

- Operating fixed assets which are carried at revalued amounts in accordance with IAS 1 'Property, plant and equipment' as disclosed in note 5.1 and 6.1.
- Employees' retirement benefits which is carried at present value of defined benefit obligation in accordance with the requirement of IAS-19 'Employee Benefits', as disclosed in note 5.13 and 19.1.
- certain financial instruments measured at fair value.

## 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency. Figures have been rounded off to the nearest rupee in thousands.

## 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Areas where judgments and estimates made by the management that may have a significant effect on the amounts recognised in the financial statements are included in the following notes:

- Useful lives and revaluation of certain items of operating fixed assets
- Useful lives of intangible assets
- Valuation of stores and spares and stock in trade
- Impairment of non-financial assets and financial assets
- Retirement benefit obligation
- Taxation / Revenue Taxes / Final Taxes

### Note

5.1.1  
5.2  
5.3 & 5.4  
5.5 & 5.8  
5.13  
5.17

## 3. Adoption of new and revised accounting standards

### 3.1 New amendments that are effective for the year ended June 30, 2024

The following amendments are effective for the year ended June 30, 2024. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 - Disclosure of accounting policies

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction

Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules

### 3.2 Standard and amendments to IFRS that are not yet effective

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective from accounting period beginning on or after:</b>
Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 - Presentation and Disclosures in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

## 4. ADOPTION OF NEW ACCOUNTING POLICY

### 4.1 Accounting for minimum taxes and final taxes

As an application resource, a guide was issued by Institute of Chartered Accountants of Pakistan (ICAP) in May 2024 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the guide) applicable for reporting period June 30, 2024 and onwards.



In the given guide it has been stated that minimum taxes and final taxes which are charged as per the provisions of the Income Tax Ordinance, 2001 previously accounted for and presented as income taxes within the scope of IAS 12 'Income taxes' will now be treated as 'Levies' as defined in para BC4 of IFRIC 21 as taxes whose calculation is based on gross amounts such as revenue.

As per IAS 12, income taxes includes all domestic and foreign taxes which are based on taxable profits which is the profit (loss) for a period, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable (recoverable)."

In view of the above clarifications from ICAP, it has been established that minimum tax and final taxes do not meet the criteria of income tax expense as per IAS 12 hence it should be accounted for under IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

The guide issued by ICAP provides two (2) approaches to account for minimum and final regime taxes, which is a choice of accounting policy of which the Company has chosen the following:

Designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21/IAS 37. Under approach (b) i.e. when the excess is treated as a 'levy', the effective rate of income tax is equal to the enacted rate of income tax.

Similarly, any amount deducted as final taxes will be classified as a levy in the statement of profit or loss and there would be no deferred tax liability / (asset) recognised in case of final taxes.

Super tax charged to entities as per provisions of Income Tax Ordinance, 2001, will be classified as either 'Income Tax' or 'levy' in accordance with guide stated in preceding paragraphs of this guide [i.e. if super tax calculation is based on taxable profits as defined in IAS 12, then, such super tax shall be recognised as 'income tax' otherwise such super tax shall qualify for recognition as 'levy' as per IFRIC 21 / IAS 37].

Advance taxes paid under any section of the Income Tax Ordinance, 2001, except minimum taxes paid under section 113, which are termed as levy as per the above guide will be classified as 'prepaid assets'.

The above changes have been accounted for in these financial statements as per the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The adoption of this policy did not result in re-statement of financial statements since deferred tax liability recognised in prior periods as per TR 27 and the application of this guide did not result any material differences except for reclassifications which are presented as below:

Current Classification	Previous Classification
Rupees in '000	

**Effect on statement of financial position:**

As at June 30, 2023

**Taxation:**

Final taxes	116,413	-
Advance income tax	678,524	794,937
	<b>794,937</b>	<b>794,937</b>

**Effect on statement of profit or loss:**

For the year ended June 30, 2023

**Taxation:**

• Current year	-	522,805
• Prior year	(1,261)	(1,261)
Deferred tax	<b>(73,498)</b>	<b>(73,498)</b>

**Revenue taxes:**

• Minimum taxes	124,834	-
• Super tax	111,937	-

**Final taxes:**

• Export sales	235,566	-
• Dividend income	50,468	-
	<b>448,046</b>	<b>448,046</b>

**4.2 Significant Accounting Policy to Material Accounting Policies Information**

During the year, the Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

**5. MATERIAL ACCOUNTING POLICIES INFORMATION**

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

**5.1 Property, plant and equipment**

**5.1.1 Operating fixed assets**

Operating fixed assets except freehold land, buildings on freehold land, plant and machinery and electric installations are stated at cost less accumulated depreciation and impairment, if any. Freehold land, building, plant and machinery and electric installations are stated at revalued amount being the fair value at the date of revaluation, less subsequent accumulated depreciation

and impairment losses, if any. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the reporting date.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 6.1 to these financial statements. Depreciation on all additions in operating fixed assets is charged from the date in which the asset is available for use and depreciation ceases on the date of disposal. The residual values, depreciation method and assets' useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amount or recognised 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 statement of profit or loss during the year in which these are incurred.

Gains and losses on disposal are recognised in the statement of profit or loss, and the related surplus on revaluation of operating fixed assets is recorded in statement of comprehensive income.

Increases in the carrying amount arising on revaluation of operating assets are recognised, net of tax, recognised in statement of comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in statement of other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to statement of profit or loss and other comprehensive income and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus to retained earnings.

### **5.1.2 Capital work in progress**

Capital work in progress (CWIP) is stated at cost less any impairment loss, if any. All expenditures connected to specific assets incurred during installation and construction period are carried under CWIP. Expenditures also include borrowing costs as referred to in note 5.15. Items are transferred to operating fixed assets as and when assets are ready for their intended use.

## **5.2 Intangible assets**

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

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

Intangible assets with a definite useful life are amortised on a straight line basis over its useful life. Amortisation on all additions in intangible assets is charged from the date in which the asset is available for use and it ceases on the date of disposal. Amortisation charge is recognised in the statement of profit or loss. The rates of amortisation are disclosed in note 7.

### **5.3 Stores, spares and loose tools**

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

### **5.4 Stock in trade**

Stock in trade is stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### **5.5 Impairment of non-financial assets**

The Company assesses at each reporting date whether there is any indication that assets except stock in trade 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 recognised in the statement of profit or loss. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in revaluation surplus.

### **5.6 Contract liabilities**

When a customer pays consideration before the Company transfers goods or services to the customer, an advance is recognised when the payment is made or the payment is due (whichever is earlier). Advances are recognised as revenue when the Company fulfills its performance obligations under the contract.

### **5.7 Short term prepayments**

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition these are measured at amortised cost.

### **5.8 Financial instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.



### 5.8.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### A. Trade debts

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for expected credit losses, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade debts and other receivables considered irrecoverable are written off.

Exchange gains or losses arising in respect of trade and other receivables in foreign currency are adjusted from their respective carrying amounts.

#### Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ('PD') of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

#### B. Other financial assets

Other financial assets are measured at amortised cost as they are held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Other financial assets comprises of investments carried at fair value through profit or loss (FVTPL) and term deposit receipts (TDRs) which are carried at amortised cost.

#### C. Impairment of financial assets

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

#### D. Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

### 5.8.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of profit or loss.

#### A. Bank borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added in the carrying amount of the borrowing.

#### B. Trade and other payables

Trade and other payables are recorded initially at fair value and subsequently measured at amortised cost. Generally, this results in their recognition at their nominal value.

### 5.9 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, 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 realise the asset and settle the liability simultaneously.

### 5.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks and short term running finances. Running finances are shown with short term borrowings in current liabilities on the statement of financial position / cash finance.

### 5.11 Share capital

Ordinary shares are classified as equity and are recorded at their face value.

## 5.12 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the year in which the dividends are approved for distribution to shareholders.

## 5.13 Retirement benefit obligation

The Company manages two unfunded schemes for its workmen and non-workmen categories, the details of which are as follows:

### i. Defined benefit plan - Workmen

The Company operates a gratuity scheme for all its employees under workmen category who have completed the minimum qualifying period of service as defined under the scheme. Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and charged to statement of profit or loss and other comprehensive income. All actuarial gains and losses are recognised in statement of comprehensive income as they occur. The most recent valuation was carried out as at June 30, 2024 using 'Projected Unit Credit Method'. The amount recognised in the statement of financial position represents the present value of defined benefit obligation.

### ii. Defined contribution plan - Non-Workmen and Executives

The Company operates an approved contribution provident fund for staff. Equal monthly contributions are made both by the Company and employees to the Fund at the rate of 8.34% of the gross salary.

## 5.14 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 based on one gross salary of the employee. Under the policy, leaves of 10 days for all staff only working in shifts can be accumulated and carried forward.

## 5.15 Borrowing cost

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing costs eligible for capitalisation are determined using effective interest rate method.

## 5.16 Provisions

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

## 5.17 Taxation / Revenue Taxes / Final Taxes

### i. Current

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the Income Tax Ordinance, 2001.

### ii. Revenue Taxes

Revenue taxes include levies as per IFRIC 21, minimum taxes and final taxes on export sales and dividend income.

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- a. those outflows of resources that are within the scope of other standards.
- b. fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy includes minimum taxes differential, if any, final taxes and super taxes which are calculated on a basis other than taxable profits. The corresponding advance tax paid, except for minimum taxes under section 113, which are treated as levy are recognised as prepaid assets.

### iii. Final Taxes

Final taxes includes tax charged / withheld / paid on certain income streams under various provisions of Income Tax Ordinance, 2001 (Ordinance). Final tax is charged / computed under the Ordinance, without reference to income chargeable to tax at the general rate of tax and final tax computed / withheld or paid for a tax year is construed as final tax liability for the related stream of Income under the Ordinance.

Final tax paid is considered to be full and final discharge of the tax liability for the Company for a tax year related to that income stream.

### iv. Deferred

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering, the average effective rate of tax as determined in approach (b) to the guide issued by ICAP.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carried forward 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 utilised.

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



### 5.18 Revenue recognition

Revenue from contracts with customers is recognised at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods.

Interest income is recognised on a time proportionate basis using the effective rate of return.

### 5.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 5.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. On the basis of its internal reporting structure, the Company considers itself to be a single reporting segment.

### 5.21 Foreign currency transactions and translation

Foreign currency transactions are translated into Pakistan Rupees (functional currency) using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated at year end into Pakistan Rupees using the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translations of monetary assets and liabilities denominated in foreign currencies at reporting date are included in the statement of profit or loss.

## 6. PROPERTY, PLANT AND EQUIPMENT

	Note	2024 Rupees in '000	2023
Operating fixed assets	6.1	21,043,242	19,706,613
Capital work in progress	6.2	367,357	1,661,064
		<u>21,410,599</u>	<u>21,367,677</u>

### 6.1 Operating fixed assets

June 30, 2024

Particulars	Cost / revalued amount at July 01, 2023	Transfers during the year	Disposals / write off during the year	Cost / revalued amount at June 30, 2024	Accumulated depreciation at July 01, 2023	Depreciation for the year	Depreciation on disposals	Accumulated depreciation at June 30, 2024	Writtendown value at June 30, 2024	Rate (%)
Owned										
Freehold land	959,087	-	-	959,087	-	-	-	-	959,087	-
Leasehold land	3,485,230	-	-	3,485,230	-	-	-	-	3,485,230	-
Buildings on freehold land	1,073,660	23,068	-	1,096,728	181,451	45,337	-	226,788	869,940	5
Buildings on leasehold land										
• Godown	407,221	-	-	407,221	66,067	17,058	-	83,125	324,096	5
• Mills	2,687,420	4,95,641	-	3,183,061	430,470	122,513	-	552,983	2,630,078	5
• Others	119	-	-	119	106	1	-	107	12	10
Office premises	3,607	-	-	3,607	2,284	132	-	2,416	1,191	10
Plant, machinery and electric installations	13,830,092	1,673,804	(25,005)	15,478,891	2,572,374	602,737	(1,735)	3,173,376	12,305,515	5-10
Factory and workshop equipment	106,864	2,451	(1,621)	107,694	55,379	5,252	(1,251)	59,380	48,314	10
Lease hold improvements	342,245	-	-	342,245	72,300	26,994	-	99,294	242,951	10
Furniture and fixtures	113,563	4,283	(2,967)	114,879	59,827	5,554	(2,221)	63,160	51,719	10
Office equipment	166,047	16,874	(3,836)	179,085	111,477	14,267	(3,522)	122,222	56,863	10-30
Vehicles	209,392	1,845	-	211,237	126,199	16,792	-	142,991	68,246	20
	<u>23,384,547</u>	<u>2,217,966</u>	<u>(33,429)</u>	<u>25,569,084</u>	<u>3,677,934</u>	<u>856,637</u>	<u>(8,729)</u>	<u>4,525,842</u>	<u>21,043,242</u>	

June 30, 2024

Particulars	Cost / revalued amount at July 01, 2022	Transfers during the year	Disposals / write off during the year / transfer to CWIP	Cost / revalued amount at June 30, 2023	Accumulated depreciation at July 01, 2022	Depreciation for the year	Depreciation on disposals / write off	Accumulated depreciation at June 30, 2023	Written down value at June 30, 2023	Rate	Rupees in '000	
											(%)	(%)
Owned												
Freehold land	959,087	-	-	959,087	-	-	-	-	959,087	-	-	-
Leasehold land	3,336,550	148,680	-	3,485,230	-	-	-	-	3,485,230	-	-	-
Buildings on freehold land	1,069,576	40,204	(36,120)	1,073,660	134,643	46,808	-	181,451	892,209	5		
Buildings on leasehold land												
• Godown	390,707	16,513	-	407,221	48,111	17,956	-	66,067	341,154	5		
• Mills	2,669,210	18,210	-	2,687,420	312,520	117,950	-	430,470	2,256,950	5		
• Others	119	-	-	119	104	2	-	106	13	10		
Office premises	3,607	-	-	3,607	2,137	147	-	2,284	1,323	10		
Plant, machinery and electric installations	12,862,221	977,408	(9,537)	13,830,092	2,009,015	563,525	(166)	2,572,374	11,257,718	5-10		
Factory and workshop equipment	100,050	6,814	-	106,864	49,830	5,549	-	55,379	51,485	10		
Lease hold improvements	337,672	4,573	-	342,245	42,560	29,740	-	72,300	269,945	10		
Furniture and fixtures	102,060	11,503	-	113,563	54,152	5,675	-	59,827	53,736	10		
Office equipment	151,820	16,853	(2,626)	166,047	100,944	13,032	(2,499)	111,477	54,570	10-30		
Vehicles	194,219	20,925	(5,752)	209,392	110,120	20,856	(4,777)	126,199	83,193	20		
June 30, 2023	22,176,898	1,261,683	(54,035)	23,384,546	2,864,136	821,241	(7,442)	3,677,934	19,706,613			

### 6.1.1 Depreciation for the year has been allocated as under:

Cost of goods manufactured  
Administrative expenses

	2024	2023
	Rupees in '000	
Cost of goods manufactured	793,405	769,259
Administrative expenses	63,232	51,982
	856,637	821,241

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

	June 30, 2024			June 30, 2023		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
Freehold land	89,617	-	89,617	89,617	-	89,617
Leasehold land	179,319	-	179,319	179,319	-	179,319
Buildings on freehold land	517,748	241,822	275,926	494,681	227,749	266,932
Buildings on leasehold land						
• Godown	162,824	51,673	111,151	145,555	45,751	99,804
• Mills	1,784,901	538,144	1,246,757	1,306,530	488,510	818,020
Plant, machinery and electric installations	12,068,276	4,452,348	7,615,928	10,489,401	4,163,499	6,325,902
	14,802,685	5,283,987	9,518,698	12,705,103	4,925,509	7,779,594

Revaluation of freehold land, buildings on freehold land, plant and machinery and electric installations was carried out on September 30, 2003, June 30, 2008, June 30, 2012, December 31, 2015, June 30, 2018, June 30, 2019 and June 30, 2022. All the revaluations were conducted by the independent professional valuer M/s. Iqbal A. Nanjee & Co (Private) Limited on the basis of market value or depreciated replacement values as applicable. In estimating the fair value of the assets, the highest and best use of the premises is its current use. As a result, revaluation surplus of Rs. 3,989.70 million has been credited to equity account to comply with the requirements of International Accounting Standards 16 'Property, Plant and Equipment' in June 30, 2022. The forced sales values of freehold land, buildings on freehold land, leasehold land, building on leasehold land and property, plant machinery and electric installations at that time was Rs. 767.27 million, Rs. 747.94 million, Rs. 2,669.24 million, Rs. 2,159.43 million, and Rs. 8,679 million respectively.



