

The Tata Pakistan logo, consisting of a stylized circular emblem with three curved lines, is positioned above the company name "TATA PAKISTAN" in a bold, white, sans-serif font. The background of the entire cover is a vibrant blue with a subtle, circular, ripple-like pattern.

TATA PAKISTAN

Annual Report 2023

Rebound
Revolution:
Spinning
New Threads
of Hope

TATA TEXTILE MILLS LIMITED

About the Cover

Rebound Revolution: Spinning New Threads of Hope

Embracing Challenges, Forging Opportunities, and Building a Brighter Tomorrow Together.

In the face of unprecedented challenges, TATA Textile Mills Limited (TTML) embarked on a decades-long journey of transformation and progress. The year 2022-23, much like the world itself, was marked by uncertainty, adversity, and uncharted territories. Yet, within the heart of every challenge lies an opportunity, and within the fabric of adversity, threads of hope are woven.

Our annual report for the Year 2022-23 is not just a reflection of the past; it is a testament to our resilience, innovation, and unwavering commitment to our stakeholders. We faced the storm head-on, and in doing so, we discovered the strength to not only weather it but to thrive amidst the turbulence.

As you explore the pages within, you'll find stories of adaptation, innovation, and determination. Through the lens of our dedicated teams, you'll witness how we embraced change, redefined our strategies, and emerged stronger than ever. The threads of hope we spun together have not only mended the fabric of our organization but have also extended outward, positively impacting the communities we serve and ensuring sustainability.

TTML stands as a beacon of hope, a testament to the human spirit's ability to adapt and evolve. "Rebound Revolution" encapsulates not just a moment in time but a mindset—a commitment to shaping the future we envision.

Join us as we navigate the uncharted terrain of tomorrow, knowing that each revolution brings with it the promise of new beginnings. Together, we're weaving a tapestry of hope, resilience, and progress.



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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. Saiqa Shahid - Non Executive Director
Ms. Shahbano Hameed - Non Executive Director
(NIT Nominee)
Ms. Samar Shahid - Non Executive Director

Audit Committee

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

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

1. Allied Bank Limited
2. Askari Bank Limited
3. Bank Alfalah Limited
4. Bank Islami Pakistan Limited
5. Dubai Islamic Bank (Pakistan) Limited
6. HBL (Islamic Banking)
7. JS Bank Limited
8. MCB Bank Limited
9. Meezan Bank Limited
10. National Bank of Pakistan
11. National Bank of Pakistan - AIBG
12. Pak Oman Investment Company Limited
13. Samba Bank Limited
14. Soneri Bank Limited
15. Summit Bank Limited
16. The Bank of Khyber
17. The Bank of Punjab
18. Bank Al Habib Limited

Legal Advisor

Ameen Bandukda & Co.

REGISTERED OFFICE

6th Floor Textile Plaza, M.A Jinnah Road Karachi.
Tel# 32412955-3 Lines 32426761-2-4
Fax# 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



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.

CORE VALUES



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



RESPECT: 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.

Code of Conduct

The Code of Conduct is equally applicable on employees as well as the Board of Directors of the Company. The Company constantly endeavors to do the following:

1. HONEST AND ETHICAL CONDUCT

- The company expects all the employees, Officers, and Directors 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's sponsored business and social events, and/or at any other place where the Directors/Officers represent the Company. We consider honest conduct to be that conduct which is free from fraud and/or deception. We consider ethical conduct to be conduct conforming to the accepted professional standards of conduct. Ethical conduct includes the ethical handling of actual or apparent conflicts of interest as specified below between personal and professional relationships.

2. CONFLICTS OF INTEREST

- Every employee, Officer or Director should conduct his/her personal and business affairs in a manner such that neither a conflict nor the appearance of a conflict, arises between those interests and the interests of the company.
- An employee should avoid any situation in which he or she, or a family member, might profit personally either (directly or indirectly), from the company's facilities, its products, or company's relationships with its vendors or customers.
- An employee, Officer or Director should not have any significant ownership interest in any supplier, customer, development partner, or competitor of the Company.
- The receipt of non-nominal gifts or excessive entertainment from any person/company with which the Company has current or prospective business dealings.
- Conflict of interest shall be avoided and promptly disclosed where they exist and guidance should be sought from superiors.

3. COMPLIANCE WITH APPLICABLE LAWS, RULES, AND REGULATIONS

- All employees, officers, and Directors must comply with all applicable governmental laws, rules, and regulations. Directors/Officers must acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to recognize potential dangers and to know when to seek advice from the Human Resource department and/or Legal Advisor /Legal Counsel. Violations of applicable governmental laws, rules, and regulations may subject Directors/Officers to individual criminal and/or civil liability. Such individual violations may also subject the Company to civil and/or criminal liability and/or the loss of business.

4. MISCELLANEOUS

- All employees, Directors/Officers shall maintain the confidentiality of confidential information of the Company or that of any customer, supplier, or business associate of the Company to which Company has a duty to maintain confidentiality, except when disclosure is authorized or legally mandated.
- All employees, Directors/Officers shall deal fairly with customers, suppliers, and competitors. They should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential, proprietary, or trade secret information, misrepresentation of material facts, or any other unfair dealing practices.

- All employees, Directors/Officers should protect Company's assets and property and ensure its efficient use. Theft, carelessness, and waste of the Company's assets and property have a direct impact on the Company's profitability. Company's assets should be used only for legitimate business purposes.
- This Code of conduct is not intended to and does not create any rights for any employee, customer, client, supplier, competitor, shareholder or any other person or entity.
- If any employee or Directors/Officers who know of or suspects of a violation of applicable laws, rules or regulations or Code of conduct, he/she must immediately report the same to the Board of Directors or any designated person/committee thereof. Such a person should as far as possible provide the details of suspected violations with all known particulars relating to the issue.
- Violations of Code of Ethics will result in disciplinary action, which may even include termination of services of the employee or the officer and disqualification from being a Board Member. The Company's Board or any Committee/person designated by the Board for this purpose shall determine the appropriate action in response to violations of this Code of Ethics.

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.

Tata Textile Mills Ltd.

TTML is a public limited company incorporated in 1987 and listed on Pakistan Stock Exchange. The registered office is located in Textile Plaza, Karachi. The spinning units are located in Karachi, Kotri and Muzaffargarh.

MUZAFFARGARH UNIT

It is a modern spinning unit consisting of 44,400 Spindles setup for the manufacturing of Cotton Yarn. The TATA Brand quickly became the standard for the yarn market and its manufacturing facility is located in Muzaffargarh which is close to Multan. Management is taking further initiative for the automation of the mills and plan to replace the old machinery with new latest automation. To conserve energy consumption management has introduced high fuel-efficient Gas generators and have installed a 2 MW solar plant whereas further solar installation is also planned which will optimize the increasing cost of Power.

KOTRI UNIT

This unit was acquired as a running spinning unit located at Kotri Industrial Estate in the Province of Sindh Kotri, in 1981 which quickly established a name in spinning of cotton yarns. In 2014, the Company initiated a strategic expansion plan and the facility started commercial production in 2015 with the latest state-of-the-art Reiter spinning machinery which is completely automated from Blow room to winding. 1 MW solar plant have been operational in this unit whereas further 1.4 MW solar installation is also in process which is scheduled to be operational by the end of 2023.

LANDHI UNIT

This unit was established in 1968. It was subsequently acquired in 1983 by the group and gained a foothold in the synthetic yarn market in four subsequent decades of successful operation. In 2005 a complete renovation of the unit was carried out and capacity enhanced to 36,708 Spindles with latest machinery thereby increasing the spinning production capacity by 100%.

TATA BEST FOODS LIMITED (TBFL)

After three decades of performing exceptionally well in Textile domain, the company decided to diversify and branch out in Food business in 2009. TBFL's principal activity is processing of meat at its internationally approved facility located at Landhi, Karachi to prepare, process, preserve, pack and market meat and related products for export and local sale to restaurants, hotel chains and grocery stores. TBFL is a manufacturer-cum-exporter and playing a vital role in the modernization of the meat industry in Pakistan besides contributing valuable foreign exchange to the economy.

Company Profile & Business at a Glance

Tata Textile Mills Limited (TTML) is premier textile spinning Company of Tata Group 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 raw material to produce 95 million pounds of yarn. TTML has a well-demonstrated history of exporting its products to diverse markets.

TTML is a proud recipient of numerous accolades including Certificate of Merit in Best Corporate Report 2020 Awards, 4th Position and Certificate of Merit in Best Corporate Report 2019 Awards, 5th Employer of the Year Award by Employer's Federation of Pakistan (EFP) and Corporate Philanthropy Award by Pakistan Center for Philanthropy (PCP).

With a keen focus on health, safety & environment, TTML is a reputable corporate socially responsible company. The Company had developed in late 1990's Quality Management System based on ISO-9001 standard and since then maintaining it as base Management System across TATA PAKISTAN and integrating the requirement of other international and national standards on Occupational Health Safety, Environment Management and Energy Management Systems. Maintaining Certification on "OEKO Tex; Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Global Recycle Standard (GRS) and Recycled Claim Standard (RCS) to manufacture its products according to the standards our customers expect. These standards required active maintenance / compliance to Quality Management System, Health Safety & Environment and Social Compliance.

TTML is also a member of various international forums and initiatives on Sustainability i.e., International Cotton Association, US Cotton Trust Protocol, Cotton made in Africa, Better Cotton Initiative and amfori-BEPI. TTML is proudly part of world-famous brands' supply chain like Primark and Inditex.

The focus of all these Customers, Forums and Certification on HSE has encouraged TTML, to take its HSE initiatives towards a broader and consistent HSE Culture and systems across all its offices, manufacturing units and locations as its corporate objective for the year 2022-23 and as a first step had engaged a very competent and renowned Management Consulting firm ASCENTIA who conducted HSE Gap Analysis across all TTML locations and help the Management to drive a through action plan to make TTML, a safer and more secure place to work for a sustainable growth of company business through development of HSE system based on ISO-45001 and ISO 14001.

TTML is efficient as far as energy is concerned and utilizes a mix of energy sources to achieve lowest cost with core focus on generating energy from eco-friendly options.

TTML ensures reliable and trustworthy partners in its supply chain hence maintaining membership with world renowned names in textile like International Cotton Association (ICA), Cotton USA (CA) and Better Cotton Initiative (BCI).

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

- 100% Cotton Carded Knitting & Weaving Yarns
- 100% Cotton Combed Knitting & Weaving Yarns
- 100% Cotton Combed Compact Knitting & 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 & Combed Yarns
- 100% Cotton Plied Carded & Combed Yarns
- Cotton / Polyester Blend Carded & Comb Yarn for Knitting and Weaving
- Cotton / Tencel Blend Carded for Weaving Yarn
- Cotton / Modal Blend Carded For Weaving Yarn



Geographical Spread



- Export Sales**
 - China • Japan • Taiwan
 - Bangladesh • France
 - Hong Kong

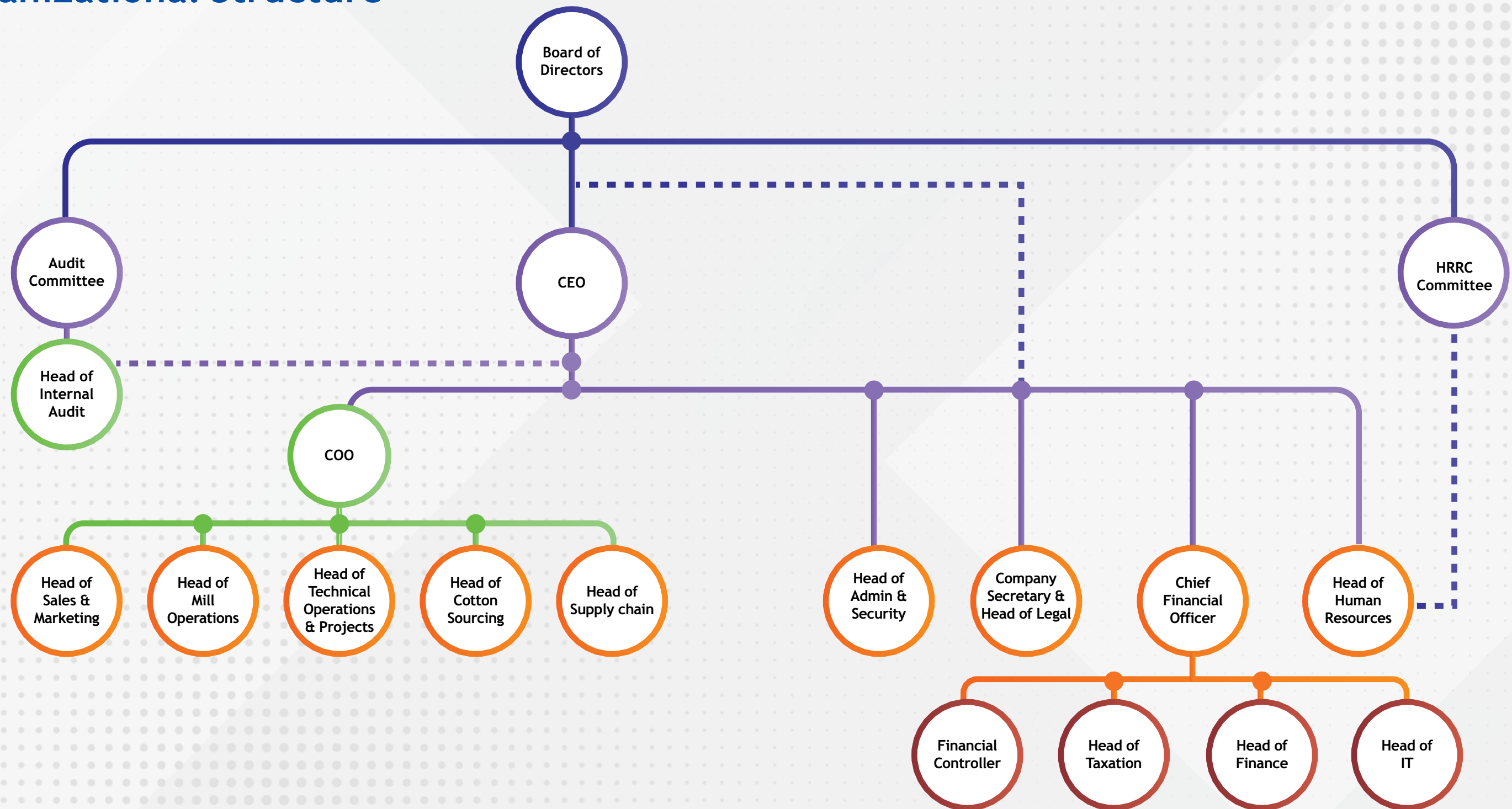
- Imported Cotton Buying**
 - USA • Brazil • Greece
 - Turkiye • Mexico
 - Benin

- Local Cotton Buying**
 - Tandoadam • Sanghar • Khairpur
 - Mehrabpur • Shahdadpur • Kumb
 - Dera Ghazi Khan • Khanewal • Haroonabad
 - Jahania • Rahim Yar Khan • Vehari
 - Chichawatni

- Manufacturing Plant**
 - Landhi Industrial Area, Karachi, Sindh
 - S.I.T.E, Kotri, District Jamshoro, Sindh
 - Khanpur, Baggasher Muzaffargarh, Punjab

- Registered Office**
 - 6th Floor Textile Plaza, M.A Jinnah Road Karachi.

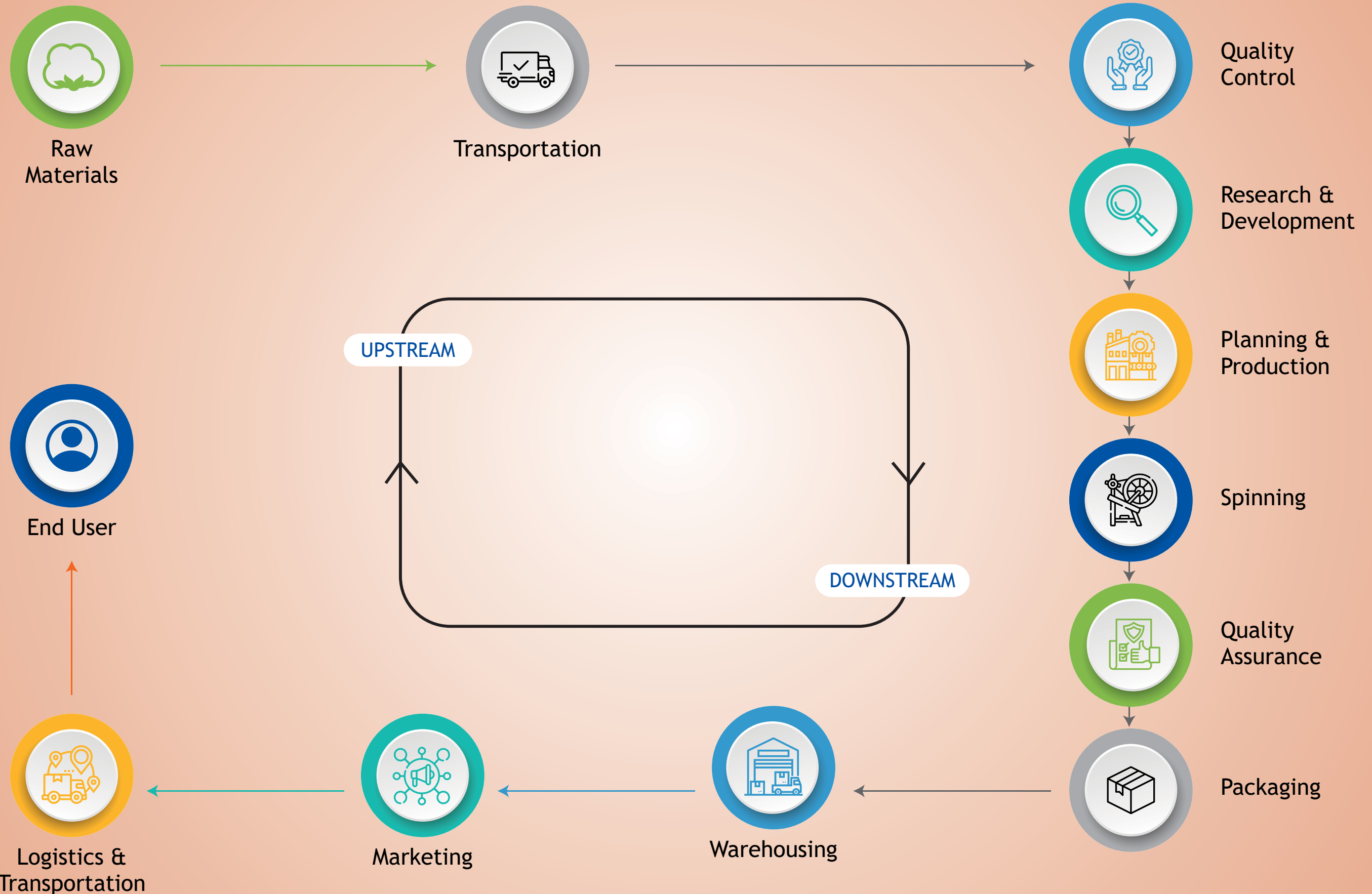
Organizational Structure



Administrative Reporting _____

Functional Reporting - - - - -

Value-Chain Analysis



Significant factors affecting the external environment and organization’s response.

Factors	<p>S</p> <p>Social</p> <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>T</p> <p>Technological</p> <p>Technology is essential for sustained organizational growth. Since the Industrial Revolution, technology has played a key role in the success of businesses, both favorably and unfavorably. 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 entry, product launches, and outsourcing.</p>	<p>E</p> <p>Environmental</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>E</p> <p>Ethical</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>	<p>P</p> <p>Political</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>L</p> <p>Legal</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>E</p> <p>Economic</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>
Company’s Response	<p>We are a socially responsible organization that is committed to making a positive impact on society. We donate to various social causes, including healthcare, education, and environmental protection. We also have a strong focus on employee well-being and safety, and we are continuously striving to improve our corporate social responsibility (CSR) initiatives.</p>	<p>The management is fully aware that technological advancement is essential for organizational success in the current environment. To maintain our competitive edge, we have always been open to exploring new technologies to enhance our operations. We have made significant investments in the maintenance, modernization, and replacement of our plants and machinery, as well as in upskilling our employees with the latest technologies. Implementation of highly advanced Cloud based ERP Oracle Fusion is also one significant step to remain competitive globally.</p>	<p>The company is committed to environmental stewardship and sustainability. It adheres to all applicable standards and regulations and voluntarily takes environmentally conscious initiatives to create long-term value for society through efficient usage of natural resources. To this end, the company has commissioned a solar project to generate green energy, which will help to reduce its reliance on fossil fuels and lower its carbon emissions, installed a RO water plant within the premises of the factory to provide clean water and sanitation for its entire workforce, received certifications in Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Global Recycle Standard (GRS), and Recycled Claim Standard (RCS), which demonstrate that its products meet high standards of environmental and social responsibility. These initiatives demonstrate the company’s commitment to protecting the environment and creating a sustainable future.</p>	<p>The company is committed to the highest standards of ethics and integrity in all its business activities. We are committed to transparency and accountability, and we condemn all forms of corruption, fraud, and other unethical behavior. We believe that these principles are essential for building and maintaining trust and confidence with our customers, employees, suppliers, and other stakeholders. We are committed to upholding these principles in everything we do.</p>	<p>The company continuously monitors and analyzes the political situation of the country, including changes in duty structures and taxes, to mitigate any negative impact on the business through timely alignment of its strategies. The management diligently complies with relevant regulations to ensure smooth operations and business growth.</p>	<p>The company strives to achieve and maintain rigorous compliance with all applicable laws and regulations, including staying up to date on new legislation and ensuring that all relevant departments are aware of and complying with the requirements. To this end, the company has engaged an experienced team of professionals to provide specialized guidance on compliance matters. In addition, the company retains legal and tax experts to ensure comprehensive compliance with all legal and regulatory requirements. The company’s management categorically condemns corrupt and fraudulent practices and is committed to transparency and integrity in all its dealings. The company engages professional consultants and legal counsel, whenever necessary.</p>	<p>The company maintains a strong financial position by proactively monitoring its debt-to-equity ratio and taking steps to mitigate the negative impact of economic factors. A dedicated treasury team closely monitors exchange rate fluctuations and devises risk management strategies to minimize the impact of currency devaluation and interest rate increases. The company also makes every effort to contain costs across all areas and actively engages in tax planning and securing refunds.</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 specific state and climate 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 December.
- **East Africa (e.g., Ethiopia, Tanzania):** In East African nations, cotton procurement usually starts around September and can extend into early next year.
- **Southern Africa (e.g., Zimbabwe, Zambia):** Cotton harvesting in Southern African countries like Zimbabwe and Zambia can take place from April to June.
- **China:** Cotton harvesting in China typically occurs from September to December.
- **Brazil:** In Brazil, cotton harvesting season varies by region but generally takes place from May to September.

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.

Our growth is thanks to reliable suppliers as business partners. We have multiple sources for key components, ensuring a steady supply of materials for production.

The company designs CSR activities to have a big impact on local communities, based on their needs. The Company contributes to the national exchequer by paying its share of due taxes on a timely basis.

SWOT Analysis

STRENGTHS

- Strong controls environment and corporate governance
- More than 5 decades of business and spinning experience and strong market repute for quality products
- Ethical business practices
- Self-power generation capability
- Excellent relationships with banks and business community
- Experienced technical staff
- State-of-the-art plant and production facilities
- High level of manufacturing automation of business processes

WEAKNESSES

- Size of spinning capacity smaller compared to Chinese rivals
- Labour intensive operations
- Commodity which is affected by business cyclicity
- Major portion of cost of sales can be impacted by cotton volatility
- Lack of vertical integration
- Dependence on few countries for export sales
- High finance cost
- Slow and stuck up tax refunds overhang on liquidity

OPPORTUNITIES

- Expand into untapped markets with value added innovative products
- Develop innovative product range utilizing experienced technical staff
- Greater MIS & manufacturing automation for efficiencies and faster decision making
- Vertical and Horizontal business integration
- Tapping export market

THREATS

- Higher cost of doing business (energy, interest, taxes, inflation)
- Failure of cotton crop due to natural disasters
- Court's decision to make Industry pay for GIDC
- Trade wars leading to uncertainty over export orders
- Curtailed liquidity due to higher local sales
- Massive devaluation of Pak rupee
- Country-wise over capacity of spinning mills



Competitive Landscape and Market Positioning

The company has a large distribution network and textile dealers, providing logistical and working capital efficiencies. It focuses on local market strategies for sustainability and market share growth. The company has a state-of-the-art production facility, gaining market share in the textile industry. Despite high cotton prices during the year, the company managed to control costs through a mix of imported and local cotton, optimum mix of power sources, and commissioning of solar powered plant.

Porter's Five Forces model has been used to analyze the industry structure and the corporate strategy of the company for further measuring the competition intensity, attractiveness, and profitability of the textile industry.



• Competition and Rivalry

The textile industry is characterized by rather intense competition, with competitor businesses vigorously competing with one another for market share and prices. To gain a larger part of the market in both current and future markets, all major companies are concentrating on expansion strategies. The company encourages healthy competition as a means of maintaining market share and consistently raising the standards for yarn quality. Since Pakistan's textile companies are geographically dispersed around the country, there is more competition for market share and prices. The company has been putting an enormous amount of effort into maintaining customer loyalty for its high-quality products, market expansion, and an effective supply chain.

- **Bargaining power of customers**

The company's performance and success rely on the brand preference, brand loyalty, and supply chain management of our customers. Beyond providing credit facilities, rebates, and commissions, the corporation has made major investments in customer relationship management throughout the years. The focus is on continually raising the bar for customer service, developing innovative approaches to render the customer experience more convenient, and hassle-free, and market competitive rates are being offered to increase switching costs for customers. The company has a competent technical department with the expertise to quickly adapt to new innovations and various product advancements to effectively meet the changing needs of customers.

- **Bargaining power of suppliers**

Being a large manufacturing concern, the company has established relationships with a wide range of suppliers who have a track record of adhering to professional business ethics. As a result, the Company has strong negotiating leverage to maintain industry standards. To ensure transparency and fairness, the Company conducts the necessary examinations when onboarding new suppliers. These assessments are supervised by the Supply Chain Department and a third-party expert, as needed. Only approved suppliers are preferred for commercial transactions by the company. Both domestic and foreign markets serve to source raw materials. LCs are opened to facilitate ease of business with foreign companies, whereas the costs of fuel and other inputs are borne only after thorough market analysis and negotiations to protect the Company's interests.

- **Threat of New Entrants**

There is minimal risk of a new entrant in the domestic textile industry because any new entrant will require investing an extensive amount of funds in infrastructure, machinery, R&D, and marketing. Additionally, industry players in the textile sector enjoy cost advantages that a potential new competitor would find difficult to compete with. However, the competition is raised by the continued development of additional capacity by the existing companies.

For new entrants, it is detrimental to consider the time it takes to build considerable brand loyalty, the need to follow stringent regulatory requirements, the seasonal risk associated with cotton yields, and the need to create manufacturing facility close by.

- **Threat from substitute product**

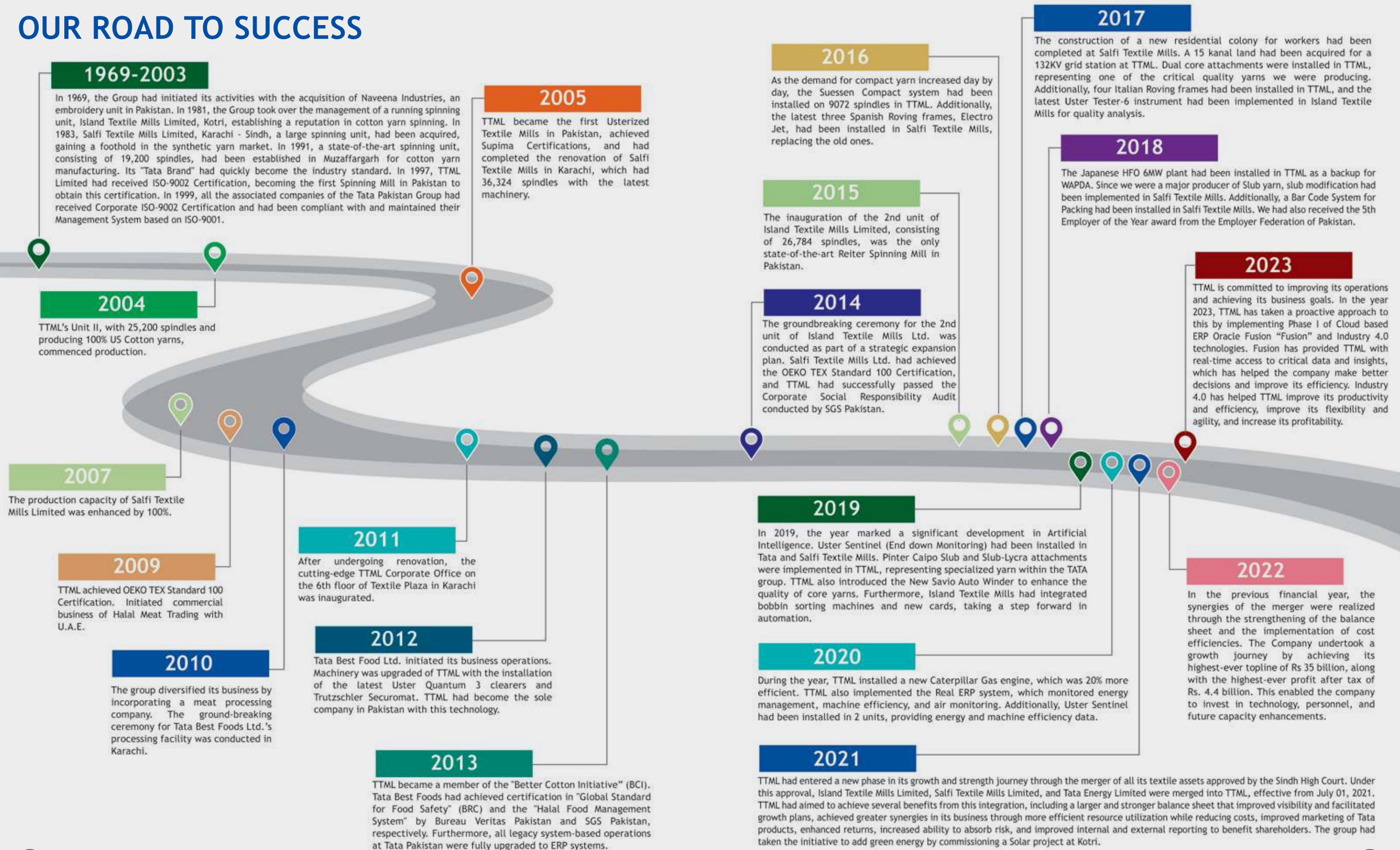
The nature of the product is such that the risk of substitute products in the market is remote.

The Political Environment Where the Organization Operates and Other Countries That May Affect the Ability of the Organization to Implement its Strategy

The political situation in a country can have a significant impact on how well a company's strategy works. Political uncertainty can harm the economy, businesses, and investors. In the recent year, the Country has faced economic challenges due to ongoing political instability. This has led to short-term economic decisions and policy changes, such as reducing government spending on development and increasing interest rates. These changes have made it difficult for businesses to operate and invest in Pakistan, which has slowed down economic growth.

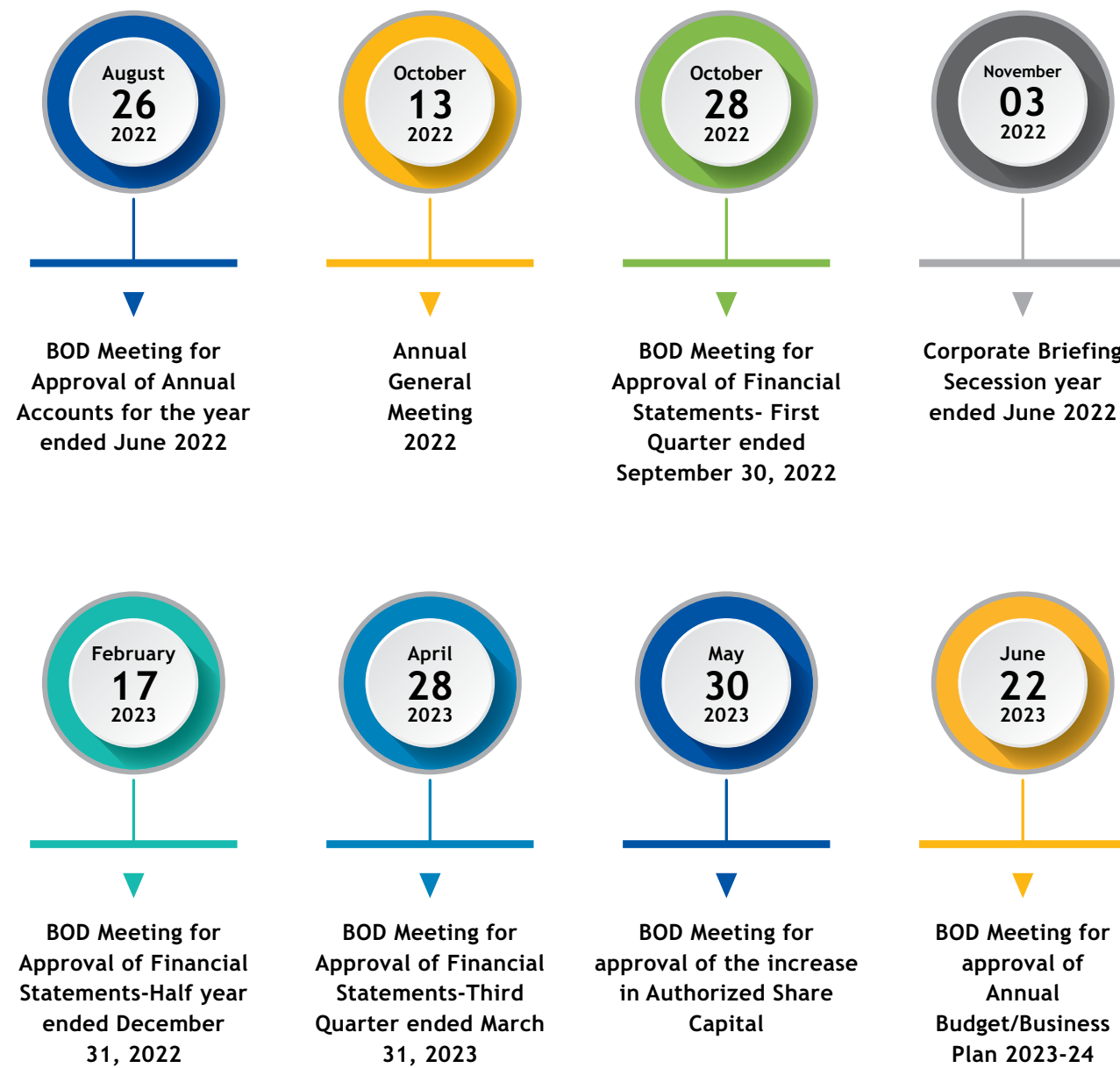
It is also important to consider how political situations in other countries might affect a company's strategy implementation. If there is a political crisis in a country where a company procure its raw material and other inputs, it could disrupt supply chains. Similarly, if a country where the country exports its product (directly or indirectly) is affected, it may hamper company's sales performance. The Company is well-aware of these risks and takes necessary steps to mitigate them.