### 6.1.3 Disposal of operating fixed assets:

Details of operating fixed assets disposed off during the year having net book value Rs. 500,000 and above are as follows:

Particulars	Cost / revalued amount	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of disposal and relationship	Particulars of buyer
<b>Rupees in '000</b>							
Plant and machinery	19,170	1,345	17,825	16,356	(1,469)	Negotiation	Spinning International Services
Plant and machinery	2,144	124	2,020	2,712	692	Negotiation	Haroon Corporation
Plant and machinery	1,286	90	1,196	2,953	1,757	Negotiation	Al Mushtaq Corporation
	<b>22,600</b>	<b>1,559</b>	<b>21,041</b>	<b>22,021</b>	<b>980</b>		

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

	Location	Usage of immovable property (In acres)	Total Area (In acres)
a.	10-KM M.M. Road, Khanpur, Baggasher, Muzaiffargarh, Pakistan	Manufacturing facility	151.60
b.	A/12, SITE, Kotri, District, Jamshoro, Sindh, Pakistan	Manufacturing facility	13.73
c.	HX-1, Landhi Industrial Area, Karachi, Pakistan	Manufacturing facility	18.80
d.	W5/02 and W5/03, North Western Industrial Zone, Port Qasim Authority, Karachi, Pakistan	Warehouse	10.00
e.	F - 242, S.I.T.E Karachi, Pakistan	Warehouse	0.50

### 6.2 Capital work in progress

June 30, 2024

Movement in balance during the year:

Opening balance	479,776	1,151,188	30,100	1,661,064
Additions	362,847	462,941	4,609	830,397
Borrowing cost capitalised during the year	43,511	71,258	30	114,799
Transfer to operating fixed assets	(518,709)	(1,673,804)	(25,453)	(2,217,966)
Transfer to intangible assets	-	-	(500)	(500)
Expensed out	(17,978)	-	(2,459)	(20,437)
<b>Closing balance</b>	<b>349,447</b>	<b>11,583</b>	<b>6,327</b>	<b>367,357</b>

June 30, 2023

Movement in balance during the year:

Opening balance	99,451	662,946	73,540	835,937
Additions	631,423	1,468,568	34,359	2,134,350
Transfer to operating fixed assets	(223,607)	(977,408)	(60,668)	(1,261,683)
Transfer to intangible assets	-	(2,918)	(10,000)	(10,000)
Expensed out	(27,491)	(2,918)	(7,131)	(37,540)
Closing balance	479,776	1,151,188	30,100	1,661,064

### 7. INTANGIBLE ASSETS

	Cost		Amortisation		Rate of Amortisation (%)
	As at July 01, 2023	Transfers during the year	As at July 01, 2023	Charge for the year	
License fee	7,009	-	4,336	1,421	20
Bar code software	1,593	-	1,571	22	20
ERP / Fusion software	39,061	500	28,533	2,858	20
	<b>47,663</b>	<b>500</b>	<b>34,440</b>	<b>4,301</b>	<b>9,422</b>

	As at June 30, 2023		As at June 30, 2024		Rate of Amortisation (%)
	Transfers during the year	Charge for the year	As at July 01, 2022	Charge for the year	
License fee	7,009	-	7,009	106	20
Bar code software	1,593	-	1,593	281	20
ERP / Fusion software	29,061	10,000	39,061	3,243	20
	<b>37,663</b>	<b>10,000</b>	<b>47,663</b>	<b>3,630</b>	<b>13,223</b>

### 7.1 Amortisation for the year has been allocated as under:

	2024	2023	Note
Cost of goods manufactured	2,233	2,601	
Administrative expenses	27	1,029	
	<b>4,301</b>	<b>3,630</b>	

8. STORES, SPARES AND LOOSE TOOLS	Note	2024	2023
		Rupees in '000	
Stores and spares	8.1	610,789	418,078
Loose tools		34	34
		610,823	418,112
Provision for slow moving stores, spares and loose tools		(19,950)	(19,950)
		590,873	398,162

8.1 It includes stores, spares and loose tools in transit amounting to Rs. 29.01 million (June 30, 2023: Rs. 105.57 million).

9. STOCK IN TRADE	Note	2024	2023
		Rupees in '000	
Raw material	9.1 & 9.2	6,070,492	8,741,095
Work in process		461,065	481,327
Finished goods	9.3	2,509,750	4,217,097
Waste stock		111,605	153,564
		9,152,912	13,593,083

9.1 Raw material includes stock in transit amounting to Rs. 1,308.25 million (June 30, 2023: Rs. 3,762 million).

9.2 The net realisable value (NRV) of the raw material was higher than its cost and does not require any provision in the current year.

9.3 The net realisable value of the finished goods was lower than its cost as at year end which resulted in a write down amounting to Rs. 75.68 million (June 30, 2023 : Rs. 117.53 million).

10. TRADE DEBTS	Note	2024	2023
		Rupees in '000	
<b>Considered good</b>			
Export - secured	10.1	1,389	142,121
Local - unsecured	10.2 & 10.3	6,938,146	6,492,676
<b>Considered doubtful</b>			
Local - unsecured	10.3	3,648	3,648
Provision for doubtful debts	10.3	(3,648)	(3,648)
		-	-
		6,939,535	6,634,797

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

10.2 Trade debts are non-interest bearing and are generally on 7 to 90 days credit term.

10.3 As at June 30, 2024, local trade debts aggregating Rs. 2,370 million (June 30, 2023: Rs. 2,095 million) were past due for which the Company has made a provision of Rs. 3.64 million (June 30, 2023: Rs. 3.64 million). The ageing of these past due trade debts is as follows:

10.3.1 Ageing of past due but not impaired	Note	2024	2023
		Rupees in '000	
1-30 days		23,100	1,755,847
31-90 days		2,238,715	224,978
91 days and above		107,933	113,963
		2,369,748	2,094,788

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

Opening balance	3,648	3,648
Provision for the year	-	-
Closing balance	3,648	3,648

## 11. LOANS AND ADVANCES

### Considered good

Loan to employees	11.1	12,310	19,667
Advance to suppliers		47,211	463,539
Advance for expenses		766	2,952
Advance against letters of credit		22,503	1,229
		82,790	487,387

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

12. OTHER FINANCIAL ASSETS	Note	2024	2023
		Rupees in '000	
<b>Amortised cost</b>			
Term deposit receipts	12.1	1,109,617	516,532
<b>At fair value through profit or loss</b>			
Investment in listed securities			
United Bank Limited			
11,170,000 (June 30, 2023: 11,170,000) ordinary shares of Rs. 10 each		2,862,201	1,312,724
Habib Bank Limited			
181,000 (June 30, 2023: 3,950,000) ordinary shares of Rs. 10 each		22,449	289,456
MCB Bank Limited			
1,861,000 (June 30, 2023: Nil) ordinary shares of Rs. 10 each		422,484	-
Bank Al Habib Limited			
1,081,000 (June 30, 2023: Nil) ordinary shares of Rs. 10 each		121,267	-
	12.2 & 12.3	3,428,401	1,602,180
		4,538,018	2,118,712



12.1 These carry markup rate at 19.00% to 21.50% (June 30, 2023: 15% to 20%) per annum and have a maturity period of twelve months.

	Note	2024 Rupees in '000	2023
<b>12.2 Movement in investment in listed securities:</b>			
Opening balance		1,602,180	1,624,455
Acquired during the year		297,059	-
Unrealised gain / (loss) on remeasurement at fair value		1,805,165	(22,275)
Disposed off during the year		(276,003)	-
Closing balance	12.3	3,428,401	1,602,180

12.3 These shares are pledged against term financing facility from Commercial Banks as disclosed in note 18.1.

	Note	2024 Rupees in '000	2023
<b>13. TAXATION</b>			
Advance income tax		613,929	678,524
Final taxes		114,929	116,413
		728,858	794,937

#### 14. CASH AND BANK BALANCES

##### Cash at bank

In current accounts

- Local currency
- Foreign currency

In savings accounts

##### Cash in hand

	Note	2024 Rupees in '000	2023
		345,587	246,528
		215	2,324
		345,802	248,852
	14.1	27	275
		345,829	249,127
		2,497	3,654
		348,326	252,781

14.1 These carry interest rates ranging from 10% to 19% (June 30, 2023: 18% to 22%) per annum.

#### 15. SHARE CAPITAL

	2024 Number of shares in '000	2023	2024 Rupees in '000	2023
<b>Authorised capital</b>				
Ordinary shares of Rs. 10 each	100,000	100,000	1,000,000	1,000,000

#### 2024 Number of shares in '000

2023

2024	2023	
13,100	13,100	Issued, subscribed and paid-up capital
4,225	4,225	Ordinary shares of Rs. 10 each
38,669	38,669	- issued for cash
55,994	55,994	- issued as bonus shares
		- issued in pursuant to amalgamation

#### 2024 Rupees in '000

2023

2024	2023
131,000	131,000
42,247	42,247
386,689	386,689
559,936	559,936

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

#### 16. AMALGAMATION RESERVE

##### Amalgamation Reserve

2024 Rupees in '000	2023
(337,950)	(337,950)

The High Court of Sindh sanctioned the amalgamation of Island Textile Mills Limited (ILTM), Salfi Textile Mills Limited (SALT), and Tata Energy Limited (TEL) under the Companies Act 2017, effective July 01, 2021. Following approval, Tata Textile Mills Limited (TATM) absorbed all assets, liabilities, and contracts of the amalgamated companies. In consideration, TATM issued fully paid ordinary shares to ILTM, TEL, and SALT shareholders based on a court-approved swap ratio. The merger was accounted for using the predecessor value method, incorporating net assets at their June 30, 2021 carrying amounts, with any excess over shares issued adjusted in equity. The difference between the net assets and other reserves acquired and share capital issued against those net assets has been recorded as 'Amalgamation Reserve'. Financial statements reflect results from July 01, 2021, onward, with no prior period restatement, and the transaction was treated as non-cash for cash flow reporting purposes.

#### 17. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET OF TAX

This represents surplus over book value resulting from the revaluation of freehold land, buildings on freehold land, plant and machinery and electric installations as disclosed in note 6.1.

	2024 Rupees in '000	2023
Opening balance	11,412,754	11,837,932
Transferred to unappropriated profit on account of		
- incremental depreciation	(310,724)	(338,715)
- disposal of operating fixed assets	(488)	(6,508)
- reversal of CIP addition on building	-	(36,119)
Related deferred tax liability	(46,294)	(43,836)
	(357,506)	(425,178)
Closing balance	11,055,248	11,412,754

### Related deferred tax liability

	Note	2024 Rupees in '000	2023
Opening balance		936,549	985,350
Adjustment due to change in rate on			
▪ income subject to final tax regime	17.1	(317,990)	190,376
Transferred to statement of profit or loss of:			
▪ incremental depreciation		(46,294)	(42,994)
▪ disposal		-	(842)
▪ reversal of deferred tax on land		-	(195,341)
Closing balance		(572,265)	(936,549)
		<b>10,482,983</b>	<b>10,476,205</b>

**17.1** This represents effect on opening deferred tax liability due to revision of effective deferred tax rate from 12.94% to 8.32% (June 30, 2023: 10.31% to 12.94%) per annum in order to incorporate the affect of change in proportion of export sales to local sales which falls under Final Tax Regime (FTR).

### 18. LONG TERM FINANCE

#### From banking companies (Secured) - At amortised cost

	Note	2024 Rupees in '000	2023
Term finances	18.1	3,088,793	1,269,392
Syndicate financing	18.2	12,757	45,344
SBP - LTFF	18.3	1,297,092	1,460,557
SBP REEF - Solar project	18.4	44,146	50,845
		<b>4,442,788</b>	<b>2,826,138</b>

#### Current portion shown under current liabilities

	Note	2024 Rupees in '000	2023
Term finances	18.1	(1,006,805)	(569,452)
Syndicate financing	18.2	(10,023)	(31,467)
SBP - LTFF	18.3	(231,940)	(166,812)
SBP REEF - Solar project	18.4	(6,700)	(6,699)
		<b>(1,255,468)</b>	<b>(774,430)</b>
		<b>3,187,320</b>	<b>2,051,708</b>

**18.1** These are secured against joint pari passu charge on all present and future fixed assets including land, building, plant and machinery, and investments in listed securites. These facilities are subject to markup at the rate of 3 months' KIBOR plus 0.5% to 2% per annum (June 30, 2023: 3 months' KIBOR plus 0.5% to 1.25% per annum). These loans are repayable in equal quarterly installments upto October 2032.

**18.2** This represents outstanding against loan of Rs. 3 billion obtained from a syndicate of 8 commercial banks secured against joint pari passu charge on entire operating fixed assets of the Company. The Company has received SBP-LTFF grant for Rs. 726 million out of total loan of Rs. 3 billion. SBP-LTFF is subject to SBP markup rate of 2% plus bank spread of 1.5% per annum, payable semi-annually (June 30, 2023: 3% to 4.5% plus bank spread of 1.4% per annum, payable semi-annually).

**18.3** These facilities are secured against joint pari passu charge on operating fixed assets and are subject to SBP markup rate of 2% to 8% plus bank spread of 1.5% to 2.5% per annum (June 30, 2023: SBP markup rate of 2% to 8% plus bank spread of 1% to 2.5% per annum). These are payable in 10 years with principal and markup payable in half yearly installments.

**18.4** These facilities are obtained to finance solar project under SBP financing scheme for Renewable Energy. These facilities are subject to SBP markup rate of 2% plus bank spread of 2% per annum (June 30, 2023: SBP markup rate of 2% plus bank spread of 2% per annum). These are repayable in 32 equal quarterly installments and have various maturity dates from September 2026 to March 2031.

### 18.5 Reconciliation of liabilities arising from long term financing activities

The table below details changes in the Company's liabilities arising from the financing activities, including both cash and non-cash changes, if any. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	June 30, 2024				
	July 01, 2023	Obtained during the year	Effect of interest on SBP loan	(Repaid) during the year	June 30, 2024
	Rupees in '000				
Term finances	1,269,392	2,401,353	-	(581,952)	3,088,793
Syndicate loan financing	45,344	-	-	(32,587)	12,757
SBP - LTFF	1,460,557	-	-	(163,465)	1,297,092
SBP REEF - Solar project	50,845	-	-	(6,699)	44,146
	<b>2,826,138</b>	<b>2,401,353</b>	<b>-</b>	<b>(784,703)</b>	<b>4,442,788</b>

	June 30, 2023				
	July 01, 2022	Obtained during the year	Effect of interest on SBP loan	(Repaid) during the year	June 30, 2023
	Rupees in '000				
Term finances	1,774,705	869	-	(506,183)	1,269,392
Syndicate loan financing	869,971	-	-	(824,627)	45,344
SBP - LTFF	1,269,049	313,455	-	(121,948)	1,460,557
SBP REEF - Solar Project	56,929	-	-	(6,083)	50,845
SBP - Refinance scheme for salary payments	149,230	-	3,742	(152,972)	-
	<b>4,119,884</b>	<b>314,325</b>	<b>3,742</b>	<b>(1,611,813)</b>	<b>2,826,138</b>



19 DEFERRED LIABILITIES	Note	2024	2023
		Rupees in '000	
Defined benefit obligations	19.1	450,229	421,991
Compensated absence		4,148	3,025
Deferred taxation	19.2	708,119	935,580
		<u>1,162,496</u>	<u>1,360,596</u>

### 19.1 Defined benefit obligations

#### Defined benefit plans

Workmen	19.1.1	355,866	273,427
Non-workmen	19.1.10	94,363	148,564
		<u>450,229</u>	<u>421,991</u>

#### 19.1.1 Workmen - Defined benefit plan

The details of the workmen - defined benefit plan obligation based on actuarial valuations carried out by independent actuary as at June 30, 2024 using the Projected Unit Credit Method, in accordance with the requirement of IAS 19 "Employee benefits". Accordingly, provision has been made in these financial statements to cover obligation in accordance with actuarial recommendation are as follows:

Net liability in the statement of financial position	Note	2024	2023
		Rupees in '000	
Present value of defined benefit obligation	19.1.3	<u>355,866</u>	<u>273,427</u>

#### 19.1.2 Expense recognised in the statement of profit or loss and other comprehensive income.

##### - Recognised in statement of profit or loss

Current service cost	61,342	48,746
Interest cost	38,069	25,968
	<u>99,411</u>	<u>74,714</u>

##### - Recognised in other comprehensive income

Actuarial loss on defined benefit obligation	<u>46,462</u>	<u>28,397</u>
--	---------------	---------------

#### 19.1.3 Movement in defined benefit obligation during the year.

Opening balance	273,427	214,389
Current service cost	61,342	48,746
Interest cost	38,069	25,968
Actuarial loss	46,462	28,397
Benefits paid	(63,434)	(44,073)
Closing balance	<u>355,866</u>	<u>273,427</u>

#### 19.1.4 The principal assumptions used in the valuation of defined benefit obligation (Workmen-Defined benefit scheme) are:

	2024	2023
Discount rate (% per annum)	14.25	15.75
Expected rate of salary increase (% per annum)	14.25	15.75
Mortality rate	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05
Expected withdrawal rate for actuarial assumptions	Moderate	Moderate

#### 19.1.5 Sensitivity analysis

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

		Impact on obligation	
		Increase in assumption	Decrease in assumption
		Rupees in '000	
<b>For current year</b>			
Discount rate	1%	(34,932)	41,573
Expected rate of salary increase	1%	42,909	(36,616)
Withdrawal limited	10%	17,701	(19,252)
Mortality rate	1 year	(273)	270

		Impact on obligation	
		Increase in assumption	Decrease in assumption
		Rupees in '000	
<b>For comparative year</b>			
Discount rate	1%	(26,435)	31,431
Expected rate of salary increase	1%	32,447	(27,711)
Withdrawal limited	10%	13,601	(14,792)
Mortality rate	1 year	(210)	208

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

19.1.6 The scheme exposes the Company to the actuarial risks such as:

#### Salary risks

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

#### Mortality / withdrawal risks

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

#### Longevity risks

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

19.1.7 The weighted average duration of the defined benefit obligation is year 10.61 years (June 30, 2023: 10.80 years).

19.1.8 The expected maturity analysis of undiscounted retirement benefit obligation is:

	Undiscounted payments	
	2024	2023
	Rupees in '000	
Year 1	20,534	15,978
Year 2	25,340	19,950
Year 3	29,525	23,382
Year 4	32,936	26,161
Year 5	35,626	28,421
Year 6 and above	643,880	522,271

19.1.9 There are no plan assets against defined benefit obligation.

	Note	2024	2023
		Rupees in '000	
Opening balance		148,564	153,654
(Reversal) / charge	19.1.11	(219)	20,106
Payment		(53,982)	(25,196)
Closing balance		94,363	148,564

19.1.11 During the year no provision has been recognised for non-workmen staff since from the year June 30, 2024 and onwards the Company has changed its policy for non-workmen staff who now will be entitled for provident fund instead of gratuity fund. The closing balance reflect the gratuity due as at June 30, 2024 for the staff and will be paid accordingly.