OUR ROAD TO SUCCESS

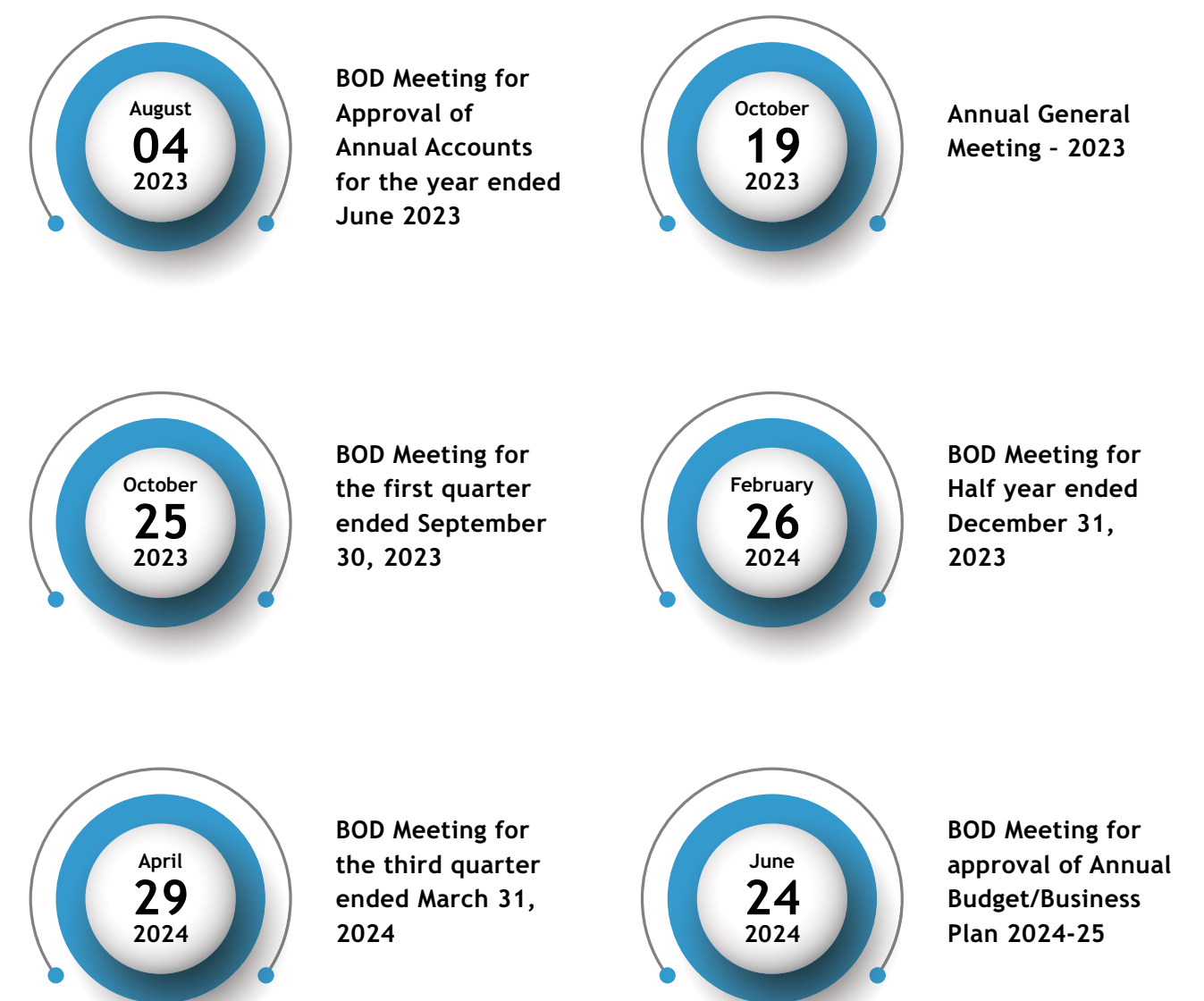


Calendar of Corporate Events

Financial Year 2022 - 2023



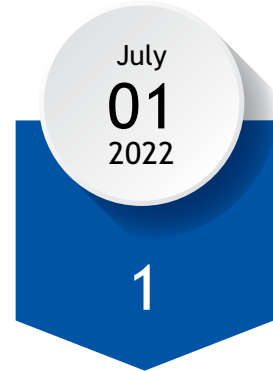
Tentative Dates for the Next Financial Year



Notable Events for the Financial Year

Employees Engagement Activities

EVENTS



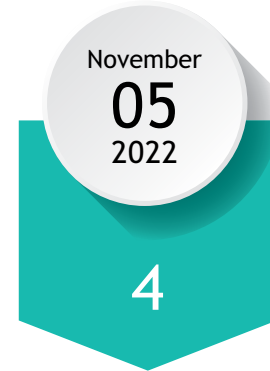
Go-Live: Performance Management and Learning & Development Portal



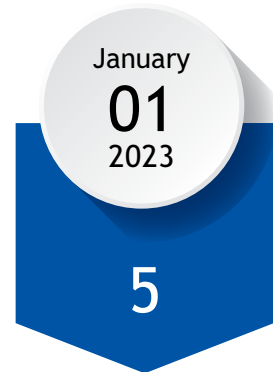
Independence Day Celebrations



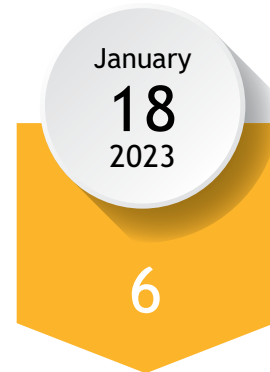
Session on Maintenance Management & Operational Excellence



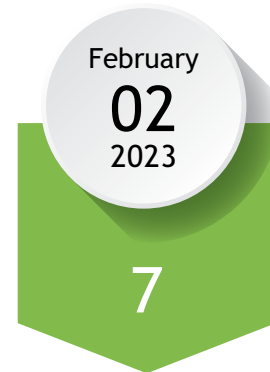
Corporate Cricket Tournament



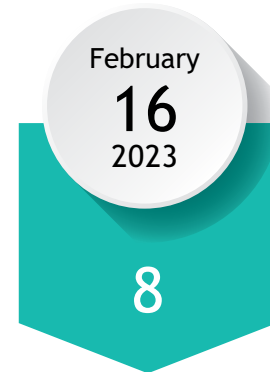
Go-Live: Cloud Based ERP Oracle Fusion



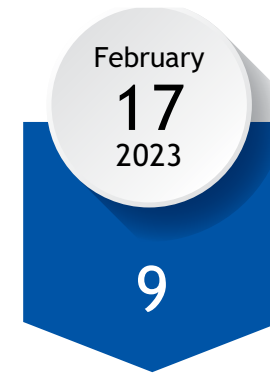
Publication of Interview of CEO in CMA Journal of ICMAP



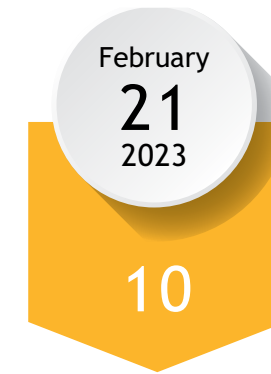
IoBM Career Fair



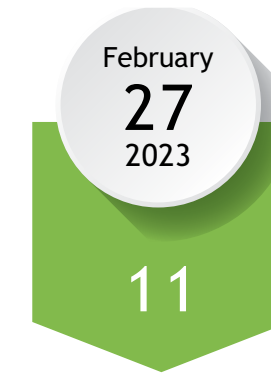
Award Ceremony for successful implementation of Cloud Based ERP Oracle Fusion



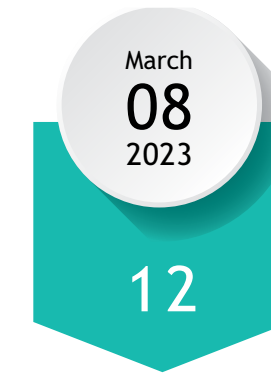
Sessions on Service Etiquettes and Personal Hygiene for Supporting Staff



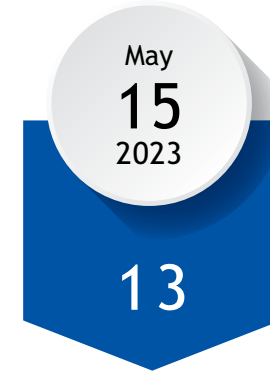
Iqra University Career Fair



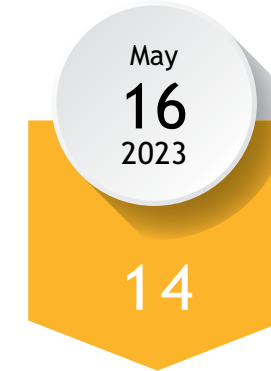
Training Sessions on ISO/IEC 17025



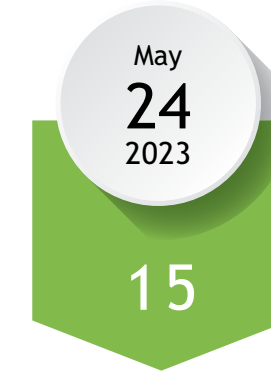
Women's Day Celebration & Health Awareness session



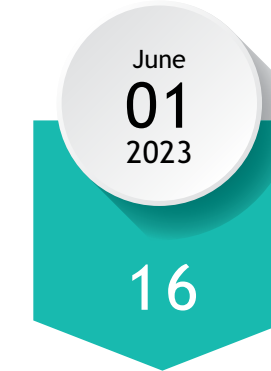
Training Sessions of Fire Safety Training & Drills



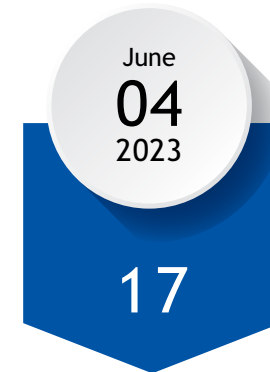
Training Sessions on Mastering Time Management



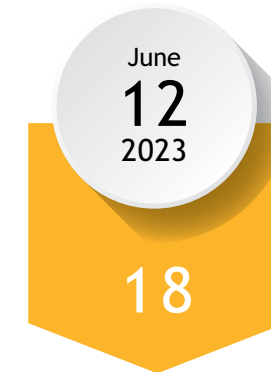
Training Sessions of Employee Relations procedure



Sessions on Kamyabi Ki Justujo



Participation in ITMA 2023



Skill Development Employers Recognition Award Ceremony



Energization of 2MW solar power plant at Multan Mill



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Strategy and Resource Allocation

The foundation of organizational planning is identifiable goals that direct all organizational activities. Objectives are the basis of managerial functions and organizational existence. Companies set challenging objectives to achieve profitable results and gain a competitive advantage in the market. Strategic objectives are an integral part of a business and play a pivotal role in organizational success. The company believes in making the right choices today to secure a better tomorrow. The management’s core objective is to revolutionize the company through strong leadership, a unique organizational culture, professional excellence, and financial strength, to maximize returns for stakeholders. The company’s strategic objectives and plan are outlined below.

Objectives	Priority	Nature	Strategy
Sales growth and profitability	High	Short to Medium term	Maximizing sales and profitability through a multifaceted strategy that includes market research, customer relationship building, product improvement, sales force training, and market expansion.
Continuous improvement and innovation	High	Medium to long term	Establish top-tier productivity standards in technology, processes, and systems by implementing Oracle Fusion Manufacturing, Enterprise Asset management system and Optimization of Inventory management and control system. This will allow to continuously enhance and innovate our operations, improve efficiency, and make better decisions.
Build a brand image by developing systems and mechanisms	High	Medium to long term	Build brand image by implementing systems that add value to CSR, external customer relations, and internal customer satisfaction. This involves establishing a foundational CSR platform with guidelines aligned to the organization’s vision.
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.
Contribution toward the sustainability of the society	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
Financial Capital Human Capital Social and Relationship Capital	SBP Target policy rate Resource shortages Technological changes	Profitability margin Improve customer satisfaction New market expansion	Yes
Intellectual Capital Financial Capital Human Capital Social and Relationship Capital	Technological changes SBP Target policy rate	Improve efficiency and productivity Overall equipment effectiveness (OEE). Inventory Management Optimization	Yes
Social and Relationship Capital Intellectual Capital Financial Capital Human Capital	ESG reporting and challenges Initiatives taken in promoting and enabling innovation SBP Target policy rate	Improvement in External Customer Relations Employee feedback on system effectiveness for improved internal support	Yes
Human Capital Financial Capital Intellectual Capital	Technological changes SBP Target policy rate Resource shortages	Skills Enhancement Employee Satisfaction Continuous Improvement	Yes
Financial Capital Manufactured Capital Natural Capital	SBP Target policy rate ESG challenges Initiatives taken in promoting and enabling innovation	Environmental Impact by reduction in carbon emissions or other pollutants Improve infrastructure or well-being	Yes

Capabilities and resources of the company to provide sustainable competitive advantage

The primary reason for our company's continued success and ability to stay ahead is our exceptional team of individuals who are dedicated and committed to our values. Their hard work and contribution have been instrumental in achieving positive outcomes, even during times of uncertainty. In addition to our talented workforce, we have other factors that contribute to our competitiveness. These factors include leveraging cutting-edge technology, such as BMR, maintaining an experienced team, fostering a culture of continuous learning and collaboration, and consistently striving to improve our products and optimize resource utilization.

Significant Plans and Decisions

The company has diversified its business operations in the past through expansion, 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.

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 machinery in the spinning department, 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.

Payment of debts

The Company consistently meets its obligations on time, and there is no record of any debt payment issues according to the approved policy.

Strategy to overcome any liquidity problems

The company has sufficient cash flow from operations to meet its financial obligations. It also has prudent liquidity management strategies in place to ensure that The company has financing facilities to meet its obligations as they come due.

Sustainable Strategy: Nurturing a Thriving Future

Our sustainable strategy embodies a holistic, long-term approach that harmonizes environmental, social, and economic dimensions into our core operations. This strategy revolves around creating value while ensuring minimal adverse impacts on the planet and society. Our measurable objectives are as follows:

- **Fostering an Excellent Work Environment:**

We prioritize employee well-being, promoting motivation, purpose, work-life balance, and gender diversity. This uplifts overall workforce productivity.

- **Green Investment & Asset Optimization:**

Capital allocation towards sustainable opportunities, such as renewable energy, waste reduction, reduction of paper usage and eco-friendly systems, ensures not just profitability but also environmental stewardship.

- **Sustaining Living Sustainably:**

We assess our socio-economic targets, striving for community welfare through capacity building, partnerships, and performance metrics.

- **Championing Eco-friendly Practices:**

The adoption of efficient material reuse and recycling practices exemplifies our commitment to minimizing environmental footprints and safeguarding our planet.

Our sustainable strategy is a testament to our commitment to long-term prosperity, where success harmonizes with environmental stewardship and societal well-being.





RISKS AND OPPORTUNITIES

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Risk and Opportunity

Our company faces various potential challenges and advantages, both from within our operations and external factors. These can impact on our ability to achieve our strategic goals and provide value to stakeholders. By understanding and managing the uncertainties and risks in our environment, we can better position ourselves to seize opportunities and navigate future challenges, ensuring our growth and success.

 <h3>RISK MANAGEMENT FRAMEWORK AND APPROACH</h3> <p>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, particularly those related to cotton production, pricing, logistics, exchange rates, and trade relations. 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.</p>	 <h3>RISK MANAGEMENT METHODOLOGY</h3> <p>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:</p> <ul style="list-style-type: none"> 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. 	 <h3>PRINCIPAL RISKS AND UNCERTAINTIES</h3> <p>The Company is well-prepared to tackle emerging challenges and uncertainties, leveraging its collective experience, skills, and robust business reporting to stay informed about internal and external developments. Specialized teams regularly strategize on key issues and risks, ensuring a proactive approach to counter strong competition. The Company faces several challenges, including fluctuating exchange rates, effects of interest rates, potential customer payment issues, economic and political instability, evolving legal regulations, technological advancements, intense competition, volatile cotton prices, energy crises, workplace safety, and the turnover of skilled employees.</p>	 <h3>ROBUST ASSESSMENT OF PRINCIPAL RISKS</h3> <p>The Board of Directors has carried out a detailed and robust assessment of the risks both internal and external risks facing the company. They are satisfied with the company's risk management practices and mitigating strategies and are confident that the company has adequate plans and resources to mitigate the possible negative impact of the risks.</p>
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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:

We acknowledge the vulnerability of our cotton supply to environmental factors such as climate change, adverse weather conditions, and water scarcity. TTML's strategy involves collaborating closely with cotton suppliers to enhance their sustainability practices. We maintain optimum raw material inventory levels to avoid import of raw material 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. 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. 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.

Risk Category	Principal Risk	Sensitivity	Source	Assessment	Form of Capital
Strategic Risk	Economic and political instability of the country	High	External	Highly likely	Financial Capital, Social & Relationship Capital
Strategic Risk	New and changing laws and regulations	Medium	External	Likely	Social & Relationship Capital
Strategic Risk	Technological advancement	Medium	External/Internal	Likely	Interlectual Capital, Manufacturing Capital

Consequences	Strategies to mitigate risk	Potential Opportunities	Risk Ranking
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.	The Company believes in an open and transparent relationship with the Government, regulator and other political stakeholders. As part of APTMA, Pakistan Business Council and other credible forums, Company through its representatives, provide valuable suggestions to the regulator, particularly during the budgetary process through APTMA. We regularly monitor economic and legal impacts of Government policies and political actions on the Company as well as the textile industry.	We are aware that unstable economic and political conditions can create challenges for businesses. However, we believe that these conditions can also create opportunities for companies that are able to adapt quickly and seize the moment. We are committed to identifying and capitalizing on these opportunities, and we believe that this will allow us to grow and thrive even during times of uncertainty.	4
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.	The Legal and Corporate department takes a proactive approach to ensuring the company's compliance with all relevant laws and regulations. The department monitors changes in the law and regulations and works with other departments to identify and mitigate any compliance risks.	New and evolving laws and regulations present opportunities for agile businesses to capitalize on the changing landscape, while also mitigating reputational risks. Adapting swiftly can enhance operational efficiency, ensure compliance, and safeguard a company's reputation in a dynamic regulatory environment.	7
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.	To achieve cost competitiveness and optimum production efficiency, the company will make substantial investments in new projects (BMR) of its existing manufacturing facility, opting for the latest state-of-the-art technology. The company continuously invests in ERP, along with its cloud-based Oracle Fusion, to meet the latest reporting needs.	Making timely investments in the latest production facilities and systems can lead to operational synergies and efficiency, which can ultimately result in cost competitiveness and superior production quality.	6

Risk Category	Principal Risk	Sensitivity	Source	Assessment	Form of Capital
Operational Risk	Cotton price volatility	High	External	Highly likely	Financial Capital
Operational Risk	Energy crises in Paksitan	High	External	Highly likely	Financial Capital, Natural Capital
Operational Risk	Workplace incidents, injuries & safety	Low	Internal	Likely	Human Capital
Operational Risk	Skilled Employee Turnover	Medium	Internal	Likely	Human Capital

Consequences	Strategies to mitigate risk	Potential Opportunities	Risk Ranking
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.	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 the risks associated with volatility in cotton prices.	A well-prepared procurement team with experience in buying, a wide range of suppliers, and the ability to make large purchases can help a company take advantage of lower cotton prices when they occur. This can lead to lower costs for the company, which can ultimately lead to increased profits.	1
The energy shortage in Pakistan can have a significant impact on businesses, leading to reduced productivity, operational disruptions, increased costs, and supply chain interruptions.	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. This has helped company to reduce its energy costs.	The energy shortage in Pakistan provides a prime opportunity for solar energy expansion. Businesses can explore opportunities in renewable energy, energy efficiency, energy storage, and smart grid technologies.	3
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.	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 health and life insurance. The company also has a comprehensive insurance policy that covers its assets against damage, fire, terrorism, and other unforeseen events. The safety and security policy is regularly reviewed and updated to ensure that it remains effective.	Maintaining a secure workplace guarantees the safeguarding of human rights and elevates the satisfaction and dedication of our team members.	11
High employee 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.	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.	Training and developing our team can make our Company the best. It brings fresh ideas, valuable suggestions, and helps us succeed.	10

Risk Category	Principal Risk	Sensitivity	Source	Assessment	Form of Capital
Financial Risk	Exchange Rate Volatility	High	External	Highly likely	Financial Capital
Financial Risk	High Interest rate adversity	Medium	External	Likely	Financial Capital
Financial Risk	Bad Debts	Low	Internal	Likely	Financial Risk, Risk & Responsibility Capital

Consequences	Strategies to mitigate risk	Potential Opportunities	Risk Ranking
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. As a result, the company's profits could decline, and its financial performance could be materially adversely affected.	A team of dedicated professionals monitors the forex market closely and capitalizes the fluctuations in the market on a regular basis. The company uses hedging instruments such as forward cover when necessary.	The company seeks to leverage exchange rate volatility as an opportunity by expanding its export activities. This strategic move aims to counterbalance losses stemming from currency devaluation and its associated impacts, ultimately enhancing financial stability and competitiveness.	2
Interest rate hike 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.	To counter the adverse effects of high-interest rates, the company relies on short-term financing for working capital needs. Mitigation strategies include reducing working capital requirements through efficient management practices, negotiating favorable interest rates with banks, and optimizing the operating cycle to minimize interest-bearing debt.	High-interest rate adversity can create opportunities for businesses to optimize their financial strategies. Companies can explore options like refinancing debt at lower rates, diversifying investments to yield higher returns, or capitalizing on interest rate differentials in global markets. These strategies can enhance financial stability and profitability.	5
The Company's cash flow and profitability could be adversely affected by bad debts.	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.	By proactively monitoring and assessing credit, the company can improve customer relationships, reduce bad debts, and align credit limits with risk tolerance. This can help build trust with customers, strengthen financial stability, and optimize cash flow management.	9



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 an unwavering 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 fewer contaminants, support employees more effectively, reduce waste 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 natural fibers. The company has also been certified by OEKO Tex, Global Organic Textile Standard (GOTS) which prescribes standards for the processing of fibers from certified organic agriculture. The Company is certified with Global Recycled Standard (GRS) 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 have provided well-maintained, safe, and secure women staff accommodation facility in all manufacturing units, installed solar systems in manufacturing facilities, carried out adult literacy programs for underprivileged workers, encouraged the education of special children, sponsored education, and contributed to flood relief.

As per our "Go-Green" energy initiatives, the Company has already installed 3 MW Solar Power Plant for consumption of Solar Power at Kotri & Muzaffargarh Units while further extension of solar plant is in process. At the employee's level, we considerably ensure the health and safety of our employees and encourage hiring employees on a permanent basis. Our "Mazdoor Card" Initiative is worth mentioning for the well-being opportunities it will bring to our workers.

Our CSR focus areas are:

- Education
- Healthcare
- Environment
- Community well-being

The board would like to sincerely thank all our stakeholders for their contribution and constant faith throughout TTML's journey of success.

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 produce products that are designed to last. 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, it undertakes a large number of CSR initiatives for the betterment of society.

Due to its awareness of the significance of these actions, the Company frequently looks for innovative approaches to make a positive impact on both society and the environment. The CSR agenda is to improve standards of excellence in our work while paying particular attention to healthcare, the environment, education, and fostering diversity in our workforce. A proactive and explicitly defined CSR program can boost a company's reputation and customer loyalty, which will subsequently improve its capacity 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 adaption of CSR related practices:

- CSR Policy is approved by the Board along with approval of CSR budget every year.
- The Board Members are updated on a quarterly basis regarding the CSR activities carried out.
- Ensure that CSR goals, objectives, and targets are incorporated into business plans / 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 plans / strategy.
- Disclosure and reporting of CSR achievements.

Chairman's Statement on company's sustainable practices

It gives me great pleasure to present TTML's Sustainability Report, as part of the Company's Annual Report 2022-23 and demonstrates both our historical devotion to sustainability and our objectives for the future. The 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 damage caused by the floods, the devaluation of the rupee, the increase in energy prices, and the rising inflation throughout the year kept the national economy under stress. Essential commodity scarcity and import restrictions contributed to an increase in domestic prices. 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 onward. Emerging challenges call for an innovative solution. Due to this, we are starting a transformational journey in which we will include sustainability in every aspect of our business operations and promote social inclusiveness, diversity, and equality both within and across our supply chain.

We are confident that the company will set the pace on this path to a sustainable future. We will create a bright future for the company 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.



Spinning the Yarn of Sustainability

Sustainability refers to using resources in a way that can be sustained indefinitely without threatening people, the environment, or future generations. The company prioritizes sustainability in all aspects of its operations, benefiting customers, shareholders, employees, and the world. Its strategic objective is to solve global challenges and enhance quality of life. 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.

Following are the few features of sustainability initiatives for the year:

A GLANCE AT SUSTAINABILITY AT TTML

Skills & Education

- Funded **4 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 **scholarships** to **9 deserving students** to pursue higher education.
- Provided **2,058+ man hours of trainings** to enhance skillset of our human capital.
- Supported training of **12,000+ students** for skill enhancement program.
- To bridge the gap between industry and academia, inducted **9 fresh graduates** as **trainees and internees**.
- Enhanced skills of **17 non-management employees** through enrolling them in **One-year Diploma in Machinist Program** organized by the Centre of Excellence.

Well-being

- Sponsored **64 marriages** of employees/workers and workers' children.
- Borne **51 funeral expenses** of employees/workers and workers' dependents to extend support in times of grief
- Fostering **health & safety** culture by providing a total of 409 trainings on HSE and conducting risk assessment of all areas
- Providing **clean and filtered water** to the residents of local communities.
- Provide **Fire safety training** to employees at each location.
- **Mazdoor Card** Initiative to elevate well-being of our workers to new horizons.

Gender Equality

- Inducted **71 females** out of 638 new inductions during the year.
- **4 female students** were granted scholarship to pursue higher education.

Combat against Climate Change

- Generating annual **1600+ MWHs** of electricity through Renewable energy source.
- Rs. 12 million spent on **rehabilitation of flood** affected areas.
- **10,000+ trees** were planted around the manufacturing facility.
- A 200-hour tailor-made training on **Cotton Ginning** to harvest higher yield from cotton crop and deal with climate change.

SUSTAINABLE DEVELOPMENT GOALS

In Pakistan, 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, and the management is considering working with local and national government to make the world more sustainable.

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 the 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 local contractors, suppliers, and cotton ginners dispersed throughout Pakistan with business opportunities.

c. Indirect Economic Impacts

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 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 contributes to the improvement of the nation's infrastructure and other amenities, particularly those close to its factories in remote areas.

2) ENVIRONMENTAL

The Company's goal regarding the environment is to minimize any adverse environmental impacts associated with its activities. The company make sure to manage 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 environment Management system is implemented in all its facets. The company has achieved sustainability certifications such as GOTS, OKeo-Tex, GRS, RCS, and others as part of its environmental mission. These certifications demonstrate the Company's dedication to delivering environmentally friendly solutions. The HSE team 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. Biannual external audits are carried out in accordance with ISO



14001:2015 regulations, and they showed no major cases of non-compliance. 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

Energy conservation has been demonstrated to be an efficient and effective approach to ensure a sustainable future. In addition to being essential for the environment, efficient energy use can 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 workshops at its head office and plant locations to raise knowledge of effective energy usage.

• Solar Panel installation

The company has set up 3 MW solar plants to benefit from cost-effectiveness and promote environmental sustainability. These solar panels will directly lower the cost of energy consumption, resulting in effective use of the resources already available. It will contribute to lowering greenhouse gas emissions and air pollution, which will benefit the environment.



• Waste Heat Recovery Plant

The WHR system does not need any external fuel to operate but encapsulates all the wasted heat (which otherwise would have been released in the atmosphere) from the production line and power generators and utilizes it to generate electricity, which not only conserves energy, but also helps in reduction of Carbon footprints of the Company. The company has installed a Waste Heat Recovery (WHR) system at one of its manufacturing sites and in-process installing additional power generators at its plant.

• Waste-to-energy initiative

The company is ready to make investments in the implementation of 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 coal. Investment in these projects highlights the business's commitment to sustainable operations by moving away from a fossil-fuel-based energy structure.

• Power Producing Plant

The company has also installed dual fuel power producing plants of total 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 mostly running on natural gas and RLNG from SNGPL and SSGCL. Consequently, this has further reduced the environmental impact on our society by decreasing the 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 project has been routinely evaluated. Additionally, education and awareness regarding energy-saving practices have been carried out. These actions have significantly reduced the amount of electricity used.

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:

- Comply 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, cut down on, 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 for management review meeting.
- 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 guarantees compliance of noise levels with the NEQS.



c. Recycling

In order to comply with its objective for sustainable operations, the company recycles or 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 record 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 off in an environmentally 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) plants on its manufacturing premises, demonstrating a commitment to integrated water resources management. Clean and filtered water is also supplied to the nearby villages free of cost.

Water quality parameters are monitored and tested at regular intervals from well-reputed accredited laboratories. Plenty and clean water are also used in ornamental gardening & vegetation.

e. Sanitation & Hygiene

The Company has installed RO plants within the manufacturing premises by implementing integrated water resources management at all levels. All workers and the related labor force have access to sanitation and hygiene (wash) facilities owing to significant investment from the company. Accommodation facility, parking lots, waiting spaces, and other crucial parts of the facility all have clean, accessible restrooms. The trained housekeeping staff are responsible for maintaining the facilities for sanitation and hygiene.



f. Products

Yarn does not have any harmful impact on the environment. We use three major packaging materials, i.e., paper cones, cartons, and Polypropylene bags. Paper cones and cartons are reusable and recyclable, and they do not have any harmful environmental impact. Polypropylene bags also have resale value and can be recycled or reused.



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 in the month and monitor customer feedback and complaints.



The key to comprehensive quality control is the use of an in-house laboratory. Having an in-house, state-of-the-art laboratory is necessary to guarantee the best quality yarn. Our Quality Control laboratory 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. Quality control lab is to ensure that on-time testing and reporting of all testing material received and conducting proficiency tests to achieve complain free testing.

h. Logistics

Heavy trucks are used to deliver yarn to dealers and 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. More than 10 containers are considered bulk cargo, and the company only permits specialized bulk vendors to ship raw materials.

i. Tree Plantation Drive

The Company has planted more than 10,000 trees in and around the factory premises. 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 and by using these seeds plant numerous in quantity.



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. Operations are assessed for risks related to child labor, forced labor, discrimination, human rights violations, and corruption, with strong controls in place to prevent forced or child labor. 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

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. Prior years saw the introduction of spindle capacities, which brought new work opportunities, particularly for the locals. There were 3,135 permanent employees as of year's end. 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 the growth of 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 Mr. Shahid Anwar Tata's address highlighted the historic significance of the day, emphasizing unity and patriotism. A creative national song competition showcased employee talents, symbolizing our diverse strengths. Participants were awarded certificates and the winner received a gift. The event embodied our shared pride and commitment to our nation's ideals, uniting us in celebration.



• 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 Gold 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.



• Embrace Equity: Commemorates International Women's Day

March 8th, 2023 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. A Health Awareness session led by a qualified female Medical Doctor initiated the commemoration. Insights on women's health and a holistic balanced living were shared interactively. The subsequent Q&A segment fostered engagement and understanding among our female staff, emphasizing their well-being. This event epitomized our resolve to create an inclusive and supportive workplace.



• Go-live: Cloud-based ERP Oracle Fusion

The company marked the successful launch of Phase I of Cloud-based ERP Oracle Fusion with a formal celebration, recognizing the dedicated efforts of employees and external consultants. Certificates of appreciation were awarded to acknowledge the outstanding contributions of deserving team members.



• Career Fairs

TTML actively participated at Career Fairs hosted by Institute of Business Management and Iqra 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

At TTML, we prioritize nurturing our human resources' potential. Our recruitment process rigorously evaluates candidates based on role-specific criteria and values alignment. Our comprehensive orientation program immerses 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.

• The Spin - Newsletter

The Spin, with a rich five-year history, is a vibrant newsletter showcasing TTML's dedication to transparent communication and engagement. 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, The Spin remains a reliable window into our world, where progress, people, and purpose intersect.

• Insights - Content that inspires

The Company consistently promotes employee well-being through its communications. Apart from TTML's newsletter, learning e-mails started arriving in all employees' inboxes on a periodic basis. The goal of this e-publication is to share insightful content on various managerial and personal development topics to help our employees improve their skills and knowledge in order to be successful in their current and future roles.

This e-publication has become a regular feature now and people are able to learn directly through their email inbox. The emails covered topics such as Goal Setting, overcoming limiting beliefs, changing bad habits, and more.

c. Industrial Relations

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

d. Occupational 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 is equipped with a fully equipped ambulance and an in-house dispensary. We've strategically placed safety sign boards throughout critical areas.

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 unwavering commitment to employee safety was evident in an immersive Fire Fighting Training program and Drills at its Head Office. Throughout May 2023, 100 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.



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. More than 70 different Training sessions and workshops were conducted during FY 22-23 of which major trainings worthy of mentioning here are:

- Fire fighting
- ISO 17025
- Kamyabi ki Justujo
- Train the Trainer
- Ensuring Accountability
- Mastering Time Management
- Modern Approaches & Sustainable Solutions for Energy Performance Improvement
- Seminar on the Application of Artificial Intelligence in Businesses
- The Art of Communication
- Objective Setting

Demonstrating commitment to employee development, we conducted 70+ training sessions, totaling 2058+ man-hours, spanning diverse areas from soft skills to technical competencies. In-house trainers also facilitated sessions, covering Technical Skills, Policies, Procedures. A unique program was introduced 'Jugnoo Sabaq' for illiterate staff. Furthering our dedication, non-management staff at Kotri were enrolled in a comprehensive Diploma in Machinist Program. Our investment in training underscores our commitment to nurturing skills, knowledge, and fostering growth across the organization.



Training and Development Gallery



● TTML Garners Silver Award at Skill Development Employers Recognition Ceremony by EFP:

With profound pride we share that TTML has been honored with the distinguished Silver Award in the Textiles & Garment Sector by the Employers Federation of Pakistan for implementation of skill development initiatives. This collective triumph reflects every contributor's dedication. The award propels us to continue surpassing milestones, elevating industry standards, and fostering excellence across our ranks.



● L&D Portal and Performance Management System: Digital Transformation in HR

In the evolving business landscape, Learning and Development (L&D) and Performance Management are vital pillars. Yet, the absence of automation can hinder efficiency. Acknowledging this, businesses are turning to automated solutions for performance management, enhancing employee productivity and overall success.

Aligned with our commitment to progress, we've automated L&D processes. This shift streamlines progress tracking, mitigating errors, saving time, and reducing paperwork. Our "Performance Management and Learning & Development" system achieved GO-LIVE in FY 22-23, marking a paperless era that harmonizes efficiency goals and environmental stewardship. This digital transformation isn't just technological; it's a paradigm shift fostering operational excellence.

● ITMA 2023

ITMA 2023 showcased a wide range of innovative advancements transforming the textile industry. From digital automation and connected networks to sustainable practices and cutting-edge technologies, the exhibition offered a glimpse into the future of textiles. As the industry continues to evolve, embracing sustainability and circularity while prioritizing customer needs, the transformative power of technology will play a pivotal role in shaping the textile landscape of tomorrow.

Sustainability took center stage at ITMA 2023, reflecting the growing consumer demand for environmentally friendly products. Brands and manufacturers have recognized the need to reduce their carbon footprint and adopt sustainable practices.

Regardless of the nature of the business, we've noticed that the top priority for every textile business is reducing the wastage of raw materials.



f. Diversity and Inclusion

At TTML, we believe in fostering a diverse and inclusive workplace. Our HR department worked diligently to promote diversity in hiring, ensuring equal opportunities for all candidates. We also organized diversity awareness meetings and sessions, aiming to build an inclusive culture that values the unique contributions of every individual and gives equal opportunities in hiring and growth. Last year record-time female workforce was inducted 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 70 specially abled employees at different levels of the company.



g. 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.

i. Child Labour

Operating in three different manufacturing locations and a head 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 Labour

The Company believes in an open working environment; no employed worker is forced or compulsory.

k. Consumer Protection Measures

We are committed to ensuring that our products are shipped in a manner complying with the highest safety standards and meeting or exceeding 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 unwavering in 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. Under the heading of corporate social responsibility, more information is provided.

n. Long service Awards

In the fiscal year 2022-2023, we had the privilege of honoring 42 employees with Long Service Awards. Their long tenure and relevant contributions have supported our company's journey and success.

o. Health, Safety and Environment (HSE)

The Company prioritizes the well-being of its employees, contractors, and visitors through robust health and safety measures. Mitigating risks of injury, death, or ill-health is integral to our operations. A dynamic work environment fostering mental and physical wellness is our aim, managed under the Health, Safety & Environment policy across all sites.

Throughout the month of May, an impressive 100 man-hours were dedicated to Fire Safety Training intensive training, underscoring TTML's resolute commitment to cultivating an environment that prioritizes safety and security.



• 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 ISO14001:2015 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 2022-2023 to raise awareness and ensure staff safety, some of which are:

- Fire Fighting
- Health Awareness Session
- ISO/IEC 17025
- Maintenance Management, Operational Excellence
- Modern Approaches & Sustainable Solutions for Energy Performance Improvement
- Roadmap to reduce energy consumption, operating cost, and emissions.
- R&R Gauge

• 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.

Showcasing CSR Achievements: Highlights of Corporate Social Responsibility

TTML embodies corporate social responsibility to its core, steadfast in creating a positive societal impact. Through philanthropy, our consistent donations extend across diverse critical domains, exemplifying our commitment to bettering communities. Here is a summary of the company's CSR initiatives:

Health Charity Endeavors:

In the spirit of philanthropy, our contributions continue to reshape lives. With an unwavering commitment, the company has extended over Rs. 25 million this year to esteemed medical institutions, elevating healthcare access for the underprivileged. Notable beneficiaries include The Aga Khan Hospital and Medical College Foundation, Indus Hospital and many others. 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.

Education Advancement Initiatives:

Our education initiatives resonate with our ethos of empowerment and inclusivity, championing knowledge as a powerful tool for individual and societal progress.

• The Citizen's Foundation (TCF) collaboration

The company established and is currently supporting 4 full fledge primary and secondary campuses of schools in collaboration with The Citizen's Foundation (TCF), thereby promoting access to quality education for children from marginalized backgrounds.



• Jugnoo Sabaq

The company has also contributed to adult literacy programs "Jugnoo Sabaq", empowering workers with essential skills for personal and professional growth.



● Service Etiquettes & Personal Hygiene

The company has also contributed to training and grooming of its housekeeping staff through a special program “Service Etiquette and Personal Hygiene”, encouraging staff with basic lifestyle awareness for personal and professional well-being.



● Enabling the Hearing and Speech Impaired

Dedicated to inclusivity, we’re committed to empowering the deaf and dumb community through education. Collaborating with specialized institutions like Rights of Special Person Welfare Foundation, DEWA Deaf Education & Welfare Association, IDA RIEU, we’re bridging communication gaps and unlocking opportunities for personal and professional growth. Our initiatives strive to enhance their quality of life and equip them with the skills needed to thrive in a dynamic world. Through education, we’re fostering a brighter future for this deserving community.

Environmental Stewardship:

The company has undertaken significant strides towards environmental sustainability.

● Sustainable Energy Leaps

The company have installed solar panels across their manufacturing facilities, reducing their carbon footprint and contributing to clean energy production.

● Waste-to-Energy Innovations

The company is also implementing waste-to-energy initiatives, harnessing waste materials to generate usable energy and minimize environmental impact.