## 19.2 Deferred taxation

#### Movement for the year ended June 30, 2024

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

	June 30, 2024				
	As at the beginning of the year	Statement of profit or loss	Other comprehensive income/Revaluation Surplus	Reversal of deferred Tax	As at the end of the year
(Rupees in '000)					
Operating fixed assets	580,732	(156,317)	-	-	424,415
Surplus on revaluation of operating fixed assets	936,549	(46,294)	(317,990)	-	572,265
Trade debts	49,996	(49,996)	-	-	-
	1,567,277	(252,607)	(317,990)	-	996,680
Deferred tax assets on deductible temporary differences arising in respect of:					
Intangible assets	771	(1,024)	-	-	(253)
Defined benefit obligations	(27,573)	(6,012)	(3,865)	-	(37,450)
Leave encashment	(391)	46	-	-	(345)
Provision for doubtful debts	(1,423)	1,119	-	-	(304)
Provision for stores, spares and loose tools	(2,582)	923	-	-	(1,659)
Unrealised gain/ loss on short term investment	(52,245)	217,776	-	-	165,531
Capital losses on securities u/s 37A	-	(17,725)	-	-	(17,725)
Unused tax losses	(548,254)	151,898	-	-	(396,355)
	935,580	94,394	(321,855)	-	708,119

#### Movement for the year ended June 30, 2023

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

	June 30, 2023				
	As at the beginning of the year	Statement of profit or loss	Other comprehensive income/Revaluation Surplus	Reversal of deferred Tax	As at the end of the year
(Rupees in '000)					
Operating fixed assets	427,882	152,850	-	-	580,732
Surplus on revaluation of operating fixed assets	985,350	(43,836)	190,376	(195,341)	936,549
Trade debts	33,480	16,516	-	-	49,996
	1,446,712	125,530	190,376	(195,341)	1,567,277

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

Intangible assets	(210)	981	-	-	771
Defined benefit obligations	(37,945)	14,047	(3,675)	-	(27,573)
Leave encashment	(303)	(88)	-	-	(391)
Provision for doubtful debts	(1,058)	(365)	-	-	(1,423)
Provision for stores, spares and loose tools	(2,057)	(525)	-	-	(2,582)
Unrealised gain/ loss on short term investment	38,293	(90,538)	-	-	(52,245)
Unused tax losses	(425,714)	(122,540)	-	-	(548,254)
	1,017,718	(73,498)	186,701	(195,341)	935,580

19.2.1 Unrecognised deferred tax assets amounting to Rs. 364.78 million (June 30, 2023: Rs. 101.48 million) on account of business losses and minimum tax under section 113, have not been recognised based on their uncertainty over realisation.



20. TRADE AND OTHER PAYABLES	Note	2024	2023
		Rupees in '000	
Creditors	20.1	626,428	349,113
Accrued liabilities	20.2 & 20.3	1,365,136	1,572,507
Provident fund payable		9,412	4,638
Contract liabilities		48,047	44,650
Gas charges payable		184,520	99,289
Withholding income tax		22,300	42,200
Foreign bills payable		158,002	2,182,485
Sales tax payable		9,272	57,568
Workers' profit participation fund	20.4	14,415	2,176
Workers' welfare fund		47,387	103,879
Others		518,605	896,107
		<b>3,003,524</b>	<b>5,354,612</b>

**20.1** Creditors are non-interest bearing and are normally settled between 30 to 45 days terms.

**20.2** This includes Rs. 866.83 million (June 30, 2023: Rs. 644.66 million) provision for Sindh Development and Infrastructure Cess which was levied by the Excise and Tax Department of Government of Sindh on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. The levy was challenged by the Company along with other companies in Sindh High Court (SHC). SHC through its interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. The management is confident for a favorable outcome, however, as a matter of prudence Company has paid Rs. 516.68 million (50%) of the value of infrastructure cess in cash and recorded liability for the remaining amount which is supported by a bank guarantee. The Sindh High Court passed an order on June 4, 2021 for settlement of remainder of Infrastructure Cess against which the Company has filed an appeal in Supreme Court and the Company's legal counsel expects that the matter will be decided in favour of the Company. Subsequently Supreme Court has passed an interim order on September 9, 2021 that all consignments are to be released after production of 100% bank guarantee till final disposal of the case.

**20.3** This includes provision of Rs. 78.28 million (June 30, 2023: 78.28 million) which relates to the amalgamated company Tata Energy Limited (TEL), Late Payment Surcharge on differential of rate for Captive Power Producer (CPP) and Independent Power Producer (IPP) claimed by Sui Southern Gas Company Limited (SSGCL) on gas bills have not been accounted for in the financial statements since 2009 but adequate provision has been made in this regard. TEL along with other power generation companies filed a suit in the High Court of Sindh (single bench) against this claim as they were contesting that all the companies were IPPs.

The High Court of Sindh in its order dated June 30, 2015 declared that all these companies are not IPPs. The plaintiff preferred intra court appeal which was also turned down vide order dated August 18, 2016 and thereafter filed civil petition before Supreme Court of Pakistan which is still pending adjudication.

Amalgamated Company also filed a suit in the High Court of Sindh in respect of late payment surcharge charged on the bills for the month of July and August 2017. The Court in its interim order dated August 17, 2017 has suspended the demand of late payment surcharge on those bills till next hearing.

20.4 Workers' Profits Participation Fund	Note	2024	2023
		Rupees in '000	
Opening balance		2,176	30,617
Allocation for the year	28	14,415	33,176
Interest on funds utilised in the Company's business	20.4.1	132	2,376
		<b>16,723</b>	66,169
Payments made to the fund		(2,308)	(63,993)
Closing balance		<b>14,415</b>	2,176

**20.4.1** Interest on funds utilised is charged at the rate of 37.50% (June 30, 2023: 56.25%) per annum.

21. INTEREST / MARK UP ACCRUED	Note	2024	2023
		Rupees in '000	
Long term finance		156,986	66,253
Short term borrowings		517,840	504,629
		<b>674,826</b>	570,882

## 22. SHORT TERM BORROWINGS

### From banking companies - secured

		2024	2023
Running finance / cash finance	22.1	9,390,575	9,737,231
Finance against import	22.2	3,629,049	4,276,569
Finance against export	22.3	123,100	-
	22.4	<b>13,142,724</b>	14,013,800

**22.1** These are subject to markup at the rate of 1- 6 months' KIBOR plus spread ranging between 0.5% to 1.25% per annum (June 30, 2023: 1- 6 months' KIBOR plus spread ranging between 0.5% to 1.25% per annum). These facilities are secured against pledge of stock and joint pari passu charge over current assets.

**22.2** These facilities are secured against pledge of imported cotton stock and trust receipts. These facilities are subject to markup at the rate of 1 - 6 months' KIBOR plus spread ranging between 0.50% to 1.25% per annum (June 30, 2023: markup at the rate of 1 - 6 months' KIBOR plus spread ranging between 0.50% to 1.25% per annum).

These facilities also include Foreign Exchange (FE-25) Import Financing subject to mark-up at the rate of 1-6 months 8-11% per annum inclusive of LIBOR mark-up rate (June 30, 2023: Nil). These facilities are secured against pledge of stock in trade and joint pari passu over present and future current assets of the Company.

**22.3** These are subject to mark-up at the rate of 1-6 months 6% to 7.5% inclusive of LIBOR mark-up rate (June 30, 2023: 1-3 months 2% to 2.5% inclusive of LIBOR mark-up rate). These facilities are secured against joint pari passu over present and future current assets of the company.

**22.4** Total facilities available from various commercial banks amounts to Rs. 25,075 million (June 30, 2023: Rs. 23,925 million) out of which the aggregate unavailed short term facilities amounted to Rs. 11,932 million (June 30, 2023: Rs. 9,911 million).

**22.5 Reconciliation of liabilities arising from short term financing activities**

The table below details changes in the Company's liabilities arising from the financing activities, including both cash and non-cash changes, if any. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	June 30, 2024			
	July 01, 2023	Obtained during the year	(Repaid) during the year	June 30, 2024
	<b>Rupees in '000</b>			
Running finance / cash finance	9,737,231	2,217,050	(2,563,706)	9,390,575
Finance against import	4,276,569	10,662,544	(11,310,064)	3,629,049
Finance against export	-	896,742	(773,642)	123,100
	<b>14,013,800</b>	<b>13,776,336</b>	<b>(14,647,412)</b>	<b>13,142,724</b>
	June 30, 2023			
	July 01, 2022	Obtained during the year	(Repaid) during the year	June 30, 2023
	<b>Rupees in '000</b>			
Running finance / cash finance	3,425,901	7,903,933	(1,592,604)	9,737,231
Finance against import	2,981,582	8,848,237	(7,553,250)	4,276,569
Finance against export	164,800	71,890	(236,690)	-
	<b>6,572,283</b>	<b>16,824,060</b>	<b>(9,382,544)</b>	<b>14,013,800</b>

**23 CONTINGENCIES AND COMMITMENTS**

**23.1 Contingencies**

There are no contingencies to report as at June 30, 2024 and June 30, 2023.

**23.2 Commitments**

	Note	2024	2023
		<b>Rupees in '000</b>	
i) Civil works		<b>358,163</b>	49,374
ii) Letters of credits against:			
Plant and machinery		<b>39,663</b>	256,188
Stores and spares		<b>262,650</b>	106,388
Raw material		<b>3,210,561</b>	2,226,886
		<b>3,512,874</b>	2,589,462
iii) Bank guarantees issued on behalf of the Company	<b>23.2.1</b>	<b>1,660,866</b>	1,034,650
iv) Bills discounted:			
Export		<b>183,250</b>	523,004
Local		<b>936,506</b>	1,319,858
		<b>1,119,756</b>	1,842,862
v) Outstanding sales contract		<b>3,222,165</b>	3,082,657

**23.2.1** This includes bank guarantee related to Sindh Development Infrastructure Cess amounting to Rs. 886.10 million (June 30, 2023: Rs. 705.57 million).

**24 REVENUE FROM CONTRACT WITH CUSTOMERS - NET**

Note	2024	2023
	<b>Rupees in '000</b>	
<b>Export sales</b>		
Yarn	<b>2,549,516</b>	1,238,562
Yarn (Indirect exports)	<b>22,866,765</b>	27,329,143
Yarn (Export Finance Scheme)	<b>13,437,706</b>	-
By-product	<b>76,601</b>	273,715
	<b>38,930,588</b>	28,841,420
<b>Local sales</b>		
Yarn	<b>9,066,306</b>	8,907,948
Raw material	<b>17,399</b>	71,512
By-product	<b>3,058,874</b>	2,295,055
	<b>12,142,579</b>	11,274,515
Sales tax	<b>(5,249,467)</b>	(5,205,297)
<b>24.1</b>	<b>45,823,700</b>	34,910,638
<b>24.1</b> Following are the details of sales jurisdiction-wise:		
Asia	<b>45,747,099</b>	34,823,745
Europe	<b>76,601</b>	86,893
	<b>45,823,700</b>	34,910,638

**25. COST OF GOODS SOLD**

	2024	2023
	<b>Rupees in '000</b>	
Cost of goods manufactured	<b>40,722,689</b>	32,863,689
Finished goods (including waste):		
Opening balance	<b>4,370,661</b>	2,118,776
Closing balance	<b>(2,621,355)</b>	(4,370,661)
	<b>1,749,306</b>	(2,251,885)
Cost of goods sold	<b>42,471,995</b>	30,611,804
Cost of raw material sold	<b>14,477</b>	53,713
	<b>42,486,472</b>	30,665,517



25.1 Cost of goods manufactured	Note	2024	2023
		Rupees in '000	
Raw material consumed	25.1.1	33,420,794	27,879,813
Stores and spares consumed		909,390	695,576
Packing material consumed		398,983	321,353
Power and fuel		3,243,498	1,856,031
Staff salaries and benefits	25.1.2	1,744,367	1,373,121
Depreciation	6.1.1	793,405	769,259
Amortisation	7.1	2,233	2,601
Insurance		80,538	70,448
Repairs and maintenance		71,189	71,914
Other overheads		38,030	36,340
		<b>40,702,427</b>	<b>33,076,456</b>
Work in process:			
Opening balance		481,327	268,560
Closing balance	9	(461,065)	(481,327)
		<b>20,262</b>	<b>(212,767)</b>
		<b>40,722,689</b>	<b>32,863,689</b>
<b>25.1.1 Raw material consumed during the year</b>			
Opening balance		8,741,095	7,740,802
Purchases		30,750,191	28,880,106
		<b>39,491,286</b>	<b>36,620,908</b>
Closing balance	9	(6,070,492)	(8,741,095)
		<b>33,420,794</b>	<b>27,879,813</b>

**25.1.2** Staff salaries and benefits includes Rs. 98.99 million (2023: Rs. 93.43 million) in respect of defined benefit plan and Rs. 30.20 million (2023: Rs. 12.50 million) in respect of defined contribution plan.

26. DISTRIBUTION COST	Note	2024	2023
		Rupees in '000	
Brokerage and commission		202,515	180,772
Staff salaries and benefits	26.1	37,802	29,397
Inland freight on export		9,590	5,017
Export development surcharge		6,345	3,729
Miscellaneous export expenses		8,709	3,741
Ocean freight		9,100	12,226
Local freight and handling		200,884	130,663
Wharfage		6,210	3,051
Forwarding charges		556	1,310
Postage and telegram		40	480
Bank charges		5,305	4,178
Others		1,436	4,514
		<b>488,492</b>	<b>379,078</b>

**26.1** Staff salaries and benefits include Rs. 1.47 million (2023: Rs. 0.97 million) in respect of defined contribution plan.

27. ADMINISTRATIVE EXPENSES	Note	2024	2023
		Rupees in '000	
Staff salaries and benefits	27.1	339,605	372,708
Directors' remuneration		36,720	30,600
Directors' meeting fee		7,450	7,100
Rent, rates and taxes		1,069	1,005
Travelling and conveyance		6,291	17,459
Legal and professional Fees and subscription		19,338	14,624
Depreciation	6.1.1	34,545	40,972
Amortisation	7.1	63,232	51,982
Vehicles running		2,068	1,029
Repairs and maintenance		13,676	8,555
Printing and stationery		5,527	7,246
Postage and telephone		2,573	3,950
Utilities		9,592	6,187
Insurance		19,536	21,557
Advertisement		5,767	4,182
Auditors' remuneration	27.2	453	714
Donations	27.3	3,025	2,800
Others		19,878	69,496
		2,449	3,500
		<b>592,794</b>	<b>665,664</b>

**27.1** Staff salaries and benefits includes Rs. 0.20 million (2023: Rs. 1.39 million) in respect of defined benefit plan and Rs. 23.62 million (2023: Rs. 15.38 million) in respect of defined contribution plan.

27.2 Auditors' remuneration	2024	2023
	Rupees in '000	
Statutory audit fee	2,090	1,900
Half yearly review	412	375
Review of Statement of compliance of code of corporate governance	248	125
Certification and other services	-	150
Out of pocket expenses	275	250
	<b>3,025</b>	<b>2,800</b>

**27.3** Donation charged in these financial statements is paid to TCF Primary & Secondary (4 Campus) Rs. 15.60 million, Indus Hospital Rs. 4.5 million, Chiniot Sheikh Society Rs. 1.88 million and Lahore University of Management Sciences Rs. 2.40 million.

28. OTHER OPERATING EXPENSES	Note	2024	2023
		Rupees in '000	
Realised foreign exchange loss - net		41,304	198,461
Loss from agriculture farm - net	28.1	3,401	3,297
Workers' welfare fund		2,440	(84,077)
Workers' profit participation fund		14,415	33,176
Unrealised loss on revaluation of other financial assets		-	22,275
Realised loss on forward contracts		-	6,167
		<b>61,560</b>	<b>179,299</b>

28.1 It pertains to agricultural activities involving crop cultivation on the farm, with corresponding income and expenses of Rs. 1.62 million and Rs. 5.02 million, respectively (2023: Rs. 2.17 million income and Rs. 5.47 million expenses).

29. FINANCE COST - NET	Note	2024	2023
		Rupees in '000	
Interest / mark-up on:			
Long term finances		617,893	361,896
Short term borrowings		3,678,238	2,195,284
Workers' profit participation fund		132	2,376
		<b>4,296,263</b>	<b>2,559,556</b>
Letters of credit discounting charges		285,503	122,959
Bank guarantee commission		7,118	12,624
Bank charges		23,325	9,523
		<b>4,612,209</b>	<b>2,704,662</b>
Less: borrowing cost capitalised	6.2	(114,799)	-
		<b>4,497,410</b>	<b>2,704,662</b>

30. OTHER INCOME - NET	Note	2024	2023
		Rupees in '000	
Profit on term deposit receipts		150,048	49,724
Profit on savings accounts		61	1,775
Gain on disposal of operating fixed assets - net		4,336	2,770
Realised gain on forward contracts - net		19,395	-
Dividend income		574,028	336,460
License income from associated company		1,424	1,424
Unrealised gain on revaluation of other financial assets - net		1,805,165	-
Realised gain on disposal of investment		21,229	-
Recovery of bad debts		3,000	-
		<b>2,578,686</b>	<b>392,153</b>

31. FINAL TAXES	Note	2024	2023
		Rupees in '000	
Final taxes on:			
- export sales		331,824	235,566
- dividend income		86,104	50,468
	31.1	<b>417,928</b>	<b>286,034</b>

31.1 These represent final taxes paid on export sales and dividend income as per section 154 and section 5 of the Income Tax Ordinance, 2001 respectively, and are recognised as levy in line with the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.

32. REVENUE TAXES	Note	2024	2023
		Rupees in '000	
Minimum taxes		129,766	124,834
Super tax		186,836	111,937
	32.1	<b>316,602</b>	<b>236,771</b>

32.1 These represent provision for minimum tax and super tax under sections 113 and 4C, respectively, of the Income Tax Ordinance, 2001. The provision for minimum tax and super tax has been recognised as levies in these financial statements as per the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.

33. INCOME TAX - NET	Note	2024	2023
		Rupees in '000	
Current			
- for the year		-	-
- prior year		645	(1,261)
		<b>645</b>	<b>(1,261)</b>
Deferred	19.2	94,394	(73,498)
		<b>95,039</b>	<b>(74,759)</b>

### 33.1 Relationship between tax expense and accounting profit

(Loss) / profit before income tax		<b>(458,872)</b>	<b>185,766</b>
Tax at applicable rate of 29% (2023: 29%)		-	53,872
Impact of adjustment of prior period minimum tax		645	(1,262)
Tax effect of income under minimum tax regime representing		129,766	124,834
Tax effect of final tax regime representing levies as per IFRIC 21		331,824	235,566
Tax effect on dividend income representing levies as per IFRIC 21		86,104	50,468
Effect of super tax		186,836	111,937
Others		(640,136)	(650,174)
		<b>95,039</b>	<b>(74,759)</b>

33.2 Management has a practice of recording tax expense based on the generally accepted interpretation of tax laws and accordingly sufficient provision in respect of taxation for last three years has been provided in these financial statements.



**33.3** During the year, Government of Pakistan via Finance Bill 2024 abolished final tax regime (FTR) and replaced the same with minimum tax regime (MTR) in case of export of goods. Consequent to the amendment, exporter of goods will be liable to pay tax on taxable income at the corporate tax rate i.e. 29% or 1% of export value collected as withholding tax, whichever is higher. The option to opt out of final tax regime, previously available, is also omitted.

The above amendment may have significant implications on company's current taxation in future years when the pattern of sales is different from current year. Further during the year the amendments resulted in significant revision of deferred tax computation as it is now computed based at corporate tax rate i.e. 29% as compared to previous year when minimum tax was considered as full and final discharge of tax liability and deferred tax was recognised based on a ratio of FTR and NTR, calculated from the average revenue of the past three years.

However, considering the regime change for export sales from FTR to MTR, deferred tax is now recognised solely based on the NTR ratio. This approach complies with paragraph 47 of IAS 12, which stipulates that deferred tax assets and liabilities shall be measured at the tax rates expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Consequently the Company has computed a revised deferred tax liability after adjusting the rate applied.

**34. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED**

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

	2024	2023
	Rupees in '000	
(Loss) / profit for the year (Rupees in '000)	<b>(553,911)</b>	260,525
Weighted average ordinary shares outstanding during the year (Numbers in '000)	<b>55,994</b>	55,994
(Loss) / earnings per share (Rupees)	<b>(9.89)</b>	4.65

**35. CASH AND CASH EQUIVALENTS**

	2024	2023
	Rupees in '000	
Cash and bank balances	<b>348,326</b>	252,781
Running / cash finances	<b>(9,390,575)</b>	(9,737,231)
	<b>(9,042,249)</b>	(9,484,450)

Note  
14  
22.1

**36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount charged in these financial statements in respect of remuneration and benefits to the Chief Executive, Director and Executives are as follows:

	June 30, 2024			June 30, 2023		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	Rupees in '000					
Managerial remuneration	<b>22,320</b>	<b>14,400</b>	<b>138,740</b>	18,600	12,000	118,658
Performance bonus / Ex-gratia	<b>2,325</b>	<b>1,500</b>	<b>8,945</b>	3,100	2,000	11,979
Retirement benefits	<b>1,861</b>	<b>1,201</b>	<b>10,407</b>	1,551	1,001	8,833
Utilities	<b>2,449</b>	-	-	406	-	-
	<b>28,955</b>	<b>17,101</b>	<b>158,092</b>	23,657	15,001	139,470
	Number					
Persons	<b>1</b>	<b>1</b>	<b>18</b>	1	1	16

**36.1** The Chief Executive and Executive Director are entitled for use of car owned and maintained by the Company.

**36.2** An amount of Rs. 7.45 million (2023: Rs. 7.1 million) has been charged in these financial statements in respect of fees paid to Directors for attending the board and its committee meetings.

**37. PLANT CAPACITY AND ACTUAL PRODUCTION**

	2024	2023
	Rupees in '000	
Spindles installed (Number)	<b>127,092</b>	127,092
Spindles worked (Number)	<b>124,635</b>	117,254
Shifts per day (Number)	<b>3</b>	3
Installed capacity after conversion into 20/s count-kgs (Number in '000)	<b>47,064</b>	46,518
Actual production of yarn after conversion into 20/s count-kgs (Number in '000)	<b>45,516</b>	42,428

It is difficult to describe precisely the production capacity in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist per inch, raw material used, etc.

**38. NUMBER OF EMPLOYEES**

	2024	2023
	Rupees in '000	
Average during the year	<b>3,169</b>	3,134
As at	<b>3,162</b>	3,135

**39. TRANSACTIONS WITH RELATED PARTIES**

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

### 39.1 Name and nature of relationship

#### Associated Companies due to common directorship:

- Tata Best Foods Limited
- Textile Institute of Pakistan
- Upcrop (Private) Limited

Relationship with the party	Nature of transactions	2024	2023
		Rupees in '000	
Associated undertaking	License income from associated company	1,424	1,424
Directors	Rent expense:		
	- godown	-	2,400
	Purchase of property	-	165,949
	Dividend paid	126,902	295,257
Staff retirement funds	Expense charged to Provident fund	55,297	28,855
	Provident fund payable	9,412	4,638
	Common Directorship		
	Markup paid	-	153,557
	Dividend received	-	223,400
	Receivable against reimbursement of expense	-	4,025

## 40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 40.1 Financial instrument by category

#### Financial assets as per statement of financial position

At amortised cost:

	2024	2023
	Rupees in '000	
Long term deposits	4,727	4,596
Trade debts	6,939,535	6,634,797
Other financial assets	1,109,617	516,532
Other receivables	170,617	83,632
Cash and bank balances	348,326	252,781
	<b>8,572,822</b>	<b>7,492,338</b>
At fair value:		
Investment in listed securities	3,428,401	1,602,180
	<b>12,001,223</b>	<b>9,094,518</b>

### Financial liabilities as per statement of financial position

2024  
2023  
Rupees in '000

At amortised cost:

Long term finance (Inclusive of current portion)	4,442,788	2,826,138
Trade and other payables	2,862,103	5,104,140
Unclaimed dividend	24,380	21,438
Interest / markup accrued on borrowings	674,826	570,882
Short term borrowings	13,142,724	14,013,800
	<b>21,146,821</b>	<b>22,536,398</b>

## 40.2 Financial risk management

### 40.2.1 Financial risk factors

#### Introduction and overview

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

- market risk
- credit risk
- liquidity risk

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

#### Financial risk factors and risk management framework

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

### 40.2.2 Market risk

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

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



## A. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. As at reporting date, the financial assets and liabilities exposed to currency risk are as follows:

	2024		2023	
	USD in '000		Rupees in '000	
Trade debts	4,991	495,887	1,389	142,121
Foreign currency bank balances	773	8,093	215	2,324
Foreign bills payable	(567,740)	(7,601,829)	(158,002)	(2,182,485)

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	<b>Rupees in '000</b>			
US Dollars to PKR	278.84	237.31	278.30	286.60

As at June 30, 2024, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollars with all variables held constant, profit or loss for the year would have been lower / higher by Rs. 16 million (June 30, 2023: Rs. 203 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in previous year.

## B. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from bank deposit accounts, long term finance, term deposit receipts and short term borrowings amounting to Rs.17,585 million (financial liabilities on a net basis) (June 30, 2023: Rs.16,840 million). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
	2024	2023
	<b>Rupees in '000</b>	
<b>Variable rate instruments</b>		
Financial assets:		
Saving accounts with banks	27	275
Financial liabilities:		
Long term finance	4,442,788	2,826,137
Short term borrowings	13,142,724	14,013,800
	(17,585,512)	(16,839,937)
Net financial liabilities at variable interest rates	(17,585,485)	(16,839,662)

## Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit for the year and shareholder's equity by Rs. 175.85 million (June 30, 2023: Rs. 168.40 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2024.

	2024	2023
	<b>Rupees in '000</b>	
<b>Fixed rate instruments</b>		
<b>Financial assets:</b>		
Term deposit receipts	1,109,617	516,532

## C. Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at year end, there are no financial instruments other than investment in listed securities that are subject to equity price risk.

A reasonably possible change of 5% increase or decrease in fair values at the reporting date would have increased / decreased the income statement by Rs. 171 million (June 30, 2023: Rs. 80 million) and consequently financial instruments would be affected by the same amount. The analysis assumes that all other variables remain constant.

## 40.2.3 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from long term deposits, trade debts, other receivables, other financial assets and bank balances. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date is as follows:

	2024	2023
	<b>Rupees in '000</b>	
Long term deposits	4,727	4,596
Trade debts	6,939,535	6,634,797
Other receivables	170,617	83,632
Other financial assets	1,109,617	516,532
Bank balances	345,829	249,127
	<b>8,570,325</b>	<b>7,488,684</b>

The credit risk on liquid funds (bank balances) is limited because the counter parties are banks with a reasonably high credit rating.

Name of Banks	Credit rating	
	Short term	Long term
Allied Bank Limited	A1+	AAA
Askari Bank Limited	A1+	AA+
Bank Alfalah Limited	A1+	AAA
Bank of Punjab	A1+	AA+
BankIslami Pakistan Limited	A1	AA-
Bank Al Habib	A1+	AAA
Bank of Khyber	A1	A+
Dubai Islamic Bank Pakistan Limited	A1+	AA
Faysal Bank Limited	A1+	AA
Habib Metropolitan Bank Limited	A1+	AA+
Habib Bank Limited	A1+	AAA
JS Bank Limited	A1+	AA
Meezan Bank Limited	A1+	AAA
MCB Bank Limited	A1+	AAA
National Bank of Pakistan	A1+	AAA
Samba Bank Limited	A1	AA
Soneri Bank Limited	A1+	AA-

#### Credit risk related to receivables

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

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

The Company always measures the provision for doubtful debts for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of Rs. 3.64 million (June 30, 2023: Rs. 3.64 million) against all local trade debts.

The Company has not recognised any provision for expected credit losses on other receivables as it includes income from term deposit receipts, receivable from Nazir High Court and LC margin receivable.

#### Credit risk related to other assets

Credit risk from other assets primarily relates to Company's investment in term deposits issued by bank (Note 12). The risk is managed through ensuring that investments are made in instruments issued by reputed banks with good credit ratings. Loans to employees are secured against their defined benefit obligations balances. The credit rating of the investee banks is as follows:

Name of banks	Investment type	Long term rating	Short term rating
Allied Bank Limited	Term deposit receipt	AAA	A1+
Habib Bank Limited	Term deposit receipt	AAA	A1+
Soneri Bank Limited	Term deposit receipt	AA-	A1+
Bank Al-Habib Limited	Equity investment	AAA	A1+
Habib Bank Limited	Equity investment	AAA	A1+
MCB Bank Limited	Equity investment	AAA	A1+
United Bank Limited	Equity investment	AAA	A1+

#### 40.2.4 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of 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. 82% (June 30, 2023: 88%) of the Company's debt will mature in less than one year at June 30, 2024 based on the carrying value of borrowings reflected in the financial statements.

#### Liquidity and interest risk table

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has 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.



	Average interest rate	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
<b>June 30, 2024</b>							
<b>Rupees in '000</b>							
	<b>3 month KIBOR plus 0.5% to 8%, SBP rate plus bank spread i.e. (1% to 2.5%) and fixed rate of 2%</b>						
Long term financing including current portion		122,450	99,135	839,431	2,257,312	1,124,460	4,442,788
Trade and other payables	N/A	626,428	1,532,549	-	-	-	2,158,977
Unclaimed dividend	N/A	24,380	-	-	-	-	24,380
Interest / mark up accrued on loans	N/A	156,986	517,840	-	-	-	674,826
<b>Short-term borrowings</b>							
Running finance / cash finance	One to six months KIBOR plus 0.5% to 1.25%	-	9,390,575	-	-	-	9,390,575
Finance against import / export	One to six months KIBOR plus 0.5% to 1.25% and One to six months 6% to 11% inclusive of LIBOR	-	3,752,149	-	-	-	3,752,149
		<b>930,244</b>	<b>15,292,248</b>	<b>839,431</b>	<b>2,257,312</b>	<b>1,124,460</b>	<b>20,443,695</b>

	Average interest rate	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
<b>June 30, 2023</b>							
<b>Rupees in '000</b>							
	<b>3 month KIBOR plus 0.5% to 8%, SBP rate plus bank spread i.e. (1% to 2.5%) and fixed rate of 2%</b>						
Long term financing including current portion		130,305	71,411	665,428	1,436,094	522,900	2,826,138
Trade and other payables	N/A	349,113	3,759,630	-	-	-	4,108,743
Unclaimed dividend	N/A	21,438	-	-	-	-	21,438
Interest / mark up accrued on loans	N/A	66,253	504,629	-	-	-	570,882
<b>Short-term borrowings</b>							
Running finance / cash finance	One to six months KIBOR plus 0.5% to 1.25%	-	9,737,231	-	-	-	9,737,231
Finance against imports / export	One to six months KIBOR plus 0.5% to 1.25%	-	4,276,569	-	-	-	4,276,569
		<b>567,109</b>	<b>18,349,470</b>	<b>665,428</b>	<b>1,436,094</b>	<b>522,900</b>	<b>21,541,001</b>

#### 41. OPERATIONAL RISK

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

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

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

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

#### 42. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

#### Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

The Company holds investment in listed securities classified as fair value through profit or loss and the fair value of such investments is based on quoted market prices as at June 30, 2024.

- Level 1:** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2024, the Company holds investment in listed securities classified as fair value through profit or loss and the fair value of such investments is based on quoted market prices.

The Company's freehold land, buildings on freehold land, leasehold land, buildings on leasehold land, plant, machinery and electric installations are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's freehold land, building and plant and machinery as at June 30, 2022 were performed by M/s Iqbal A. Nanjee & Company (Private) Limited (valuer), independent valuer not related to the Company. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery. The fair values of the freehold land and leasehold land were determined by ascertaining the current market values of similar land, which are being sold in the near surroundings. The fair value of the buildings on freehold land and leasehold land was determined by carrying out the physical inspection of building with actual measurement and have worked out covered area of each building occupation wise with specification of civil works. The fair value of the plant, machinery and electric installations was determined by comparing the values of similar plants from various machinery dealers. In estimating the fair value of the assets, the highest and best use of the premises is its current use.

Details of Company's assets and liabilities measured at fair value and information about the fair value hierarchy as at end of June 30, 2024 and June 30, 2023 are as follows:



**Non- financial assets measured at fair value:**

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Freehold land	-	-	959,087	959,087
Buildings on freehold land	-	-	869,940	869,940
Leasehold land	-	-	3,485,230	3,485,230
Building on leasehold land	-	-	2,954,174	2,954,174
Plant and machinery and electric installations	-	-	12,305,515	12,305,515
	-	-	20,573,946	20,573,946

**Financial assets measured at fair value:**

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Investment in listed securities	3,428,401	-	-	3,428,401
	3,428,401	-	-	3,428,401

**Non- financial assets measured at fair value:**

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Freehold land	-	-	959,087	959,087
Buildings on freehold land	-	-	892,209	892,209
Leasehold land	-	-	3,485,230	3,485,230
Building on leasehold land	-	-	2,598,104	2,598,104
Plant and machinery and electric installations	-	-	11,257,718	11,257,718
	-	-	19,192,348	19,192,348

**Financial assets measured at fair value:**

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Investment in listed securities	1,602,180	-	-	1,602,180
	1,602,180	-	-	1,602,180

There were no transfers between levels of fair value hierarchy during the year.

**43. CAPITAL RISK MANAGEMENT**

The objectives of the Company when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for stakeholders, and to maintain a strong capital base to support the sustained development of its business. The Company is not subject to any externally imposed capital requirements.

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 dividend payment to the shareholders or issue new shares. The Company's overall strategy remains unchanged from previous year.

The gearing ratio as at June 30, 2024 and June 30, 2023 were as follows:

	2024	2023
	Rupees in '000	
Total debts	17,585,512	16,839,938
Cash and bank balances	(348,326)	(252,781)
Net debt	17,237,186	16,587,157
Total equity	20,932,714	21,379,214
Adjusted capital	38,169,900	37,966,371
	(% )	
Gearing ratio	45.16	43.69

**44. CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the year.

**45. EVENT AFTER REPORTING DATE**

The Board of Directors proposed a final dividend for the year ended June 30, 2024 of Rs. Nil per share (June 30, 2023: Rs. 3 per share) amounting to Rs. Nil (June 30, 2023: Rs. 167.98 million).

**46. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been approved by the board of directors of the Company and authorised for issue on August 09, 2024.