● Digital Transformation for a greener tomorrow

The company has taken several steps to go paper-less after implementation of highly advanced ERP system and strives to go maximum digital in future as its environmental and efficiency goal. The company is transitioning from conventional paper checks to digital payment method, wherever possible.

● Greening the Future

The company held a tree plantation drive in its manufacturing facilities to combat climate change.

Community Engagement:

Our community efforts exemplify our values in action.

● Lifesaving Contributions

The company has organized blood donation drives in collaboration with Indus Hospital during the year as the employees of the company eagerly participated in this drive keeping in view an aim that “a single drop of blood can save several lives”.

● Empowering Workers: TTML’s Mazdoor Card Initiative

TTML’s pioneering Mazdoor Cards initiative exemplifies our commitment to worker welfare. In partnership with NADRA and SESSI, a web-based system profiles both employers and employees. This collaboration

streamlines Mazdoor Card issuance, showcasing dedication to convenience, efficiency, and workforce empowerment. We ensure workers’ contributions are respected, acknowledged, and celebrated through accessible rights.



● Employee Welfare Initiatives

The company has offered food hampers and ration bags to deserving employees on occasion of Ramadan.

● Inclusive Festive Celebrations

The Christian community on the eve of Christmas were presented with gifts and food hampers to celebrate their festivities.

● Community Well-being

The company provides clean and filtered water to the local community for their well-being.

Flood Relief:

In 2022, Pakistan grappled with severe floods, wreaking havoc on infrastructure and displacing thousands. In the face of adversity, our dedication shines bright. The company has played an active role in flood relief operations, extending essential aid to the affected regions.

A total of more than Rs. 12 million has been contributed in the current year to esteemed NGOs and NPOs, facilitating the rehabilitation of communities affected by the floods.

Among the recipients of our support are well-recognized organizations, including Alkhidmat Welfare Society, All Pakistan Textile Mills Association, Akhuwat Foundation, and the Army Relief Fund.

These contributions underscore our commitment to stand by those in need during challenging times. By collaborating with respected institutions, we reaffirm our values of unity, compassion, and solidarity, offering hope and assistance to the communities that have been impacted by the floods.

The company’s CSR initiatives are wide-ranging and impactful. The company is committed to making a positive impact on society and is working to improve the lives of people in their communities.

“No act of kindness, no matter how small, is ever wasted.”
- Aesop



Certifications Acquired for Environmental Sustainability



License of Better Cotton Initiative



Member of amfori-BEPI



Member of Primark



Member of Inditex



Member of Employers' Federation of Pakistan

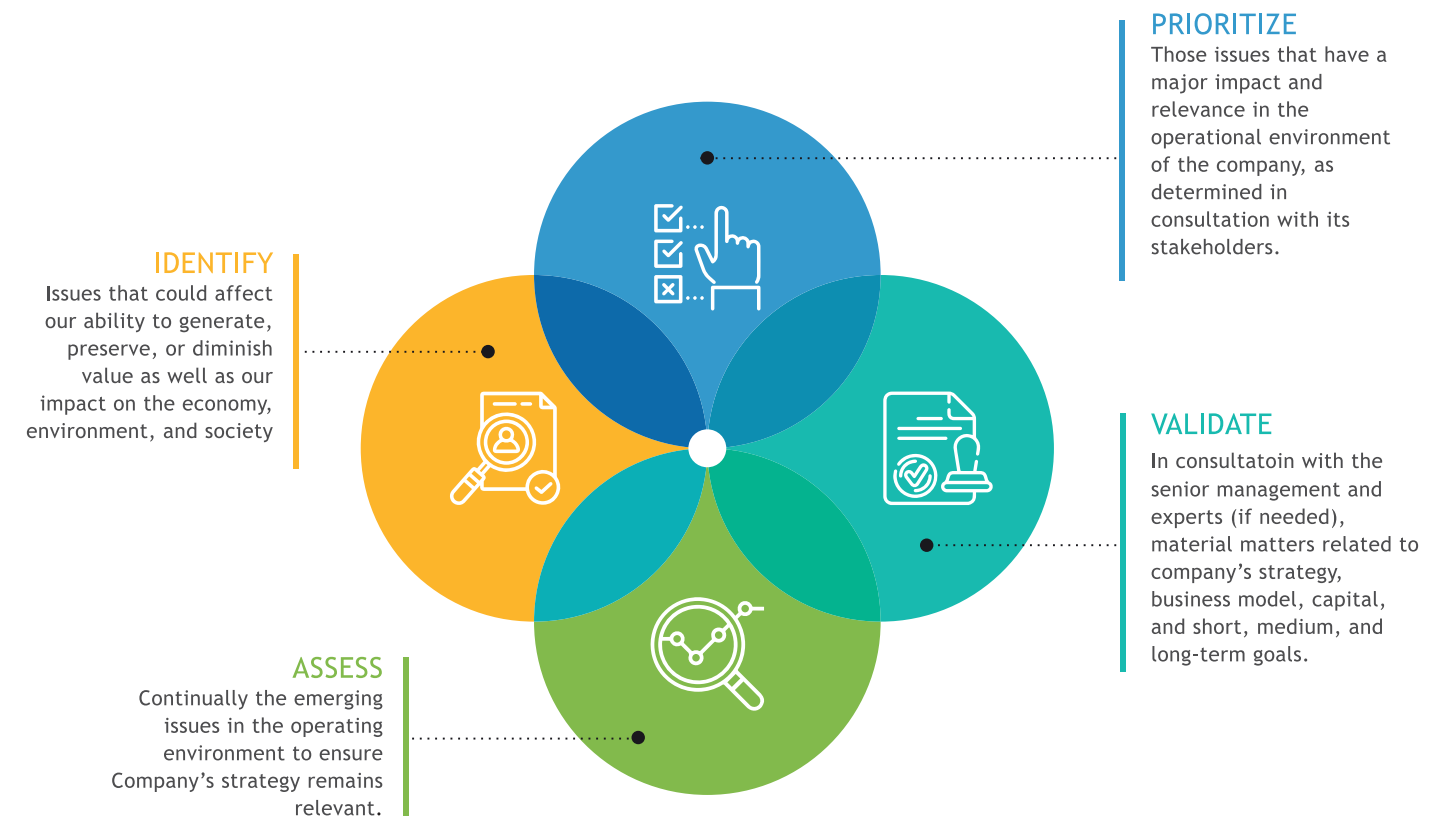


Member of Higg

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
Economic	Economic Performance	High	TTML
	Market Presence	Low	TTML
	Procurement Practices	Moderate	TTML
Social	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	Moderate	TTML / Regulator
Environment	Energy and Water	High	TTML/ Community
	Carbon Emissions	High	TTML/ Community
	Material Consumption	Moderate	TTML/ Supplier
	Environmental Compliance	Moderate	TTML / Regulator/ Community





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DIRECTORS REPORT TO THE MEMBERS

The Directors of the Company take pleasure in presenting before you the Directors' report along with the audited Financial Statements of the Company for the year ended June 30, 2023.

ECONOMIC CONDITIONS

Pakistan's economy achieved a GDP growth of 0.29 per cent in FY23, compared to 5.97 per cent in FY22 owing to tremendous challenges of macroeconomic imbalances, supply shocks, and international economic slowdown. While the growth of the agriculture sector was estimated at 1.55% in FY23 and the industrial sector posted a negative growth of 2.94% in FY23. The Large-Scale Manufacturing sector showed a decline of 8.11% as compared to a growth of 10.6% in the same period last year with negative growth of 16.03% in the textile sector. The recent financial turmoil has led to a downgrade in the credit rating outlook by Fitch from CCC+ to CCC-. While Moody's downgraded the nation's debt rating from caa1 to Caa3.

BUSINESS ENVIRONMENT

The year under review was difficult due to the uncertainty of political circumstances, weakening economic conditions, rigorous inflation, harsh currency devaluation, lower-than-anticipated foreign inflows and global recession. This followed by devastating floods at the start of the year, had a negative impact on cotton prices and consequently on yarn sales prices. Sluggish global demand and recessionary headwinds also marginally stalled business operations resulting in inadequate sales and underutilization of spindle capacity. Sourcing of raw materials and import of property, plant & equipment remained extremely tough due to constraints imposed on establishing a letter of credit and a 100% cash margin requirement.

TEXTILE SECTOR

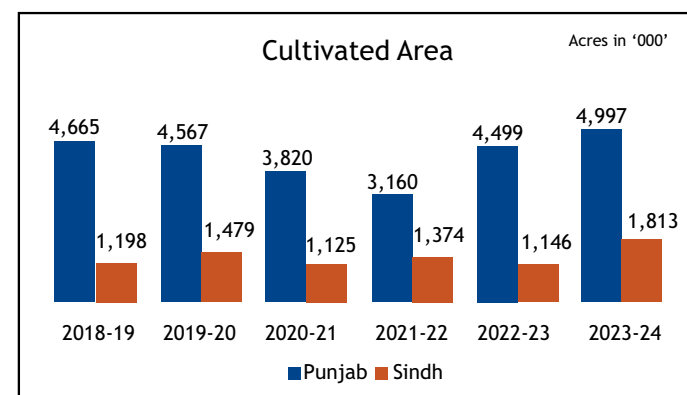
The manufacturing industry of Pakistan primarily relies on textiles and has the most extended production chain. This sector holds immense potential for value addition at every stage of processing, starting from cotton to ginning, spinning, fabric, dyeing, finishing, made-ups, and garments. Roughly 25% of industrial value-added is contributed by this industry. Despite seasonal and cyclical changes, textile products continue to maintain an average share of around 59.53% in national exports.

According to Textile Commissioner's Organization records, it currently consists of 408 textile units, including 40 composite units and 368 spinning units. These units have a total of 13.41 million spindles and 140,000 rotors installed, with 9.5 million spindles and 112,600 rotors in operation, and capacity utilization of 69.33% and 71%, respectively, during FY23.

RAW MATERIAL

Cotton recorded a 0.3% contribution to GDP and 1.4% to the value added in agriculture. During 2022-23, the cotton crop is drastically damaged due to climatic changes. During 2022-23, the cotton area sown increased to 2,144 thousand hectares against 1,937 thousand hectares last year, revealing a growth of 10.7%. However, due to floods that swept away the entire crops in Sindh & Baluchistan its production remained low at 4.910 million bales against last year's 8.329 million bales, showing a dip of 41%. In Punjab, cotton-producing districts Rajanpur, DG Khan, and Taunsa were worst hit which led to the cotton crop being damaged.

Deprivation of reasonable compensation to farmers, and employment of sub-standard pesticides and seeds coupled with harsh weather also contributed to the decline of cotton production over the past years. Farmers still lack proper guidance and awareness. Although Cotton is a major cash crop and the cotton sector is a primary contributor to GDP, is still overlooked and falls far behind in technology and advanced robust systems.



DEVALUATION OF CURRENCY

The depreciation of the currency notably increased pressure on costs and led to higher working capital requirements. The PKR depreciated by an average of 39.6%, from 204.8 (June 30, 2022) to 285.9 (June 30, 2023). (SBP interbank exchange rate)

COST OF ENERGY

To curtail elevated power costs, the Company has made efforts to produce maximum electricity using a cheaper source of inputs, i.e., Natural Gas over Furnace oil and through maximum utilization of efficient generators. Two new Gas Generators were acquired this year to generate and supply uninterrupted electricity efficiently as well as a 1 MW and a 2 MW Solar plant is also successfully operational at the Kotri site and Multan site respectively. The company is in the process of further adding a 1.6 MW solar plant in its Power basket to generate clean energy and reduce carbon footprint. Furthermore, the increase in Natural gas rates from Rs. 852 per MMBTU to Rs. 1100 per MMBTU, along with the abrupt and unpredictable curtailment of natural gas has substantially impacted the overall power cost. Moreover, the government has fixed the Re-gasified Liquefied Natural Gas (RLNG) rate of US\$ 14 per MMBTU for Export Oriented Companies after pulling off the subsidies it was extending previously. The Grid cost has also increased exponentially to Rs. 40/kwh making all industry sectors uncompetitive in the international market.

A robust and stable energy policy is required for improving business confidence levels and expanding industrial investments. The industrial electricity tariff of other textile exporting countries is lower than Pakistan making us uncompetitive in the international market.

FINANCE COST

The State Bank of Pakistan, in an unsuccessful bid to anchor inflation and curb the devaluation of the Rupee, cumulatively increased the Policy rate by 825 bps till June 2023 to 22% since, the economy was confronting both domestic and external challenges, domestic economic activity was expected to moderate due to contractionary monetary and fiscal policies. This drastically overburdened the company's expenses with an already challenging liquidity situation.

TAXES

The textile sector is already overburdened with several taxes, the sector is further stretched by the imposition of a humungous 10% Super tax effective tax year 2023 as well as for future tax years.

COMPANY RESULTS

The company earned net profit after tax amounting to Rs. 261 million as compared to Rs. 4.4 billion last year.

Rs. in millions

Particulars	Year ended 30 June 2023	Year ended 30 June 2022	Variance
Sales	34,911	35,114	(203)
Cost of Sales	(30,666)	(27,060)	(3,606)
Gross Profit	4,245	8,054	(3,809)
Distribution, Admin & Other	(832)	(1,846)	1,014
Finance Cost	(2,705)	(1,179)	(1,526)
Profit before taxation	709	5,029	(4,320)
Profit after taxation	261	4,443	(4,182)
Earnings per Share	4.65	79.35	(74.70)

CAPITAL STRUCTURE

The total debt-to-equity ratio on June 30, 2023, is 54:46 compared to 43:57 as on June 30, 2022. The debt-to-equity ratio for the long term is 16:84 and 20:80 for the short term on June 30, 2023, as against 50:50 on the long term and 34:66 on the short term on June 30, 2022.

DIVIDENDS

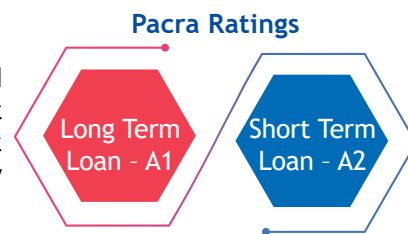
The Board of Directors in its meeting held on August 4, 2023, has recommended a final cash dividend for the year ended June 30, 2023 at Rs.3.00 per share i.e., 30%. This is in addition to the Interim dividend already paid at Rs.2.00 per share i.e. 20%.

AUDITORS

The present External Auditors, M/s. Yousuf Adil, Chartered Accountants have completed the annual audit for the year ended June 30, 2023, and issued a clean audit report. The auditors will retire at the conclusion of the Annual General Meeting of the Company and, being eligible, have offered themselves for reappointment. They have confirmed achieving a satisfactory QCR rating from the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. As proposed by the Audit Committee, the Board of Directors has recommended their reappointment as auditors of the company for the year ending June 30, 2024, at a fee to be mutually agreed upon.

CREDIT RATING

In June 2023, the Company once again received a favorable Long-Term and Short-Term credit rating of A1 and A2 respectively from PACRA. A high credit rating means that the Company would be able to enjoy several perks when it comes to availing credit as well as it represents how the Company makes timely payments.



INFORMATION TECHNOLOGY

Currently, information technology (IT) is a vital division of every company, aiding businesses in streamlining operations, cutting costs, boosting sales, and maintaining a competitive edge. Previously, the company used the Oracle E-Business Suite software for all business activities but now the company have switched to Oracle Fusion (cloud) software to live up to its commitment to continuously upgrading and enhancing its IT infrastructure. The enhancement of deliverables, risk avoidance, resource optimization and effective information flowing across the Company are a few benefits of investments in Oracle Fusion. It also includes timely compliance with legal and regulatory requirements, effective and efficient decision-making, stronger internal controls, and a proper governance mechanism. Also, Oracle Fusion will further enable us to have more control over the business activities and facilitate extending our Company's long-term initiatives. The company will be the first in the spinning sector to implement the Manufacturing Module and EAM of Oracle Fusion (cloud) to optimize and automate business processes.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

The company is registered with the Large Taxpayers Unit (LTU) and contributed over PKR 2.7 billion to the national exchequer in the form of Income Tax and Sales Tax during the fiscal year.

HUMAN RESOURCE

Human Resource Management plays a pivotal role in contributing to the overall business strategy and driving organizational success. This is achieved through the cultivation of a high-performance culture, optimizing talent attraction, development, and retention, while leveraging competitive rewards and recognition practices to yield desired business outcomes.

Embracing a forward-looking approach, our human resource management strategy recognizes the significance of adaptability in an ever-changing environment. Innovation also is a key part of our philosophy. The company encourages every employee to embrace creativity and demonstrate innovation in their actions. A core tenet of our

strategy centres around enabling every individual to take ownership and accountability for their achievements. Clear and precise objectives are set, fostering a sense of responsibility that directly contributes to the company's success.

TALENT MANAGEMENT

The HR department played a crucial role in sourcing and recruiting top talent, ensuring that the new hires align with our company culture and values. Our team implemented innovative recruitment strategies, including leveraging social media platforms to attract diverse, skilled professionals. The company also worked with various prestigious educational institutes like the Textile Institute of Pakistan (TIP), Iqra University, and Institute of Business Management (IoBM), etc., and attended their career fairs to source future talent for the organization. At Tata Textile Mills, the company believes in fostering a diverse and inclusive workplace. Our HR department worked diligently to promote diversity in hiring, ensuring equal opportunities for all candidates, and female employees were added to the workforce both at Head Office and Mills.

EMPLOYEE LEARNING AND DEVELOPMENT

One of the key achievements was the establishment of an in-house training capacity, wherein the company engaged a diverse group of in-house trainers to conduct internal training sessions covering various Technical Skills, Policies, and Procedures.

Throughout the fiscal year, our dedication to employee growth was evident, as the company conducted over 2,058+ man-hours of training. A total of more than 70 training sessions were organized. These interventions encompassed various areas, including but not limited to soft skills, On Job Technical Training, In house Technical Competence, Housekeeping, Grooming, and a unique program called 'Jugnoo Sabaq,' tailored specifically for illiterate staff.

EMPLOYEE ENGAGEMENT AND CORPORATE COMMUNICATION

The HR department successfully introduced a variety of engagement initiatives, such as Women's Day Celebrations, Independence Day Celebrations, Cricket Matches, and more. These activities have proven to be invaluable as they foster a sense of ownership and camaraderie among our employees, strengthening teamwork and collaboration throughout the organization.

Additionally, in line with our Corporate Communication plan, the company proudly published Volume 3 of TATA Pakistan's internal Newsletter, "The Spin." containing key happenings, events, new hires, and long service awards recognitions, among other important updates.

PERFORMANCE MANAGEMENT

In our pursuit of organizational excellence, Performance Management and Objective Setting have played a pivotal role in driving employee performance, fostering a culture of accountability, and aligning individual efforts with overall business goals.

At the beginning of each performance cycle corporate objectives are set followed by managers' and their department employees' objectives. Our managers are actively engaged in regular check-ins and progress reviews with their team members which include Quarterly and Mid-Year Reviews followed by a comprehensive Annual Performance Appraisal Exercise. This also is an opportunity for individuals and their managers to identify performance gaps, improvements, and learning needs.

HR TECHNOLOGY AND AUTOMATION

In the fiscal year 2022-2023, TATA Textile Mills made significant strides in optimizing HR operations through the strategic integration of HR technology and automation. The company successfully migrated several HR functions to Oracle Fusion. In addition to our collaboration with Oracle Fusion, the company also focused on automating critical areas such as Performance Management and Learning & Development through Oracle Apex.

EMPLOYEE RELATIONS

To foster continuous professional growth and development, the company have introduced procedures training

programs and, in this connection, comprehensive learning programs on “Employee Relations Procedure” exclusively designed for key Management and Staff dealing with legal matters and Industrial Relations were conducted.

LONG SERVICE AWARDS

In the fiscal year 2022-2023, the company had the privilege of honouring 42 employees with Long Service Awards. Their long tenure and relevant contributions have supported our company’s journey and success.

HEALTH SAFETY & ENVIRONMENT (HSE) AND QUALITY

The Company as part of its strategic approach to Sustainability and to remain a preferred partner of its customers as a consistent member of the supply chain is maintaining international certifications on Oeko Tex from Aitex, Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Global Recycle Standard (GRS) and Recycled Claim Standard (RCS).

The Company is also a member of various international forums and initiatives on Sustainability i.e. International Cotton Association, US Cotton Trust Protocol, Cotton Made in Africa, Better Cotton Initiative and AMFORI-BEPI.

These standards require active maintenance/ compliance to Quality Management Systems, Health Safety & Environment and Social Compliance.

The Company endeavours to keep its workforce, infrastructure & operations safe and secure. During the year, awareness sessions & drills are carried out consistently to remain abreast with the latest developments in HSE, ensure compliance with legal requirements and manage HSE challenges. In addition to this, regular HSE performance reviews are convened at appropriate levels.

The Company is also proudly part of world-famous brands’ supply chains like Primark and Inditex. The focus of all these Customers, Forums and Certification on HSE has enabled the company, to take its HSE initiatives towards a broader and consistent HSE Culture and systems across all its offices, manufacturing units and locations as its corporate objective for the year 2022-23 and as a first step had engaged a very competent and renowned Management Consulting firm ASCENTIA who conducted HSE Gap Analysis across all Tata Textile Mills locations and helped the Management to drive a thorough action plan to make Tata Textile Mills Ltd., a safer and more secure place to work for sustainable growth of company business through the development of HSE system based on ISO-45001 and ISO 14001.

Moreover, a dedicated clinic/dispensary is operated by a team of qualified doctors where necessary medicine is provided. The company also make sure to follow all the environmental standards in the company’s manufacturing site. A waste heat recovery plant, water treatment RO plant, and waste management plant are a few of our projects in the pipeline for FY 2024. Our production facility does not emit any harmful material. Moreover, the company have strict compliance with wastage and disposal.

CORPORATE SOCIAL RESPONSIBILITY

The company takes pride in being a responsible corporate citizen and positive contributor to the communities in which it operates, as well as society at large. The Company realizes its responsibility towards society and strives to contribute to various areas by improving the economic conditions of the people, protecting the environment through our initiatives and friendly policies, and contributing to the well-being of humanity in general. 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. The company actively participated during the year with several Non-profit Organizations to curb the loss from flood and assist flood victims in reviving their life. The Company is constantly engaged in several philanthropic activities in the areas of Education, Health Care Services and General Financial Aid.

During the year under review, the Company contributed Rs.25 million in Health, Rs. 20 million in Education, Rs. 12 million for flood victims’ relief and Rs.12 million towards Society Welfare.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Board of Directors of the Company has set up an effective system of Internal Financial Control. The controls have been employed to ensure the efficient and smooth running of the business, prevention, and detection of fraud and errors, safeguarding the Company’s assets, compliance with laws and regulations, accuracy, and completeness of books of accounts, and timely preparation of reliable financial information. Internal Financial

Controls are periodically reviewed to ensure these remain effective and are updated with amendments to any laws and regulations.

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

The economy is still on the edge of stabilizing and hurdles are still prevailing. The government anticipates inflation to reach 21% in the upcoming fiscal year. The country is currently facing the toughest times to honour its foreign obligations and deal with depleting foreign exchange reserves. With the recent staff-level agreement with IMF, the Country will positively be able to secure the financing from IMF which will pave ways to receive additional loans from other institutions i.e., World Bank, ADB etc. which will have a positive impact on the Country’s reserves. The Finance Act 2023-24 also seems directionless as it doesn’t deliver solid direction for stability, recovery, and growth. The budget does not include any measures to address non-tax sectors or those paying less taxes than they should. Instead of burdening existing taxpayers like the manufacturing sector and salaried class, it should have implemented practical measures to increase tax collection. The election is also scheduled for this upcoming year which will steer the focus of the government in election activities rather than focusing on addressing the volatile economy on the verge of wreckage.

On the other hand, the world is going through a recessionary period because of the energy /fuel crisis and food inflation. The global textile industry is facing a perfect storm scenario as production overheads continue to climb and demand weakens. With global inflation ascending, especially after the Russian invasion of Ukraine in 2022, demand for consumer goods is still slow while inventories have remained very high. The acceleration of worldwide inflation, as well as a significant increase in freight charges, is making international trade costlier.

With regards to the Company’s operations, with the devaluation of the Pak Rupee, High-interest rates, increased volatility in the local and international cotton prices, and energy crisis, the cost of doing business may climb and resultantly the Company might face difficulty in passing on these costs to our customers. These potential impacts will be monitored closely by the management to hedge possible uncertainties by acquiring an efficient mix of raw materials, maximum capacity utilization, and cost rationalization, to continue business sustainability. Challenges in the economic and global landscape persist, but the Company remains committed to growth and sustainability.

ACKNOWLEDGEMENT

We acknowledge the contribution of each and every employee of the company. We would also like to express our thanks to our customers for the trust shown in our products and the bankers for their continued support of the Company. We are also grateful to our shareholders for their confidence in the Management team.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



SHAHID ANWAR TATA
CHIEF EXECUTIVE



ADEEL SHAHID TATA
DIRECTOR

Karachi:

Date: August 04, 2023



CHAIRMAN'S REVIEW

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual results of the Company for the year ended June 30, 2023.

During the year under review, the economy remained subdued. This was largely on account of continued political uncertainty, low foreign reserves and rising inflation. Due to the effects of floods, rupee devaluation and revision in energy prices, inflation was recorded at an all-time high of 35%. Supply shortages of essential items and restrictions on imports created further pressure on domestic prices. Overall deterioration in economic fundamentals led to a revision in the GDP growth projection from 2% to 0.5% for the fiscal year under review.

The economy, over the years, has shown strong 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 exports, will help relieve pressure on the Pak Rupee.

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

Board Performance and Effectiveness.

An annual evaluation of the Board's performance was conducted in compliance with the requirement of the Code of Corporate Governance and the Companies Act, of 2017. The Board during the year played a pivotal role in steering the Company forward in a progressively challenging landscape. Through the commitment and effective oversight of the Directors, your Company ensured transparency of Corporate Governance and compliance.

Going forward the Company is taking on ambitious initiatives with the objective to create long term value and reciprocate shareholder trust.

MAZHAR VALJEE
CHAIRMAN

Karachi

Date: August 04, 2023

CEO's Message

Assalam-o-alaikum

“Our commitment to innovation, sustainability, and social responsibility drives us forward.”

Hope you all are in good health and leading a secure life. Talking about this past year takes me back to the older days of TATA where any challenge was an opportunity.

The fiscal year 2022-23 presented both challenges and opportunities. The economic landscape remained uncertain due to factors such as soaring inflation, a strengthening dollar, and increased energy and commodity expenses stemming from dwindling foreign reserves. These factors affected the ongoing economic recovery, which had started to gain traction in the latter half of the reviewed year. By the end of the year, we emerged a bigger, stronger, and sustainable Company.

We are hopeful about coping with the situation on the back of our rich experience, industry knowledge and our core values of customer-centricity, transparency, environment stewardship and societal empowerment. We persistently handled the pressure of short-term without losing sight of the long-term. We are working towards enhancing the overall efficiency of our people and processes by embracing state-of-the-art technologies and platforms. We optimized resource utilization and scaled operational efficiency. Our efforts led to us convening the Board of Directors meeting for the approval of Annual Audited Accounts in record time, marking a milestone as the first in the textile sector.

At TATA, we believe a “purpose led organization” that thinks beyond profits which not only attracts customers but also empowers employees to be more engaged and innovative. It is imperative that our growth should be maximized to positively impact our stakeholder groups and we promise to create more opportunities at TATA than ever. We are committed to our valued employees, the driving force behind our progress. We also believe in giving back to our community, and we are proud of our CSR initiatives.

As we embark to make TATA one of Pakistan's most reliable companies, we are focusing more on ESG through decreasing our carbon footprint, innovating, and adapting to sustainable alternatives and expanding our capabilities on the digital front. We are making big strides in our sustainability journey and have set ambitious targets across key parameters of ESG. We plan to create sustained and consistent value for all our stakeholders in the ensuing financial year FY 2023-24.

کس کی ہمت ہے ہماری پرواز میں لائے کمی
ہم پروازوں سے نہیں حوصلوں سے اڑا کرتے ہیں

There can be no obstacle in achieving our success,
as we ascend not with wings, but with determination in our might.

As I conclude, I would like to express my gratitude to our valued customers for the unwavering 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, Dealers, Vendors, Associates and Shareholders for helping to build TATA Textile Mills Limited into a unique 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.

Here's to a year full of new triumphs! Inshaa Allah.



Shahid Anwar Tata
Chief Executive



Profile of Directors



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 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, Young Presidents Organization, National Skills University, Family Educational Services Foundation and KIRAN Patients Welfare Society.

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. Tayyeb Afzal
Independent Director

Mr. Tayyeb Afzal is a seasoned C-level executive with over 45 years of international experience in both industry (Financial services, manufacturing) and professional services (Big 4). He is an independent board director, business advisor, executive coach, mentors and provides coaching to young entrepreneurs.

Mr. Afzal is a fellow (FCA) of the Institute of Chartered Accountants of England & Wales (ICAEW) and fellow (FCCA) of The Association of Chartered Certified Accountants of the UK having professionally worked in the U.K., Canada, Middle East (Dubai, Muscat, Kuwait and Bahrain) and Pakistan. In December 2022, he was awarded the first in Pakistan the DCRO Institute Certificate in Risk Governance.

Mr. Afzal is established and recognized in Pakistan for board level participation and contribution for leading listed and private companies, especially in the areas of leadership of audit committees, optimization of financial accounting & systems, management and governance systems, strategic planning, IPO, M&A, and due diligence initiatives. He possesses expertise in external and internal auditing, wholesale and corporate banking, equipment leasing and skill set of adaptability and business knowledge of different industrial sectors and diverse functional roles providing the ability to quickly add value while dealing with individuals at all levels and across all disciplines. He has strong business and functional acumen to execute a wide range of delivery and solution strategies. A creative and analytical thinker who can lead and manage changing businesses.



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 of Pakistan, besides several other welfare & educational projects.

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



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

Executive 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.



Ms. Samar Shahid

Non Executive 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.



Mr. Bilal Shahid Tata

Non Executive 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. Shahbano Hameed

Non Executive Director (NIT Nominee)

Ms. Shahbano Hameed has 16 years of corporate banking and digital finance experience. She started her career at Allied Bank and progressed to work with various national and multinational banks including Barclays Bank and Askari Bank for approx. 10 years. Her latest role as a Director of Partnership and Corporate Development at Easypaisa, TELENOR Microfinance Bank defined her as an industry leader in Financial Inclusion and Digital Finance while managing a portfolio of PKR 800M revenue. She recently Co-founded her own startup with the name of Prosper Technologies which is a novel concept in banking called open banking/open data that works with sharing data with customer consent.

CEO



COO

Executive Management



Standing: • Rehan Zahoor (Head of Admin & Security) • Yasir Khan (Head of IT) • Imran Zaheer (Head of Finance) • Syed Wasiul Hassan (Head of Taxation) • Muhammad Zaid Kaliya (Chief Financial Officer) • Younus Abdul Sattar (AVP Accounts) • Muhammad Hussain (Company Secretary & Head of Legal)

Seated: • Humera Baakza (Head of Human Resources) • Adeel Shahid Tata (COO) • Shahid Anwar Tata (CEO) • Syed Masroor Hasnain (Head of Technical Operations & Projects) • Ghazanfar Yaseen (Head of Internal Audit)

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, 2023 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, 2023.



Chartered Accountants

Place : Karachi
Date : August 22, 2023
UDIN : CR202310057gVZHjF-zfW

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

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

Name of Company: Tata Textile Mills Limited
Year ended: June 30, 2023

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

- The total number of directors are Nine* as per the following
 - Male: Seven
 - Female: Two
- The composition of the Board is as follows:

	Category	Names
i.	Independent Directors	Mr. Mazhar Valjee
		Mr. Farooq Advani
		Mr. Tayyeb Afzal
		Mr. Muhammad Jawaid Iqbal (*)
ii.	Non-Executive Directors	Mr. Bilal Shahid Anwar
		Ms. Shahbano Hameed
		Ms. Samar Shahid
iii.	Executive Directors	Mr. Shahid Anwar (CEO)
		Mr. Adeel Shahid Anwar
iv.	Female Directors	Ms. Shahbano Hameed
		Ms. Samar Shahid

(*) Mr. Muhammad Jawaid Iqbal resigned as Director of the company on May 26, 2023.

The independent directors meet the criteria of independence under the Companies Act, 2017

- 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.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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. The Board has arranged Directors' program for Ms. Shahbano Hameed during the year.
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. However, no such appointment was made during the year.
11. 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. Farooq Advani -Chairman
 - ii. Mr. Tayyeb Afzal -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. HR and Remuneration Committee - 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.	Nomination Committee; 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 Human Resource and Remuneration Committee.
2.	Risk Management Committee; 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 Chief Executive / Chief Financial Officer 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 executive or head of the department during the year.


MAZHAR VALJEE
CHAIRMAN

ON BEHALF OF THE BOARD OF DIRECTORS


SHAHID ANWAR TATA
CHIEF EXECUTIVE

Karachi
Dated: August 04, 2023

CORPORATE GOVERNANCE

Governance Framework

The main philosophy of business followed by the sponsors of TTML for more than 5 decades years 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 of Securities & Exchange Commission of Pakistan (CFRF of 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 2022-23, 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, 2023, 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, 2023, 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, 2023, 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 there are four independent directors out of nine directors (one director resigned on May 26, 2023). 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. All directors met director training program criteria of SECP. All the directors possess sufficient skills and experience of the Board as described in the Code of Corporate Governance. 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) and the Human Resources & Remuneration Committee (HR&RC). 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 2022-23, the Board had six (6) meetings. The average attendance of the directors in Board meetings during the year was 94%.

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. Performance evaluation was conducted as per the process approved by the Board for FY 2023, in which all members of the Board participated and provided their feedback. All individual Board members answer 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 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.

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

Changes in the Board

Mr. Muhammad Jawaid Iqbal has resigned w.e.f. May 26, 2023. The arising casual vacancy has been filled within 90 days in compliance with S.155 (3) of the Companies Act, 2017.

Composition of Board

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 current Board composition reflects a good mix of experience, 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 | 7 * |
| b) Female | 2 |

Composition:

- | | |
|-----------------------------|-----|
| i. Independent Directors | 4 * |
| ii. Executive Directors | 2 |
| iii. Non-Executive Director | 3 |

The names of the directors as at June 30, 2023, are as follows

- | | |
|------------------------------|-------------------------|
| 1) Mr. Mazhar Valjee | Chairman |
| 2) Mr. Shahid Anwar | Chief Executive Officer |
| 3) Mr. Adeel Shahid Anwar | Director |
| 4) Mr. Bilal Shahid Anwar | Director |
| 5) Mr. Farooq Advani | Director |
| 6) Mr. Tayyeb Afzal | Director |
| 7) Ms. Samar Shahid | Director |
| 8) Ms. Shahbano Hameed (NIT) | Director |

*Mr. Muhammad Jawaid Iqbal (Independent Director) resigned from the Board on May 26, 2023. The arising casual vacancy has been filled within 90 days in compliance with S.155 (3) of the Companies Act, 2017.

Justification for Independence of Independent Directors

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

As per the requirement of the Companies Act, 2017 and Code of Corporate Governance 2019, it is mandatory that each listed company shall have at least two or one-third of members of the Board, whichever is higher, as independent directors. Independent director is a director, who is not connected or does not have any other relationship, whether pecuniary or otherwise, with the company etc. and can be reasonably perceived as being able to exercise independent business judgment without being subservient to any form of conflict of interest. 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.

Diversity in the Board

A strong corporate governance framework is built on a robust Board of Directors, with Regulatory bodies emphasizing diversity on the Board. The Company Board is committed to diversity and inclusion. We believe that a diverse board of directors is essential for effective decision-making, risk management, and corporate governance. Our board includes members with a variety of backgrounds, skills, and experiences, including female representation, financial literacy, and experience in different industries. We are committed to recruiting and retaining the best talent, regardless of gender, religion, or caste.

Decisions taken by the Board and Delegated to Management

The Company usually conduct 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 subcommittees and management is followed by careful monitoring in subsequent Board sessions. 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 Directors are also encouraged to attend courses which provide information and training relating to their duties, responsibilities, powers and potential liabilities. The Chairman, in collaboration with the Company Secretary and senior management, is responsible for ensuring that the Board members are provided, at all times, with the information necessary for them to effectively discharge their duties and responsibilities.

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. During the year the Company has arranged an orientation course from PICG for the Directors and its senior management.

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

Apart from the following transactions, 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.

S.No.	Name of Director	Opening 01-Jul-22	Purchase	Sale	Balance on 30-Jun-23
1	Mr. Shahid Anwar	28,556,744	275,000	-	28,831,744

Role and Responsibility of the Chairman

The Chairman of the Board manages and provides leadership to the Board of Directors of the Company. The Chairman 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, the Chairman communicates Board decisions when appropriate, ensuring compliance with relevant laws, the Code of Corporate Governance, Listing Regulations, and other applicable regulations.

Role and Responsibilities

- The chairman issues 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.
- The chairman leads the board, ensuring its effective performance in fulfilling responsibilities.
- The chairman provides a review report in each financial statement, evaluating the company's overall performance and the board's effectiveness in achieving objectives.
- The chairman guarantees that board meeting minutes adhere to the requirements of Sections 178 and 179 of the Act.

Role and responsibility of the Chief Executive Officer (CEO)

The Chief Executive Officer (CEO) leads the development and execution of the Company's long-term strategy, guided by the Board of Directors, to enhance shareholder value. The CEO 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.