**Shahid Anwar Tata**  
Chief Executive Officer



**Muhammad Zaid Kaliya**  
Chief Financial Officer



**Adeel Shahid Tata**  
Director



## **NOTICE & OTHERS**

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## PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2024

NO. OF SHAREHOLDERS	SHAREHOLDING'S SLAB		TOTAL SHARES
	FROM	TO	HELD
1347	1	100	59,695
1218	101	500	293,866
431	501	1000	287,643
475	1001	5000	933,459
55	5001	10000	394,899
13	10001	15000	168,599
10	15001	20000	165,893
8	20001	25000	182,184
6	25001	30000	160,442
4	30001	35000	133,386
2	35001	40000	75,000
2	45001	50000	100,000
1	50001	55000	50,800
1	55001	60000	55,545
1	60001	65000	60,255
2	65001	70000	134,625
1	80001	85000	80,200
2	85001	90000	173,225
1	120001	125000	125,000
1	125001	130000	127,000
1	215001	220000	217,000
1	225001	230000	226,500
1	245001	250000	249,500
1	250001	255000	252,572
3	280001	285000	852,337
1	295001	300000	295,500
1	405001	410000	408,000
1	475001	480000	479,013
1	840001	845000	840,538
1	1785001	1790000	1,785,088
1	2060001	2065000	2,063,192
1	2275001	2280000	2,276,152
1	4310001	4315000	4,310,670
1	4560001	4565000	4,561,607
1	4580001	4585000	4,582,485
1	28830001	28835000	28,831,744
<b>3599</b>			<b>55,993,614</b>

## CATEGORIES OF SHAREHOLDERS

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDER	SHARES HELD	PERCENTAGE
Directors, their Spouse(s) and Minor Children	10	42,798,559	76.43
NIT & ICP	6	2,393,744	4.28
Banks, Development Finance Institutions, Non-Banking Financial Institutions	2	4,768	0.01
Insurance Companies	3	11,576	0.02
Modarabas and Mutual Funds	5	2,904,633	5.19
Others	30	1,079,234	1.93
General Public-Foreign	2	1,002	-
General Public-Local	3,541	6,800,098	12.14
	<b>3,599</b>	<b>55,993,614</b>	<b>100.00</b>

### Detail of Categories of Shareholders

AS AT JUNE 30, 2024

#### DIRECTORS, THEIR SPOUSE(S) & MINOR CHILDREN

	NUMBER OF SHAREHOLDER	SHARES HELD
Mr. Mazhar Valjee ( Chairman/Director )	1	7,040
Mr. Shahid Anwar ( Chief Executives )	1	28,831,744
Mr. Adeel Shahid Anwar ( Director )	1	4,561,607
Mr. Bilal Shahid Anwar ( Director )	1	4,582,485
Mr. Farooq Advani ( Director )	1	500
Mr. Tayyeb Afzal ( Director )	1	6,500
Ms. Samar Shahid ( Director )	1	4,310,670
Mrs. Saiqa Shahid ( W/o Mr. Shahid Anwar )	1	479,013
Mrs. Sara Adeel ( W/o Mr. Adeel Shahid Anwar )	1	15,000
Mrs. Bushra Tayyeb Afzal ( W/o Mr. Tayyeb Afzal )	1	4,000
	<b>10</b>	<b>42,798,559</b>

#### NIT & ICP

Investment Corporation of Pakistan	4	91,730
IDBL (ICP UNIT)	1	25,862
CDC - Trustee National Investment (Unit) Trust	1	2,276,152
	<b>6</b>	<b>2,393,744</b>

#### BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS

National Development Finance Corporation	1	3,223
National Bank of Pakistan	1	1,545
	<b>2</b>	<b>4,768</b>

#### INSURANCE COMPANIES

Ghaf Limited	1	8,000
Central Insurance Co. Ltd.	2	3,576
	<b>3</b>	<b>11,576</b>

#### MODARABAS AND MUTUAL FUNDS

M/S Guardian Modaraba Management (Pvt) Ltd	1	5,483
B.R.R. Investments (Pvt) Limited	1	24,024
CDC - Trustee AKD Opportunity Fund	1	840,538
DCCL - Trustee AKD Islamic Stock Fund	1	249,500
CDC - Trustee Golden Arrow Stock Fund	1	1,785,088

#### OTHERS

M/S Naseer Shahid Ltd.	1	23
M/S Securities & Exchange Authority.	1	1
M/S Naseer Shahid Ltd.	1	104
M/S The Administrator Abandoned Properties	1	260
Masood Fabrics Limited	1	500
Masood Fabrics Limited	1	39,500
Roomi Fabrics Limited	1	13,500
Y.S. Securities & Services (Pvt) Ltd.	1	132
Masood Fabrics Ltd	1	9,000
Roomi Fabrics Ltd	1	295,500
Fateh Textile Mills Ltd.	1	1,861
Trustee National Bank Of Pakistan Employees Pension Fund	1	252,572
Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	1	8,864
Roomi Holdings (Pvt.) Limited	1	25,000
Nh Capital (Private) Limited	1	2
Maple Leaf Capital Limited	1	6
Masood Holdings (Private) Limited	1	125,000
Roomi Fabrics Limited	1	25,000
Roomi Fabrics Limited	1	26,000
Roomi Holdings (Pvt.) Limited	1	11,000
Ncc - Pre Settlement Delivery Account	1	1,750
Roomi Fabrics Limited	1	22,000
Roomi Holdings (Pvt.) Limited	1	127,000
Masood Holdings (Private) Limited	1	5,500
Fikrees (Private) Limited	1	33,190
Masood Fabrics Limited	1	9,500
Roomi Holdings (Pvt.) Limited	1	20,500
Mra Securities Limited - Mf	1	2,967
Salim Sozer Securities (Private) Limited	1	15,002
Mannoo Capital (Private) Limited	1	8,000

#### GENERAL PUBLIC

Foreign	2	1,002
Local	3,541	6,800,098
	<b>3,543</b>	<b>6,801,100</b>

#### Grand Total

#### Shareholders Holding 10% or more

Shahid Anwar

NUMBER OF SHAREHOLDER	SHARES HELD
-----------------------	-------------

	5	<b>2,904,633</b>
--	---	------------------

	30	<b>1,079,234</b>
--	----	------------------

SHARES HELD	PERCENTAGE
-------------	------------

28,831,744	51.49
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## NOTICE OF THE 38<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the **38<sup>th</sup> Annual General Meeting (AGM)** of the Shareholders of **Tata Textile Mills Limited (the Company)** will be held on **Tuesday, October 22, 2024, at 11:00 am.** at the Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Chartered Accountants Avenue, Clifton, Karachi / video link to transact the following businesses:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2024, together with the Chairman Review, Directors' Report and Auditors' Report thereon.

In accordance with Section 223 of the Companies Act, 2017, and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following web link:

<https://www.tatapakistan.com/tata-textile-mills>



2. To appoint statutory auditors of the Company and fix their remuneration for the year ending June 30, 2025. The present Auditors, M/s Yousuf Adil, Chartered Accountants, retire and being eligible, have offered themselves and consented for re-appointment, and the Board of Directors has recommended their appointment.

#### SPECIAL BUSINESS

3. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2024, and authorize the Board of Directors of the Company to approve the related parties transactions by passing the following special resolution with or without modifications:
  - a. "RESOLVED that the transactions carried out with related parties as disclosed in Note No. 39 of the audited financial statements for the year ended June 30, 2024, be and are hereby ratified and approved."
  - b. "FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to approve all related party transactions to be carried out during the financial year ending June 30, 2025. These transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next AGM for their formal ratification/approval."
4. To transact any other business with the permission of the **Chair**.

Statement of Material Facts under section 134(3) pertaining to special business are annexed.

**By Order of the Board of Directors**

  
**Muhammad Hussain**  
Company Secretary

Karachi:  
Dated: **October 01, 2024**



## Notes:

### 1. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from **October 15, 2024, to October 22, 2024** (both days inclusive). Transfer request received at the Company's Share Registrar's Office at CDC Share Registrar Services Limited Office CDC, House, 99-B Block "B", S.M.C.H.S. Main Shahra-e-Faisal, Karachi at the close of business hours on **October 14, 2024**, will be treated in time to attend and vote at the AGM.

### 2. Participation In the Meeting

- i. All shareholders of the Company shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the meeting.
- ii. In the case of the corporate entity, the Board of Directors' resolution/power of attorney with the representative's specimen signature shall be produced at the meeting.

A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote at the meeting.

#### For appointing proxies

- i. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one form of proxy is deposited by a member with the Company, all such forms of proxy shall be rendered invalid. The proxy must be a member of the Company.
- ii. Instrument appointing a proxy must be received at the Registered Office of the Company duly signed at least 48 hours before the time of the meeting.
- iii. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- iv. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- v. Attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

### 3. Participation in the AGM through a video link.

Pursuant to circular 4 of 2021 issued by SECP, Shareholders who wish to participate virtually in the AGM are requested to register themselves by providing the following information with a valid copy of CNIC (both sides) / Passport, attested copy of board resolution/power of attorney (in case of corporate shareholders) through email with subject "**Registration for Tata AGM**" at [ttn.corporate@tatapakistan.com](mailto:ttn.corporate@tatapakistan.com) by **October 21, 2024**:

Name of Member/ proxy holders	CNIC No.	Folio No. / Participant Id / Account No.	Cell No. / WhatsApp's No.	Email ID.

Video conference link details and login credentials shall be shared with those shareholders whose information is received through their registered e-mail address within the specified time. Furthermore, the said facility shall login from the registered email address only. Members are encouraged to attend the AGM through video link and by consolidating their attendance through proxies.

### 4. Consent For Video Conference Facility:

Pursuant to Section 134(1)(b) of the Act, if the Company receives consent form from shareholders holding aggregate 10% or more shareholding residing at a geographical location to participate in the meeting through video conference at least seven days before the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

### 5. Procedure for Voting:

Pursuant to Companies (Postal Ballot) Regulations, 2018 ("the Regulations") amended through Notification dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), members of the Company will be allowed to exercise their right to vote through the electronic voting facility and voting by post for the special businesses in the AGM to be held **October 22, 2024**, in accordance with the requirements and subject to the conditions contained in aforesaid Regulations.

#### I. Procedure for E-Voting

- a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on **October 14, 2024**.
- b) The identity of the members intending to cast a vote through e-voting shall be authenticated through electronic signature or authentication for login.
- c) E-voting lines will start on **October 17, 2024 at 09:00 a.m. and shall close on October 21, 2024 at 5:00 p.m.** Members can cast their votes at any time during this period. Once the vote on a resolution is casted by a Member, he/she shall not be allowed to change it subsequently.
- d) The web address, login details, and password will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).

#### II. Procedure for Voting Through Postal Ballot

The members shall ensure that duly filled and signed ballot paper, along with a copy of the Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through a post on the Company's registered address, 6<sup>th</sup> Floor Textile Plaza, M. A. Jinnah Road, Karachi or email at [chairman@tatapakistan.com](mailto:chairman@tatapakistan.com) one day before the Annual General Meeting i.e. on **October 21, 2024** during working hours. The signature on the ballot paper shall match the signature on the CNIC.

### 6. Change / Update of Shareholders' Particulars:

Members are requested to notify their change of address, (if any) immediately to Company's Share Registrar M/s CDC Share Registrar Service Limited.

### 7. CNIC / NTN:

Pursuant to the directive of the Securities Exchange Commission of Pakistan (SECP), CNIC of members are mandatorily required to be mentioned on the Tax/ Zakat certificate. Members therefore, are requested to submit a copy of their valid CNIC (if not already provided) to the Company's Share Registrar M/s CDC Share Registrar Service Limited.

### 8. Payment of Cash Dividend Electronically (Mandatory):

In accordance with the provisions of Section 242 of the Companies Act, 2017, and Regulation 4 of the Companies (Distribution of Dividends) Regulations 2017, listed companies are required to pay cash dividends to their shareholders only through electronic mode directly into bank accounts designated by the entitled shareholders.

Accordingly, the Shareholders are requested to fill in the Electronic Credit Mandate Form and send the duly signed form along with a copy of CNIC / NTN to our Share Registrar in case of physical shares. In case shares are held in CDC then the Electronic Credit Mandate Form must be submitted directly to the shareholder's broker/participant / CDC account services.

In case of non-receipt of IBAN detail, the Company will be constrained to withhold payment of dividends under the Companies (Distribution of Dividends) Regulations, 2017.

#### **9. Unclaimed Dividends and Bonus Shares:**

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

#### **10. Deposit of Physical Shares into CDC Account:**

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017.

The shareholder having physical shareholding may open a CDC sub-account with any of the brokers or investor's accounts directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.

#### **11. Transmission of Audited Financial Statements / Notices Through Email**

Under the provisions of section 223(6) of the Act, all listed companies are permitted to circulate their annual financial statements, along with the Auditor's Report, Directors' Report, Chairman Review Report along with notice of Annual General Meetings ("Annual Report"), to its shareholders through email subject to the written consent of the shareholders. The printed copy of the financial statement can be provided to the member upon request.

#### **12. Availability of Audited Financial Statements on Company's Website**

The audited financial statements of the Company for the year ended June 30, 2024 have been placed on the website of the Company [www.tatapakistan.com](http://www.tatapakistan.com).

## **STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017**

### **Agenda No. 3**

- a. All transactions carried out by the company with related parties during the year ended June 30, 2024, given in the related parties note No. 39 of the Annual Financial Statement of the Company

The Company carried out transactions with related parties as per the approved Related Party Transactions Policy and approved by the Board as recommended by the Audit Committee on a quarterly basis pursuant to clause 15 of the Listed Companies Code of Corporate Governance Regulations 2019.

The transactions with related parties have been approved by the Board in Quarterly and annual financial statements during the financial year 2023-24. However, the Board decided to place the above-related party transactions before the shareholders in the AGM for ratification and approval, considering the interest/concerns of the majority directors due to common directorship.

- b. Authorization to the Board of Directors for all transactions to be carried out with related parties during the ensuing year ending June 30, 2025.

The Company is expected to be conducting transactions with related parties as per the approved Related Party Transactions Policy. All transactions entered into or to be entered with related parties require the recommendation of the Audit Committee and such transactions shall be placed before the Board of Directors for approval. In order to promote transparent business practices, the shareholders are recommended to authorize the Board of Directors of the Company to approve transactions with the related parties for the year ending June 30, 2025, which transactions shall be deemed to be approved by the shareholders. These transactions shall be placed before the shareholders in the next AGM for their formal ratification/approval.

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





**Tata Textile Mills Limited**  
**Registered Office Address:** 6th Floor, Textile Plaza, M. A. Jinnah Road,  
 Karachi. Tel# 32412955-3 Lines 32426761-2-4 Website: [www.tatapakistan.com](http://www.tatapakistan.com)

**Ballot Paper For Voting Through Post**

For a poll to be held on Tuesday, October 22, 2024, at 11:00 a.m. at The Institute of Chartered Accountants of Pakistan (ICAP)

Auditorium, Chartered Accountants Avenue, Block 8, Clifton, Karachi, Sindh 75600

**Designated email address of the chairman at which the duly filled-in ballot paper may be sent:**  
[chairman@tatapakistan.com](mailto:chairman@tatapakistan.com)

Name of shareholder / joint shareholders/ Proxy holder	
Registered Address	
Folio No. / CDC Participant / Investor ID with Sub-Account #	
Number of shares held (Shall be taken as of book closure in the notice)	
CNIC No./Passport No - in case of foreigner (copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation, and Federal Government)	

**Instructions for Poll**

- Please indicate your Vote by ticking (✓) the relevant box.
  - In case if both the boxes are marked as (✓) your poll shall be treated as "Rejected"
- I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing a tick (✓) mark in the appropriate box below.

Sr No.	Nature and Description of Resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We assent to the Resolutions (AGAINST)
	<b>Special Business</b>			
01	<b>Agenda No. 3</b> To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2024, and authorize the Board of Directors of the Company to approve the related parties transactions by passing the following special resolution with or without modifications.			

<p>a. <b>"RESOLVED that</b> the transactions carried out with related parties as disclosed in Note No. 39 of the audited financial statements for the year ended June 30, 2024, be and are hereby ratified and approved."</p> <p>b. <b>"FURTHER RESOLVED that</b> the Board of Directors of the Company be and is hereby authorized to approve all related party transactions to be carried out during the financial year ending June 30, 2025. These transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next AGM for their formal ratification/approval."</p>				
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Signature of shareholder(s)/Proxy Holder(s)/Authorized Signatory

(In the case of a corporate entity, please affix the company stamp)

Place: \_\_\_\_\_

Date: \_\_\_\_\_

**NOTES/PROCEDURE FOR SUBMISSION OF BALLOT PAPER:**

- Duly filled postal ballot should be sent to the Chairman **Mr. Mazhar Valjee, Tata Textile Mills Limited, Company's head office, 6th Floor, Textile Plaza, M. A. Jinnah Road, Karachi. Pakistan or at e-mail: [chairman@tatapakistan.com](mailto:chairman@tatapakistan.com)**
- A copy of CNIC/Passport (in case of a foreigner) should be enclosed with the postal ballot form.
- Ballot Paper forms should reach the chairman of the meeting on or before **October 21, 2024**, up to 05:00 p.m. Any postal ballot received after this date, will not be considered for voting.
- The signature on the ballot should match with the signature on the CNIC/Passport (in case of a foreigner).
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over-written ballot paper will be rejected.
- In the case of a representative of a body corporate and corporation, the postal ballot must be accompanied by a copy of the CNIC of an authorized person, along with a duly attested copy of the Board Resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act, 2017, as applicable, unless these have already been submitted along with the Proxy Form. In the case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.
- Ballot paper has also been placed on the website of the Company [www.tatapakistan.com](http://www.tatapakistan.com). Members may download the ballot paper from the website or use original/photocopy published in newspapers.