Role and Responsibilities

- The CEO is 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.
- Responsibilities include implementing Board-approved strategies and policies, efficiently safeguarding resources, and ensuring statutory compliance.
- All Business and Functional heads, report directly or indirectly to the CEO.
- The CEO 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 in the Companies Act, 2017. The appointment, remuneration and terms & conditions of employment of the CFO, the Company Secretary and the Head of Internal Audit 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

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 attended 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 six 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' 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 are circulated to Directors duly endorsed by the CEO and the CFO. 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

Risk management is crucial to any business, which includes the identification and assessment of various risks followed by the coordinated application of resources, to economically minimize, monitor and control the impact of such risks and maximize the realization of opportunities. Management periodically reviews major financial and operating risks faced by the business. The Audit Committee is responsible for the Risk Management. 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 from local and international cotton production and supply availability, cotton pricing, international logistics and shipping, international yarn pricing, exchange rate fluctuations, high finance cost, US/China trading relations that could have an impact on the future financial results of the Company.

Internal Control Framework

The Board Audit Committee has been entrusted with the main responsibility of Internal Controls. The Audit Committee receives the Audit reports by the Internal and External auditors, and after detailed deliberations, and suggesting improvements, periodic reports are submitted to the Board of Directors. The Company places a high value on transparency, both internally and externally, in its corporate management. It focuses consistently on the implementation of efficient management practices for the purpose of achieving clear and quantifiable commitments. 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

The majority of sustainability aspects, including efficient operational procedures, effective internal controls, ethical behavior, and energy conservation are an integral part of our business model. 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 endeavoured 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 the company. 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, it strives 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. It encourages 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, it aims to strengthen its 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 36th Annual General Meeting of the Company held on October 13, 2022, no issues were raised.

Presence of the Audit Committee Chairman at the AGM

The Chairman of the Audit Committee attended the Annual General Meeting of the Company for the year 2022 held on October 13, 2022, to answer shareholders' concerns/questions/queries, if any, on the audit committee's scope, roles, and responsibilities. During the meeting, no 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, 2023, 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/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

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 senior management including COO & CEO. The employees can give suggestions, 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 speak-up policy to enable employees to raise serious concerns to the management regarding the business or Company without fear and repercussions. The CEO also 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 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.

The detailed disclosure regarding transactions with related parties has been disclosed in note 35 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 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 us 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, setting 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 as determined and approved by the Board of Directors from time to time. A Director shall also be provided or reimbursed for all travelling, 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 COO & CEO are responsible for managing HR.

Our HR policy values adaptability, innovation, and accountability. It ensures equal opportunities and merit-based decisions, discouraging hiring relatives. We focus on staff development and succession planning, evaluating promotions systematically. The policy is regularly reviewed by the HR head and approved by the Chief Executive for changes.

Investors' relationship and grievances and communication with stakeholders' policy

TTML 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 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 to raise grievances.
- d) Queries and complaints are treated fairly and efficiently.
- e) Employees work in good faith and without prejudice towards 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.

Employee health, safety and protection policy

Our company is committed to safeguarding a healthy environment for everyone. 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 behaviour, malpractices, wrongful conduct, fraud, violation of the company's policies & values, violation of law by any employee.

Safety of Company Records

TTML 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, COO, CFO and IT Head who are responsible for making major I.T. decisions. The I.T. Head 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 of 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. With the implementation of Cloud Based ERP Oracle Fusion, data security has improved exponentially, enabling employees to work remotely. 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. We are currently developing Business Continuity Plans (BCP) 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

TTML is a pioneer in adopting the latest industry trends. the management decided to migrate the company's Oracle E-Business Suite ERP solution to Cloud based ERP Oracle Fusion. The Phase I implementation was successfully completed, and the following core applications are now operating successfully at TTML:

- Accounts Payable
- Accounts Receivables
- General Ledger
- Cash Management
- Order Management
- Inventory
- Procurement

The Phase II has started and includes following modules:

- Advisory Budgeting Control
- Fixed Asset
- Manufacturing and Maintenance

These core applications have enabled TTML to integrate its various business operations and enhance its business reporting with real-time information. This has resulted in informed and timely decision-making, while also generating synergies.

Management support in implementation and continuous updation and User training of ERP software

The IT Steering Committee plays a pivotal role in keeping our organization technologically current and efficient. They introduce new initiatives to enhance processes and controls, using a standardized application lifecycle management process for holistic implementation. The committee oversees the entire process chain, ensuring that business process owners evaluate risks in upgrades. These decisions impact both ERP systems and overall business activities. To maintain effective core applications, the IT management team incorporates user feedback and industry best practices into ERP development and conducts regular in-house training sessions for strategic user training.

ERP Project Control Risk Management

The IT team proactively manages and mitigates control risks over ERP in the company. They identify, assess, and eliminate risks in a timely manner. Independent system audits are also conducted to ensure the integrity of the system. Any developments identified are implemented.

To maintain a controlled environment, access to sensitive information and segregation of duties are strictly enforced. A comprehensive policy has been devised that requires various approvals from senior management and the IT compliance department for user rights requests.

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, 2023.

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. Farooq Advani	Chairman Audit Committee	Independent Director
Mr. Tayyeb Afzal	Member	Independent Director
Mr. Bilal Tata	Member	Non-Executive Director

Profile of BAC Members

Mr. Farooq Advani, the Chairman of the Committee 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. Tayyeb Afzal is a seasoned C-level executive with over 45 years of international experience in both industry (Financial services, manufacturing) and professional services (Big 4). He is an independent board director, business advisor, executive coach, mentors and provides coaching to young entrepreneurs.

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 five (5) 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, 2023, and reports that:

- The financial statements of the Company for the year ended June 30, 2023 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 2023.

- 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, 2023 and review of the "Statement of Compliance with the Code of Corporate Governance" for the year ended June 30, 2023 and shall retire on the conclusion of the 37th 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 37th Annual General Meeting scheduled for Oct 19, 2023. 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 2023-2024. The Committee being satisfied with the performance of external auditors has recommend them to the Board for reappointment for the year ending June 30, 2024.

Annual Report 2023

- 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 state-

ments etc., and the Audit Committee believes that the Annual Report 2023 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.


FAROOQ ADVANI
 Chairman
 Board Audit Committee

Karachi

Dated: August 03, 2023

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. Farooq Advani	Chairman (Independent)
Mr. Tayyeb Afzal	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):

Mr. Mazhar Valjee	Chairman (Independent)
Mr. Adeel Shahid Anwar	Member
Mr. Bilal Shahid Anwar	Member (Non-Executive)
Mr. Farooq Advani	Member (Independent)
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.

Detail of Board and its Committee Meetings

During the year under review, Six Board of Directors Meetings, Five Audit Committee Meetings and two 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	6	N/A	2
Mr. Shahid Anwar	6	N/A	N/A
Mr. Adeel Shahid Anwar	6	N/A	2
Mr. Bilal Shahid Anwar	5	4	2
Mr. Farooq Advani	6	5	2
Mr. Muhammad Jawaid Iqbal *	3	N/A	N/A
Mr. Tayeb Afzal	6	5	N/A
Ms. Samar Shahid	6	N/A	2
Ms. Shahbano Hamid (NIT)	5	N/A	N/A

*Resign from Board on May 26, 2023. The arising casual vacancy has been filled within 90 days in compliance with S.155 (3) of the Companies Act, 2017.

(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. 34.91 billion, Moreover, on the cost front, the Company has faced multiple challenges from rising raw material prices, inflationary impacts on key cost components after rupee devaluation and growing interest rates, global supply chain challenges and increasing fuel prices. The Company recorded net profit of Rs. 260.5 million in this year as compared to Rs. 4.44 billion recorded in the prior year. Resultantly, the Company recorded a decline in the gross profit margin at 12.16% as compared to 22.94% last year whereas, the net profit margins squeezed to 0.75% this FY as compared to the net profit margin of 12.65% last year. Further, imposition of Super Tax on all industrial sectors earning more than Rs. 300 million, also weakened the bottom line.

A comprehensive analysis of the Company's financial performance in comparison to the prior year has been reported in the 'Financial Results' 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



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	Monitoring 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	Immense 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. Plans for new product development also coined to impose innovation

INTELLECTUAL CAPITAL

OBJECTIVES	KPIs Monitored
Best Corporate Governance and ethical approach	Ensuring that SOP's, work instructions & job descriptions are aligned with appropriate policies. Zero tolerance was posterred towards any fraudulent activity.
Leverage technology for business process automations	Significant investment was made during the year on 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.
Retention, recruitment, and enhancement 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.

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 is an indicator of how well earnings support the dividends. 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 maintaining high local sales retention
- Exploring opportunities to source the best quality raw materials at competitive prices.
- Monitoring 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

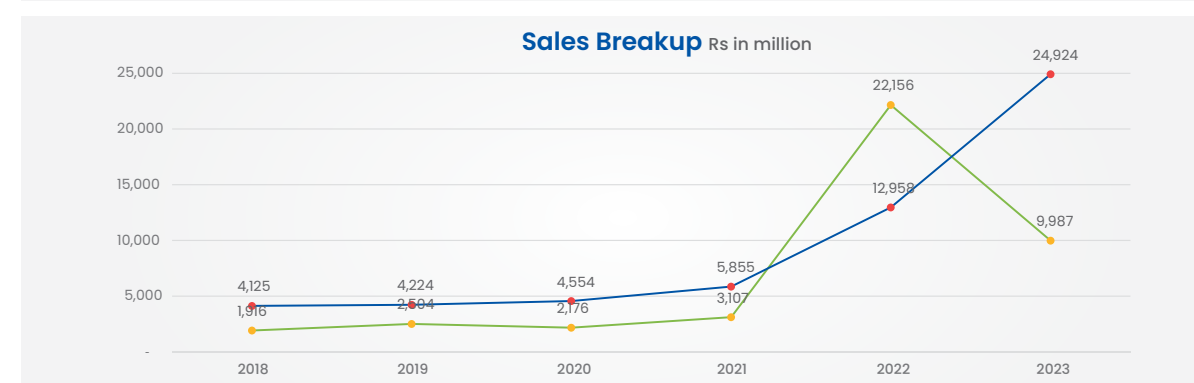
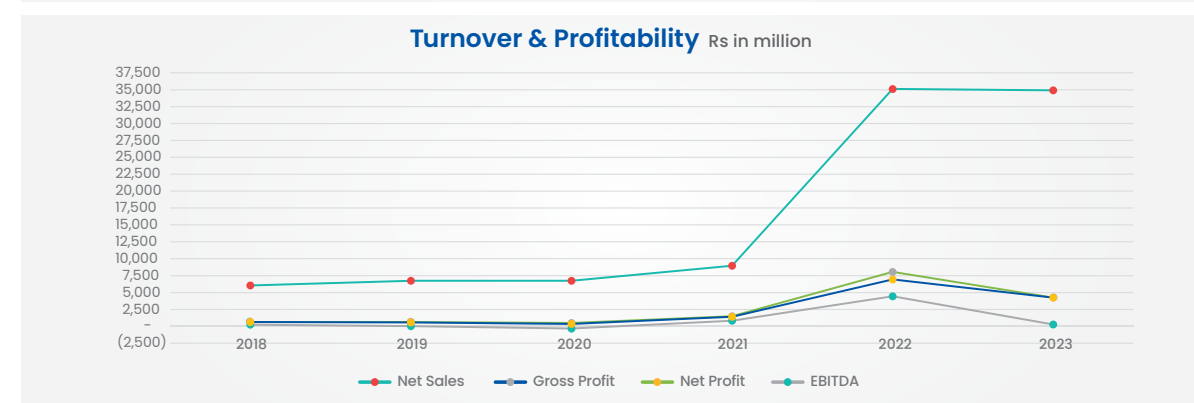
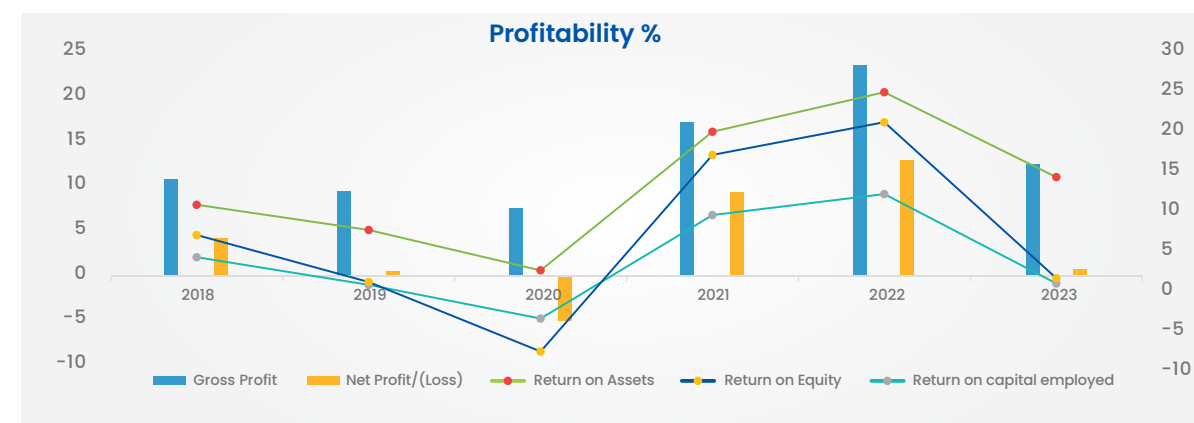
RATIOS	UOM	2023	2022	2021	2020	2019	2018
PROFITABILITY RATIOS							
Gross Profit Ratio	%	12.16	22.94	16.80	7.39	9.30	10.50
Net Profit / (Loss) to sales	%	0.75	12.65	9.19	(4.89)	0.49	4.07
EBITDA Margin to sales	%	12.14	19.75	15.59	5.21	8.70	10.32
Operating leverage ratio	Times	77.89	1.49	27.31	2,120.47	(1.55)	7.56
Return on Equity	%	1.22	20.60	16.54	(7.90)	0.73	6.58
Return on capital employed	%	13.77	24.33	19.43	2.18	7.20	10.33
Shareholders' Funds	%	0.23	0.28	0.30	0.20	0.25	0.29
Return on Shareholders' Funds	%	0.02	0.41	0.30	(0.19)	0.02	0.02
Total Shareholder Return	%	0.03	(0.04)	1.75	0.17	(0.27)	-
LIQUIDITY RATIOS							
Current Ratio	Times	1.15	1.42	1.46	1.17	1.26	1.32
Quick/Acid test Ratio	Times	0.52	0.60	0.84	0.53	0.48	0.72
Cash on current liabilities	Times	0.01	0.02	0.40	0.11	0.06	0.06
Cash flow from operations to sales	Times	0.13	0.21	0.16	0.06	0.09	0.11
Cash flow to capital expenditures	Times	2.15	4.88	26.00	1.38	4.41	1.64
Cash flow coverage ratio	Times	0.17	0.45	0.35	0.09	0.17	0.25
INVESTMENT / MARKET RATIOS							
Earning per Shares	Rs	4.65	79.35	47.54	(18.98)	1.89	14.21
Price/Earning ratio	Times	14.28	0.88	1.79	(1.63)	13.99	2.60
Price to Book ratio	%	17.41	18.09	29.64	12.90	10.27	17.15
Dividend Yield ratio	%	7.52	17.94	0.00	0.00	1.89	2.70
Dividend Payout ratio	%	107.46	15.75	0.00	0.00	26.40	7.04
Dividend Cover ratio	Times	0.93	6.35	0.00	0.00	3.79	14.21
Cash Dividend per Share	Rs	5.00	12.50	0.00	0.00	0.50	1.00
Breakup value per share with surplus	Rs	381.82	385.16	287.39	240.25	258.02	215.73
Breakup value per share without surplus	Rs	194.72	191.34	155.91	102.05	115.09	109.46
Market Value per Share as at June 30th	Rs	66.46	69.68	85.18	31.00	26.50	37.00
Highest market value during the year	Rs	75.79	90.70	91.36	32.95	56.80	42.26
Lowest market value during the year	Rs	50.89	56.61	29.15	18.04	26.50	26.10

KEY OPERATING AND FINANCIAL DATA

RATIOS	UOM	2023	2022	2021	2020	2019	2018
CAPITAL STRUCTURE RATIOS							
Financial Leverage ratio	Times	0.79	0.50	0.60	0.81	0.60	0.52
Weighted average cost of debt	%	16.76	9.62	7.39	12.63	11.32	7.20
Total debt to equity ratio	%	119.10	76.59	82.77	107.67	80.95	74.00
Debt to equity ratio (book value)	%	13.22	19.12	13.55	16.61	12.00	15.58
Debt to equity ratio (market value)	%	11.52	16.56	10.74	15.28	11.28	13.85
Net assets per share	Times	38.18	38.52	28.74	24.03	25.80	21.57
Interest Cover / Time Interest earned ratio	Times	1.26	5.27	4.59	0.29	1.39	3.14
ACTIVITY / TURNOVER RATIOS							
Total Assets Turnover ratio	Times	0.75	0.92	0.98	0.78	0.83	0.93
Fixed Assets Turnover ratio	Times	1.63	1.73	1.97	1.42	1.43	1.53
No. of days in Inventory	Days	162	137	92	123	122	74
No. of days in Receivables	Days	68	43	35	54	33	46
No. of days in Payable	Days	49	31	21	28	17	25
Operating cycle	Days	181	149	106	149	138	95
Inventory Turnover Ratio	Times	2.26	2.67	3.95	2.96	2.99	4.96
Debtors Turnover Ratio	Times	5.26	8.28	10.39	6.67	10.94	7.77
Creditors Turnover Ratio	Times	7.46	11.77	17.42	13.08	21.73	14.79
Return on assets	%	0.56	11.67	9.05	(3.81)	0.40	3.81
NON-FINANCIAL RATIOS							
Production per Employee	Kg in '000'	13.54	13.87	14.02	13.10	12.82	12.97
Revenue per Employee	Rs. In '000'	11,139.32	10,621.17	2,676.05	5,836.64	5,447.30	4,787.29
Spares Inventory as % of Assets Cost	%	0.85	0.38	0.50	0.45	0.63	1.08
Maintenance Cost as % of Operating Expenses	%	0.23	0.19	0.16	0.18	0.12	0.14

FINANCIAL RATIO

Profitability Ratios

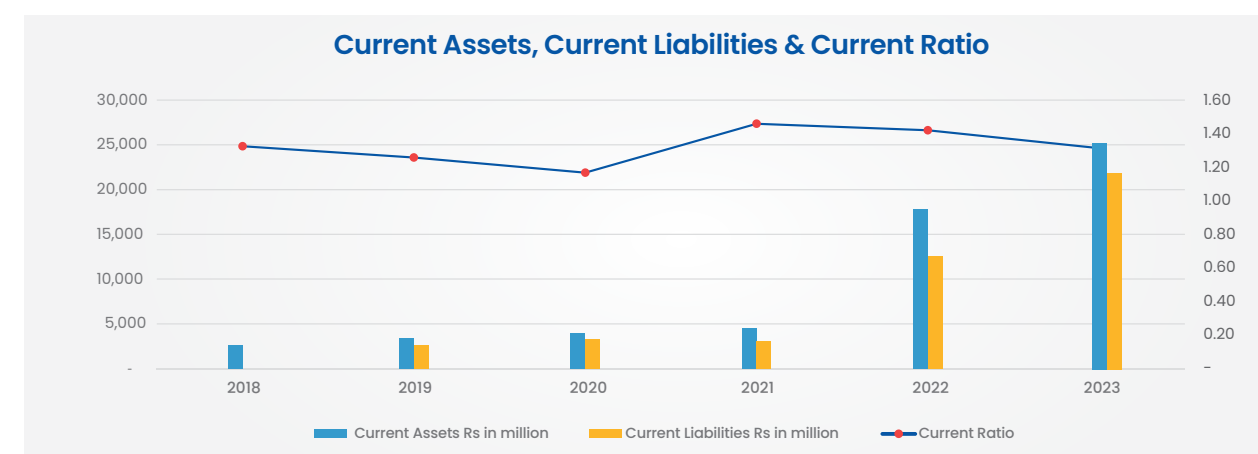
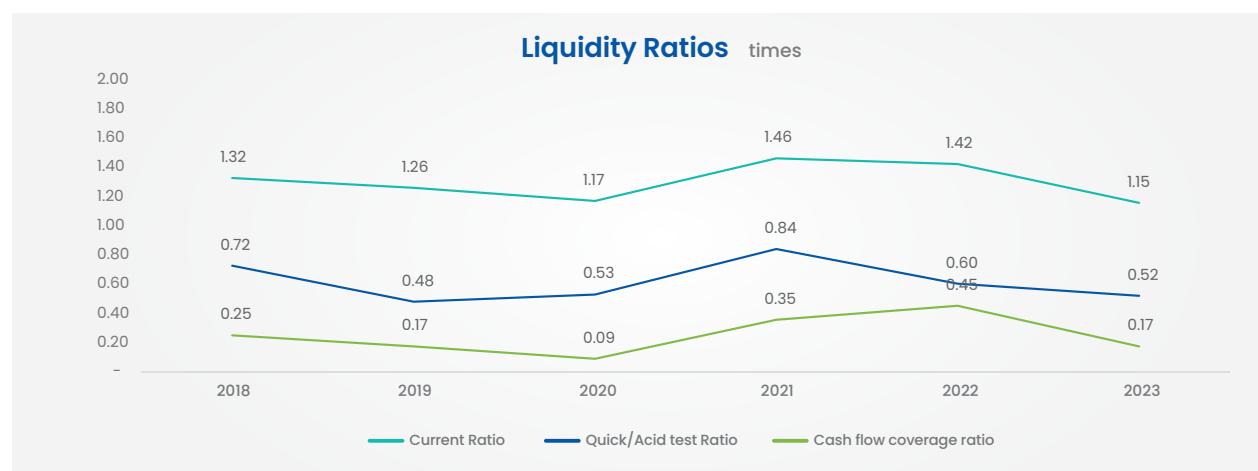


Profitability Ratios

The profitability ratio has been on a declining trend mainly on account of slow economic growth and currency devaluation 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. 34.91 billion in 2023. This can be attributed to the Company's strong market position and its ability to offer competitive pricing to customers. The Company has recorded a gross profit of Rs. 4.25 billion in 2023, as compared to Rs. 6.05 billion recorded in 2022. Major challenges include high inflation rate, high finance cost and higher input costs due to currency devaluation. Resultantly, causing a decrease in the Company's gross profit margin from 23% in 2022 to 12% in 2023. However, this is offset by an increase in other income from Rs. 177 million in 2022 to Rs. 394 million in 2023, which has helped the Company to maintain its profitability. The increase in other income is attributed to dividend income from listed securities and short-term investments due to higher interest rate as increase by the government time to time during the year. As a result, the Company's profit from operations has decreased from Rs. 6.2 billion in 2022 to Rs. 3.4 billion in 2023. Due to these challenges together with the increase in tax rates owing to imposition of Super tax by government, the Return on Equity (ROE) for the current year stands at 1.22% as compared to 20.60% last year. Similarly, the Return on Capital Employed (ROCE) for the current year is 13.77% as compared to 24.33%.

FINANCIAL RATIO

Liquidity Ratios

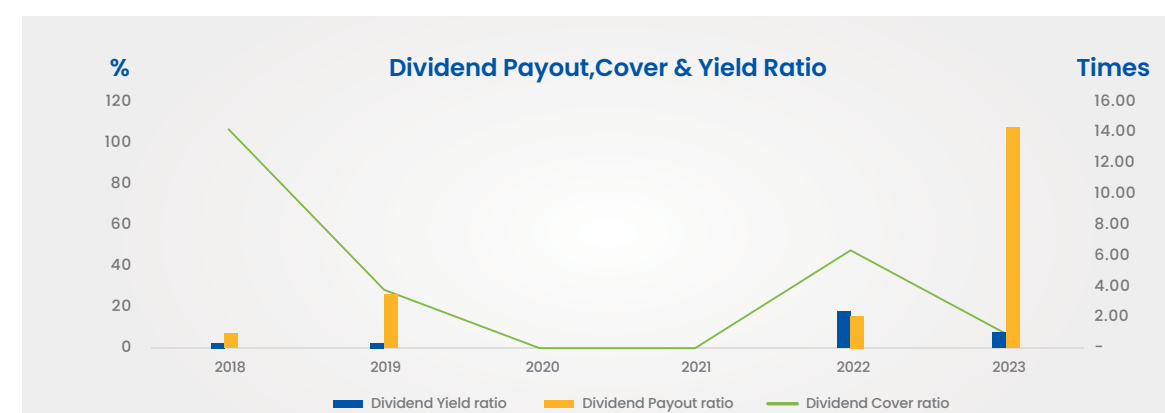
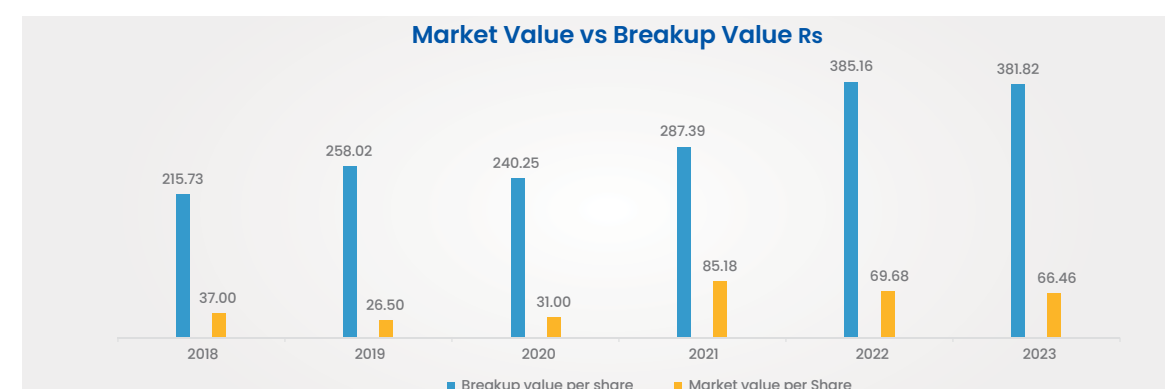
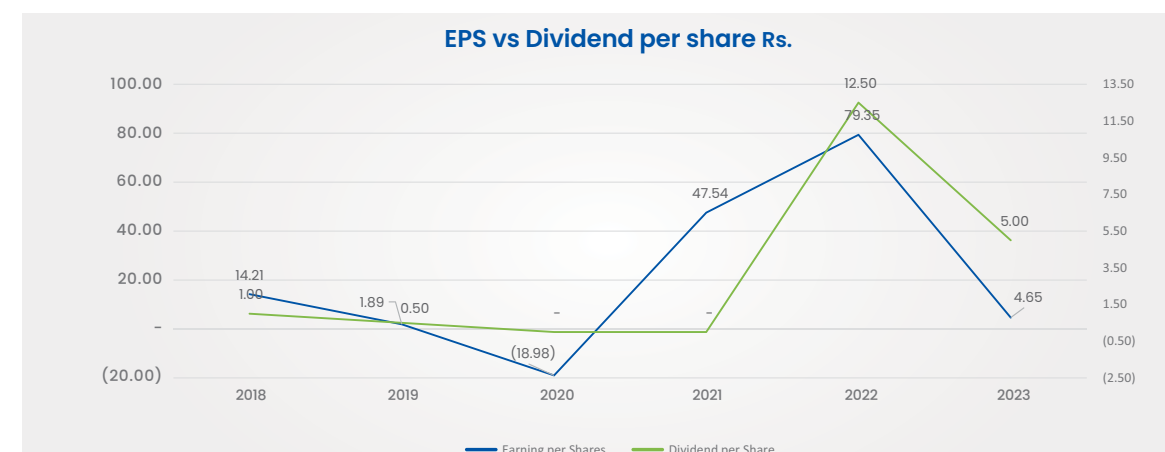


Liquidity Ratios

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 cheaper rate long-term finance for its plant and machinery as against the Running Finance for the last couple of years. The current ratio remained strong in the current year at 1.15 times although slightly lower than last year of 1.42 times due to increase in current liability base on account of short-term borrowings and foreign bills payable. Quick Ratio was recorded at 0.52 times while Cash to current liabilities improved to 0.01 times from the previous year's 0.02 times.

FINANCIAL RATIO

Investment / Market Ratios



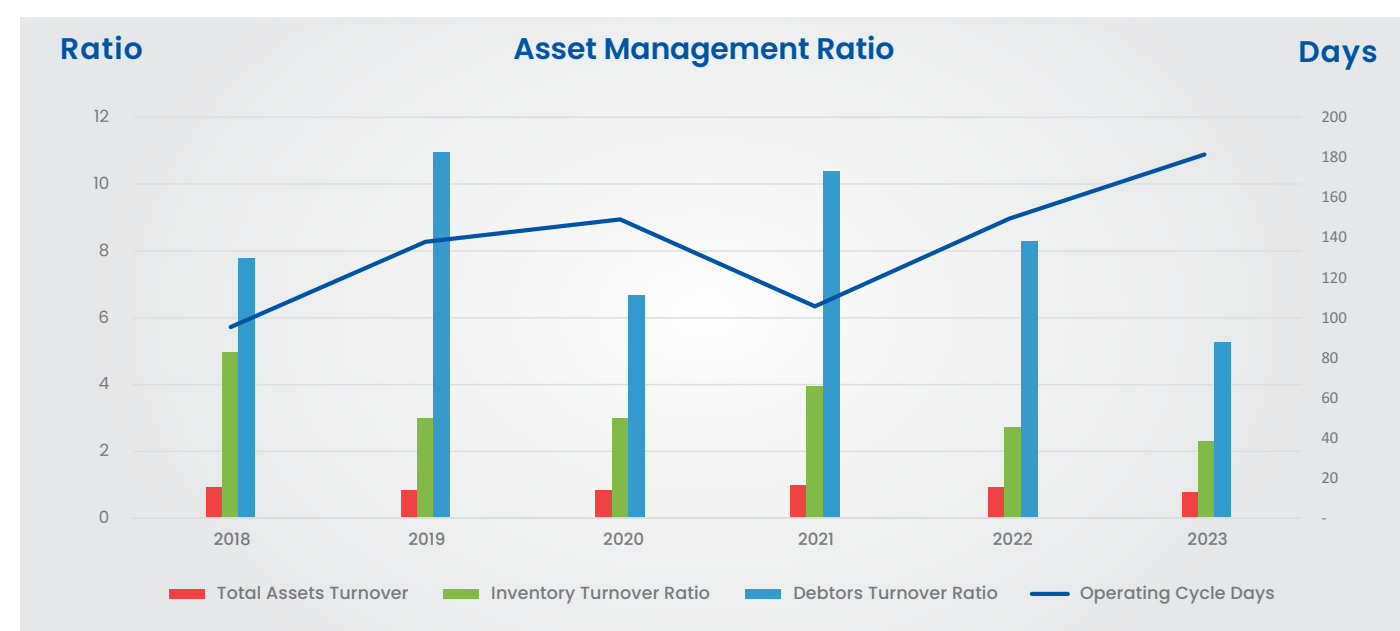
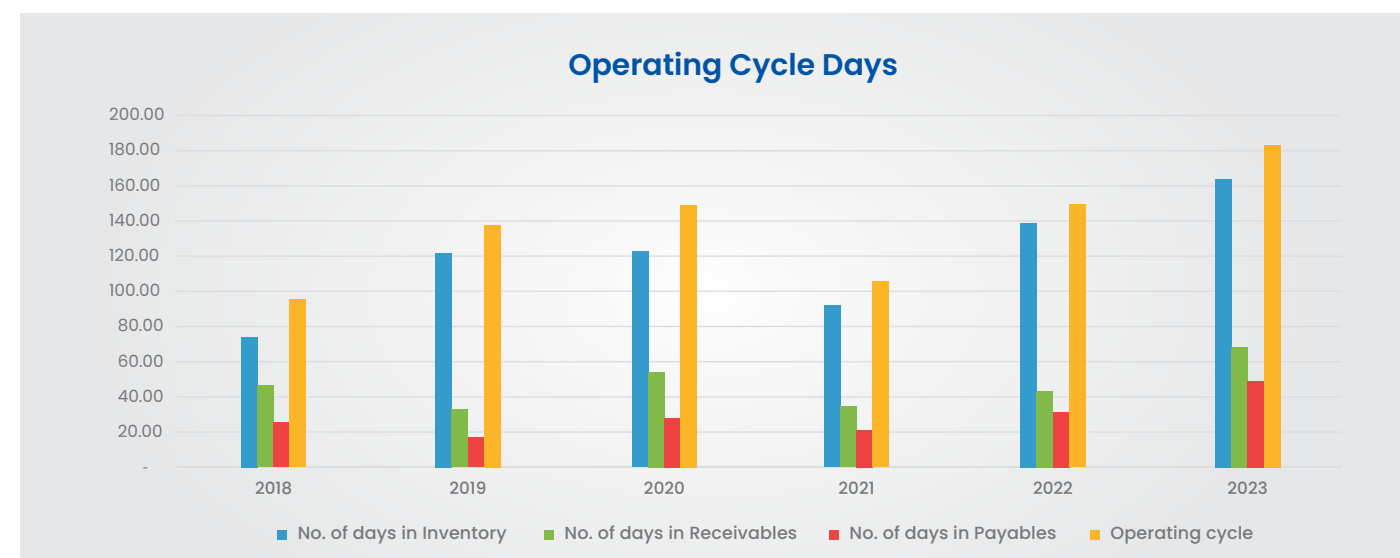
Investment / Market Ratios

Due to the decline in profitability as detailed above, the Company registered a decrease of 94% in earnings per share which was recorded at Rs. 4.65 as compared to Rs. 79.35 in the preceding year. Similarly, the market value of shares also dropped from Rs. 69.68 to Rs. 66.46. This resulted in price earnings ratio of 14.28 in the current year. As a result, the breakup value per share was recorded at Rs. 381.82 in line with decreasing equity base.

The Company endeavors to be consistent with its approach regarding profit appropriation after considering a multitude of parameters including business needs, growth prospects and strategic views. The Company maintained a dividend payout ratio of approximately 107.46% distributing a cumulative cash dividend (interim and final) of Rs. 5 per share in the year 2023 as compared to cumulative cash dividend of Rs. 12.50 per share of last year.