کے تحت رجسٹرڈ برآمد کنندگان کو مقامی سپلائی پر زیورینٹنگ سبزنٹیکس کے خاتمے سے FBR سے زیادہ پیچیدہ ریفرنڈ پر واپس کی ضرورت ہوگی، جو EFS کے اصل مقصد کے خلاف ہے۔ نئے ٹیکس اقدامات کا ممکنہ تعارف بھی افراط زر کے رجحانات پر اثر انداز ہو سکتا ہے۔

بڑھتی ہوئی یوٹیلیٹی ٹیریف سے برآمدی مسابقت پر مزید باؤ پڑنے کی توقع ہے۔ بجلی اور گیس کی قیمتوں میں اضافے کے ساتھ، 2023-24 میں روپے کی بڑی قدر میں کمی نے پہلے ہی منافع پر اثر ڈالا ہے۔ مزید برآں، جب کہ سود کی شرح ریکارڈ بلند سطح پر ہیں، حال ہی میں 22 فیصد سے کم کر کے 20.5 فیصد کی گئی ہیں۔ مستقبل کی اقتصادی صورتحال بڑی حد تک اس بات پر منحصر ہوگی کہ اسٹیٹ بینک آف پاکستان مستقبل میں شرح کی مزید تبدیلیوں کا کیا فیصلہ کرتا ہے۔

پاکستان کی صلاحیت، خارجی عدم توازن کو منظم کرنے، ساختی نقائص کو دور کرنے، اور دانشمندانہ پالیسیوں کو نافذ کرنے میں اہم ہوگی، جو اس کی طویل مدتی اقتصادی ترقی کے لیے ضروری ہے۔ کمپنی توقع کرتی ہے کہ مہنگائی اور توانائی کے اخراجات سے متعلق چیلنجز کا سامنا جاری رہے گا، لیکن ہم ان رکاوٹوں کو عبور کرنے کے لیے پرعزم ہیں اور اپنی عملی کارکردگی کو بڑھانے پر توجہ مرکوز کیے ہوئے ہیں۔ ہمارا مقصد مالی استحکام، ماحولیاتی ذمہ داری، اور تجارتی قوت کو برقرار رکھنا ہے۔ ہم حکومت کے ساتھ مل کر ایک خوشحال، مضبوط، اور پائیدار پاکستان کے لیے کام کرنے کے عزم پر قائم ہیں، اور ہمیں امید ہے کہ فعال اقدامات صنعتی نمو کی حمایت کریں گے۔

اظہار تشکر:

ہم کمپنی کے ہر ملازم کی شمولیت کا شکریہ ادا کرتے ہیں اس کے علاوہ ہمارے کسٹمرز جو کہ ہماری پروڈکٹس پر اعتماد کرتے ہیں اور ہمارے بینکرز جو کہ مستقل طور پر کمپنی کے ساتھ تعاون کر رہے ہیں ان کے بھی مشکور ہیں اس کے علاوہ ہماری انتظامیہ شیئر ہولڈرز کے مکمل اعتماد پر بھی مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



عدیل شاہد ٹاٹا  
ڈائریکٹر



شاہد انوار ٹاٹا  
چیف ایگزیکٹو

کراچی مورخہ: 09 اگست 2024ء

## چیئرمین کا جائزہ

محترم شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے میں 30 جون 2024 کو ختم ہونے والے مالی سال کیلئے کمپنی کے سالانہ مالیاتی نتائج پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔ یہ مالی سال بے تحاشہ چیلنجز اور اقتصادی اتار چڑھاؤ سے بھر پور رہا۔ ان متعدد مشکلات کے باوجود، ہماری ٹیم نے شاندار پلک اور مطابقت کا مظاہرہ کیا، پاکستان کے زرمبادلہ کے کم ذخائر، بڑھتی ہوئی توانائی کی لاگت، مسلسل افراط زر کے دباؤ، بلند شرح سود اور بڑھتے ہوئے ٹیکس کے بوجھ کے باوجود کامیابی کے ساتھ راستہ بنایا۔ ان عوامل کے ساتھ عالمی طلب کے اتار چڑھاؤ اور صارفین کی قوت خرید میں کمی نے ہمارے کاروباری کارکردگی پر نمایاں اثر ڈالا ہے۔

گذشتہ برسوں میں، غیر متوقع اتار چڑھاؤ اور غیر یقینی صورتحال کے باوجود پاکستانی معیشت نے مضبوط پلک دکھائی ہے۔ آگے بڑھتے ہوئے، یہ ضروری ہے کہ اصلاحات کی رفتار کو برقرار رکھا جائے اور استحکام کو محفوظ بنانے اور پائیدار ترقی کو فروغ دینے کے لیے پالیسیوں پر توجہ دی جائے۔ میکرو اکنامک ایڈجسٹمنٹ کے اقدامات، خاص طور پر جاری مالیاتی سختی اور برآمدات کی تکمیل کے لیے مالی استحکام، پاکستانی روپے پر دباؤ کو کم کرنے میں مدد فراہم کرے گا۔

توقع ہے کہ مقامی منظم ٹیکسٹائل انڈسٹری کو موجودہ پلانٹس کی صلاحیت میں توسیع اور مارکیٹ کی بدلتی ہوئی صورتحال کے باعث سخت مقابلے کا سامنا کرنا پڑے گا۔ یہ اندازہ لگایا جاتا ہے کہ یوٹیلیٹی قیمتوں میں اضافے، اجرتوں، زیادہ مالی لاگت اور پاکستانی روپے کی قدر میں کمی کی وجہ سے اگلے مالی سال منافع متاثر ہوگا۔ فی الحال، یہ ظاہر ہوتا ہے کہ فروخت کی قیمتوں میں متوقع اضافے کو مارکیٹ تسلیم نہیں کرے گی۔ اس کے باوجود، آپ کی انتظامیہ جدت، معیار کی بہتری، پیداواری صلاحیت اور لاگت کی اصلاح پر مسلسل توجہ دے کر کسی بھی موقع کا مکمل فائدہ حاصل کرنے کے لیے پرعزم ہے۔

بورڈ اس بات کو تسلیم کرتا ہے کہ واضح طور پر بیان کردہ کارپوریٹ گورننس کے عمل کمپنی کی جوابدہی بڑھانے میں اہم کردار ادا کرنے اور اسٹیک ہولڈرز کی قدر کو برقرار رکھنے کے لیے اعلیٰ معیارات کو یقینی بنانے کے لیے پرعزم ہے۔ بورڈ کی تشکیل میں معقول توازن اور تنوع شامل ہے، جس میں آزاد ڈائریکٹرز بھی شامل ہیں۔ بورڈ کے پاس کمپنی کی موثر قیادت کے لیے ضروری مہارت، بنیادی صلاحیتیں، اور صنعتی علم موجود ہے۔ دوران سال، بورڈ نے کمپنیز ایکٹ 2017 اور سٹیٹیکٹس (کارپوریٹ گورننس کے ضوابط) ریگولیشنز 2019 کے تحت اپنی ذمہ داریاں موثر اور مستعدی سے انجام دیں۔ بورڈ نے اس بات کی تصدیق کی ہے کہ انٹرنل کنٹرول نظام کو اچھی طرح سے ڈیزائن کیا گیا ہے اور بورڈ آڈٹ کمیٹی کے ذریعہ موثر طریقے سے نافذ اور نگرانی کی گئی ہے۔ بورڈ اور اس کی کمیٹیوں کی مجموعی کارکردگی کی سالانہ جانچ، ضوابط کے مطابق کی گئی ہے تاکہ بورڈ کی کارکردگی کو تیار کردہ جامع معیار کے مطابق یقینی بنایا جاسکے، اور اس کی کارکردگی کو تسلی بخش پایا گیا۔

ان ممکنہ چیلنجز کے باوجود، ہم اعلیٰ معیار کو برقرار رکھنے اور لاگت کو بہتر بنانے کی حکمت عملیوں کو نافذ کرنے کے لیے پرعزم ہیں تاکہ تمام اسٹیک ہولڈرز کے لیے زیادہ سے زیادہ قدر فراہم کی جاسکے۔ ہم حفاظت، صحت، اور اخلاقی طریقوں کو ترجیح دیں گے، اور ایک کارپوریٹ کلچر کو فروغ دیں گے جو صارفین کے اطمینان، معیار، پائیداری، اور عہدگی پر زور دے۔ موجودہ حالات کے پیش نظر یہ اقدامات بہترین نتائج حاصل کرنے کے لیے ناگزیر ہیں۔

اختتام میں، میں اپنے دل کی گہرائیوں سے ہمارے محنتی ملازمین، معزز صارفین، اور معزز شیئر ہولڈرز کا شکریہ ادا کرتا ہوں جنہوں نے اپنی غیر متزلزل حمایت اور اعتماد کا مظاہرہ کیا۔ ہم مل کر ان مشکل وقتوں کا مقابلہ کریں گے اور مضبوطی کے ساتھ ابھریں گے اور پائیدار ترقی اور کامیابی کے لیے تیار رہیں گے۔

  
مظہر علی  
چیئرمین

کراچی مورخہ 09 اگست 2024ء



کا پور بیٹ سوشل ذمہ داری:

کمپنی اپنی معاشرتی ذمہ داریوں کو پورا کرنے پر یقین رکھتی ہے کہ اچھی کارکردگی کے ساتھ ساتھ اچھا کرنا بھی ضروری ہے۔ کمپنی کا مقصد صرف کارپوریٹ فلاح و بہبود سے آگے بڑھ کر مثبت اثر ڈالنا ہے، اور یہ کوشش کرتی ہے کہ نہ صرف تنظیم بلکہ اس کے زیر خدمت برادری کو بھی فائدہ پہنچایا جاسکے۔ اس سلسلے میں، کمپنی نے ہمیشہ تعلیم کو زیادہ قابل رسائی بنانے اور طلباء کو مالی مدد فراہم کرنے کے لیے عزم ظاہر کیا ہے۔ ایک اور مقصد صحت کی دیکھ بھال کو بغیر کسی امتیاز کے تمام مرلیضوں کے لیے قابل رسائی بنانا ہے، چاہے ان کی مالی استطاعت کچھ بھی ہو۔ ہم مختلف خیراتی اداروں اور ہسپتالوں کے ساتھ شراکت داری کرتے ہیں تاکہ ایک باہمی ماڈل تخلیق کیا جاسکے اور لوگوں کی فلاح و بہبود کی ذمہ داری اٹھائی جاسکے، ساتھ ہی ایسے پائیدار منصوبوں میں سرمایہ کاری کرتے ہیں جو مثبت سماجی اور اقتصادی تبدیلیوں کو فروغ دیتے ہیں۔

صحت کی حفاظت و ماحول (HSE) اور معیار:

کمپنی صحت، حفاظت اور ماحول (HSE) کے معیار میں بہترین کارکردگی کے لیے پختہ عزم رکھتی ہے اور بین الاقوامی سرٹیفیکیشنز جیسے کہ ISO برائے پیشہ ورانہ صحت اور حفاظت (OHSAS) اور ماحولیاتی انتظام کے معیارات کے مطابق اپنے آپریشنز کو ہم آہنگ کرتی ہے۔ ہر مقام پر لاگو ہونے والا جامع HSE مینوئل کمپنی کی حفاظتی ثقافت کی بنیاد ہے۔ ماہر HSE ٹیمیں سسٹمز کو نافذ کرنے اور ان کی مسلسل بہتری کے لیے ذمہ دار ہیں، اور باقاعدہ داخلی آڈٹ کی مدد حاصل ہے۔ مزید برآں، معروف مشاورتی فرم Ascentia نے تمام مقامات پر HSE میں کمی کا تجزیہ کیا اور سلامتی اور تحفظ کو بہتر بنانے کے لیے ایک تفصیلی عملدرآمد منصوبہ تیار کیا، جس میں تمام سفارش کردہ طریقے شامل کیے گئے ہیں۔

کمپنی بین الاقوامی سرٹیفیکیشنز Oeko-Tex from Aitex، Global Organic Textile Standard (GOTS)، Organic Content Standard (OCS)، Global Recycle Standard (GRs) اور Recycled Claim Standard (RCs) کو برقرار رکھتی ہے، جو پائیداری کے لیے اس کی مضبوط وابستگی کو ظاہر کرتے ہیں۔ کمپنی بین الاقوامی پلیٹ فارم اور پائیداری کے پروگرامز جیسے Better Cotton Initiative، Cotton Made in Africa، AMFORI-BEPI اور US Cotton Trust Protocol اور International Cotton Association کے ساتھ بھی شراکت داری کرتی ہے۔ یہ تعاون کمپنی کی پائیدار طریقوں کے لیے وابستگی کو مزید اجاگر کرتا ہے۔ ملازمین کی حفاظتی تربیت کے پروگرام اور اخلاقی مشقیں باقاعدگی سے منعقد کی جاتی ہیں، اور ملازمین اور HSE ٹیموں سے مسلسل فیڈ بیک حاصل کیا جاتا ہے تاکہ نظام کو بہتر بنایا جاسکے۔

کریڈٹ ریٹنگ:

PACRA کی جانب سے جون 2024 میں کمپنی کو طویل مدتی "A" اور مختصر مدتی "A1" کریڈٹ ریٹنگ ملی۔ ریٹنگ ایجنسی کی جانب سے دی گئی "ریٹنگ" کی تشخیص کمپنی کی مضبوط مالی صلاحیت اور وقت پر قرض کی ادائیگی کی صلاحیت کو ظاہر کرتی ہے۔

قومی خزانے میں ادائیگیاں:

سال 2024 کے دوران، کمپنی نے قومی خزانے میں تقریباً 3.49 بلین روپے کی ادائیگی کی، جو کہ مالی سال 2023 میں 2.7 بلین روپے تھی۔ یہ رقم حکومت کے ٹیکس، ڈیوٹیز، اور لیویز کی شکل میں فراہم کی گئی۔

انٹرنل مالیاتی کنٹرول کی شفافیت:

کمپنی کے بورڈ آف ڈائریکٹرز نے انٹرنل مالیاتی کنٹرول کا ایک موثر نظام قائم کیا ہے۔ ان کنٹرولز کو کاروبار کے موثر اور ہموار طریقے سے چلانے، دھوکہ دہی اور غلطیوں کی روک تھام اور ان کی شناخت کرنے، کمپنی کے اثاثہ جات کی حفاظت، قوانین اور ضوابط کی تعمیل، حساب کتاب کی درستگی اور مکمل ہونے، اور قابل اعتماد مالی معلومات کی بروقت تیاری کو یقینی بنانے کے لیے استعمال کیا گیا ہے۔ اس بات کو یقینی بنانے کیلئے کہ یہ نظام موثر رہے اور کسی بھی قوانین اور ضوابط میں ترامیم کے ساتھ آگاہ ہو جائیں، انٹرنل مالیاتی کنٹرول کا وقتاً فوقتاً جائزہ لیا جاتا ہے۔

مالیاتی ڈیٹا اور گرافس:

آپریٹنگ / مالیاتی ڈیٹا اور گراف کی تفصیلات اس رپورٹ میں پیش کی گئی ہیں۔

کاروبار کی نوعیت میں تبدیلی:

سال کے دوران کمپنی کی کاروباری نوعیت میں کوئی قابل ذکر تبدیلی نہیں آئی ہے۔

کارپوریٹ گورننس کے معاملات:

پالیسی، بورڈ اور گورننس سے متعلق تمام معاملات کارپوریٹ گورننس سیکشن میں پیش کئے جاتے ہیں اور انہیں ڈائریکٹرز کی رپورٹ کا حصہ سمجھا جاتا ہے۔

چیئر مین کا جائزہ:

کمپنی کے ڈائریکٹرز چیئر مین کی جائزہ رپورٹ کی توثیق کرتے ہیں جو کہ ڈائریکٹرز کی رپورٹ کا حصہ ہے۔

مستقبل کی حکمت عملی:

مالی سال 2024-2025 کیلئے، مہنگائی کی شرح تقریباً 12 فیصد کے قریب متوقع ہے۔ ترقی کی پیشگوئی بنیادی طور پر بڑی پیمانے کی مینوفیکچرنگ اور تھوک و خوردہ تجارت کے شعبوں میں کی گئی ہے۔ تاہم، بڑی پیمانے کی مینوفیکچرنگ، خاص طور پر ٹیکسٹائل صنعت کی کارکردگی اہم ہوگی۔ اس شعبے کی ترقی پر کئی عوامل اثر انداز ہوں گے، جن میں 2024-2025 کے وفاقی بجٹ میں متعارف کردہ برآمدی ٹیکسیشن میں حالیہ تبدیلیاں شامل ہیں۔ نیا ٹیکس اسٹرکچر زیادہ انکم ٹیکس کی شرح اور برآمدی آمدنی پر 2 فیصد ایڈوائس ٹیکس عائد کرتا ہے، جو برآمدی مسابقت کو کم کر سکتا ہے اور لیکوڈٹی کے خطرات کو بڑھا سکتا ہے۔ اس کے علاوہ، برآمدی سہولت اسکیم (EFS)

طویل خدمات کے سلسلے میں ایوارڈز:

کمپنی نے اس سال 52 ملازمین کو طویل خدمات کے سلسلے میں ایوارڈز سے نوازا۔ ان افراد نے 15 سال یا اس سے زیادہ عرصے تک کمپنی کی خدمت کر کے غیر معمولی لگن، عزم اور وفاداری کا مظاہرہ کیا ہے۔

استحکام:

کمپنی اپنے آپریشنز کو ہر پہلو میں مستحکم کرنے کے لیے پرعزم ہے۔ اس سال کئے گئے کچھ اقدامات درج ذیل ہیں:

ہنر اور تعلیم:

★ دی سیٹیزن فاؤنڈیشن (TCF) کے تعاون سے تین مکمل طور پر لیس اسکول کیمپس کونڈ فرماہم کیا، جس سے دیہی علاقوں کے 450 سے زیادہ طلباء مستفید ہوئے۔

★ ایک منفرد پروگرام ”جگنو سبق“ شروع کیا جو خاص طور پر ناخواندہ عملے کے لیے تیار کیا گیا ہے۔

★ 10 مستحق طلباء کو اعلیٰ تعلیم میں مدد فراہم کی۔

★ ٹیکسٹائل کے 3 ہونہار طلباء کو اعلیٰ تعلیم کے لیے وظائف سے نوازا گیا۔

★ ہماری افرادی قوت کی مہارتوں کو بڑھانے کے لیے 12,433 سے زیادہ گھنٹے کی تربیت فراہم کی گئی۔

★ 16 نئے گریجویٹس کو بطور ٹرینی شامل کر کے اور 8 طلباء کو انٹرن شپ کے مواقع فراہم کر کے صنعت اور اکیڈمی کے درمیان فرق کو پُر کیا۔

خوشحالی:

★ ملازمین، ورکروں، اور ان کے بچوں کی 49 شادیاں اسپانسر کیں۔

★ 50 ملازمین، ورکروں، اور ان کے زیر کفالت افراد کے کفن دفن کے اخراجات برداشت کیے، غم کی اس گھڑی میں مدد فراہم کی۔

★ صحت و حفاظت کی ثقافت کو فروغ دینے کے لیے HSE 219 تربیتیں فراہم کیں اور تمام علاقوں میں خطرے کی تشخیص کی۔

★ مینوفیکچرنگ سہولتوں میں مکمل طور پر آراستہ اور جدید جہز قائم کیے تاکہ ملازمین کو صحت مند طرز زندگی اپنانے کی ترغیب دی جاسکے۔

★ صحت کہانی کے ساتھ شراکت داری میں جو بلی انشورنس کے ذریعے ملازمین اور ان کے زیر کفالت افراد کو مفت مشاورتی خدمات فراہم کیں۔

★ انڈس ہسپتال کے ساتھ خون کے عیب کی مہمیں منظم کیں، یہ مقصد رکھتے ہوئے کہ ”ایک قطرہ خون، کئی زندگیاں بچا سکتا ہے“۔

★ انڈس ہسپتال اینڈ ہیلتھ نیٹ ورک کی جانب سے منعقد کردہ کارپوریٹ کرکٹ ٹورنامنٹ میں تعاون کیا، جہاں ہماری کرکٹ ٹیم نے بھی شرکت کی۔

ماحولیاتی تبدیلی کے خلاف اقدامات:

★ قابل تجدید توانائی کے ذریعے سالانہ 5,441+ MWh بجلی پیدا کی گئی۔

★ مینوفیکچرنگ سہولت کے ارد گرد 10,000 سے زائد درخت لگائے گئے۔

★ ملازمین، بنیادی اسٹرکچر، اور آپریشنز کی حفاظت اور سیکیورٹی کو ترجیح دی جاتی ہے۔ صحت و حفاظت کے جدید انتظام کے تحت آگاہ رہنے کے لیے باقاعدہ آگاہی سیشنز اور انخلاء کی مشقیں کرائی جاتی ہیں۔