FINANCIAL RATIO

Turnover Ratios

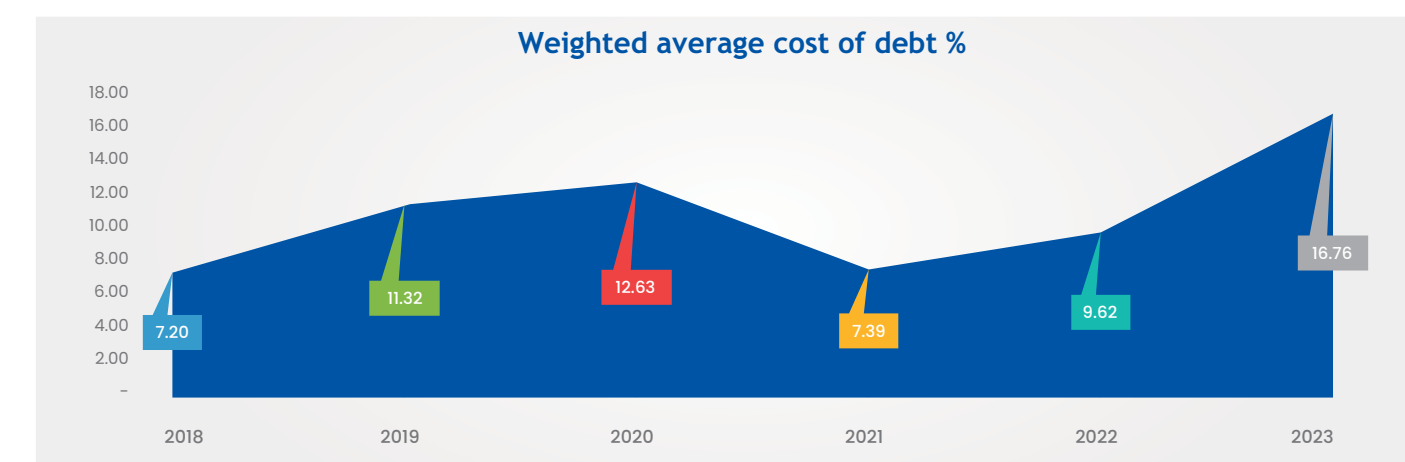
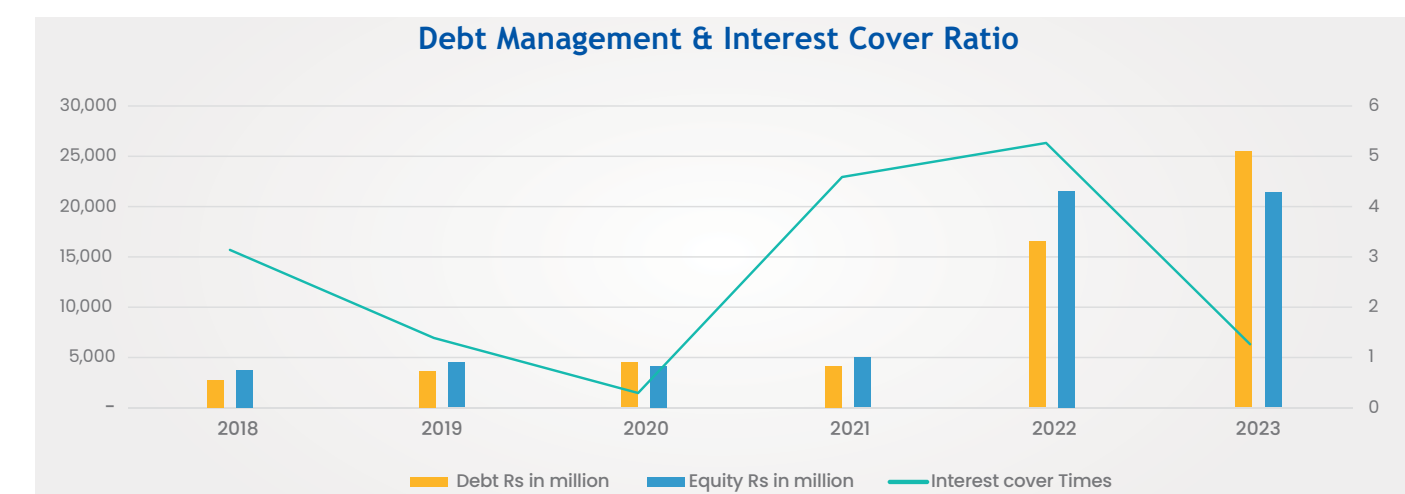
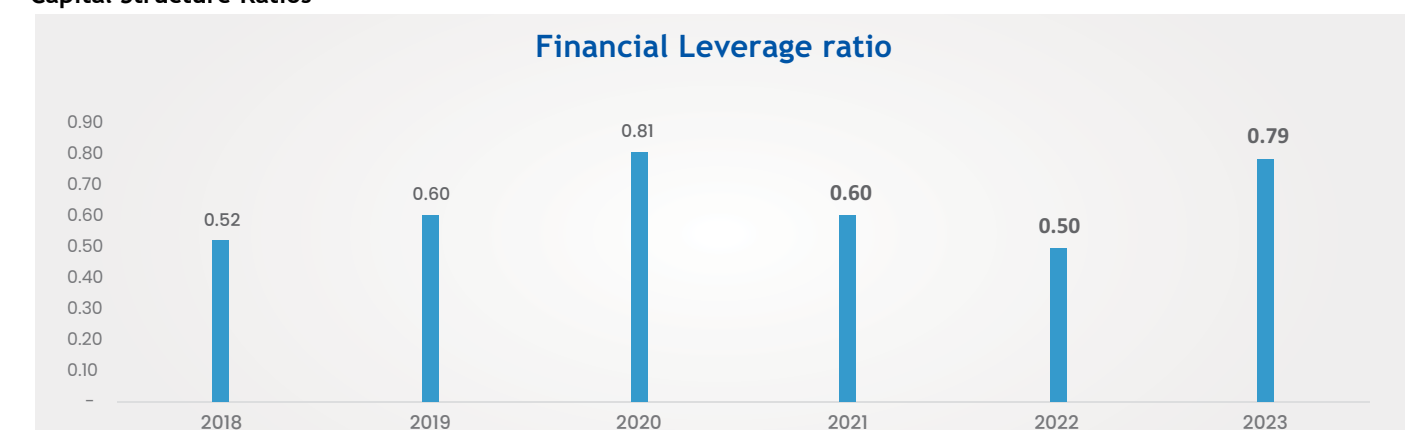


Turnover Ratios

Asset turnover ratio dropped from 0.92 times in 2022 to 0.75 times in 2023 on account of lower sales in 2023 as compared to 2022. In addition, the asset base of the Company has increased on account of Stock in trade owing to increased inventory levels and Trade Receivable balances compared to the preceding year. Inventory turnover decreased from 2.67 times in 2022 to 2.26 times in 2023. The decrease is due to slow down of sales in few months. Accordingly, inventory turnover has been recorded at 162 days in the current year. The debtor turnover days have increased to 68 days in 2023 as compared to 43 days in 2022. The creditor turnover days have increased to 49 days compared to 31 days in 2022, in line with increasing cost of sales and foreign bills payable for raw material in transit. As a result, The Company's overall operating cycle increased to 181 days.

FINANCIAL RATIO

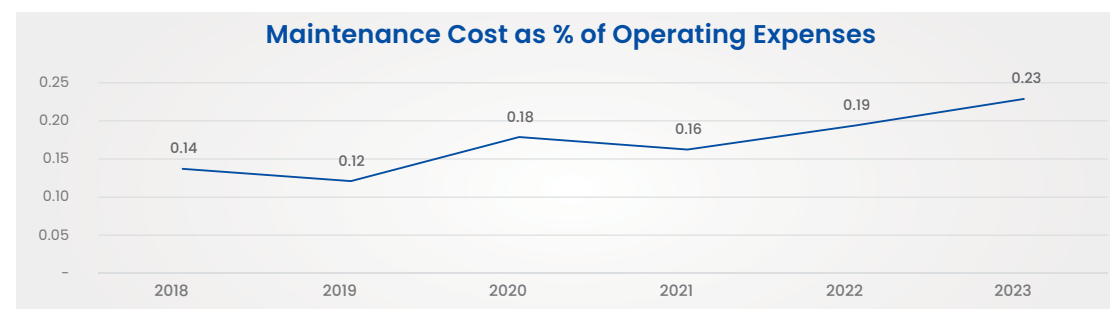
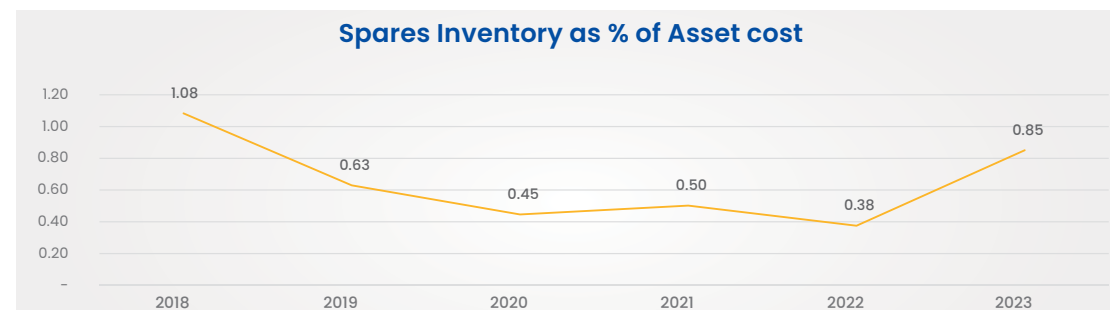
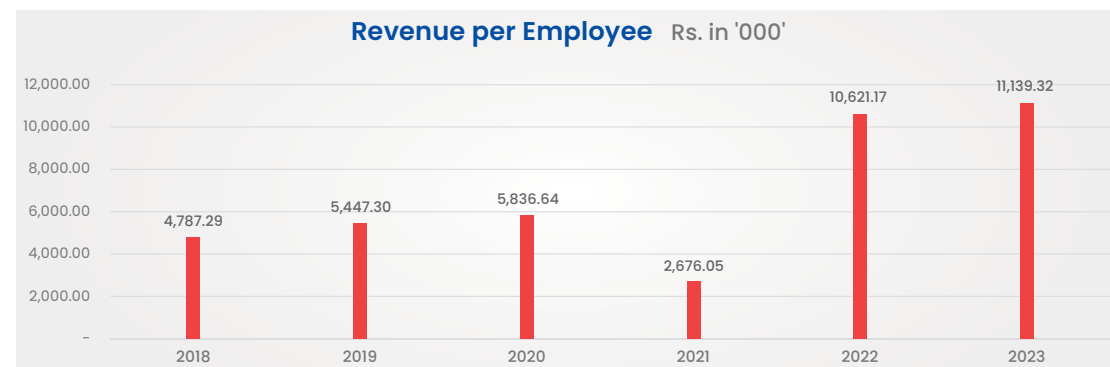
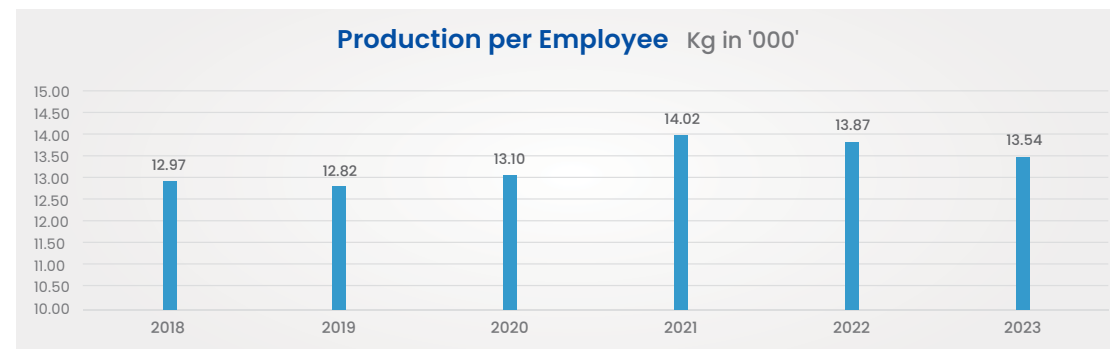
Capital Structure Ratios



Capital Structure Ratios

The Company has availed the LTFF of Rs. 313 million 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 RATIO

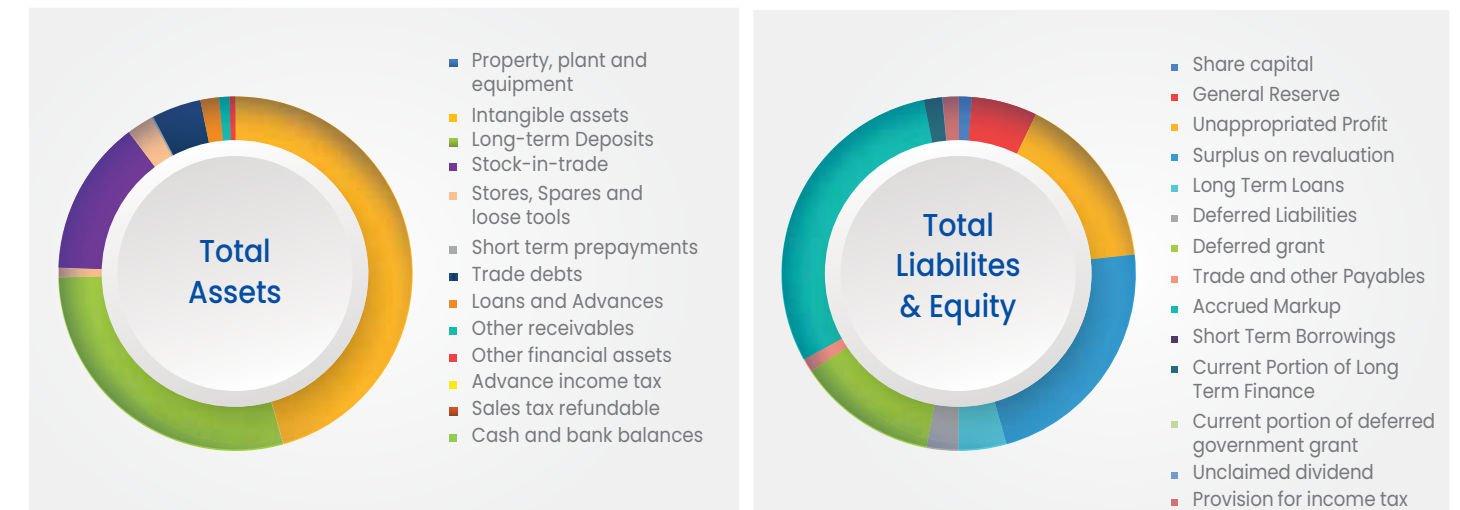


Non- Financial Ratios

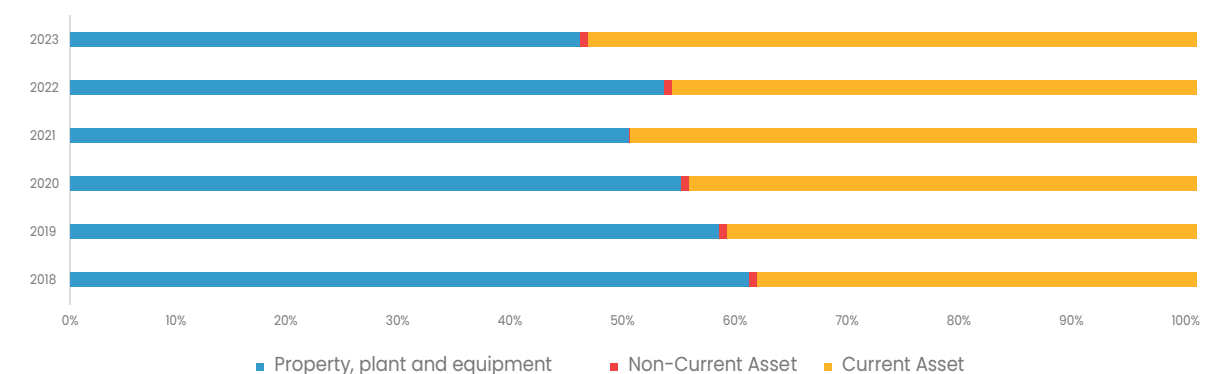
The non-financial ratios indicate a consistent level of operational efficiency, marked by improved production and revenue per employee ratios. This enhancement is largely attributed to the merger and technological advancements implemented over time. Additionally, the spare inventory as a percentage of total assets and maintenance cost as a percentage of operating expenses have remained stable over the years.

FINANCIALS AT A GLANCE

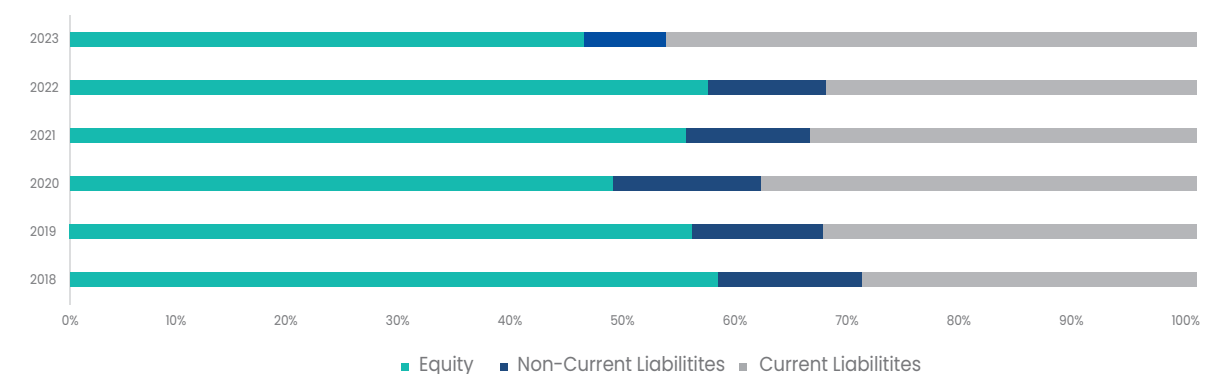
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023



Six years Analysis - Assets

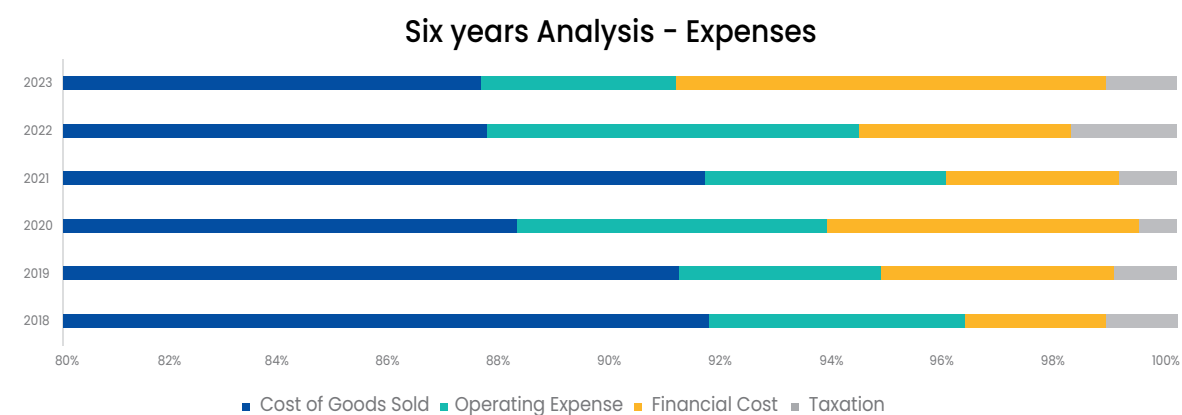
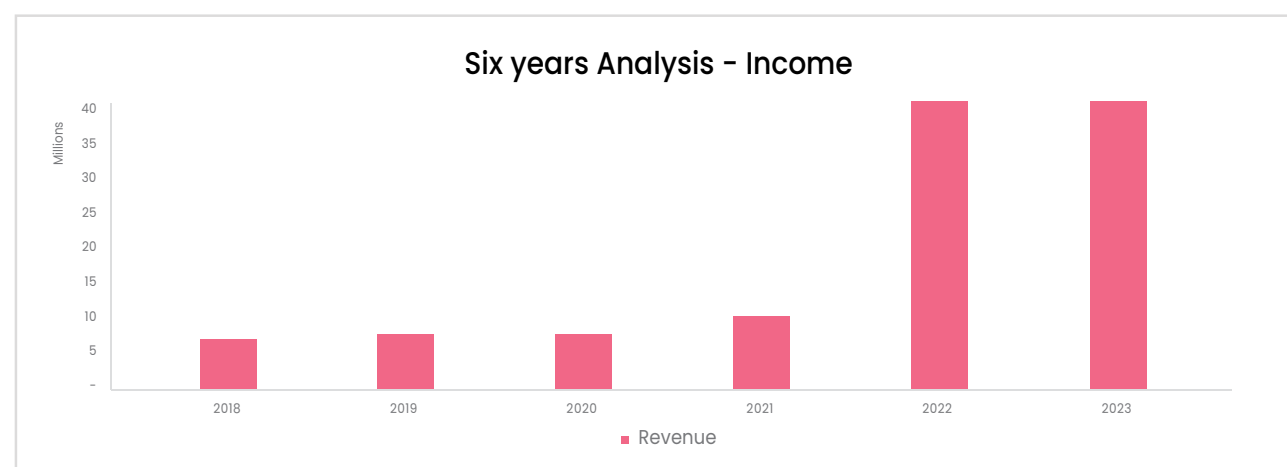
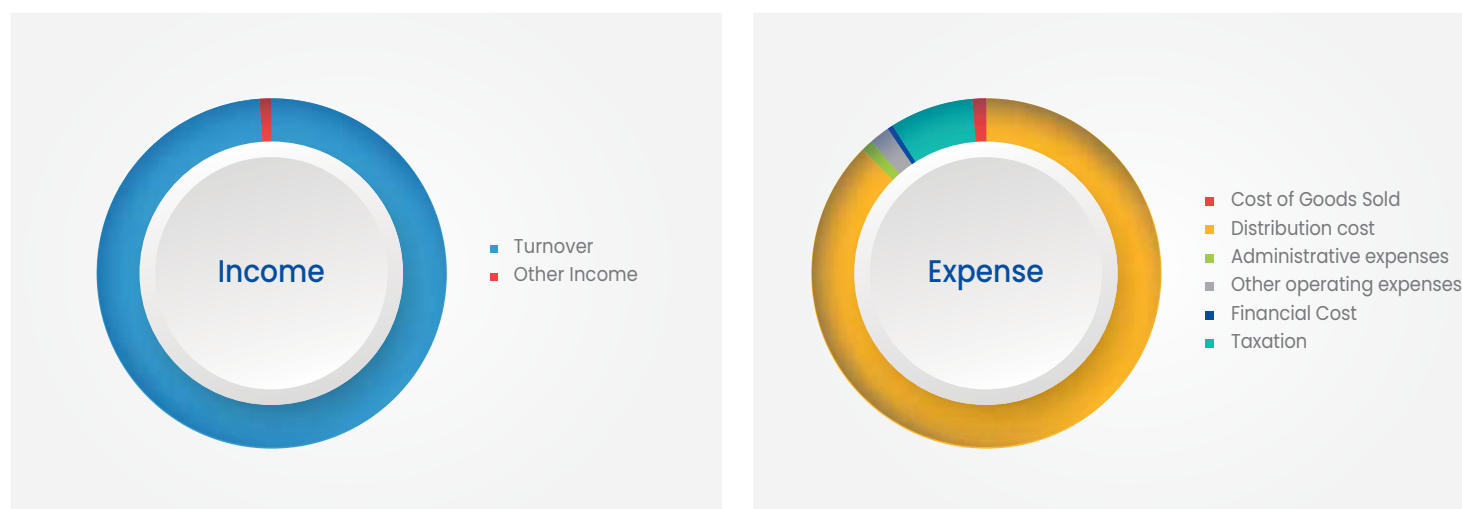


Six years Analysis - Equity & Liabilities



FINANCIALS AT A GLANCE

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 2023



ANALYSIS OF FINANCIAL POSITION

	2023	2022	2021	2020	2019	2018
	------(Rupees in million)-----					
Property, plant and equipment	21,368	20,231	4,536	4,725	4,682	3,935
Other non current assets	18	11	8	10	31	4
Current assets	25,456	17,841	4,556	3,908	3,376	2,564
Total assets	46,842	38,083	9,100	8,643	8,089	6,503
Shareholders' equity	21,379	21,567	4,979	4,162	4,472	3,737
Non current liabilities	3,412	3,954	999	1,135	933	830
Current portion of long term financing	775	1,554	139	19	96	118
Current portion of deferred government grant	-	3	6	3	-	-
Short term borrowings	14,014	6,572	2,329	2,668	2,154	1,362
Other current liabilities	7,262	4,433	648	656	434	456
Total equity & liabilities	46,842	38,083	9,100	8,643	8,089	6,503

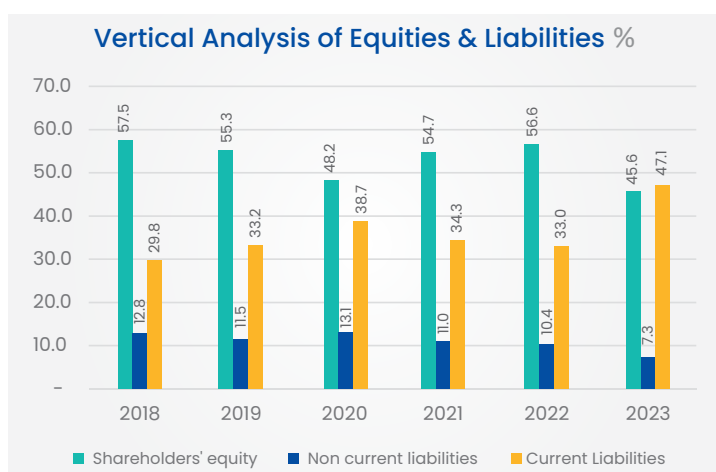
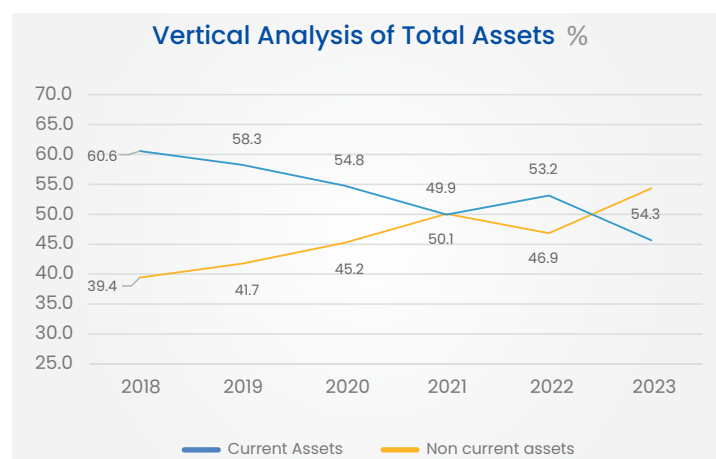
Vertical Analysis

	Percentage					
Property, Plant and Equipment	45.6	53.1	49.9	54.7	57.9	60.5
Other non current assets	0.0	0.0	0.1	0.1	0.4	0.1
Current assets	54.3	46.9	50.1	45.2	41.7	39.4
Total assets	100.0	100.0	100.0	100.0	100.0	100.0
Shareholders' equity	45.6	56.6	54.7	48.2	55.3	57.5
Non current liabilities	7.3	10.4	11.0	13.1	11.5	12.8
Current portion of long term financing	1.7	4.1	1.5	0.2	1.2	1.8
Short term borrowings	29.9	17.3	25.6	30.9	26.6	20.9
Other current liabilities	15.5	11.6	7.2	7.6	5.4	7.0
Total equity & liabilities	100.0	100.0	100.0	100.0	100.0	100.0

Horizontal Analysis

	Percentage					
Property, Plant and Equipment	5.6	346.0	(4.0)	0.9	19.0	33.6
Other non current assets	63.6	37.5	(20.0)	(67.7)	675.0	33.3
Current assets	42.7	291.6	16.6	15.8	31.7	14.5
Total assets	23.0	318.5	5.3	6.9	24.4	25.4
Shareholders' equity	(0.9)	333.2	19.6	(6.9)	19.8	33.0
Non current liabilities	(13.7)	295.8	(12.0)	21.7	12.4	76.6
Current portion of long term financing	(50.1)	1,018.0	631.6	(80.2)	(18.6)	90.3
Short term borrowings	113.2	182.2	(12.7)	23.9	58.2	(12.9)
Other current liabilities	63.8	584.1	(1.2)	51.2	(4.8)	62.3
Total equity & liabilities	23.0	318.5	5.3	6.9	24.4	25.4

ANALYSIS OF FINANCIAL POSITION



VERTICAL ANALYSIS

PROPERTY, PLANT & EQUIPMENT

Property, Plant and equipment increased by Rs. 1.26 billion due to Capex in BMR, procurement of new Godown and Solar power plant installation. The ratio of property, plant and equipment to total assets has decreased during the year owing to high inventory levels as compared to last year. However, management has always prioritized and given high importance to investing in the latest technological advanced machinery and generating low-cost electricity.

STORES & STOCK IN TRADE

Stores increased by Rs. 255 million as compared to last year due to increased inventory levels, devaluation of the currency and general business operations. The ratio of stock in trade to total assets has increased significantly as compared to prior years owing to high inventory levels and high international cotton prices

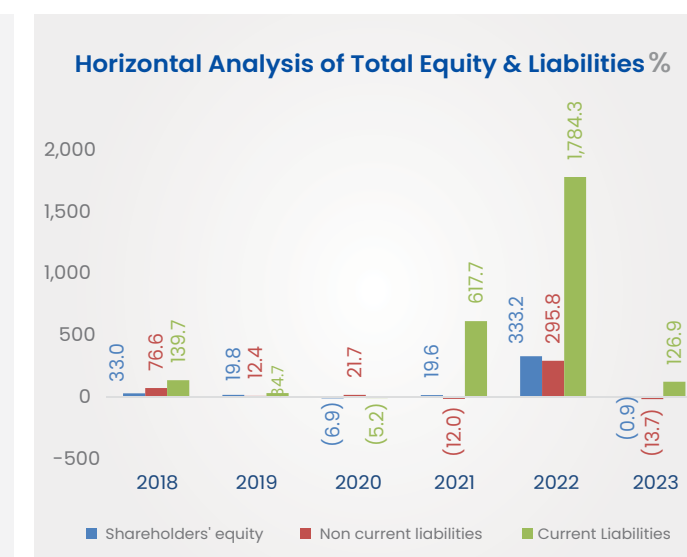
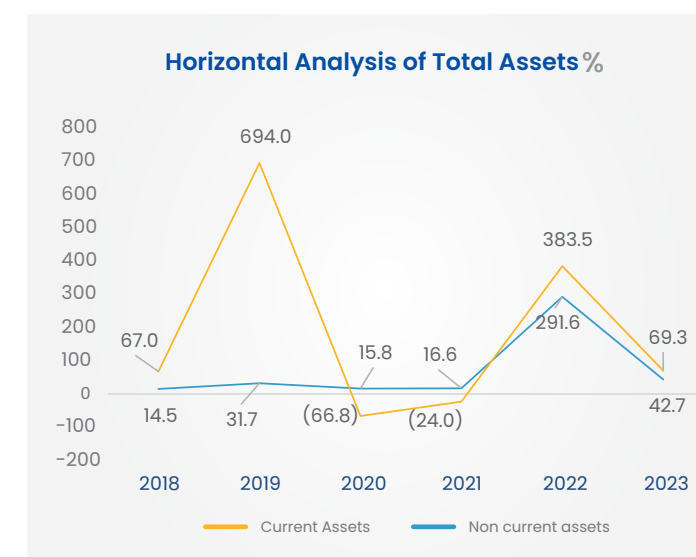
TRADE DEBTS

Trade debts increased by Rs 2.395 billion from last year due to slow recovery from customers owing to the slow market conditions.

TRADE & OTHER PAYABLES

Trade and other payables increased by Rs. 2.8 billion as compared to last year primarily on account of Foreign creditors which have increased by Rs. 1.5B due to stock in transit and Creditors increased by Rs. 93M

ANALYSIS OF FINANCIAL POSITION



HORIZONTAL ANALYSIS

NON-CURRENT ASSETS

Non-Current Assets of the Company mainly comprise of property, plant & equipment, intangible assets and long-term investments. The non-current assets of the Company have increased by 443% from Rs. 3.9 billion in 2018 to Rs. 21.3 billion by 2023 mainly due to merger, continuous investment in latest machines and expansion, modernization and balancing of manufacturing facilities and installation of Solar based power plants.

CURRENT ASSETS

Stock in trade has increased significantly owing to increased inventory levels and a rise in cotton prices due to the devaluation of the exchange rate. Whereas, stores & spares have increased on account of currency devaluation. Other receivables mainly include sales tax and rebate 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.21.38 billion with an increase of 472% since 2018. A significant increase is observed in the preceding year due to surplus on revaluation of land and healthy profit. 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 based power plants.

CURRENT LIABILITIES

The current liabilities have increased due to an increase in operating cycle days from 149 days to 181 days.

ANALYSIS OF PROFIT & LOSS

	2023	2022	2021	2020	2019	2018
	----- (Rupees in million) -----					
Revenue from contract with customers - net	34,911	35,114	8,962	6,730	6,727	6,042
Cost of sales	(30,666)	(27,060)	(7,456)	(6,232)	(6,102)	(5,407)
Gross profit	4,245	8,054	1,506	498	625	635
Administration, selling and distribution expenses	(1,045)	(1,011)	(271)	(220)	(217)	(231)
Other operating expenses	(179)	(1,047)	(82)	(173)	(26)	(39)
Other operating income	392	212	9	11	6	108
Operating profit/(loss) before financing cost	3,413	6,208	1,162	116	388	473
Finance cost	(2,705)	(1,179)	(253)	(396)	(281)	(150)
Profit/(Loss) before taxation	708	5,029	909	(280)	107	323
Taxation	(448)	(586)	(85)	(49)	(75)	(75)
Profit/(Loss) after taxation	260	4,443	824	(329)	32	248

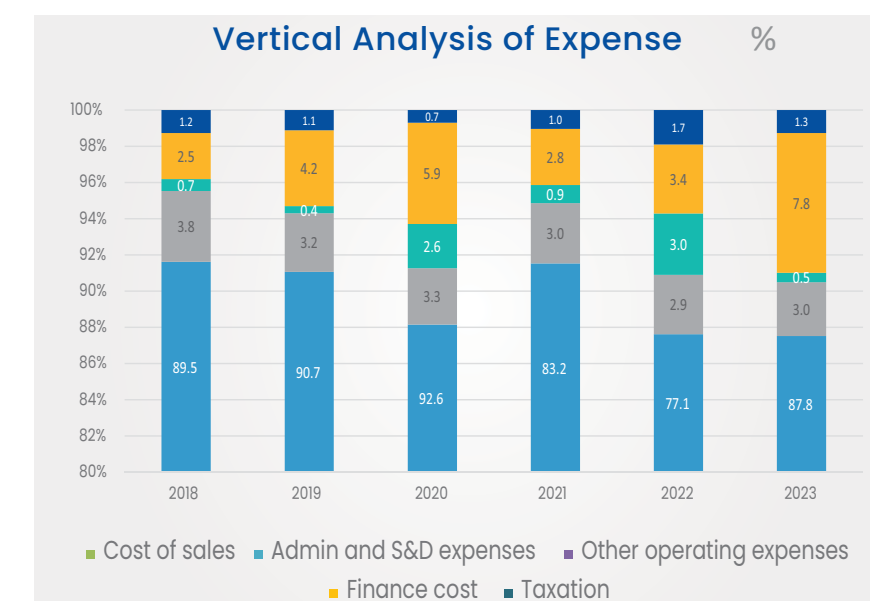
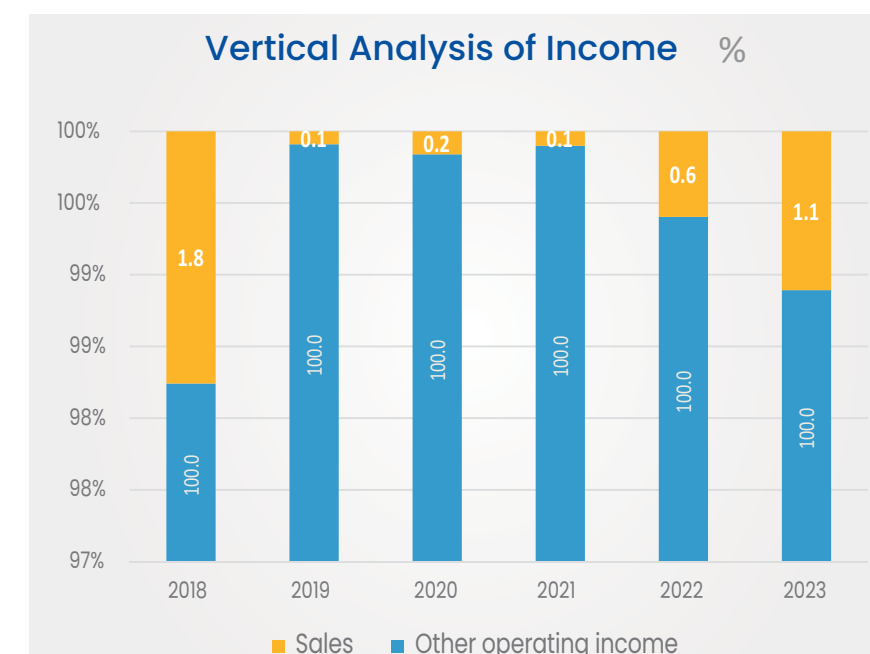
Vertical Analysis

	Percentage					
Net sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(87.8)	(77.1)	(83.2)	(92.6)	(90.7)	(89.5)
Gross profit	12.2	22.9	16.8	7.4	9.3	10.5
Administration, selling and distribution expenses	(3.0)	(2.9)	(3.0)	(3.3)	(3.2)	(3.8)
Other operating expenses	(0.5)	(3.0)	(0.9)	(2.6)	(0.4)	(0.7)
Other operating income	1.1	0.6	0.1	0.2	0.1	1.8
Operating profit/(loss) before financing cost	9.8	17.7	13.0	1.7	5.8	7.8
Finance cost	(7.8)	(3.4)	(2.8)	(5.9)	(4.2)	(2.5)
Profit/(Loss) before taxation	2.0	14.3	10.2	(4.2)	1.6	5.4
Taxation	(1.3)	(1.7)	(1.0)	(0.7)	(1.1)	(1.2)
Profit/(Loss) after taxation	0.7	12.7	9.2	(4.9)	0.5	4.1

Horizontal Analysis

	Percentage					
Net sales	(0.6)	291.8	33.2	0.0	11.3	20.5
Cost of sales	13.3	262.9	19.6	2.1	12.9	15.7
Gross profit/(loss)	(47.3)	434.8	202.4	(20.3)	(1.6)	86.8
Administration, selling and distribution expenses	3.4	273.1	23.2	1.4	(6.1)	10.0
Other operating expenses	(82.9)	1,176.8	(52.6)	565.4	(33.3)	290.0
Other operating income	84.9	2,255.6	(18.2)	83.3	(94.4)	66.2
Operating (loss)/profit before financing cost	(45.0)	434.3	901.7	(70.1)	(18.0)	155.7
Finance cost	129.4	366.0	(36.1)	40.9	87.3	48.5
Profit/(Loss) before taxation	(85.9)	453.3	(424.6)	(361.7)	(66.9)	284.5
Taxation	(23.6)	589.4	73.5	(34.7)	-	82.9
Profit/(Loss) after taxation	(94.2)	439.2	(350.5)	(1,128.1)	(87.1)	476.7

ANALYSIS OF PROFIT & LOSS



VERTICAL ANALYSIS

GROSS PROFIT

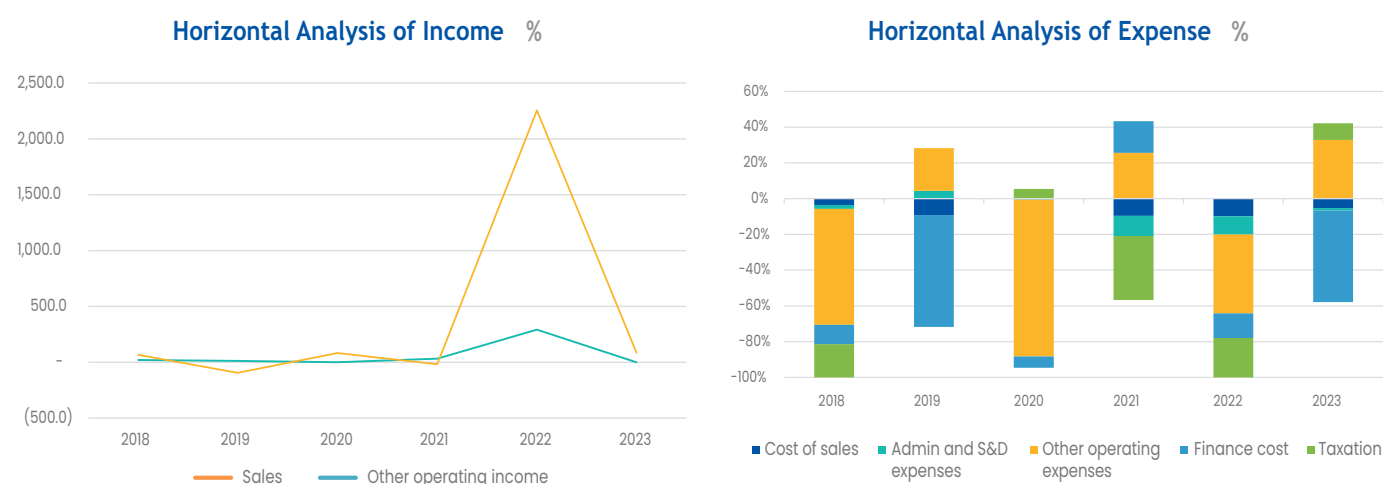
The topline has almost remained the same. The gross profit has decreased from Rs. 8.054 billion to Rs. 4.25 billion because of the increase in raw material prices, energy fuel cost, currency devaluation and inflationary factors. As a result, the gross profit margin decreased from 22.9% to 12.2% as compared 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. 4.443 billion to Rs.206 million mainly impacted by decrease in Gross profit and increase in finance cost owing to interest cost increased by Government.

ANALYSIS OF PROFIT & LOSS

30 June 2023



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 attributable to management's continuous focus on increasing market share and customer base, while the global recession also impacted the overall demand. 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 13.3% from last year, on account of volume growth, continuous devaluation of exchange rate, increase in raw material prices and other inflationary factors. The Company achieved a Gross profit margin of 12.2% in 2023.

SELLING EXPENSES

Selling & Distribution expenses reduced from Rs. 395 million in 2022 to Rs. 379 million in 2023 owing to low volumes apart from rise in fuel cost and other inflationary factors.

FINANCE COST

Finance cost increased due to higher interest rates as compared to previous years & increase in borrowings because of working capital requirements.

TAXATION

The variation in taxation charge remained in line with profitability of the Company. However, impact of super tax at 10 % has impacted the profitability of the Company.

ANALYSIS OF CASH FLOWS

	2023	2022	2021	2020	2019	2018
	----- (Rupees in million) -----					
Net cash (used in)/generated from operating activities	(3,513)	832	1,527	(184)	(534)	345
Net cash (outflows)/inflows from investing activities	(2,268)	(3,401)	(304)	(256)	(154)	(404)
Net cash (outflows)/inflows from financing activities	(552)	1,174	471	(507)	817	53
Net (decrease)/increase in cash and cash equivalents	<u>(6,333)</u>	<u>(1,395)</u>	<u>1,694</u>	<u>(947)</u>	<u>129</u>	<u>(6)</u>

Vertical Analysis

	Percentage					
Net cash generated/(used in) from operating activities	55.5	(59.7)	90.1	19.4	(414.0)	(5,750.0)
Net cash inflows/(outflows) from investing activities	35.8	243.9	(17.9)	27.0	(119.4)	6,733.4
Net cash inflows/(outflows) from financing activities	8.7	(84.2)	27.8	53.6	633.4	(883.3)
Cash and cash equivalents	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Horizontal Analysis

	Percentage					
Net cash (used in)/generated from operating activities	(522.2)	(45.5)	(929.8)	(65.5)	(254.8)	(163.3)
Net cash (outflows)/inflows from investing activities	(33.3)	1,018.9	18.7	66.2	(61.9)	93.3
Net cash (outflows)/inflows from financing activities	(147.0)	149.4	(192.9)	(162.1)	1,441.5	(39.1)
Net increase/(decrease) in cash and cash equivalents	<u>354.1</u>	<u>(182.3)</u>	<u>(278.9)</u>	<u>(834.1)</u>	<u>(2,250.0)</u>	<u>(99.1)</u>

ANALYSIS OF CASH FLOWS

Comments on Cash flows

Cash Flows from Operating Activities

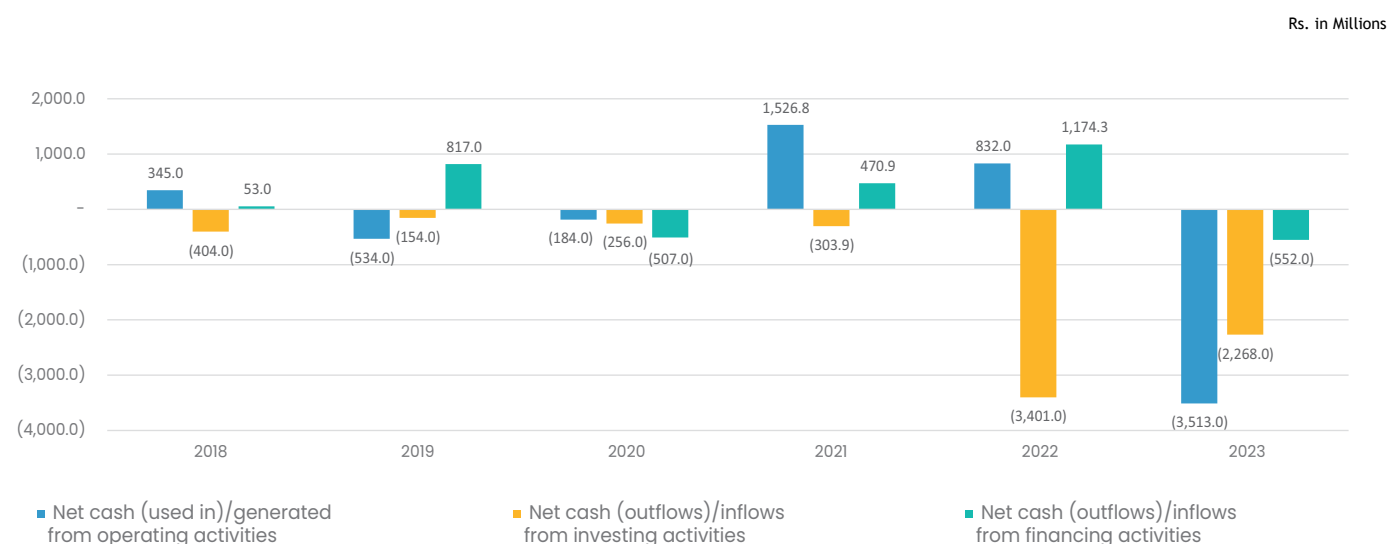
Cash flows from operating activities have witnessed significant fluctuations since 2018. The net cash used in operations stood at Rs. 3.51 billion in 2023 against Rs. 345 million cash generated in 2018, with the cumulative average rate of 84%. This is mainly driven by merger and changes in the working capital of the business.

Cash Flows from Investing Activities

The cash flows used in investing activities were Rs. 2.26 billion in 2023 as compared to Rs. 404 million utilized in 2018. 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 fluctuating since 2018 as the Company has started to pay off its long-term liability as per the agreed terms, short-term loans and dividends paid to shareholders.

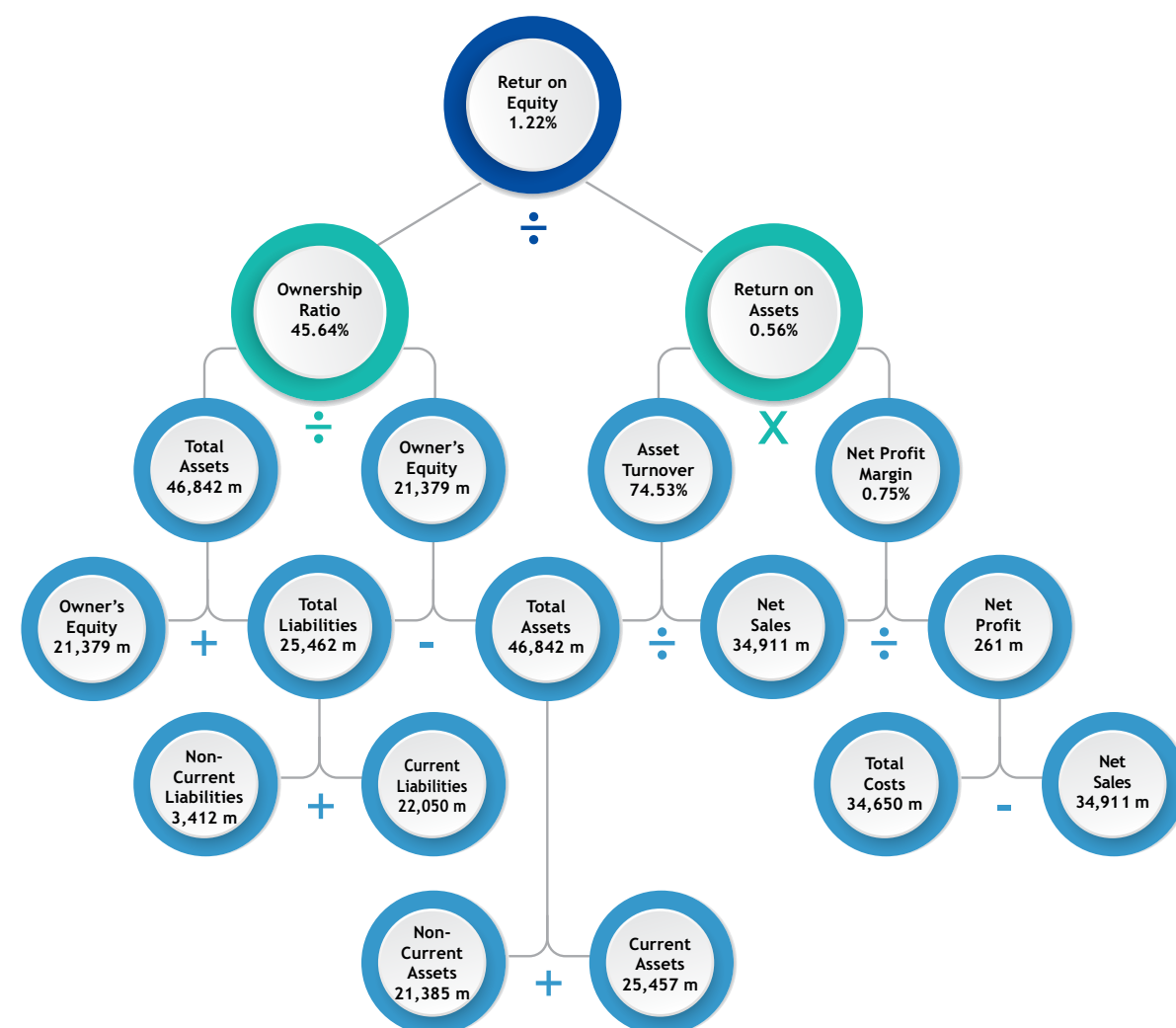


STATEMENT OF CASH FLOWS - DIRECT METHOD

For the year ended June 30, 2023

	June 30, 2023	June 30, 2022
	(Rupees in '000)	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customer	32,515,706	31,736,065
Cash Paid to Suppliers, Employees and Others	(33,079,440)	(29,206,275)
Finance cost paid	(2,367,754)	(1,091,948)
Income taxes paid	(493,715)	(434,381)
Defined benefit obligations paid	(69,269)	(148,771)
Staff compensated absences paid	(18,922)	(22,677)
Net cash (used in) / generated from operating activities	(3,513,394)	832,013
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,042,017)	(1,527,148)
Proceeds from disposal of property, plant and equipment	13,243	44,545
Purchase of intangible assets	(10,000)	-
Purchase of other financial assets	(229,086)	(1,921,192)
Disposal of investments	-	1,118
Long term deposits	-	1,705
Net cash (used in) / generated from investing activities	(2,267,860)	(3,400,972)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained	314,325	2,672,310
Repayments of long term finance	(1,611,813)	(1,590,978)
Short term borrowings obtained - net of payments	1,130,187	505,344
Dividend paid	(384,921)	(412,334)
Net cash (used in) / generated from financing activities	(552,222)	1,174,342
Net decrease in cash and cash equivalents (A+B+C)	(6,333,476)	(1,394,617)
Cash and cash equivalents at beginning of the year	(3,150,974)	(182,820)
Cash and cash equivalents transferred from amalgamating companies	-	(1,573,537)
	(3,150,974)	(1,756,357)
Cash and cash equivalents at end of the year	(9,484,450)	(3,150,974)

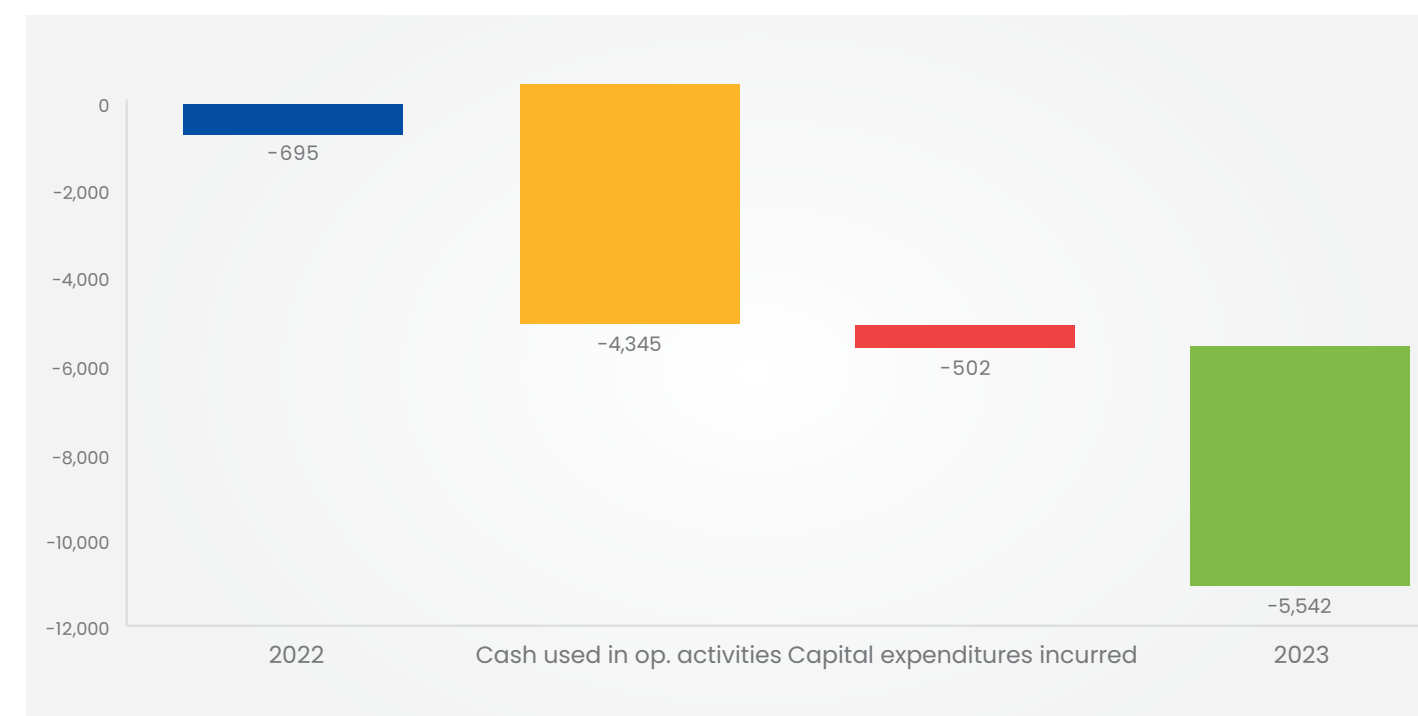
DUPONT ANALYSIS



FREE CASH FLOWS

30 June 2023

2023	2022
----- (Rs. in million) -----	
Cash used in / generated from operating activities	(3,513) 832
Less: Capital expenditures incurred	(2,029) (1,527)
(5,542)	(695)



Free cash flows for the year ended June 30, 2023 is negative, due to higher finance cost, inflation, devaluation of currency and higher capital expenditure.

Years	Profit margin	Asset turnover	Financial leverage	ROE
2023	0.75%	0.75%	2.19	1.22%
2022	12.65%	0.92	1.77	20.60%
2021	9.21%	0.98	1.83	16.57%
2020	-4.89%	0.78	2.08	-7.90%
2019	0.49%	0.83	1.81	0.73%
2018	4.07%	0.93	1.74	6.58%

DuPont Analysis

The total assets of the Company increased significantly by 23% as compared to last year. The rise was mainly attributable to the increase in asset base on account of the increase in Stock in trade and Trade Receivables balance. This resulted in a return on assets ratio of 0.56%.

Further, the profit margin of the Company decreased in the current year on account of increasing raw material and other costs amid slower economic growth and inflation in global markets.

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

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 has shown a downward trend during the current FY on account of global recession, political uncertainties, tightening monetary policies, and global supply constraints, having an impact on the investors' confidence.

The Company's share price was PKR 66.46 per share on June 30, 2023, as compared to PKR 69.68 on June 30, 2022.

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

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

Company is exposed to Government regulations, taxes schemes, policies, incentives schemes which directly affects 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 the business growth. Political instabilities, volatile government policies, strikes and protests, and hurdles in the supply chain affect Company's sales. The stable political situation in the Country improves the overall business performance, investor confidence and encourages foreigners to deal with some of the prominent companies in the Country, which may have an impact on Company's share price.

Agriculture

The agricultural sector serves as backbone in Country's economy and employs 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 rain falls, 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 affect the share price of the Company positively.

Exchange Rate

The company generated 71% of its revenue from direct and indirect exports and imported 53% 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 also adopted effective strategies to minimize and hedge the risk of exchange rates.

Interest Rate

The Company's finance cost is 7.75% of the turnover. The Company has maintained a strong liquidity position through satisfactory treasury management, with funds invested in bank savings accounts, term deposit receipts and listed securities, generating treasury income. Any interest rate movement will affect the Company's profitability and hence affect the share price.

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 dampen the Company's performance and influence the share price.

Material Price Volatility:

The production of yarn requires majorly cotton and fibers, which constitute 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.

Sales Volume and Demand:

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

Energy Crises:

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. Disrupted supply of natural gas and electricity influence entity to shift to costly alternatives like HFO generators, which directly affect the Company's financial well-being.

Sensitivity Analysis of Change in Market Capitalization

Share Price as of June 30, 2023

Rs. 66.46

Market Capitalization as of June 30, 2023

Rs. 3,721,335,586

Change in Share Price by

+10%

-10%

Change in Market Capitalization

Rs. 372,133,559

Rs. (372,133,559)

Months	Highest Rs.	Lowest Rs.	Closing Rs.	Volume traded during the month
Jul-22	71.10	63.50	68.25	8,500
Aug-22	75.79	73.00	67.55	354,500
Sep-22	72.00	62.49	66.05	911,000
Oct-22	66.70	50.89	55.50	574,000
Nov-22	64.79	55.50	61.00	231,000
Dec-22	63.00	55.00	58.45	125,000
Jan-23	65.65	55.00	62.00	121,500
Feb-23	66.75	58.50	62.25	32,000
Mar-23	68.70	61.01	62.10	83,000
Apr-23	67.00	59.89	60.03	50,500
May-23	70.50	58.50	68.00	74,500
Jun-23	70.49	60.13	66.46	337,500

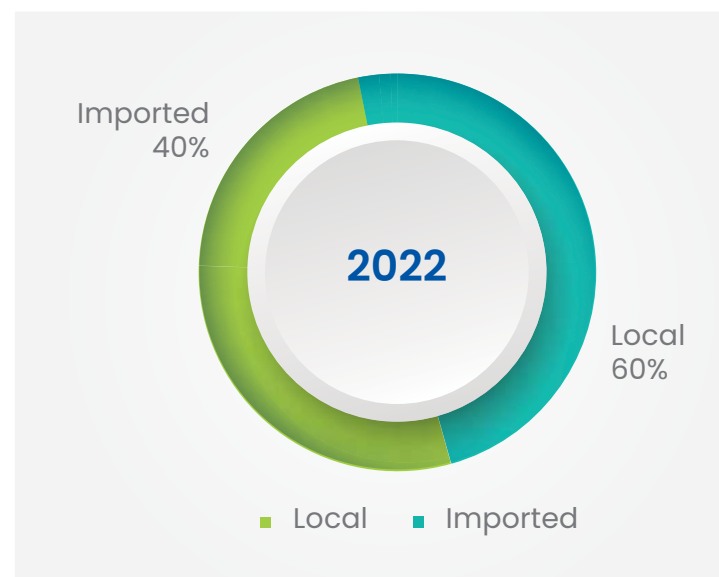
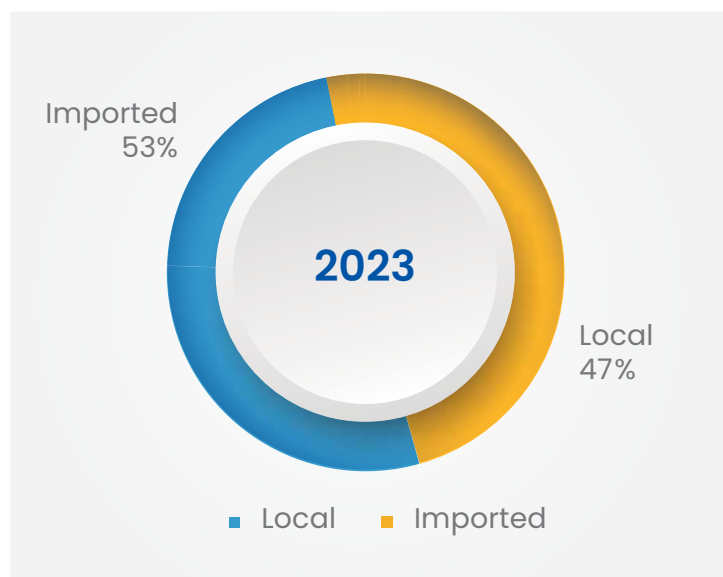


COMPOSITION OF LOCAL VS. IMPORTED MATERIAL (SENSITIVITY ANALYSIS)

The Company is the Country's leading Manufacturer and Exporter of Quality Yarn. The company's raw materials comprise of Cotton & fibers, packing materials, and commercial services. Imported raw material and local raw material represent 53% and 47% of Cost of Sales for the year ended June 30, 2023, and were 40% and 60% in the corresponding year, respectively. 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. 203 million (2022: 68.61 million), hence profitability is highly 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.

As a yarn manufacturer, raw cotton is the main raw material. The composition of the raw material procured during the fiscal year is stated as follows:

Year	2023		2022	
	KG in '000'	Rs. in '000'	KG in '000'	Rs. in '000'
COTTON				
Local	22,860	13,187,471	41,653	11,427,945
Imported	25,858	15,692,635	27,576	14,496,841
Total	48,719	28,880,106	69,229	25,924,786

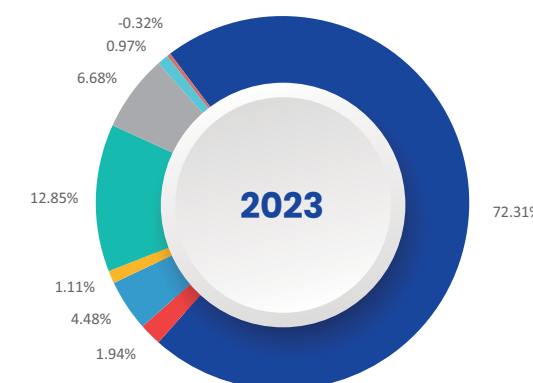


Major Capital Expenditures

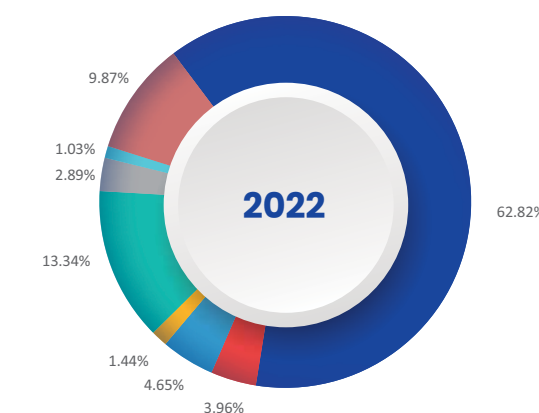
With the aim of remaining competitive on the National and Global grounds, the Company rigorously invests in new technologically advanced machinery. The purpose of the investment is to reduce the cost of production by achieving operational excellence and serving customers better in terms of quality. This year the Company has made a Capital Investment of Rs. 1.26 billion to replace old and obsolete machines.

STATEMENT OF VALUE ADDITIONS AND ITS DISTRIBUTION

	2023		2022	
	Rs. In '000'	%	Rs. In '000'	%
Wealth generated				
Sales including sales tax	40,115,935	99.03%	40,552,463	99.48%
Other operating income	392,153	0.97%	211,965	0.52%
	<u>40,508,088</u>	<u>100.00%</u>	<u>40,764,428</u>	<u>100.00%</u>
Wealth distribution				
Cost of sales	29,292,396	72.31%	25,606,387	62.82%
Administrative, distribution and others	784,236	1.94%	1,615,369	3.96%
Employees	1,812,926	4.48%	1,895,537	4.65%
Income tax	448,045	1.11%	585,876	1.44%
Sales tax	5,205,297	12.85%	5,438,878	13.34%
Financial charges	2,704,662	6.68%	1,179,089	2.89%
Dividend to shareholders	391,955	0.97%	419,953	1.03%
Distribution within business	(131,429)	-0.32%	4,023,339	9.87%
	<u>40,508,088</u>	<u>100.00%</u>	<u>40,764,428</u>	<u>100.00%</u>



- Cost of sales
- Employees
- Sales tax
- Dividend to shareholders
- Administrative, distribution and others
- Income tax
- Financial charges
- Distribution within business



- Cost of sales
- Employees
- Sales tax
- Dividend to shareholders
- Administrative, distribution and others
- Income tax
- Financial charges
- Distribution within business



BUSINESS MODEL

160 Our Business Model

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.

OUR SIX CAPITALS

FINANCIAL

Our financial prudence enables us to manage risks and run a successful business

MANUFACTURED

We use cutting-edge manufacturing facilities to create affordable and best quality products for consumers around the world.

HUMAN

We have been able to stay ahead of the curve and drive consistent progress thanks to the collective talent and experience of our growing workforce.

NATURAL

We ensure optimum utilization and minimal wastage of natural resources across our operations.

INTELLECTUAL

Our trusted brand, strategic partnerships and innovative capabilities and expertise.

SOCIAL & RELATIONSHIP

Our relationships with our stakeholders in the value chain and communities around us ensure our longterm value creation and sustainability.

KEY INPUTS

- Equity: Rs. 21 billion
- Debt: Rs. 19 billion
- Total Assets: Rs. 46 billion

- 06 Manufacturing units
- 127,092 Spindles installed

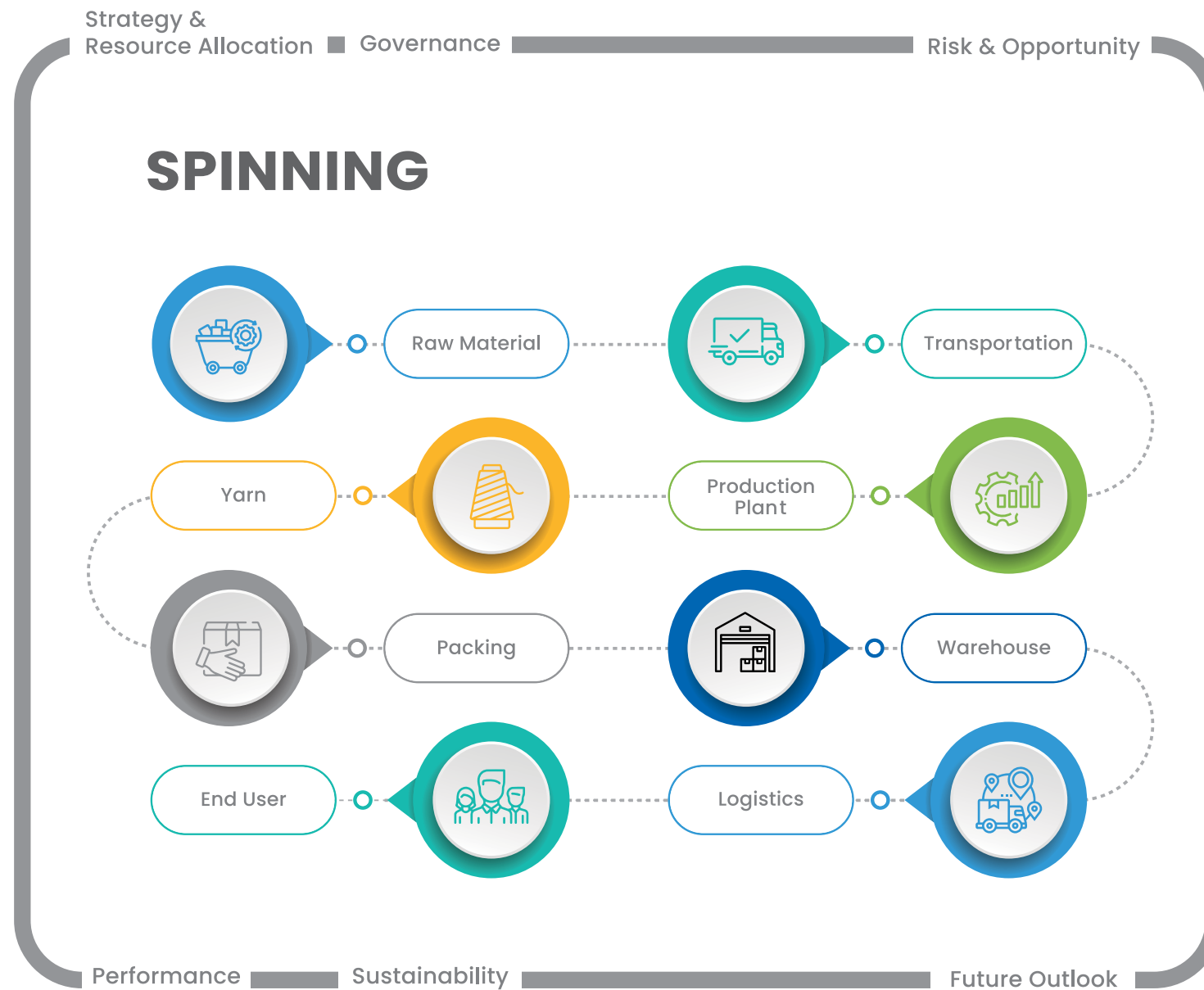
- 3,200+ Employees
- Strong safety and wellbeing policies and procedures, including diversity and inclusion.

- 2 MW Renewable energy capacity
- Water, energy and environment conservation initiatives

- Highly skilled professionals with extensive talent and experience
- Cutting-edge cotton planning software
- Highly advanced ERP
- Business intelligence tools

- Rs. 70 Million spent in CSR
- Established relationships of trust with our stakeholders

OUR BUSINESS ACTIVITIES



Product differentiation

We are proud to have legacy of being the first choice of customers through our unparalleled quality and market acumen.

Perspective on innovation

We have a dedicated technical team, which is focused on product innovation and process improvements according to our customers' need and technical advancements.

Adaptability to change

Our business model is continuously evaluated to assess whether there is a need to change according to changing business dynamics and to integrate process efficiencies

KEY OUTPUTS

FOR CUSTOMERS

FOR EMPLOYEES

FOR GOVERNING BODIES AND REGULATORS

FOR INVESTORS

FOR LENDERS

FOR COMMUNITIES

OUR OUTCOMES

- Glorious legacy of satisfied customers

- Wages & Salaries to Employees

- Payment to Government taxes & Duties

- Return to Shareholders

- Payment to the Provider of Finance

- Contribution toward Society

DISCLOSURES ON IT GOVERNANCE AND CYBERSECURITY

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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:

- 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.
- Managing IT initiatives under the direction of an IT steering committee
- 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 that optimization of resources, IT value delivery and performance measurement are adequate 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 management, 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 submits a recommendation to the Board.

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 instances. 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.
- All breaches 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 regulations 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)

Significant efforts have been made in ensuring uninterrupted business operations. Development of Business Continuity Plans (BCP) is in progress to protect the organization and its resources and guarantee minimum disruption in the event of any unfavorable or unexpected occurrences by maintaining the availability of the crucial business functions.

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, Big Data, 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 company’s 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 finalized one cloud service provider. The Company went successfully live on January 01, 2023, on Oracle Fusion as per phase-I Implementation strategy with AR, AP, 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 is in the execution phase and expected to be live by the end of year 2023.

Digital Initiatives

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 timesaving. Through it we are able to get regular labor attendance 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.

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.





FUTURE OUTLOOK

- 172 Forward Looking Statement
- 172 Status of plans disclosed in previous year's Future outlook Statement
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- 172 Business Rationale for Major Capital Expenditure
- 173 Significant Plans & Decisions

The year 2023 were anticipated to be challenging given political instability and economic downturns. Despite Current Account Deficit's recovery and multilateral inflows, the Central Bank's foreign exchange reserves fell to a record-time low. During the year, the value of the PKR fell against the USD significantly. Additionally, the annual rate of inflation remained in the double digits. Due to supply shortages and budgetary tightening measures, large-scale manufacturing shrank by 8.11 percent from the same period last year.

As a result, the textile industry experienced a decrease of more than 16.03 percent during the course of the year. Despite the challenging circumstances, the company continued to implement advanced technology to boost efficiency and remain competitive.

FORWARD LOOKING STATEMENT

A tough year is anticipated for 2023-2024 due to political uncertainty and economical challenges. Additionally, the output goals of manufacturing companies may have been impacted by the availability of imported raw materials for large-scale manufacturing. Rising fuel costs, 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 foundations for future progress.

The Company plans to invest in the BMR (Balancing, Modernization, and Replacement) of its manufacturing facilities and the complete implementation of revolutionary ERP system, the first of its kind in the spinning industry, in FY 2023-2024. However, the actual outcome will be dependent on availability of high-quality cheap cotton within Pakistan.

STATUS OF PLANS DISCLOSED IN PREVIOUS YEAR'S FUTURE OUTLOOK STATEMENT:

The major project disclosed in last year's annual report was implementation of advanced cloud-based ERP System which was rolled out successfully during the year. The Company went successfully live on January 01, 2023, on Oracle Fusion as per phase-I Implementation strategy with AR, AP, Procurement, Contract Management modules executed. Phase II of implementation strategy which includes Budgetary Control, Fixed Asset, Enterprise Asset Management (EAM), Manufacturing and Maintenance module on cloud is in the execution phase and expected to be live by the end of year 2023.

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 sources previously mentioned 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 utilized most of 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 customer with unmatched quality products. In the next year, the Company will 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.

The Company's focus on increased export sales has always helped 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 plans to invest in energy conservation and health and safety projects.



STAKEHOLDERS' RELATIONSHIP AND ENGAGEMENT

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- 176 Minority Shareholders
- 176 Investors' Relations Sections on the Corporate Website
- 176 Corporate Briefing Session
- 176 Redressal of Investors' Complaints
- 178 Stakeholders' Engagement

STAKEHOLDERS ENGAGEMENT POLICY

Tata Textile Mills Ltd. 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.
- 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.