★ توانائی کے اخراجات، ذمہ دار فضلہ انتظام اور ٹھکانے لگانے کے طریقوں پر سختی سے عمل پیرا ہو کر کوئی نقصان دہ اخراجات نہیں کیے، اور پارٹیکلو لیٹ میٹر، CO<sub>2</sub> کے اخراج کو کم سے کم سطح پر یا قومی ماحولیاتی معیار (NEQS) میں بیان کردہ حدود کے نیچے رکھا۔ ہوا کے معیار کی پیمائش کا پروگرام NEQS (خودنگرانی اور رپورٹنگ) قواعد، 2001 کی ضروریات کے مطابق ہماری فیکٹری کے اندر اور ارد گرد آلودگی کے پیرامیٹرز کی حد کی شناخت کرتا ہے۔

سماجی ذمہ داری:

★ کمیونٹی کی شمولیت: کمیونٹی کی ترقی کے اقدامات کے تحت، کمپنی نے تمام پیداواری شعبوں میں خواتین عملے کے لیے محفوظ اور اچھی طرح سے دیکھ بھال کی گئی رہائش فراہم کی، مقامی لوگوں کو صاف اور فلٹر پانی کی سہولت فراہم کی، تعلیمی طور پر کمزور ریکروں کے لیے تعلیم بالغان کے پروگرام چلائے، خصوصی بچوں کی تعلیم کو فروغ دیا، تعلیم کی اسپانسر شپ کی، اور سیلابی امداد میں حصہ لیا۔

★ تنوع، برابری اور شمولیت: کمپنی اپنے کام کی جگہ کی ثقافت میں تنوع، برابری اور شمولیت کو فروغ دینے کے لیے پرعزم ہے۔ خاص طور پر دروازے مقامات پر جنس کی برابری حاصل کرنے میں جاری مشکلات کے باوجود، گزشتہ سال کے مقابلے میں خواتین کی نمائندگی میں 14 فیصد اضافہ ہوا ہے۔ مینجمنٹ ٹرینیز آفیسر (MTO) پروگرام، خواتین کی ورک فورس میں شرکت کو بڑھانے میں اہم کردار ادا کرتا ہے۔ برابری کی تنخواہ کے مسئلے کو حل کرنے کے لیے کمپنی نے جنس کی تنخواہ کے فرق کا تجزیہ کیا اور موجودہ 4 فیصد فرق کو کم کرنے کے لیے سرگرمی سے کام کر رہی ہے۔ کمپنی معذور افراد کو ملازمت دینے پر بھی فخر کرتی ہے، جو ملز کی ورک فورس کا 2 فیصد ہیں۔

معاشی استحکام:

★ کمپنی کا مقصد مقامی برادری میں سرمایہ کاری کرنا ہے، جہاں ممکن ہو مواد اور خدمات مقامی سطح پر حاصل کی جاتی ہیں، جس سے مقامی معیشتوں کو فروغ ملتا ہے۔

★ کمپنی پائیدار مصنوعات کی اختراع پر توجہ مرکوز کر رہی ہے، جو ماحولیاتی اثرات کو کم کرنے اور زیادہ ری سائیکل کی صلاحیت فراہم کرنے والی ہوں۔



ERP سسٹم سے آپریشنل کارکردگی، تعمیل، اور رپورٹنگ کی صلاحیتوں میں نمایاں بہتری آئی ہے۔ کمپنی اسٹریٹجک اقدامات کو آگے بڑھانے اور اپنی کاروباری سرگرمیوں پر زیادہ کنٹرول حاصل کرنے کے لیے اس پلیٹ فارم کا فائدہ اٹھا رہی ہے۔ اپنی ڈیجیٹل صلاحیتوں میں مزید اضافہ کرنے کیلئے کمپنی بارکوڈ ٹیکنالوجی کو نافذ کرنے، انوائس پروسیجرنگ کو خود کار بنانے، اور سپلائر کے تعلقات کے انتظام کو بہتر بنانے کا ارادہ رکھتی ہے۔ آئی ٹی ڈیپارٹمنٹ، کلاؤڈ پرمینی ERP سسٹم کے لیے مضبوط حفاظتی کنٹرولز بشمول پاس ورڈ کا انتظام، سسٹم اپ گریڈ، فائر وال پروٹیکشنز، اور ڈیوٹی کی مناسب علیحدگی کے ساتھ اجازت کے کنٹرول کو برقرار رکھتا ہے۔ 2024-2025 کے لیے اہم ڈیجیٹل تبدیلی کے اقدامات میں مینوفیکچرنگ اور انوینٹری کے انتظام کے لیے بارکوڈ ٹیکنالوجی کا نفاذ، بیٹکوں کے ساتھ انوائس کے عمل کی آٹومیشن، سپلائر ریلیشن شپ مینجمنٹ میں اضافہ، بہتر رپورٹنگ کے لیے کاروباری ڈیش بورڈز، مل آپریشنز کے لیے IoT کی تشخیص اور انضمام اور ہیومن کیپٹل مینجمنٹ سسٹم کا نفاذ شامل ہیں۔ مزید برآں، ہمارے IT انفراسٹرکچر میں کئی اپ گریڈز کاروباری آپریشنز کو سپورٹ کرنے کے لیے مکمل کر لیے گئے ہیں، جس میں مزید پیشرفت کی منصوبہ بندی کی گئی ہے تاکہ ہمارے اسٹریٹجک مقاصد کے ساتھ ہم آہنگ رہیں۔

#### ہیومن ریورسز مینجمنٹ:

ہیومن ریورسز (HR) ڈیپارٹمنٹ تنظیمی اقدار کو برقرار رکھنے اور آپریشنل تاثیر کو بہتر بنانے میں اہم کردار ادا کر رہا ہے۔ ہنر کے حصول اور ترقی کو برقرار رکھنے پر توجہ دے کر، HR نے کمپنی کے مقاصد کو حاصل کرنے میں اہم کردار ادا کیا ہے۔ اس سال اہم HR اقدامات میں بھرتی کی موثر حکمت عملیوں کو نافذ کرنا، ملازمین کی ضروریات کے مطابق جامع تربیتی پروگرام پیش کرنا، ملازمین کی فلاح و بہبود کو ترجیح دینا، ایک متنوع اور جامع کام کی جگہ کو فروغ دینا، اور کارکردگی کا ایک مضبوط انتظامی نظام برقرار رکھنا شامل ہیں۔

#### HR ٹیکنالوجی اور آٹومیشن:

HR ڈیجیٹل تبدیلی کے ذریعے عملی مہارت کو بڑھانے کے لیے پرعزم ہے۔ اس سال، کمپنی نے کئی نئے ماڈیولز متعارف کرائے، جن میں ایمپلوائی سیلف سروس ماڈیول (ESSM)، پرفارمنس مینجمنٹ سسٹم (PMS)، اور لرننگ اینڈ ڈیولپمنٹ سسٹم (LMS) شامل ہیں۔ یہ ڈیجیٹل پلیٹ فارم ملازمین کو اپنی چھٹی کی درخواستوں اور دیگر سیلف سروس افعال کا انتظام کرنے اور ٹریک کرنے کے قابل بناتے ہیں، جبکہ HR اور لائن مینیجرز کے لیے انتظامی عمل کو ہموار کرتے ہیں۔

#### HR پالیسیاں:

کمپنی اپنی پالیسیوں اور طریقہ کار کا مسلسل جائزہ لینے اور ان کو بہترین کرنے کے لیے وقف ہے۔ واضح اخلاقی معیارات فراہم کرنے کے لیے ایک نئی ایمپلوائی ہینڈ بک متعارف کرائی گئی ہے، جس میں اپ ڈیٹ ضابطہ اخلاق اور کاروباری اخلاقیات شامل ہیں۔ کمپنی نے ٹائم مینجمنٹ اور ایمپلوائی ریلیشنز مینوفیکچرنگ کے تمام ملوں میں پالیسیوں کو معیاری بنایا ہے۔ ملازمین کی مزید مدد کے لیے، تعلیمی امداد کی پالیسی پر نظر ثانی کی گئی ہے، اور اعلیٰ تعلیم کے لیے مالی معاونت کو بڑھایا گیا ہے۔

#### ٹیلنٹ مینجمنٹ:

ٹیلنٹ مینجمنٹ ڈیپارٹمنٹ نے محتاط افرادی قوت کی منصوبہ بندی کے ذریعے اپنی ٹیلنٹ کے حصول کی کوششوں کو کمپنی کے کاروباری مقاصد کے ساتھ جوڑ دیا۔ تنظیمی اسٹرکچر اور ہیڈ کوارٹرز کا تجزیہ کر کے، محکمے نے عملے کی بہترین سطح کو یقینی بنایا اور میرٹ کی بنیاد پر اعلیٰ ٹیلنٹ کو بھرتی کیا۔ متنوع ٹیلنٹ پول کو فروغ دینے کے لیے، ڈیپارٹمنٹ نے سوشل میڈیا، ملازمین کے حوالے، اور ٹیکسٹائل، انجینئرنگ اور کاروباری شعبوں میں مہارت رکھنے والی یونیورسٹیوں کے ساتھ شراکت جیسے متعدد چینلز کا فائدہ اٹھایا۔ مینجمنٹ ٹرینی (MT) پروگرام نے نئے گریجویٹس کو قیمتی مواقع فراہم کیے، تمام مقامات پر مستقبل کی قیادت کو تقویت دی۔

#### ملازمین کی تربیت اور ان کی ترقی کیلئے اقدامات:

تکنیکی صلاحیتوں کو مضبوط کرنے کے لیے، کمپنی نے اندرونی اور بیرونی دونوں طرح کی تربیت کی پیشکش کرتے ہوئے وسیع پیمانے پر سیکھنے اور ترقیاتی پروگراموں کو نافذ کیا۔ اس کوشش میں 1,900 گھنٹے سے زیادہ عملے کی تربیت اور 10,533 گھنٹے کام کے دوران مل کارکنوں کی تربیت شامل تھی۔ مزید برآں، مالیاتی خواندگی کے اقدامات سے ماہی سیٹنز اور فکری ای سیریز جیسے ”منی وائز“ اور ”بصیرت“ کے ذریعے متعارف کرائے گئے، جس کا مقصد ملازمین کو مالی معلومات اور پیشہ ورانہ رہنمائی فراہم کرنا ہے۔

#### ملازمین کی مشغولیت کی سرگرمیاں:

ملازمین کی مصروفیت اور دوامتی کو فروغ دینے کے لیے، HR نے مختلف سرگرمیوں کا اہتمام کیا، جن میں تہوار کی تقریبات، صحت سے متعلق آگاہی مہم، اور سماجی اجتماعات شامل ہیں۔ یہ اقدامات کام کا مثبت ماحول پیدا کرنے اور ملازمین کے درمیان روابط کو مضبوط کرنے کے لیے مرتب کیے گئے تھے۔ مزید برآں، کمپنی نے نام سازی کا مقابلہ منعقد کر کے اپنے نیوز لیٹر کو بہتر بنایا، جس کی وجہ سے عنوان ”ٹائٹانیوز“ کا انتخاب ہوا۔ یہ اپ ڈیٹ پلیٹ فارم اب کمپنی کی تازہ خبروں اور ملازمین کی کہانیوں کا اشتراک کرنے کے لیے ایک اہم مواصلاتی ٹول کے طور پر کام کرتا ہے۔

#### انتظامی کارکردگی:

سال کے دوران، کاروباری اہداف کے ساتھ ہم آہنگی کو یقینی بنانے کے لیے کارپوریٹ، حکمانہ اور انفرادی سطح پر واضح مقاصد طے کیے گئے۔ ملازمین کی ترقی میں معاونت کے لیے باقاعدہ کوچنگ اور فیڈ بیک سیشن منعقد کیے گئے۔ مینیجرز نے منصفانہ اور موثر کارکردگی کا جائزہ لینے کے لیے وسیع تربیت حاصل کی، جس سے کارکردگی پر مبنی ثقافت کو فروغ دینے میں مدد ملتی ہے جہاں ملازمین کو بروقت فیڈ بیک ملتا ہے، ان کے تعاون کو تسلیم کیا جاتا ہے، اور انہیں بہترین کارکردگی کا اختیار حاصل ہوتا ہے۔

#### ملازمین کے ساتھ تعلقات:

کمپنی اپنی HR اور صنعتی تعلقات (IR) ٹیموں کے اندر لیبر قوانین کے بارے میں معلومات کو مضبوط بنانے کی اہمیت کو تسلیم کرتی ہے۔ اس کو حاصل کرنے کے لیے، اس بات کو یقینی بنانے کے لیے جاری تربیت کی جاتی ہے تاکہ ٹیم کے اراکین متعلقہ لیبر قوانین اور ان کے مناسب نفاذ سے پوری طرح واقف ہوں۔

## مالی کارکردگی:

تیار کردہ اشیاء کی لاگت کا 82.1 فیصد خام مال ہے، جب کہ بجلی کی لاگت 7.97 فیصد ہے۔ خام مال کی لاگت کا انتظام کرنے کے لیے، کمپنی نے درآمدات پر انحصار کرنے کے بجائے مقامی کپاس کی خریداری پر توجہ مرکوز کی ہے۔ پیداواری اخراجات کو کنٹرول کرنے کے لیے مقامی اور درآمدی خام مال کے متوازن مرکب کے استعمال کے باوجود، بجلی کے زیادہ ٹیرف اور روپے کی قدر میں کمی فروخت ہونے والی اشیاء کی قیمت میں اضافے کا باعث بنی ہے۔ تاہم، دیگر آمدنی نے کمپنی کی باٹم لائن میں 2.5 بلین روپے کا نمایاں حصہ ڈالا، جس سے اس کی مالی طاقت میں اضافہ ہوا۔

## سرمایہ کی ساخت:

30 جون 2024 کو ڈیٹا کی کمیٹی کا کل تناسب 53:47 رہا جس کا موازنہ 30 جون 2023 کی ایکویٹی کی 54:46 سے کیا جاسکتا ہے۔ 30 جون 2024 کو ڈیٹا کی کمیٹی کا طویل مدتی تناسب 21:79 اور مختصر مدتی تناسب 46:54 رہا، جبکہ 30 جون 2023 کو طویل مدتی تناسب 16:84 اور مختصر مدتی 49:51 تھا۔

## ڈویڈنڈز:

بورڈ آف ڈائریکٹرز نے 09 اگست 2024 کو ہونے والے اپنے اجلاس میں 30 جون 2024 کو ختم ہونے والے سال کے لیے ڈویڈنڈ کی سفارش نہیں کی۔

## آڈیٹرز:

کمپنی کے موجودہ ایکسٹرنل آڈیٹرز میسرز یوسف عادل چارٹرڈ اکاؤنٹینٹس نے 30 جون 2024 کو ختم ہونے والے سال کا سالانہ آڈٹ مکمل کر کے شفاف آڈٹ رپورٹ جاری کر دی ہے۔ آڈیٹرز کمپنی کے سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں اور اہل ہونے کی حیثیت سے خود کو دوبارہ تقرری کے لئے پیش کرنے کے اہل ہیں۔ آڈٹ کمیٹی کی سفارش کی بنیاد پر بورڈ آف ڈائریکٹرز نے میسرز یوسف عادل چارٹرڈ اکاؤنٹینٹس کو بطور آڈیٹرز مالیاتی سال 30 جون 2025 کیلئے دوبارہ تقرر کرنے کیلئے سفارش پیش کی ہے۔

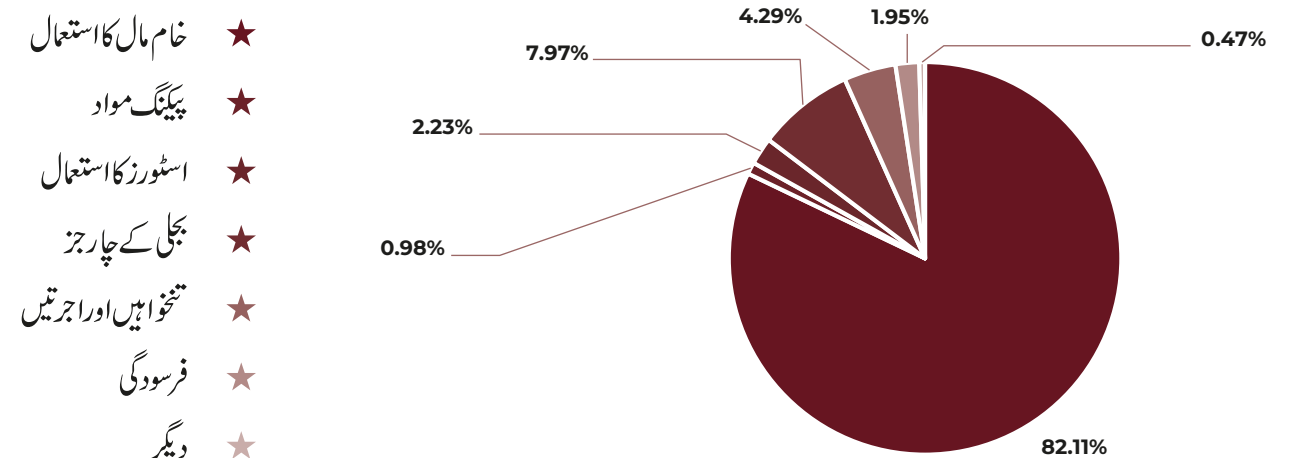
## انفارمیشن ٹیکنالوجی (IT):

کمپنی نے اپنی ڈیجیٹل تبدیلی کے سفر کو آگے بڑھاتے ہوئے ایک جامع ERP سسٹم، Oracle Fusion کو کامیابی کے ساتھ مربوط کیا ہے۔ اس انضمام نے تمام آپریشنل عمل کو ہموار کیا ہے اور باہر فیصلہ سازی کے لیے حقیقی وقت میں ڈیٹا تک رسائی کو فعال کیا ہے۔ فیئر II کی تکمیل، جس میں انٹر پرائز اثاثہ جات کے انتظام (EAM) اور مینوفیکچرنگ ماڈیولز کی تعیناتی شامل ہے، ایک اہم کامیابی کی نشاندہی کرتی ہے۔ آئی ٹی، اکاؤنٹنگ اور کاروباری پیشہ ورانہ افراد کی ایک مضبوط پروجیکٹ ٹیم نے عمل درآمد کی قیادت کی، جنہوں نے ملازمین کی مکمل تربیت بھی کی۔