INVESTORS' RELATIONS SECTIONS ON THE CORPORATE WEBSITE

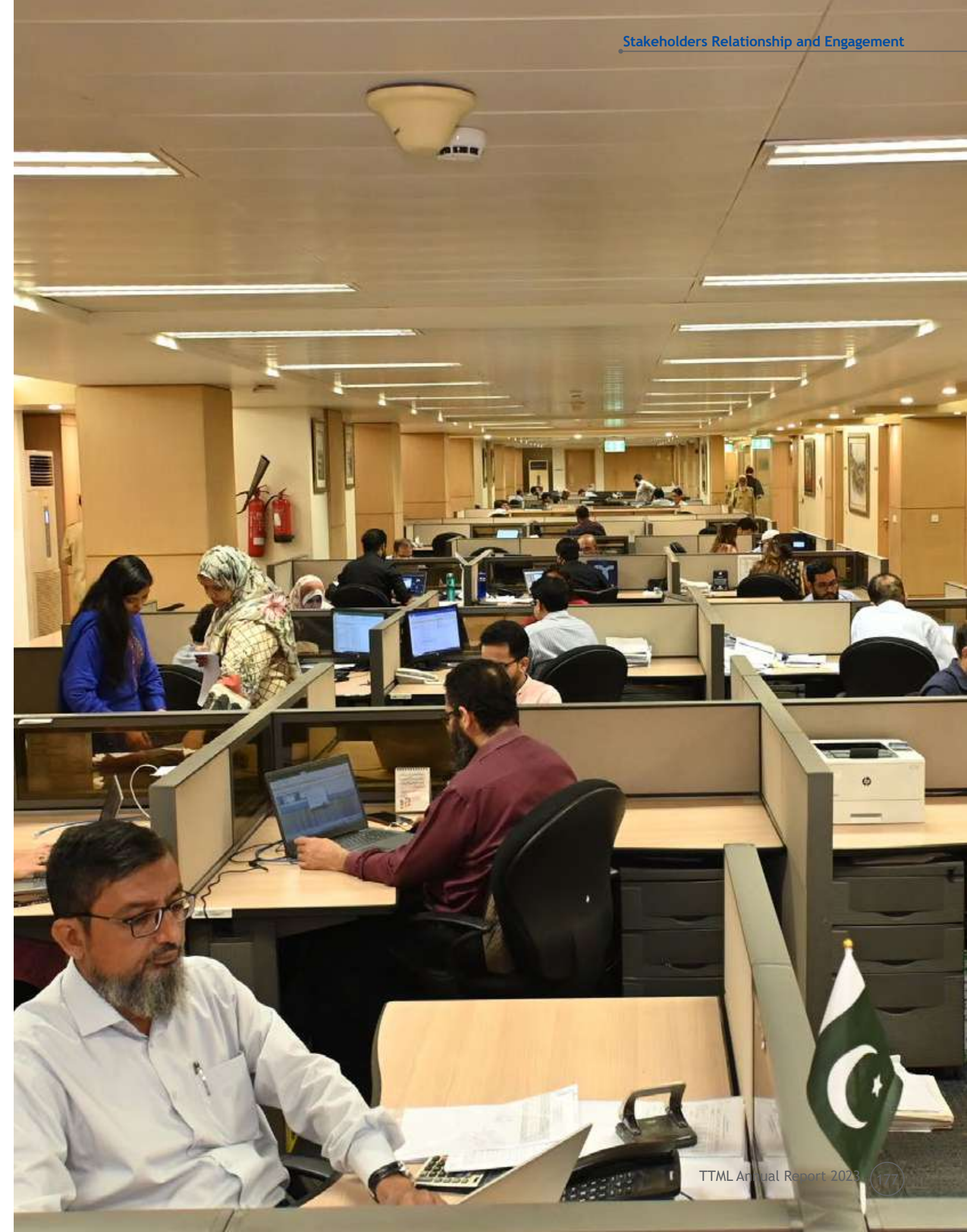
The company is committed to maintaining strong and transparent relationships with all stakeholders, including investors and shareholders. To this end, the company has created a dedicated section on its website (<http://www.tatapakistan.com>) to provide investors and shareholders with accurate, transparent,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

CORPORATE BRIEFING SESSION

The Company conducted a corporate briefing on November 3, 2022, through Zoom to update stakeholders on its operational and financial performance based on the Financial Statements ended on June 30, 2022. The session aimed to gather insights from shareholders and comprehend their perspectives. The management, including the Chief Executive, Chief Financial Officer, Head of Operations, Company Secretary, and other senior officials, presented the Company's performance during the fiscal year ended on June 30, 2022. The briefing was followed by an interactive Question & Answer session, offering additional clarification on the matters covered in the presentation.

REDRESSAL OF INVESTORS' COMPLAINTS

There were no complaints received from investors during the year ended June 30, 2023.



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 us to define a timely and appropriate response to the issues they believe are important to our 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, EGMs, 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.	<ul style="list-style-type: none"> AGM EOGM's Interim Reports Annual Reports Corproate Briefing Website 	<ul style="list-style-type: none"> Annually If/when needed Quarterly Annually Annually 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.	<ul style="list-style-type: none"> Direct relationships Customer meetups Satisfaction surveys Website 	<ul style="list-style-type: none"> Continuous Regularly Annually 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.	<ul style="list-style-type: none"> Direct relationships Meetings Trade shows Websites 	<ul style="list-style-type: none"> Daily Regularly Regularly Continuously available
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 future partnerships.	<ul style="list-style-type: none"> Direct relationships Meetings Financial reporting Websites 	<ul style="list-style-type: none"> Regularly Regularly Periodic Continuously available
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.	<ul style="list-style-type: none"> Press release/ Notice of meeting Corporate briefing Recommendations related to Federal & Provincial Budget 	<ul style="list-style-type: none"> As required Annually Annually

S.No	Stakeholders	Management Initiatives	Mode of engagement	Frequency
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.	<ul style="list-style-type: none"> Issue specific meetings / discussion / correspondence Submission of statutory returns and reports Website 	<ul style="list-style-type: none"> As required As required Continuously available
7	Local committees	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.	<ul style="list-style-type: none"> TTML TCF school TTML health facility Mosque Website 	<ul style="list-style-type: none"> Continuous Continuous Continuous Continuously available
8	Employees	TTML considers its employees to be core assets 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.	<ul style="list-style-type: none"> Interaction with management Goal setting Appraisals Employees events Website Newsletter ("The Spin") 	<ul style="list-style-type: none"> Daily Annual/ semi-annually Regularly Regularly Continuously available Semi-annually



STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

- 182 Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs)
- 182 Adoption and Statement of Adherence with the International Integrated Reporting Framework (IIRF)
- 182 Management Approach
- 182 Objective of IR
- 182 Excellence in Integrated Reporting
- 183 Application of the Integrated Reporting Framework
- 185 Disclosure Beyond BCR
- 186 Best Corporate Reporting Checklist 2022

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

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as notified under the Companies Act, 2017.

However, there are certain standards and interpretations that have not yet been adopted in Pakistan and certain standards that have not been adopted by the Securities and Exchange Commission of Pakistan (SECP). These standards and interpretations are disclosed in note 3.2 of the financial statements. The management believes that these standards and interpretations do not have any material impact on the company's financial statements.

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

Tata Textile Mills Ltd. 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

Tata Textile Mills Ltd. 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 Principle of this Report
- Content Element of this Report

Guiding Principle 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. 186). Details are as follows:



BCR (Best Corporate Reporting) Checklist 2023

BCR Ref #	Section & Task Name	Page Reference
1	Organizational Overview and External Environment	6
1.01	Mission, vision, code of conduct, ethics and values.	10
1.02	Principal business activities and markets (local and international) including key brands, products and services.	21
1.03	Geographical location and address of all business units including sales units and plants.	22
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	20
1.05	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	N/A
1.06	Organization chart indicating functional and administrative reporting, presented with legends.	24
1.07	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	26
1.08	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.	28
1.09	The legislative and regulatory environment in which the organization operates.	30
1.10	The legitimate needs, interests of key stakeholders and industry trends.	31
1.11	SWOT Analysis of the company.	32
1.12	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).	33
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	35
1.14	History of major events.	36
1.15	Details of significant events occurred during the year and after the reporting period.	38
2	Strategy and Resource Allocation	42
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve these objectives.	44
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.	44
2.03	The capabilities and resources of the company to provide sustainable competitive advantage and as result value created by the business.	46
2.04	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).	44
2.05	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.	44
2.06	The company's sustainability strategy with measurable objectives/ targets.	47
2.07	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	46
2.08	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.	46

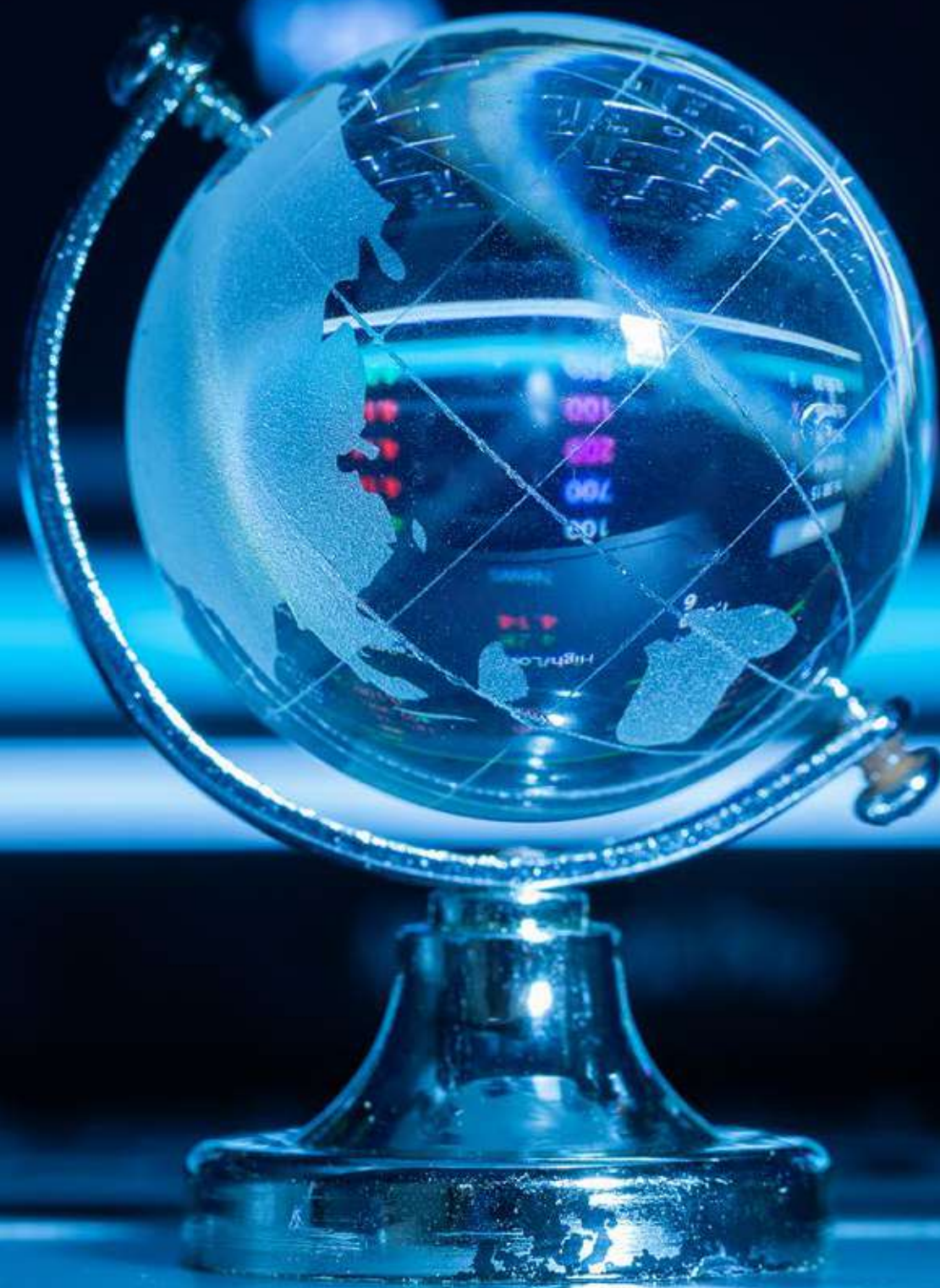
BCR Ref #	Section & Task Name	Page Reference
3	Risks and Opportunities	48
3.01	Key risks and opportunities (internal and external) effecting availability, quality and affordability of Capitals.	52
3.02	A Statement from Board for determining the following: a) company's level of risk tolerance by establishing risk management policies. b) the company has carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	50 & 52
3.03	Risk Management Framework covering principal risk and uncertainties facing the company, risk methodology, risk appetite and risk reporting.	50
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.	52
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).	51
4	Sustainability and Corporate Social Responsibility (CSR)	58
4.01	Board's statement for adoption of best practices for CSR.	60
4.02	Board's statement about the company's strategic objectives on ESG (environmental, social and governance)/ sustainability reporting.	61
4.03	A chairman's overview on how the company's sustainable practices can affect their financial performance.	62
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: a) environment related obligations applicable on the company; b) company progress towards ESG initiatives during the year; and c) company's responsibility towards the staff, health & safety.	63-76
4.05	Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.	61
4.06	Certifications acquired for best sustainability and CSR practices or have a membership of any environmental or social groups.	80
5	Governance	86
5.01	Board composition: a) Leadership structure of those charged with governance. b) Name of independent directors indicating justification for their independence. c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience. d) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc. e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	98-114
5.02	A brief description about role of the Chairman and the CEO.	111
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.	110
5.04	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	94
5.05	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	109
5.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	109
5.07	Details of formal orientation courses for directors.	110
5.08	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.	110
5.09	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.	110

BCR Ref #	Section & Task Name	Page Reference
5.10	Disclosure about related party transactions: a) Approved policy for related party transactions. b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding. c) 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. d) Disclosure of director's interest in related party transactions. e) In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	114
5.11	Disclosure of Board's Policy on the following significant matters: a) Governance of risk and internal controls. b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. c) Disclosure of director's interest in significant contracts and arrangements. d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings. e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies. f) Security clearance of foreign directors. g) Board meetings held outside Pakistan. h) Human resource management including preparation of succession plan. i) Social and environmental responsibility. j) Communication with stakeholders. k) Investors' relationship and grievances. l) Employee health, safety and protection. m) 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. n) Safety of records of the company. o) Company's approach to managing and reporting policies like procurement, waste and emissions.	114-116
5.12	Board review statement of the organization's business continuity plan or disaster recovery plan.	116
5.13	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	104-107
5.14	a) Shares held by Sponsors / Directors / Executives; b) 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).	249
5.15	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	122
5.16	Timely Communication: within 40 days - 6 marks within 50 days - 6 marks in case of holding company who has listed subsidiary /subsidiaries) 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).	245

BCR Ref #	Section & Task Name	Page Reference
5.17	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include: a) 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. b) Committee's overall role in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed. c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) 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. e) 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. 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.	118
5.18	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.	113
5.19	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.	117
5.2	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, a disclosure if it has any other connection with the company.	N/A
5.21	Chairman's significant commitments and any changes thereto.	94
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.	96
6	Analysis of the Financial Information	126
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.	128
6.02	a) Analysis of financial ratios (Annexure I). b) Explanation of negative change in the performance against prior year.	133
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years.	143
6.04	Graphical presentation of 6.02 and 6.03 above.	135-150
6.05	Methods and assumptions used in compiling the indicators.	132
6.06	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	151

BCR Ref #	Section & Task Name	Page Reference
6.07	Segmental review and analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	211
6.08	a) 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. b) Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	154-156
6.09	Brief description and reasons for not declaring dividend despite earning profits and future prospects of dividend.	N/A
6.10	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).	www.tatapakistan.com/tata-textile-mills
7	Business Model	158
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.	160
7.02	Explanation of any material changes in the entity's business model during the year.	161
8	Disclosures on IT Governance and Cybersecurity	162
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.	164
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	165
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.	164
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.	166
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.	166
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.	166
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.	166-167
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.	168
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	168
9	Future Outlook	170
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.	172
9.02	Explanation as to how the performance of the company meets the forward-looking disclosures made in the previous year.	172
9.03	Status of the projects in progress and were disclosed in the forward-looking statement in the previous year.	172
9.04	Sources of information and assumptions used for projections / forecasts in the forward-looking statement and assistance taken by any external consultant.	172-173
10	Stakeholders Relationship and Engagement	174
10.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	176

BCR Ref #	Section & Task Name	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.	178
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	176
10.04	Investors' Relations section on the corporate website.	www.tatapakistan.com/tata-textile-mills
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	113
10.06	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.	157
10.07	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.	176
10.08	Highlights about redressal of investors' complaints.	176
11	Striving for Excellence in Corporate Reporting	180
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)).	182
11.02	Adoption of International Integrated Reporting Framework by fully applying the 'Fundamental Concepts', 'Content Elements' and 'Guiding Principles'.	182
11.03	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).	186
12	Specific Disclosures of the Financial Statements	192
12.01	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs (Annexure II).	196-245
13	Assessment based on Qualitative Factors	
13.01	Annexure "VI"	Overall Report
14	Industry Specific Disclosures (if applicable)	N/A
14.01	a) Disclosures required for Banking Company (Annexure III) b) Disclosures required for Insurance Company (Annexure IV). c) Disclosures required for Exploration and Production (E&P) Company (Annexure V)	N/A



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- 201 Statement of Cash Flows
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INDEPENDENT AUDITOR'S 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, 2023, 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 significant 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, 2023 and of the profit or loss and the 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
1. Revenue Recognition	
<p>The Company is engaged in manufacturing and sale of yarn. Revenue recognition policy has been explained in note 4.15 and the related amounts of revenue recognised during the year are disclosed in note 22 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"> obtained understanding and evaluate 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; assessed appropriateness of the Company's accounting policies for revenue recognition in light of applicable accounting and reporting standards; 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; tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents.

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 of the Company for the year ended June 30, 2023, but does not include the financial statements and our auditor's report thereon, and review report issued on statement of compliance with Code of Corporate Governance.

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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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.

Younis Adil
Chartered Accountants

Place: Karachi
Date: August 22, 2023
UDIN: AR202310057Uv6GtKB3o

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023 ------(Rupees in '000) -----	2022 ------(Rupees in '000) -----
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	21,367,677	20,231,032
Intangible assets	6	13,223	6,853
Long term deposits		4,596	4,596
		21,385,496	20,242,481
Current Assets			
Stores, spare and loose tools	7	398,162	142,961
Stock-in-trade	8	13,593,083	10,128,138
Trade debts	9	6,634,797	4,239,865
Loans and advances	10	487,387	159,916
Short term prepayments		13,726	20,875
Other receivables		83,632	71,910
Other financial assets	11	2,118,712	1,911,901
Advance income tax		794,937	643,673
Sales tax refundable		439,070	247,275
Cash and bank balances	12	252,781	274,927
		24,816,287	17,841,441
TOTAL ASSETS		46,201,783	38,083,922
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	559,936	559,936
General reserve		2,805,996	2,805,996
Unappropriated profit		7,537,077	7,348,006
Surplus on revaluation of operating fixed assets	15	10,476,205	10,852,582
		21,379,214	21,566,520
Non-current liabilities			
Long term finance	16	2,051,708	2,565,383
Deferred liabilities	17	1,360,596	1,388,690
		3,412,304	3,954,073
Current liabilities			
Trade and other payables	18	5,354,612	3,688,416
Interest / mark up accrued on borrowings	19	570,882	233,974
Short term borrowings	20	14,013,800	6,572,283
Current portion of long term finances	16	774,430	1,554,501
Current portion of deferred government grant		-	3,742
Unclaimed dividend		21,438	14,404
Provision for income tax		675,103	496,009
		21,410,265	12,563,329
TOTAL EQUITY AND LIABILITIES		46,201,783	38,083,922
CONTINGENCIES AND COMMITMENTS			
	21		

The annexed notes 1 to 42 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000) -----	2022 ------(Rupees in '000) -----
Revenue from contract with customers - net	22	34,910,638	35,113,585
Cost of goods sold	23	(30,665,517)	(27,060,135)
Gross profit		4,245,121	8,053,450
Distribution cost	24	(379,078)	(394,608)
Administrative expenses	25	(665,664)	(615,912)
Other operating expenses	26	(179,299)	(1,046,638)
Finance cost	27	(2,704,662)	(1,179,089)
		(3,928,703)	(3,236,247)
Other income	28	392,153	211,965
Profit before taxation		708,571	5,029,168
Taxation	29	(448,046)	(585,876)
Profit for the year		260,525	4,443,292
		------(Rupees)-----	
Earnings per share - basic and diluted	30	4.65	79.35

The annexed notes from 1 to 42 form an integral part of these financial statements.

SHAHID ANWAR TATA
CHIEF EXECUTIVE

MUHAMMAD ZAID KALIYA
CHIEF FINANCIAL OFFICER

ADEEL SHAHID TATA
DIRECTOR

SHAHID ANWAR TATA
CHIEF EXECUTIVE

MUHAMMAD ZAID KALIYA
CHIEF FINANCIAL OFFICER

ADEEL SHAHID TATA
DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000) -----	2022
Profit for the Year		260,525	4,443,292
Other comprehensive income			
Items that will not be reclassified subsequently to the statement of profit or loss			
Remeasurement of defined benefit obligation deferred tax thereon	17.1.2	(28,397) 3,675	943 (97)
Adjustment of deferred tax relating revaluation of operating fixed assets due to change in tax rate	15	(190,376)	4,454
Surplus on revaluation of operating fixed assets deferred tax thereon	15	- -	3,989,704 (411,338)
Other comprehensive income		(215,098)	3,583,666
Total comprehensive income for the year		<u>45,427</u>	<u>8,026,958</u>


The annexed notes from 1 to 42 form an integral part of these financial statements.


STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Note	Issued, subscribed and paid-up capital	Capital reserves Revaluation surplus	Revenue reserves General reserve	Unappropriated profit	Total
Note ----- (Rupees in '000) -----						
Balance as at June, 2021		173,248	2,277,797	1,000,000	1,527,934	4,978,979
Impact of amalgamation		-	5,267,937	1,805,996	1,857,865	8,931,798
Reserves arising on amalgamation	14	-	-	-	(337,950)	(337,950)
Capital issued pursuant to amalgamation	13	386,689	-	-	-	386,689
		<u>386,689</u>	<u>5,267,937</u>	<u>1,805,996</u>	<u>1,519,915</u>	<u>8,980,537</u>
Transactions with owners of the Company:						
Interim cash dividend for the quarter ended September 30, 2021 at Rs. 2.50 (25%) per share		-	-	-	(139,985)	(139,985)
Interim cash dividend for the quarter ended March 31, 2022 at Rs. 5 (50%) per share		-	-	-	(279,968)	(279,968)
Profit for the year		-	-	-	4,443,292	4,443,292
Other comprehensive income:						
Gain on remeasurement of defined benefit plan - net of tax		-	-	-	846	846
Adjustment of surplus on revaluation of operating fixed assets due to change in rate		-	4,454	-	-	4,454
Surplus on revaluation of operating fixed assets deferred tax thereon		-	3,989,704 (411,338)	-	-	3,989,704 (411,338)
Total comprehensive income for the year ended June 30, 2022		-	<u>3,582,820</u>	-	<u>4,024,185</u>	<u>7,607,005</u>
Transferred from surplus on revaluation of operating fixed assets on account of:						
- incremental depreciation		-	(269,290)	-	269,290	-
- disposal of operating fixed assets		-	(6,682)	-	6,682	-
		-	<u>(275,972)</u>	-	<u>275,972</u>	-
Balance at June 30, 2022		<u>559,937</u>	<u>10,852,582</u>	<u>2,805,996</u>	<u>7,348,006</u>	<u>21,566,521</u>


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MUHAMMAD ZAID KALIYA
CHIEF FINANCIAL OFFICER


ADEEL SHAHID TATA
DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves		Total
		Revaluation surplus	General reserve	Unappropriated profit	
Note ----- (Rupees in '000) -----					
<i>Transactions with owners of the Company:</i>					
Final cash dividend for the year ended June 30, 2022 at Rs. 5.00 (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
<i>Other comprehensive income:</i>					
Gain on 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)
Surplus on revaluation of operating fixed assets deferred tax thereon	-	-	-	-	-
Total comprehensive income for the year ended June 30, 2023	-	(190,376)	-	(156,152)	(346,528)
<i>Transferred from surplus on revaluation of operating fixed assets on account of:</i>					
- 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
15	-	(186,001)	-	345,223	159,222
Balance at June 30, 2023	559,936	10,476,205	2,805,996	7,537,077	21,379,214


The annexed notes from 1 to 42 form an integral part of these financial statements.


STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	708,571	5,029,168
Adjustments for non cash items and others		
Depreciation	821,241	724,129
Amortisation	3,630	3,048
Provision for defined benefit obligations	94,820	94,664
Provision for compensated absences	19,019	22,853
Provision for slow moving spares and loose tools	-	11,413
Unrealised loss on revaluation of other financial assets	22,275	371,405
Finance cost	2,704,662	1,179,089
CWIP transfers to expense	37,540	5,612
Realised gain on investment	-	(507)
Gain / (loss) on disposal of operating fixed assets	(2,770)	5,299
Operating cash flows before changes in working capital	4,408,988	7,446,173
Decrease / (increase) in current assets		
Stores, spares and loose tools	(255,201)	(12,421)
Stock in trade	(3,464,945)	(4,086,508)
Trade debts	(2,394,932)	(1,381,297)
Loans and advances	(327,471)	19,276
Short term prepayments	7,149	(9,246)
Other receivables	(11,722)	(63,326)
Sales tax refundable	(191,795)	(99,137)
Increase in current liabilities		
Trade and other payables	1,666,195	716,276
Net cash (used in) / generated from operations	(563,734)	2,529,790
Finance cost paid	(2,367,754)	(1,091,948)
Income taxes paid	(493,715)	(434,381)
Defined benefit obligations paid	(69,269)	(148,771)
Staff compensated absences paid	(18,922)	(22,677)
Net cash (used in) / generated from operating activities	(3,513,394)	832,013


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ADEEL SHAHID TATA
DIRECTOR

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
Note	---- (Rupees in '000) ----	
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,042,017)	(1,527,148)
Proceeds from disposal of property, plant and equipment	13,243	44,545
Purchase of intangible assets	(10,000)	-
Purchase of other financial assets	(229,086)	(1,921,192)
Disposal of investments	-	1,118
Long term deposits	-	1,705
Net cash used in investing activities	(2,267,860)	(3,400,972)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained	314,325	2,672,310
Repayments of long term finance	(1,611,813)	(1,590,978)
Short term borrowings obtained - net of payments	1,130,187	505,344
Dividend paid	(384,921)	(412,334)
Net cash (used in) / generated from financing activities	(552,222)	1,174,342
Net decrease in cash and cash equivalents (A+B+C)	(6,333,476)	(1,394,617)
Cash and cash equivalents at beginning of the year	(3,150,974)	(182,820)
Cash and cash equivalents transferred from amalgamating companies	-	(1,573,537)
	(3,150,974)	(1,756,357)
Cash and cash equivalents at end of the year	(9,484,450)	(3,150,974)
31		

The annexed notes from 1 to 42 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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 location and address 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:

- 10th K.M. M.M Road Khanpur - Baggasher, District, Muzaffargarh;
- HX-1, Landhi Industrial Area, Landhi, Karachi; and
- A/12, S.I.T.E, Kotri, District Jamshoro (Sindh).

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

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

- Operating fixed assets measured at revalued amounts less accumulated depreciation thereon;
- recognition of certain staff retirement benefits at present value; and
- 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.



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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:

	Note
- Revaluation of certain items of operating fixed assets	4.1.1
- Useful lives of operating fixed assets	4.1.1
- Useful lives of intangible assets	4.2
- Valuation of stores and spares and stock in trade	4.3 & 4.4
- Impairment of non-financial assets and financial assets	4.5 & 4.6
- Retirement benefit obligations - gratuity scheme	4.11
- Taxation	4.14

3. Adoption of new and revised accounting standards

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations 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 IFRS 3 'Business Combinations' - Reference to the conceptual framework

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – cost of fulfilling a contract

Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

3.2 New accounting standards, amendments and IFRS interpretations that are not yet effective

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

Effective from accounting period
beginning on or after:

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 'Income taxes' - International Tax Reform – Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	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 IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (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 17 - Insurance Contracts

4. Significant accounting policies

The principal 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.

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

Operating fixed assets except free hold land, buildings on freehold land, plant and machinery and electric installations are stated at cost less accumulated depreciation and impairment, if any. While 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 5 of these financial statements. Depreciation on all additions in fixed assets is charged from the month in which the asset is available for use and on disposals upto the month preceding the month 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 of assets are taken to 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 other comprehensive income. 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.

4.1.2 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 include borrowing costs as referred to in note 4.12. Items are transferred to operating fixed assets as and when assets are ready for their intended use.

4.2 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 month in which the asset is available for use and on disposals upto the month of disposal. Amortisation charge is recognised in the statement of profit or loss. The rates of amortisation are disclosed in note 6.

4.3 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 upto the reporting date.

4.4 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.

4.5 Impairment of non financial assets

The Company assesses at each reporting date whether there is any indication that assets except deferred tax assets and 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.

4.6 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.

4.6.1 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 doubtful debts, 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. Others financial assets comprises of term deposit receipts (TDRs) and investments carried at fair value through profit and loss (FVTPL).

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.

4.6.2 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. SBP - Refinance scheme for salary payments

Loan obtained under the State Bank of Pakistan (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees was initially recognised at its fair value, which is the present value of future cash outflows discounted using the prevailing market interest rate of a similar instrument. The differential between the loan proceeds and fair value is recorded as government grant under IAS 20 "Government Grant".

In subsequent periods, the loan amount would be accreted using the effective interest method. The accreditation would increase the carrying value of the loan with a corresponding effect on the interest expense for the period

The benefit of interest rate lower than market rate on borrowings obtained under State Bank of Pakistan (SBP) under Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of the entity, is accounted for as a government grant which is the difference between loan received and the fair value of the loan. The differential amount is recognised and presented in statement of financial position as deferred government grant.

In subsequent periods, the grant shall be amortised over the period of loan and amortisation shall be recognised and presented as reduction of related interest expense.

C. 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.

4.6.3 Derivatives

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair values. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the statement of profit or loss.

4.7 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.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amount of cash and subject to insignificant risk of change in value, and short term running finances. Running finances under mark-up arrangements are shown with short term borrowings in current liabilities on the statement of financial position.

4.9 Share capital

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

4.10 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.

4.11 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 respective schemes. 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, 2023 using 'Projected Unit Credit Method'. The amount recognised in the statement of financial position represents the present value of defined benefit obligation.

ii. **Defined benefit plan - Non workmen**

The Company also maintains an unfunded contributory gratuity scheme for its non management employees under non-workmen category. Under this scheme, every eligible employee is entitled to receive benefit of one month salary based on last month of each year's service. The Company accounts for liability of each employee at year end and such liability is treated as full and final with respect to that year. In future years, the liability amount is not revised for any increase or decrease in salary

iii. **Defined contribution plan**

The Company operates an approved contribution provident fund for senior management employees. Equal monthly contributions are made both by the Company and employees to the Fund at the rate of 9.17% of the basic salary.

iv. **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.

4.12 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.

4.13 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.

4.14 Taxation

i. **Current**

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credits and rebates available, if any or on turnover at the specified rates or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for income tax includes adjustments to charge for prior years and super tax imposed by the incumbent government.

ii. **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 effects on deferred taxation on the portion of income subject to final tax regime.

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 the 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. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release - 27 of the Institute of Chartered Accountants.

4.15 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.

4.16 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.

4.17 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors have identified different chief operating decision makers responsible for strategic decisions of all the reportable segments. On the basis of its internal reporting structure, the Company considers itself to be a single reporting segment.

4.18 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.

	Note	2023 ---- (Rupees in '000) ----	2022 ----
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	19,706,613	19,312,762
Capital work in progress	5.2	1,661,064	918,270
		<u>21,367,677</u>	<u>20,231,032</u>

5.1 Operating fixed assets

Particulars	Cost / revalued amount at July 01, 2022	Additions / 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	Accumulated depreciation at June 30, 2023	Written down value at June 30, 2023	Rate
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	16,514	-	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	

Freehold land is located at Muzaffargarh with an area of 151.60 acres.

FOR COMPARATIVE YEAR

Particulars	Cost / revalued amount at July 01, 2021	Transferred on amalgamation	Additions / transfers during the year	Disposals / write off during the year	Revaluation Surplus during the year	Cost / revalued amount at June 30, 2022	Accumulated depreciation at July 01, 2022	Transferred on amalgamation	Depreciation for the year	Depreciation on disposals / write off	Accumulated depreciation at June 30, 2022	Written down value at June 30, 2022	Rate
Owned	----- (Rupees in '000)												
Freehold land	317,400	-	47,882	-	593,805	959,087	-	-	-	-	-	959,087	-
Leasehold land	-	2,035,680	-	-	1,300,870	3,336,550	-	-	-	-	-	3,336,550	-
Buildings on freehold land	948,711	-	7,118	-	113,747	1,069,576	91,610	-	43,033	-	134,643	934,933	5
Buildings on leasehold land													
-Godown	-	337,323	-	-	53,384	390,707	-	32,889	15,222	-	48,111	342,596	5
-Mills	-	2,200,308	1,487	-	467,415	2,669,210	-	213,124	99,396	-	312,520	2,356,690	5
-Others	-	119	-	-	-	119	-	102	2	-	104	15	10
Office premises	-	3,607	-	-	-	3,607	-	1,974	163	-	2,137	1,470	10
Plant, machinery and Electric installation	3,619,696	7,563,684	296,019	(77,661)	1,460,483	12,862,221	348,416	1,171,682	521,432	(32,515)	2,009,015	10,853,206	5-10
Factory and workshop equipment	30,724	66,074	3,398	(146)	-	100,050	13,223	31,367	5,350	(110)	49,830	50,220	10
Lease hold improvements	26,089	33,800	277,783	-	-	337,672	17,248	20,814	4,498	-	42,560	295,112	10
Furniture and fixtures	30,213	73,312	3,927	(5,392)	-	102,060	16,312	36,127	5,251	(3,538)	54,152	47,908	10
Office equipment	57,986	75,610	19,541	(1,317)	-	151,820	38,277	52,503	11,250	(1,086)	100,944	50,876	5-30
Vehicles	43,114	131,479	27,668	(8,042)	-	194,219	24,073	72,979	18,532	(5,464)	110,120	84,099	20
June 30, 2022	5,073,933	12,520,996	684,823	(92,558)	3,989,704	22,176,898	549,159	1,633,561	724,129	(42,713)	2,864,136	19,312,762	

Freehold land is located at Muzaffargarh with an area of 151.60 acres.

5.1.1 Depreciation for the year has been allocated as under:

	2022	2023
Cost of goods manufactured	698,251	769,259
Administrative expenses	25,878	51,982
	<u>724,129</u>	<u>821,241</u>

5.1.2 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, 2023		June 30, 2022	
	Cost	Accumulated depreciation	Written down value	Cost
				Accumulated depreciation
				Written down value
				(Rupees in '000)
Freehold land	89,617	-	89,617	89,617
Buildings on freehold land	494,681	227,749	266,932	454,477
Leasehold land	179,319	-	179,319	30,639
Buildings on leasehold land				
-Godown	145,555	45,751	99,804	129,041
-Mills	1,306,530	488,510	818,020	1,288,320
Plant, machinery and electric installations	10,485,401	4,163,499	6,321,902	9,517,123
	<u>12,701,103</u>	<u>4,925,509</u>	<u>7,775,594</u>	<u>11,509,217</u>

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 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.

5.1.3 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 & relationship	Particulars of buyer
Plant and machinery	7,945	132	7,813	5,000	(2,813)	Negotiation	Olympia Textile International
Plant and machinery	802	17	785	1,000	215	Negotiation	Olympia Textile International
	<u>8,747</u>	<u>149</u>	<u>8,598</u>	<u>6,000</u>	<u>(2,598)</u>		

5.1.4 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage of immovable property	Total Area (In acres)
a) 10-KM M.M. Road, Khanpur, Baggasher, Muzaffargarh	Manufacturing facility	151.6
b) A/12 & A/, SITE, kotri, District, Jamshoro, Sindh	Manufacturing facility	13.73
c) HX-1, Landhi Industrial Area, Karachi	Manufacturing facility	18.8
d) W5/02 and W5/03, North Western Industrial Zone, Port Qasim Authority, Karachi	Warehouse	10

5.1.5 All the non current assets are located in Pakistan.

5.2 Capital work in progress

June 30, 2023

Movement in balance during the year:

	99,451	662,946	155,873	918,270
Opening balance	486,550	1,393,608	171,859	2,052,017
Additions	(82,061)	(981,454)	(198,168)	(1,261,683)
Transfer to/ from operating fixed assets	-	-	(10,000)	(10,000)
Transfer to intangible assets	(27,499)	(59,040)	(27,986)	(689,734)
Expensed out	(4,042)	(597)	(643)	(330)
Closing balance	<u>99,451</u>	<u>662,946</u>	<u>112,433</u>	<u>918,270</u>

6. INTANGIBLE ASSETS

	Amortisation			
	As at July 01, 2022	As at July 01, 2023	Charge for the year	Rate of Amortisation %
License fee	7,009	7,009	4,230	20
Bar code software	1,593	1,593	1,290	20
ERP software	29,061	39,061	25,290	20
	<u>37,663</u>	<u>47,663</u>	<u>3,630</u>	<u>13,223</u>
			<u>34,440</u>	
			<u>2673</u>	
			<u>22</u>	
			<u>10,528</u>	
			<u>13,223</u>	
			<u>34,440</u>	
			<u>144,859</u>	
			<u>918,270</u>	

6.1 Amortisation for the year has been allocated as under:

	2022	2023
Cost of goods manufactured	2,601	2,623
Administrative expenses	1,029	425
	<u>3,630</u>	<u>3,048</u>

	Note	2023 ---- (Rupees in '000) ----	2022
7. STORES, SPARES AND LOOSE TOOLS			
Stores and spares	7.1	418,078	162,911
Loose tools		34	-
	7.2	418,112	162,911
Provision for slow moving stores, spares and loose tools	7.3	(19,950)	(19,950)
		<u>398,162</u>	<u>142,961</u>

7.1 Store and spares includes stock in transit amounting to Rs. 105.57 million (2022: Nil).

7.2 Stores, spares and loose tools include items which may result in fixed capital expenditure but are not distinguishable.

	Note	2023 ---- (Rupees in '000) ----	2022
7.3 Movement for provision against slow moving stock:			
Opening balance		19,950	3,390
Transferred on amalgamation		-	5,147
Provision made during the year		-	11,413
Closing balance		<u>19,950</u>	<u>19,950</u>

8. STOCK IN TRADE

	Note	2023 ---- (Rupees in '000) ----	2022
Raw material	8.1 & 8.2	8,741,095	7,740,802
Work in process		481,327	268,560
Finished goods	8.3	4,217,097	1,839,353
Waste stock		153,564	279,423
		<u>13,593,083</u>	<u>10,128,138</u>

8.1 Raw material includes stock in transit amounting to Rs. 3,762 million (2022: Rs. 1,224.82 million).

8.2 The net realisable value (NRV) of the raw material was higher than its cost and does not require any provision in the current year. However, in the previous year NRV was lower than its cost resulted in provision of Rs.132.15 million.

8.3 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. 117.53 million (2022 : Rs. 5.15 million).