تفصیلات	اختتامی مالی سال 30 جون 2024ء	اختتامی مالی سال 30 جون 2023ء	تغیرات	تغیرات فیصد
روپے بلین میں				
فروخت	45,824	34,911	10,913	31.3%
فروخت کی قیمت	(42,486)	(30,666)	(11,821)	- 38.6%
مجموعی منافع	3,337	4,245	(908)	-21.4%
ڈسٹری بیوٹن، ایڈمن و دیگر اخراجات	(1,143)	(1,224)	81	6.8%
دیگر آمدنی	2,579	392	2,186	557.6%
مالیاتی قیمت	(4,497)	(2,705)	(1,793)	-66.3%
قبل از ٹیکس منافع	276	709	(433)	-61.1%
بعد از ٹیکس منافع	(554)	261	(814)	-312.6%
آمدنی فی شیئر	(9.89)	4.65	(14.55)	-312.6%

خام مال، بجلی، مزدوری اور تبادلوں کے دیگر اخراجات کے اضافے کے باعث گذشتہ سال کے مقابلے میں مجموعی مارجن میں کمی ہوئی ہے۔ مزید برآں، مالیاتی چارجز میں نمایاں اضافہ، جو کہ اسٹیٹ بینک آف پاکستان کی ٹارگٹ پالیسی ریٹ میں اضافے سے کارفرما ہے، نے کمپنی کے منافع کو منفی طور پر متاثر کیا ہے۔ مجموعی مارجن میں یہ کمی فروخت کے حجم اور قیمت دونوں میں اضافے کے باوجود ہوئی۔

## پیداواری لاگت کا ایک خاکہ درج ذیل ہے:





اسٹیٹ بینک آف پاکستان (SBP) نے معاشی سرگرمیوں میں سست روی کے باوجود شرح سود میں اضافہ کرتے ہوئے مہنگائی کو روکنے کے لیے ایک سخت مانیٹری پالیسی کا نفاذ کیا۔ بین الاقوامی مالیاتی فنڈ (IMF) کے ساتھ نومبر 2023 کے 3 بلین امریکی ڈالر کے اسٹیٹ بانی انتظام کے حصول نے سخت شرائط کے باوجود اہم مالی مدد فراہم کی۔ ان شرائط میں سبسڈی کی لاگت کو کم کرنے کے لیے فیول اور بجلی کی قیمتوں میں اضافہ، مانیٹری پالیسی کو سخت کرنا، مارکیٹ سے طے شدہ شرح مبادلہ کی پالیسی کو اپنانا، ٹیکس لگانے کے سخت اقدامات کا نفاذ، اور اسمگلنگ سے نمٹنے اور درآمدات کو منظم کرنے کے لیے کنٹرول کو بڑھانا شامل ہیں۔ ان اقدامات نے کرنٹ اکاؤنٹ خسارے کی بحالی میں اہم کردار ادا کیا۔ IMF کے قرض کے حصول میں حکومت کی کوششیں قابل ستائش ہیں، لیکن کاروبار کرنے کی بڑھتی ہوئی لاگت کی وجہ سے مختلف صنعتوں پر پڑنے والے منفی اثرات کو تسلیم کرنا ضروری ہے۔

تاہم، سال کے آخر میں مثبت پیش رفت ہوئی۔ 10 جون، 2024 کو اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی ریٹ میں 150 بنیادی پوائنٹس کی کمی کا اعلان کیا اور شرح سود 22 فیصد کی بلند ترین سطح سے کم کر کے 20.5 فیصد کر دیا۔ پاکستان اسٹاک ایکسچینج (PSX) نے بھی شاندار کارکردگی کا مظاہرہ کیا، PSX 100 انڈیکس نے اپنی تاریخ میں پہلی بار 71,000 پوائنٹس کو عبور کیا، جو مارکیٹ کے اعتماد میں اضافے کی نشاندہی کرتا ہے۔ مزید برآں، شرح مبادلہ کے استحکام، بیرونی کھاتوں میں بہتری اور بیرونی رقوم کے بہاؤ، تیل اور ایشیا کی عالمی قیمتوں میں کمی کے ساتھ ساتھ، معاشی اسٹیک ہولڈرز کے درمیان اعتماد بحال ہونا شروع ہو گیا، جس سے اقتصادی ترقی میں مدد ملتی ہے۔

### ٹیکسٹائل سیکٹر:

پاکستان میں ٹیکسٹائل کی صنعت نے جولائی 2023 سے مارچ 2024 تک معمولی بحالی دیکھی، جس میں پیداوار میں 8.3 فیصد کمی ہوئی، جو گذشتہ سال ریکارڈ کی گئی 16 فیصد کمی کے مقابلے میں ایک قابل ذکر بہتری ہے۔ یہ ریکوری بنیادی طور پر سوتی دھاگے اور کپڑے کی کارکردگی سے ہوئی، جو کہ مل کراس شعبے کا 80 فیصد سے زیادہ ہے۔ تاہم، اس بہتری کے باوجود، دونوں شعبوں کو اب بھی نمایاں کمی کا سامنا ہے، سوتی دھاگے کی پیداوار میں 12.2 فیصد اور کپڑے کی پیداوار میں گذشتہ سال کے مقابلے میں 7.3 فیصد کمی ہوئی۔

ٹیکسٹائل کی برآمدات میں 0.3 فیصد کمی معمولی کمی دیکھی گئی، جس کا مجموعی تخمینہ 12.4 بلین امریکی ڈالر ہے۔ یہ کمی روس اور یوکرین کے جاری تنازعہ، عالمی کساد بازاری، جس سے مارکیٹ کی طلب میں کمی آئی اور IMF کی شرائط جن کی وجہ سے سپورٹ اور ترغیبی پروگراموں سے دستبرداری جیسے عوامل کے باعث ہوئی۔ ان چیلنجز کے باوجود، کاٹن یارن نے چمک کا مظاہرہ کیا، 2022-2023 میں 244,486 MT کے مقابلے میں برآمدات کا حجم 2023-2024 میں 38 فیصد اضافے سے 337,125 MT تک پہنچ گیا۔ یہ نمو بڑی حد تک برآمدی تنوع اور مسابقتی تبادلوں کی لاگت کو برقرار رکھنے پر مرکوز حکمت عملی کے ذریعے کارفرما تھی، جس نے تجارتی خسارے کو کم کرنے میں نمایاں مدد کی۔

بڑے سمندری راستوں میں رکاوٹوں کی وجہ سے عالمی تجارت بری طرح متاثر ہوئی ہے، جس کی وجہ سے بحری جہازوں کی لاگت میں اضافہ اور ٹرانزٹ کے طویل اوقات کا سامنا کرنا پڑا ہے۔ یہ مسئلہ پاکستان کے لیے خاص طور پر چیلنجنگ ہے، جہاں کل برآمدات میں ٹیکسٹائل کا حصہ 60 فیصد ہے۔ مشینری اور خام مال دونوں کے لیے بروقت اور موثر نقل و حمل پر انحصار کا مطلب ہے کہ یہ تاخیر اور زیادہ شپنگ لاگت صنعت میں پیداوار اور مسابقت کو منفی طور پر متاثر کر رہی ہے۔

### خام مال:

پاکستان نے تاریخی طور پر سالانہ 12 ملین گانٹھوں سے زیادہ کپاس کی پیداوار کی ہے، کچھ سالوں میں یہ 15 ملین گانٹھوں تک پہنچ گئی ہے۔ تاہم، حالیہ برسوں میں، پیداوار میں نمایاں کمی آئی ہے، جس کی وجہ سے پیداوار میں شدید کمی ہوئی ہے۔ 2020-2021 کے سیزن میں، پیداوار صرف 5.6 ملین گانٹھوں تک گر گئی، جو کہ 2022-2023 میں صرف 4.9 ملین گانٹھوں تک کم ہو گئی۔ اگرچہ 2023-2024 میں 8.4 ملین گانٹھوں کی پیداوار کے ساتھ کچھ بحالی ہوئی تھی، لیکن یہ اب بھی ماضی کی سطح سے کم ہے۔ اس کے برعکس، بھارت اور دیگر پڑوسی ممالک نے نہ صرف اپنی فصل کی پیداوار میں اضافہ کیا ہے بلکہ اپنی کپاس کے معیار کو بھی بہتر کیا ہے، جس سے پاکستان کو زرعی شعبے میں درپیش چیلنجز کو اجاگر کیا گیا ہے۔

ہماری مقامی کپاس کی ضرورت 14 ملین گانٹھوں کے لگ بھگ ہے، اس لیے یہ بہت ضروری ہے کہ ہم اس طلب کو مقامی سطح پر پورا کرنے کی کوشش کریں۔ مقامی ٹیکسٹائل اسپننگ انڈسٹری اپنے مخصوص معیار اور رنگنے کی خصوصیات کی وجہ سے مقامی کپاس پر منحصر ہے، جو مقامی معیارات کے مطابق ہیں۔ تاہم، صنعت کو ملکی کپاس کے ساتھ کئی مشکلات کا سامنا ہے، جن میں زیادہ نمی کی مقدار، مختصر فائبر کی لمبائی، کچرا/فضلہ اور آلودگی، عدم مطابقت، اور گانٹھ کے وزن تک اہم تغیرات جیسے مسائل شامل ہیں۔ یہ مسائل مقامی طور پر پیدا ہونے والی کپاس کی کمی کو بڑھاتے ہیں اور پاکستان میں ٹیکسٹائل سیکٹر کی مجموعی کارکردگی اور معیار کو متاثر کرتے ہیں۔

مزید برآں، کسی مل مین کو شامل کئے بغیر، اسپنرز اپنی کپاس کی ضروریات کو پورا کرنے پر مجبور ہیں۔ ملک میں بیج کے معیار کو بہتر بنانے اور کپاس کی پیداوار بڑھانے پر توجہ دے کر اس مسئلے کو حل کرنا بہت ضروری ہے۔

### توانائی کی لاگت:

توانائی کی قیمتوں میں اضافے، خاص طور پر بجلی کے نرخوں میں تیزی سے اضافے نے کمپنی کے منافع کے مارجن کو نمایاں طور پر متاثر کیا ہے۔ قدرتی گیس کی قیمتیں 1,100 روپے فی MMBTU سے بڑھ کر 3,000 روپے فی MMBTU ہو گئیں، اس کے ساتھ ساتھ غیر متوقع گیس کی بندش نے بجلی کی مجموعی لاگت کو بہت زیادہ بڑھا دیا ہے۔ گیس کے آنے والے بحران کے جواب میں، کمپنی بجلی کے اخراجات کو کم کرنے اور قدرتی گیس پر انحصار کم کرنے کے لیے متبادل توانائی کے ذرائع تلاش کر رہی ہے۔ فی الحال، 4.4 میگا واٹ کا سولر پاور پلانٹ کام کر رہا ہے، اور اضافی 3.8 میگا واٹ کا سولر پاور پلانٹ زیر تعمیر ہے، جس سے کمپنی کی شمسی توانائی کی پیداوار کی کل صلاحیت 8.2 میگا واٹ ہو جائے گی۔ شمسی توانائی میں اس سرمایہ کاری کا مقصد صاف توانائی فراہم کرنا اور کمپنی کے کاربن فوٹ پرنٹ کو کم کرنا ہے۔ برآمدات پر مبنی ٹیکسٹائل انڈسٹری کو ممکنہ رکاوٹوں سے بچانے کے لیے یہ ضروری ہے کہ ایک مستحکم اور سستی بجلی کی فراہمی کو یقینی بنایا جائے۔

## ڈائریکٹرز رپورٹ برائے ممبران

کمپنی کے ڈائریکٹرز 30 جون 2024ء کو ختم ہونے والے مالی سال کیلئے ڈائریکٹرز رپورٹ بشمول کمپنی کے آڈٹ شدہ مالیاتی حسابات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ کمپنی نے ایمپلائرز فیڈریشن آف پاکستان کی جانب سے نیشنل کیٹیگری میں باوقار "10th Employer of the Year Gold Recognition Award-2024" حاصل کیا ہے۔ یہ قابل ممتاز ایوارڈ بہترین کام کی جگہ بنانے کے لیے ہمارے عزم کو اجاگر کرتی ہے جو ہمارے ملازمین کی ترقی اور کامیابی کو فروغ دیتی ہے۔

مزید برآں، ہماری سالانہ رپورٹ برائے مالی سال 2022 کو ٹیکسٹائل کیٹیگری میں بہترین کارپوریٹ رپورٹنگ کے لیے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان اور انسٹی ٹیوٹ آف کاسٹ اینڈ اینڈینجمنٹ اکاؤنٹنٹس آف پاکستان دونوں کی طرف سے "Certificate of Merit" سے نوازا گیا۔

مزید برآں، کمپنی کو ایمپلائرز فیڈریشن آف پاکستان کی جانب سے پیش کردہ مالی سال 2022 کے لیے پیشہ ورانہ حفاظت، صحت اور ماحولیات میں بہترین طرز عمل کے لیے ایک "Recognition Award 2022" سے نوازا گیا۔

### معاشی صورتحال:

دوران سال پاکستان کی معیشت کو کافی مشکلات کا سامنا کرنا پڑا، خاص طور پر سال کی پہلی ششماہی کے دوران۔ ان چیلنجز میں کئی دہائیوں سے بلند ترین مہنگائی کی شرح، توانائی کے بڑھتے ہوئے اخراجات، بلند شرح سود، کرنسی کی قدر میں گراؤ، اور زر مبادلہ کا بحران شامل تھے۔ مزید برآں، مشرق وسطیٰ میں جاری تنازعہ نے عالمی جغرافیائی سیاسی تناؤ میں اضافہ کیا اور طلب کو کم کیا۔ جہاز رانی کے تجارتی راستوں میں رکاوٹوں نے عالمی سپلائی چین کو مزید دشوار کر دیا، جس کی وجہ سے شپنگ کے اخراجات اور اشیاء کی مجموعی قیمتوں میں اضافہ ہوا۔

مالی سال 2024 میں، پاکستان کی معیشت نے 2.4 فیصد جی ڈی پی کی نمو حاصل کی، جو کہ مالی سال 2023 میں 0.29 فیصد نمو سے قابل ذکر اضافہ ہے۔ اس بہتری کی بڑی وجہ موثر میکرو اکنامک پالیسیوں اور ٹھوس اقدامات کو قرار دیا گیا۔ تاہم، ٹیکسٹائل سیکٹر میں 8.3 فیصد کی نمایاں کمی ہوئی، جبکہ لارج اسکیل پرمینوٹیکسٹائل سیکٹر میں 0.1 فیصد کی معمولی کمی دیکھی گئی، جو گزشتہ سال میں 7.0 فیصد کمی تھی۔ مالی سال 2024 کے لیے کنزیومر پرائس انڈیکس (CPI) مالی سال 2023 میں 29.2 فیصد سے کم ہو کر 24.5 فیصد رہا۔ سال کے آخر میں مہنگائی کی شرح میں نمایاں کمی دیکھی گئی، جو بنیادی طور پر روپے کے استحکام کی وجہ سے جنوری میں 28.3 فیصد سے کم ہو کر جون میں 12.6 فیصد رہ گئی۔

## Form of Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_, being a Member of Tata Textile Mills Limited, holder of \_\_\_\_\_, Ordinary Share(s) as per Register Folio No. \_\_\_\_\_ hereby Appoint Mr. \_\_\_\_\_ having CNIC No. \_\_\_\_\_ as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf at the 38<sup>th</sup> Annual General Meeting of the company to be held on October 22, 2024 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

Signature across Rs.5  
Revenue Stamp

Witness 1 \_\_\_\_\_

Witness 2 \_\_\_\_\_

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

CNIC # \_\_\_\_\_

CNIC # \_\_\_\_\_

### NOTES:

1. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as a proxy who is not a member of the company qualified to vote except that a corporation being a member may appoint a person who is not a member.
2. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty-eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default, the instrument of a proxy shall not be treated as valid.
3. CDC Shareholders or their Proxies should bring their original CNICs or Passport along with the Participant's ID Number and Account Number to facilitate their identification. A detailed procedure is given in Notes to the Notice of AGM.



## پراکسی فارم (مختار نامہ)

میں / ہم \_\_\_\_\_ کا / کی \_\_\_\_\_  
بجائیت رکن ٹاٹا ٹیکسٹائل ملز لمیٹڈ اور حامل \_\_\_\_\_ عام حصص برطابق رجسٹرڈ فو لیو نمبر \_\_\_\_\_  
بذریعہ ہذا محترم / محترمہ \_\_\_\_\_ کمپیوٹرائزڈ قومی شناختی کارڈ نمبر \_\_\_\_\_  
مورخہ 22 اکتوبر 2024ء

کو اپنے / ہمارے ایما پر: \_\_\_\_\_  
منعقد ہونے والے کمپنی کے 38<sup>th</sup> اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار نامہ (پراکسی) مقرر کرتا  
ہوں / کرتے ہیں۔

ممبر کے دستخط  
ریونیو کی مہر 5 روپے

آج بروز ..... بتاریخ ..... 2024 کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان  
-1

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

گواہان  
-2

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

### نوٹ:

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

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

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

## Head Office:

6th Floor, Textile Plaza,

M.A. Jinnah Road, Karachi-74000

**Ph** : 3241-2955-3 Lines, 3242-6761-2-4

**Fax** : (92-21) 3241-7710

**Email** : [ttm.corporate@tatapakistan.com](mailto:ttm.corporate@tatapakistan.com)

**URL** : [www.tatapakistan.com](http://www.tatapakistan.com)

## Mills:

### **Muzaffargarh Unit:**

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

### **Landhi Unit:**

HX-1, Landhi Industrial Area,  
Landhi, Karachi.

### **Kotri Unit:**

A/12, S.I.T.E, Koti, District Jamshoro,  
Sindh.