	Note	2023 ---- (Rupees in '000) ----	2022
9. TRADE DEBTS			
Considered good			
Export - secured	9.1	142,121	27,978
Local - unsecured	9.2 & 9.3	6,492,676	4,211,887
Considered doubtful			
Local - unsecured	9.3	3,648	3,648
Provision for doubtful debts	9.3	(3,648)	(3,648)
		<u>6,634,797</u>	<u>4,239,865</u>

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

9.2 Trade debts are non-interest bearing and are generally on 7 to 90 days credit term.

9.3 As at June 30, 2023, local trade debts aggregating Rs. 2,095 million (2022: Rs. 883 million) were past due for which the Company has made a provision of Rs. 3.64 million (2022: Rs. 3.64 million). The ageing of these past due trade debts is as follows:

	Note	2023 ---- (Rupees in '000) ----	2022
9.3.1 Ageing of past due but not impaired			
1-30 days		1,755,847	764,343
31-90 days		224,978	118,888
91 days and above		113,963	-
		<u>2,094,788</u>	<u>883,231</u>

9.3.2 The movement in provision during the year is as follows:

	2023	2022
Opening balance	3,648	1,524
Transferred on amalgamation	-	2,124
Closing balance	<u>3,648</u>	<u>3,648</u>

10. LOANS AND ADVANCES

	Note	2023	2022
Considered good			
Due from employees	10.1	19,667	18,868
Advance to suppliers		463,539	117,625
Advance for expenses		2,952	360
Advance against letters of credit		1,229	23,063
		<u>487,387</u>	<u>159,916</u>

10.1 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.

	Note	2023 ---- (Rupees in '000) ----	2022
11. OTHER FINANCIAL ASSETS			
Amortised cost			
Term deposit receipts	11.1	516,532	287,446
At Fair value through profit or loss			
Investment in listed securities			
United Bank Limited			
11,170,000 (2022: 11,170,000) ordinary shares of Rs.10 each		1,312,724	1,263,662
Habib Bank Limited			
3,950,000 (2022: 3,950,000) ordinary shares of Rs.10 each		289,456	360,793
	11.2 & 11.3	<u>1,602,180</u>	<u>1,624,455</u>
		<u>2,118,712</u>	<u>1,911,901</u>

11.1 They carry profit markup rate at 15% to 20% per annum (2022: 12.5% per annum) and have a maturity period of six months.

	2023 ---- (Rupees in '000) ----	2022
11.2 Movement in investment in listed securities during the year		
Opening balance	1,624,455	244,400
Transferred on amalgamation	-	611
Acquired	-	1,751,460
Unrealised loss on remeasurement at fair value	(22,275)	(371,405)
Realised gain on investment	-	507
Disposed off	-	(1,118)
Closing balance	<u>1,602,180</u>	<u>1,624,455</u>

11.3 These shares are pledged against term financing facility from Allied Bank Limited as disclosed in note 16.1.

	Note	2023 ---- (Rupees in '000) ----	2022
12. CASH AND BANK BALANCES			
Cash at bank			
In current accounts			
- Local currency		246,528	267,021
- Foreign currency		2,324	2,299
		<u>248,852</u>	<u>269,320</u>
In savings accounts	12.1	275	3,756
		<u>249,127</u>	<u>273,076</u>
Cash in hand		3,654	1,851
		<u>252,781</u>	<u>274,927</u>

12.1 These carry interest rates ranging from 18% to 22% (2022: 5.75% to 10.75%) per annum.

13. SHARE CAPITAL

2023 (Number of shares in '000)	2022		2023 ----(Rupees in '000) ----	2022
<u>100,000</u>	<u>100,000</u>	Authorised capital:	<u>1,000,000</u>	<u>1,000,000</u>
		ordinary shares of Rs 10 each		
		Issued, subscribed and paid-up capital:		
		Ordinary shares of Rs. 10 each:		
13,100	13,100	- issued for cash	131,000	131,000
4,225	4,225	- issued as bonus shares	42,247	42,247
38,669	38,669	- issued as pursuant to amalgamation	386,689	386,689
<u>55,994</u>	<u>55,994</u>		<u>559,936</u>	<u>559,936</u>

13.1 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.

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

14. AMALGAMATION RESERVE

Amalgamation Reserve

2023
---- (Rupees in '000) ----

(337,950) (337,950)

As detailed in Note 1.2 to the financial statements for the year ended June 30, 2022. The above amount shows amalgamation reserves transferred from ILTM, SALT, and TEL to TATM pursuant to the scheme of amalgamation. The difference between the net assets and other reserves acquired and share capital issued against those net assets has been recorded as 'Amalgamation Reserve'

The High Court of Sindh passed order sanctioning the scheme of amalgamation with effect from July 01, 2021 binding the Company, ILTM, SALT and TEL (herein after referred as "Amalgamated Companies"). All the statutory compliances in relation to amalgamation have been completed by the management and the amalgamation took place on July 01, 2021.

15. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS

This represents surplus over book value resulting from the revaluation of freehold land, buildings on freehold land, plant and machinery and electric installations (Refer note 5.1).

	Note	2023 ---- (Rupees in '000) ----	2022
Opening balance		11,837,932	2,509,938
Transferred on amalgamation		-	5,646,260
Revaluation during the year		-	3,989,704
Transferred to unappropriated profit on account of			
- incremental depreciation		(338,715)	(269,290)
- disposal of property, plant and equipment		(6,508)	(6,682)
- reversal of CIP addition on building		(36,119)	-
Related deferred tax liability		(43,836)	(31,998)
		<u>(425,178)</u>	<u>(307,970)</u>
Closing balance		<u>11,412,754</u>	<u>11,837,932</u>
Related deferred tax liability			
Opening balance		985,350	232,141
Transferred on amalgamation		-	378,323
Effect of revaluation carried out during the year		-	411,338
Adjustment due to change in rate on			
- income subject to final tax regime	15.1	190,376	(4,454)
Transferred to statement of profit or loss of:			
- incremental depreciation		(42,994)	(31,230)
- disposal		(842)	(768)
- reversal of deferred tax on land		(195,341)	-
Closing balance		<u>(936,549)</u>	<u>(985,350)</u>
		<u>10,476,205</u>	<u>10,852,582</u>

15.1 This represents effect on opening deferred tax liability due to revision of deferred tax rate from 10.31% to 12.94% (2022: 10.39% to 10.31%) in order to incorporate the affect of change in proportion of export sales to local sales which falls under Final Tax Regime (FTR).

	Note	2023 ----(Rupees in '000) ----	2022
16. LONG TERM FINANCE			
From banking companies (Secured) - At amortised cost			
Term finances	16.1	1,269,392	1,920,378
Syndicate financing	16.2	45,344	869,970
SBP - LTFF	16.3	1,460,557	1,110,130
SBP REEF - Solar project	16.4	50,845	70,176
SBP - Refinance scheme for salary payments	16.5	-	149,230
		<u>2,826,138</u>	<u>4,119,884</u>
Current portion shown under current liabilities			
Term finances	16.1	(569,452)	(429,167)
Syndicate financing	16.2	(31,467)	(827,360)
SBP - LTFF	16.3	(166,812)	(141,537)
SBP REEF - Solar project	16.4	(6,699)	(7,207)
SBP - Refinance scheme for salary payments	16.5	-	(149,230)
		<u>(774,430)</u>	<u>(1,554,501)</u>
		<u>2,051,708</u>	<u>2,565,383</u>

16.1 These are secured against first pari passu charge on all present and future fixed assets including land, building, plant and machinery, charge on specific machinery and investments. These facilities are subject to markup at the rate of 3 months' KIBOR plus 0.5% to 1.25% per annum (June 30, 2022: 3 months' average KIBOR plus 1.5% per annum). These loans are repayable in equal quarterly installments upto October 2032.

16.2 This represents outstanding against loan of Rs. 3 billion obtained from a syndicate of 8 commercial banks secured against 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 3% to 4.5% plus bank spread of 1.4% per annum payable semi-annually (June 30, 2022: 3% + 1.4% per annum payable semi-annually).

16.3 These facilities are secured against first pari passu charge on fixed assets and are subject to SBP markup rate of 2% to 8% plus bank spread of 1% to 2.5% per annum (June 30, 2022: SBP markup rate of 1.5% to 2.5% + 2% per annum). These are payable in 10 years with principal & markup payable in half yearly installments.

16.4 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, 2022: SBP markup rate of 1.5% to 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.

16.5 This loan was obtained through SBP's salaries and wages financing scheme, last payment of which was paid in January 2023 (June 30, 2022: SBP markup rate from 1.5% to 2%) per annum.

16.6 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, 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	1,920,378	869	-	(506,183)	1,415,064
Syndicate loan financing	869,970	-	-	(824,627)	45,343
SBP - LTFF	1,110,130	313,455	-	(121,948)	1,301,638
SBP REEF - Solar project	70,176	-	-	(6,083)	64,093
SBP - Refinance scheme for salary payments	149,230	-	3,742	(152,972)	-
	<u>4,119,884</u>	<u>314,325</u>	<u>3,742</u>	<u>(1,611,813)</u>	<u>2,826,138</u>

	June 30, 2022					
	July 01, 2021	Transferred on amalgamation	Obtained during the year	Repaid during the year	Effect of interest on SBP loan	June 30, 2022
	----- (Rupees in '000') -----					
Term finances	13,744	351,740	2,050,000	(495,106)	-	1,920,378
Syndicate loan financing	-	1,458,341	-	(588,371)	-	869,970
SBP - LTFF	539,697	261,435	597,781	(288,783)	-	1,110,130
SBP REEF - Solar Project	-	50,307	24,529	(4,660)	-	70,176
SBP Refinance scheme for salary payments	114,867	229,073	-	(214,058)	19,348	149,230
	<u>668,308</u>	<u>2,350,896</u>	<u>2,672,310</u>	<u>(1,590,978)</u>	<u>19,348</u>	<u>4,119,884</u>

17. DEFERRED LIABILITIES

	Note	2023 ----(Rupees in '000) ----	2022
Defined benefit obligations	17.1	421,991	368,043
Compensated absence		3,025	2,929
Deferred taxation	17.2	935,580	1,017,718
		<u>1,360,596</u>	<u>1,388,690</u>

17.1 Defined benefit obligations

	Note	2023 ----(Rupees in '000) ----	2022
Defined benefit plans			
Workmen	17.1.1	273,427	214,389
Non-workmen	17.1.10	148,564	153,654
		<u>421,991</u>	<u>368,043</u>

17.1.1 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, 2023 under the Projected Unit Credit Method, are as follows:

	Note	2023 ----- (Rupees in '000) ----	2022
Net liability in the statement of financial position			
Present value of defined benefit obligation	17.1.3	273,427	214,389
17.1.2 Expense recognised in the statement of profit or loss and other comprehensive income			
- Recognised in statement of profit or loss			
Current service cost		48,746	44,665
Interest cost		25,968	17,535
		74,714	62,200
- Recognised in statement of other comprehensive income			
Actuarial gain on defined benefit obligation		28,397	(943)
17.1.3 Movement in defined benefit obligation during the year			
Opening balance		214,389	76,741
Transferred on amalgamation		-	112,267
Current service cost		48,746	44,665
Interest cost		25,968	17,535
Actuarial gain		28,397	(943)
Benefits paid		(44,073)	(35,876)
Closing balance		273,427	214,389

17.1.4 The principal assumptions used in the valuation of defined benefit obligation (Workmen - Defined benefit scheme)

	2023	2022
Discount rate (% per annum)	15.75	13.50
Expected rate of salary increase (% per annum)	15.75	13.50
Mortality rate	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05
Expected withdrawal rate for actuarial assumptions	Moderate	Moderate

17.1.5 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) ----	
For current year			
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

	Impact on obligation	
	Increase in assumption	Decrease in assumption
	---- (Rupees in '000) ----	

For comparative year

Discount rate	1%	(22,407)	24,339
Expected rate of salary increase	1%	25,666	(23,845)
Withdrawal limited	10%	10,098	(13,186)
Mortality rate	1 year	(164)	163

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.

17.1.6 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.

17.1.7 The weighted average duration of the defined benefit obligation is year 10.80 years (2022: 11.97 years).**17.1.8 The expected maturity analysis of undiscounted retirement benefit obligation is:**

	Undiscounted payments	
	2023	2022
	---- (Rupees in '000) ----	
Year 1	15,978	12,714
Year 2	19,950	16,143
Year 3	23,382	19,098
Year 4	26,161	21,512
Year 5	28,421	23,454
Year 6 and above	522,271	444,424

17.1.9 There are no plan assets against defined benefit obligation.

	2023 ---- (Rupees in '000) ----	2022 ---- (Rupees in '000) ----
17.1.10 Non workmen - Defined benefit plan during the year		
Opening balance	153,654	84,645
Transferred on amalgamation	-	149,440
Charge	20,106	32,464
Payment	(25,196)	(112,895)
Closing balance	<u>148,564</u>	<u>153,654</u>

17.2 Deferred taxation

	Deferred tax recognised in				
	As at the beginning of the year	Statement of profit or loss	Other comprehensive Income/Revaluation Surplus	reversal of deferred tax on land	As at the end of the year
	----- (Rupees in '000) -----				
Movement for the year ended June 30, 2023					
Deferred tax liabilities on taxable temporary differences arising in respect of :					
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
	<u>1,446,712</u>	<u>125,530</u>	<u>190,376</u>	<u>(195,341)</u>	<u>1,567,277</u>
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)
	<u>1,017,718</u>	<u>(73,498)</u>	<u>186,701</u>	<u>(195,341)</u>	<u>935,580</u>

	Deferred tax recognised in				
	As at the beginning of the year	Statement of profit or loss	Other comprehensive Income/Revaluation Surplus	reversal of deferred tax on land	As at the end of the year
	----- (Rupees in '000) -----				
Movement for the year ended June 30, 2022					
Deferred tax liabilities on taxable temporary differences arising in respect of :					
Operating fixed assets	111,048	301,359	15,475	-	427,882
Surplus on revaluation of operating fixed assets	232,141	378,323	(31,998)	406,884	985,350
Trade debts	3,944	12,341	17,195	-	33,480
Other financial assets	(1,045)	28	1,017	-	-
	<u>346,088</u>	<u>692,051</u>	<u>1,689</u>	<u>406,884</u>	<u>1,446,712</u>
Deferred tax assets on deductible temporary differences arising in respect of :					
Intangible assets	(55)	(8)	(147)	-	(210)
Defined benefit obligations	(16,768)	(27,191)	5,917	97	(37,945)
Leave encashment	(89)	(197)	(17)	-	(303)
Provision for doubtful debts	(442)	(429)	(187)	-	(1,058)
Provision for stores, spares and loose tools	(352)	(581)	(1,124)	-	(2,057)
Unrealised gain/ (loss) on short term investment	-	(208)	38,501	-	38,293
Unused tax losses	(22,090)	(445,734)	42,110	-	(425,714)
	<u>306,292</u>	<u>217,703</u>	<u>86,742</u>	<u>406,981</u>	<u>1,017,718</u>

	Note	2023 ---- (Rupees in '000) ----	2022 ---- (Rupees in '000) ----
18. TRADE AND OTHER PAYABLES			
Creditors	18.1	349,113	255,862
Accrued liabilities	18.2 & 18.3	1,577,145	1,327,592
Advance from customers		44,650	49,261
Gas charges payable		99,289	51,095
Withholding income tax		42,200	13,803
Foreign bills payable		2,182,485	716,478
Sales tax payable		57,568	159,645
Workers' profit participation fund	18.4	2,176	30,617
Workers' welfare fund		103,879	187,956
Others		896,107	896,107
		<u>5,354,612</u>	<u>3,688,416</u>

18.1 Creditors are non-interest bearing and are normally settled between 12 to 45 days terms.

18.2 This includes Rs.644.66 million (2022: Rs. 516.68 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 upto June 30, 2023 (50%) of the value of infrastructure cess in cash and recorded liability for the remaining amount which is supported by a bank guarantee. During the year, the Sindh High Court has 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 expect that the matter will be decided in favour of the Company.

18.3 This includes the provision of Rs. 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.

TEL (an 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.

	Note	2023 ---- (Rupees in '000) ----	2022
18.4 Workers' Profits Participation Fund			
Opening balance		30,617	48,778
Transferred on amalgamation		-	85,427
Allocation for the year	26	33,176	270,617
Interest on funds utilised in the Company's business	18.4.1	2,376	4,621
		<u>66,169</u>	<u>409,443</u>
Payments made to the fund		(63,993)	(378,826)
Closing balance		<u>2,176</u>	<u>30,617</u>

18.4.1 Interest on funds utilised is charged at the rate of 56.25% (2022: 9.50%) per annum.

19. INTEREST / MARK UP ACCRUED ON BORROWINGS

	Note	2023 ---- (Rupees in '000) ----	2022
long term finance		66,253	91,969
Short term borrowings		504,629	142,005
		<u>570,882</u>	<u>233,974</u>

20. SHORT TERM BORROWINGS

From banking companies - secured

	Note	2023 ---- (Rupees in '000) ----	2022
Running finance / cash finance	20.1	9,737,231	3,425,901
Finance against import	20.2	4,276,569	2,981,582
Finance against export		-	164,800
	20.3	<u>14,013,800</u>	<u>6,572,283</u>

20.1 These are subject to markup at the rate of 1- 6 months' KIBOR plus spread ranging between 0.5% to 1.25% (June 30, 2022: 1 - 3 months' KIBOR plus spread ranging between 0.75% to 1.5%) per annum. These facilities are secured against pledge of stock and joint pari passu charge over current assets.

20.2 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% (June 30, 2022: markup at the rate of 1 - 6 months' KIBOR plus spread ranging between 0.75% to 1.5%) per annum.

20.3 Total facilities available from various commercial banks amounts to Rs. 23,925 million (June 30, 2022: Rs. 20,590 million) out of which the aggregate unavailed short term facilities amounted to Rs. 9,911 million (June 30, 2022: Rs. 14,420 million).

20.4 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, 2023			
	July 01, 2022	Obtained during the year	Repaid during the year	June 30, 2023
Running finance / cash finance				
		---- (Rupees in '000) ----		
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	-
	<u>6,572,283</u>	<u>16,824,060</u>	<u>9,382,544</u>	<u>14,013,800</u>

	June 30, 2022				
	July 01, 2021	Transferred on amalgamation	Obtained during the year	Repaid during the year	June 30, 2022
	---- (Rupees in '000) ----				
Running / cash finances	1,433,699	1,656,351	37,209,649	(36,873,798)	3,425,901
Finance against import	895,178	1,745,860	11,951,141	(11,610,597)	2,981,582
Finance against export	-	-	164,800	-	164,800
	<u>2,328,877</u>	<u>3,402,211</u>	<u>49,325,590</u>	<u>(48,484,395)</u>	<u>6,572,283</u>

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

There are no contingencies to report as at June 30, 2023.

21.2 Commitments

	Note	2023 ---- (Rupees in '000) ----	2022
(i) Civil works		<u>49,374</u>	<u>69,715</u>
(ii) Letters of credits against:			
Plant and machinery		256,188	884,816
Stores and spares		106,388	166,537
Raw material		2,226,886	916,846
		<u>2,589,462</u>	<u>1,968,199</u>
(iii) Bank guarantees issued on behalf of the Company	21.2.1	<u>1,034,650</u>	<u>827,503</u>
(iv) Bills discounted:			
Export		523,004	215,775
Local		1,319,858	558,182
		<u>1,842,862</u>	<u>773,957</u>
(v) Outstanding sales contract		<u>3,082,657</u>	<u>1,986,871</u>

21.2.1 This includes bank guarantee related to Sindh Development Infrastructure Cess amounting to Rs. 705.57 million (2022: Rs. 548.10 million).

22. REVENUE FROM CONTRACT WITH CUSTOMERS - NET

Export sales

	Note	2023 ---- (Rupees in '000) ----	2022
Yarn		1,238,562	2,162,698
Yarn (Indirect exports)		27,329,143	23,191,469
By-product		273,715	40,938
		<u>28,841,420</u>	<u>25,395,105</u>

Local sales

Yarn		8,907,948	13,422,722
Raw material		71,512	52,475
By-product		2,295,055	1,682,112
Stores and spares		-	49
		<u>11,274,515</u>	<u>15,157,358</u>
Sales tax		(5,205,297)	(5,438,878)
		<u>34,910,638</u>	<u>35,113,585</u>

22.1 Following are the details of sales jurisdiction-wise:

Asia		34,823,745	35,063,846
Europe		86,893	49,739
		<u>34,910,638</u>	<u>35,113,585</u>

23. COST OF GOODS SOLD

	Note	2023	2022
Cost of goods manufactured	23.1	32,863,689	28,155,574
Finished goods (including waste):			
Opening balance		2,118,776	255,858
Transferred on amalgamation		-	731,483
Closing balance		(4,370,661)	(2,118,776)
		<u>(2,251,885)</u>	<u>(1,131,435)</u>
Cost of goods sold		<u>30,611,804</u>	<u>27,024,139</u>
Cost of raw material sold		53,713	35,996
		<u>30,665,517</u>	<u>27,060,135</u>

	Note	2023 ---- (Rupees in '000) ----	2022 ---- (Rupees in '000) ----
23.1 Cost of goods manufactured			
Raw material consumed	23.1.1	27,879,813	23,022,447
Stores and spares consumed		695,576	555,977
Packing material consumed		321,353	305,346
Power and fuel		1,856,031	1,927,065
Salaries, wages and benefits	23.1.2	1,373,121	1,453,748
Depreciation	5.1.1	769,259	698,251
Amortisation	6.1	2,601	2,623
Insurance		70,448	58,991
Repairs and maintenance		71,914	44,607
Other overheads		36,340	139,253
		<u>33,076,456</u>	<u>28,208,308</u>

Work in process:

Opening balance		268,560	88,494
Transferred on amalgamation		-	127,332
Closing balance	8	(481,327)	(268,560)
		<u>(212,767)</u>	<u>(52,734)</u>
		<u>32,863,689</u>	<u>28,155,574</u>

23.1.1 Raw material consumed during the year

Opening balance		7,740,802	1,543,228
Transferred on amalgamation		-	3,295,234
Purchases		28,880,106	25,924,787
		<u>36,620,908</u>	<u>30,763,249</u>
Closing balance	8	(8,741,095)	(7,740,802)
		<u>27,879,813</u>	<u>23,022,447</u>

23.1.2 Salaries, wages and benefits includes Rs. 93.43 million (2022: Rs. 86.29 million) in respect of defined benefit plan and Rs. 12.50 million (2022: Rs. 4.020) in respect of defined contribution plan.

	Note	2023 ---- (Rupees in '000) ----	2022 ---- (Rupees in '000) ----
24. DISTRIBUTION COST			
Brokerage and commission		180,772	166,460
Staff salaries and benefits	24.1	29,397	31,338
Inland freight on export		5,017	5,339
Export development surcharge		3,729	5,348
Miscellaneous export expenses		3,741	3,525
Ocean freight		12,226	49,754
Local freight and handling		130,663	97,399
Wharfage		3,051	3,401
Forwarding charges		1,310	860
Postage and telegram		480	720
Bank charges		4,178	8,304
Others		4,514	22,160
		<u>379,078</u>	<u>394,608</u>

24.1 Staff salaries and benefits include Rs. 0.97 million (2022: Rs. 0.93 million) in respect of defined contribution plan.

	Note	2023 ---- (Rupees in '000) ----	2022 ---- (Rupees in '000) ----
25. ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	25.1	372,708	373,151
Directors' remuneration		30,600	28,600
Directors' meeting fee		7,100	8,700
Rent, rates and taxes		1,005	15,029
Travelling and conveyance		17,459	9,719
Legal and professional		14,624	26,538
Fees and subscription		40,972	22,336
Depreciation	5.1.1	51,982	25,878
Amortisation	6.1	1,029	425
Vehicles running		8,555	7,968
Repairs and maintenance		7,246	14,145
Printing and stationery		3,950	4,692
Postage and telephone		6,187	3,131
Utilities		21,557	13,851
Insurance		4,182	3,000
Advertisement		714	287
Auditors' remuneration	25.2	2,800	3,560
Donations	25.3 & 25.4	69,496	50,560
Others		3,500	4,342
		<u>665,664</u>	<u>615,912</u>

25.1 Salaries, wages and benefits includes Rs. 1.39 million (2022: Rs. 20.74 million) in respect of defined benefit plan and Rs. 15.38 million (2022: Rs. 8.34 million) in respect of defined contribution plan.

	2023 ----(Rupees in '000) ----	2022
25.2 Auditors' remuneration		
Statutory audit fee	1,900	1,900
Half yearly review	375	375
Special purpose audit fee	-	810
Fee for review of:		
Statement of compliance of code of corporate governance	125	125
Certification and other services	150	100
Out of pocket expenses	250	250
	<u>2,800</u>	<u>3,560</u>

25.3 Donation charged in these financial statements is paid to TCF Primary & Secondary (4 Campus) Rs. 12.60 million, The Aga Khan Hospital And Medical College Foundation Rs. 10 million and Alkhidmat Welfare Society (flood affectees) Rs. 9 million.

25.4 Mr. Shahid Anwar Tata, Chief Executive Officer of the Company is also the member of Board Committee in the Textile Institute of Pakistan. Other than the above, none of the directors or their spouse had any interest in the donee's fund.

	2023 ----(Rupees in '000) ----	2022
26. OTHER OPERATING EXPENSES		
Workers' profit participation fund	33,176	270,617
Workers' welfare fund	(84,077)	102,636
Unrealised loss on revaluation of other financial assets	22,275	371,405
Realised foreign exchange loss - net	198,461	296,590
Realised loss on forward contracts	6,167	-
Loss from agriculture farm	3,297	91
Loss on disposal of operating fixed assets	-	5,299
	<u>179,299</u>	<u>1,046,638</u>

	2023	2022
27. FINANCE COST		
Interest / mark up on:		
Long term finances	361,896	245,632
Short term borrowings	2,195,284	862,136
Workers' profit participation fund	2,376	4,621
	<u>2,559,556</u>	<u>1,112,389</u>
Letters of credit discounting charges	122,959	42,815
Bank guarantee commission	12,624	5,661
Bank charges	9,523	18,224
	<u>2,704,662</u>	<u>1,179,089</u>

28. OTHER INCOME

	2023 ---- (Rupees in '000) ----	2022
Profit on term deposit receipts	49,724	9,111
Profit on saving accounts	1,775	944
Gain on disposal of operating fixed assets	2,770	-
Realised gain on forward contracts	-	39,334
Dividend income	336,460	160,645
License income from associated company	1,424	1,424
Realised gain on investment	-	507
	<u>392,153</u>	<u>211,965</u>

29. TAXATION

Current		
for the year	522,805	496,006
prior year	(1,261)	3,128
	<u>521,544</u>	<u>499,134</u>
Deferred	(73,498)	86,742
	<u>448,046</u>	<u>585,876</u>

29.1 Relationship between tax expense and accounting profit

Profit before taxation	<u>708,571</u>	<u>5,029,168</u>
Tax at applicable rate of 29% (2022: 29%)	205,486	1,458,459
Impact of adjustment of prior period minimum tax	(1,262)	(470,389)
Tax effect of income under minimum tax regime	158,058	-
Tax effect of permanent differences	-	(107,707)
Tax effect of final tax regime	105,161	(204,362)
Tax effect on dividend and mutual Fund	(47,104)	(24,097)
Effect on super tax	112,435	261,334
Others	(84,728)	(327,362)
	<u>448,046</u>	<u>585,876</u>

29.2 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.

		2023	2022
30. EARNINGS PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earnings per share of the Company which is based on :			
Profit for the year	Rupees in '000'	260,525	4,443,292
Weighted average number of ordinary shares outstanding during the year	Shares in '000'	55,994	55,994
Earnings per share	Rupees	4.65	79.35
	Note	2023 ---- (Rupees in '000) ----	2022
31. CASH AND CASH EQUIVALENTS			
Cash and bank balances	12	252,781	274,927
Running / cash finances	20.1	(9,737,231)	(3,425,901)
		(9,484,450)	(3,150,974)

32. 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:

	2023			2022		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	18,600	12,000	118,658	17,400	11,200	92,184
Performance bonus /Ex-gratia	3,100	2,000	11,979	3,970	2,493	13,537
Retirement benefits	1,551	1,001	8,833	751	484	19,610
Utilities	406	-	-	434	-	13,127
	<u>23,657</u>	<u>15,001</u>	<u>139,470</u>	<u>22,555</u>	<u>14,177</u>	<u>138,458</u>
	----- (Number) -----					
Persons	<u>1</u>	<u>1</u>	<u>16</u>	<u>1</u>	<u>1</u>	<u>17</u>

32.1 The Chief Executive and Executive Director are entitled for use of car owned and maintained by the Company.

32.2 An amount of Rs. 7.1 million (2022: Rs 8.70 million) has been charged in these financial statements in respect of fees paid to Directors for attending the board and its committee meetings.

33. PLANT CAPACITY AND ACTUAL PRODUCTION

	2023	2022
Spindles installed (Number)	127,092	127,092
Spindles worked (Number)	117,254	125,115
Shifts per day (Number)	3	3
Installed capacity after conversion into 20/s count-kgs (Number in '000')	46,518	46,773
Actual production of yarn after conversion into 20/s count-kgs (Number in '000')	42,428	45,861

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

	2023	2022
34. NUMBER OF EMPLOYEES		
Average during the year	3,134	3,306
As at	3,135	3,203
	2023	2022
	---- (Number) ----	

35. 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:

35.1 Name and nature of relationship

Associated Companies due to common directorship:

- Tata Best Foods Limited
- Textile Institute of Pakistan
- United Bank Limited

Relationship with the party	Nature of transactions	2023	2022
		---- (Rupees in '000) ----	
Associated undertaking	License income from associated company	1,424	1,424
Directors	Rent expense:		
	- godown	2,400	2,400
	- office premises	-	15,000
	Purchase of property	165,949	277,783
	Dividend paid	295,257	314,574
Staff retirement funds	Expense charged to Provident fund	28,855	13,291
Common Directorship	Markup Paid	153,557	-
	Dividend received	223,400	-
	Receivable against reimbursement of expense	4,025	-

* United Bank Limited was a related party of the Company for the period from December 14, 2022 to May 26, 2023 due to common directorship of Mr. Jawaid Iqbal, however, on May 26, 2023 he resigned as the director of the Company.

36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

36.1 Financial instrument by category

Financial assets as per statement of financial position

	2023	2022
	---- (Rupees in '000) ----	
At amortised cost:		
Long term deposits	4,596	4,596
Trade debts	6,634,797	4,239,865
Other financial assets	516,532	287,446
Loans to employees	19,667	18,868
Other receivables	83,632	71,910
Cash and bank balances	252,781	274,927
	<u>7,512,005</u>	<u>4,897,612</u>
At fair value:		
Investment in listed securities	1,602,180	1,624,455
	<u>9,114,185</u>	<u>6,522,067</u>

Financial liabilities as per statement of financial position

At amortised cost:		
Long term finance (Inclusive of current portion)	2,826,138	4,119,884
Trade and other payables	4,108,743	2,299,932
Unclaimed dividend	21,438	14,404
Interest / markup accrued on borrowings	570,882	233,974
Short term borrowings	14,013,800	6,572,283
	<u>21,541,001</u>	<u>13,240,477</u>

36.2 Financial risk management

36.2.1 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 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:

36.2.2 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:

	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (USD In '000) -----		----- (PKR In '000) -----	
Trade debts	496	136	142,121	27,978
Foreign currency bank balances	8	11	2,324	2,299
Foreign bills payable	(7,602)	(3,478)	(2,182,485)	(716,478)

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----			
US Dollars to PKR	237.31	177.95	286.60	206

As at June 30, 2023, 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. 203 million (2022: Rs. 68.62 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.16,840 million (financial liabilities on a net basis) (2022: Rs.10,539 million). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
	2023	2022
	---- (Rupees in '000) ----	
Variable rate instruments		
Financial assets:		
Saving accounts with banks	275	3,756
Financial liabilities:		
Long term finance	2,826,137	3,970,654
Short term borrowings	14,013,800	6,572,283
	(16,839,937)	(10,542,937)
Net financial liabilities at variable interest rates	<u>(16,839,662)</u>	<u>(10,539,181)</u>

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. 168.40 million (2022: Rs. 105.39 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2022.

	2023		2022	
	---- (Rupees in '000) ----			
Fixed rate instruments				
Financial assets:				
Term deposit receipts	516,532	287,446		
Financial liabilities:				
SBP - Refinance scheme for salary payments	-	(149,230)		
	<u>516,532</u>	<u>138,216</u>		

(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.

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. 80 million (2022: Rs. 81 million) and consequently financial instruments would be affected by the same amount. The analysis assumes that all other variables remain constant.

As at year end, there are no financial instruments other than investment in listed securities are subject to equity price risk.

36.2.3 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 due from employees, long term deposits, trade debts, loans and advances, other receivables, other financial assets and bank balances. The carrying amount of financial assets represents the maximum credit exposure.

	2023	2022
	---- (Rupees in '000) ----	
The maximum exposure to credit risk at the reporting date is as follows:		
Due from employees	19,667	18,868
Long term deposits	4,596	4,596
Trade debts	6,634,797	4,239,865
Loans and advances	487,387	159,916
Other receivables	83,632	71,910
Other financial assets	2,118,712	1,911,901
Bank balances	252,781	274,927
	<u>9,601,572</u>	<u>6,681,983</u>

The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating.

Name of bank	Credit rating	
	Short term	Long term
Allied Bank Limited	A1+	AAA
Askari Bank Limited	A1+	AA+
Bank AlFalah Limited	A1+	AA+
Bank of Punjab	A1+	AA+
BankIslami Pakistan Limited	A1	A+
Bank Al Habib	A1+	AAA
Dubai Islamic Bank Pakistan Limited	A1+	AA
Bank of Khyber	A1	A+
Faysal Bank Limited	A1+	AA
Meezan Bank Limited	A1+	AAA
National Bank of Pakistan	A1+	AAA
Samba Bank Limited	A1	AA
Soneri Bank Limited	A1+	AA-
Habib Metropolitan Bank Limited	A1+	AA+
JS Bank Limited	AA-	A1+
Habib Bank Limited	A1+	AAA
MCB Bank Limited	A1+	AAA

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. 3.65 million (2022: Rs. 3.65 million) against all local trade debts

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:

Banks	Investment type	Long term rating	Short term rating
Soneri Bank Limited	Term deposit receipt	AA-	A1+
United Bank Limited	Equity investment	AAA	A1+

36.2.4 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. 88% (2022: 76%) of the Company's debt will mature in less than one year at June 30, 2023 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.

	June 30, 2023	Average Interest rate					Total
		Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	
Long term financing including current portion		130,305	71,411	665,428	1,436,094	522,900	2,826,138
Trade and other payables		349,113	3,759,630	-	-	-	4,108,743
Unclaimed dividend		21,438	-	-	-	-	21,438
Interest / mark up accrued on loans		66,253	504,629	-	-	-	570,882
Short-term borrowings		-	9,737,231	-	-	-	9,737,231
Running finance / cash finance		-	4,276,569	-	-	-	4,276,569
Finance against import / export		-	-	-	-	-	-
		567,109	18,349,470	665,428	1,436,094	522,900	21,541,001

	Average Interest rate					3 months - 1 years (Rupees in '000)					Total
	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years						
June 30, 2022											
Long term financing including current portion	768,454	78,493	707,554	2,122,114	443,269	3 and 6 month KIBOR plus 1.5% to 1.75%, SBP rate plus bank spread i.e. (1.5% to 2%) & fixed rate from 1.5% to 2%					4,119,884
Trade and other payables	255,862	2,044,070				N/A					2,299,932
Unclaimed dividend	14,404					N/A					14,404
Interest / mark up accrued on loans	91,969	142,005				N/A					233,974
<u>Short-term borrowings</u>											
Running finance / cash finance		3,425,901				One to three months KIBOR plus 0.5% to 2.0%					3,425,901
Finance against imports / export		3,146,382				Six months KIBOR plus 0.5% to 1.75%.					3,146,382
	1,130,689	8,836,851	707,554	2,122,114	443,269						13,240,477

37. 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.

38. 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, 2023.

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, 2023, 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, 2023 and June 30, 2022 are as follows:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Non- financial assets measured at fair value:				
Freehold land	-	-	959,087	959,087
Buildings on free hold 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
	<u>-</u>	<u>-</u>	<u>19,192,348</u>	<u>19,192,348</u>
Financial assets measured at fair value:				
Investment in listed securities	1,602,180	-	-	1,602,180
	<u>1,602,180</u>	<u>-</u>	<u>-</u>	<u>1,602,180</u>

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Non- financial assets measured at fair value:				
Freehold land	-	-	959,087	959,087
Buildings on free hold land	-	-	934,933	934,933
Leasehold land	-	-	3,336,550	3,336,550
Building on leasehold land	-	-	2,699,286	2,699,286
Plant and machinery and electric installations	-	-	10,853,206	10,853,206
	<u>-</u>	<u>-</u>	<u>18,783,062</u>	<u>18,783,062</u>
Financial assets measured at fair value:				
Investment in listed securities	1,624,455	-	-	1,624,455
	<u>1,624,455</u>	<u>-</u>	<u>-</u>	<u>1,624,455</u>

There were no transfers between levels of fair values hierarchy during the year.

39. 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 at June 30, 2023 and June 30, 2022 were as follows:

	2023	2022
	---- (Rupees in '000) ----	
Total debts	16,839,938	10,692,167
Cash and bank balances	(252,781)	(274,927)
Net debt	<u>16,587,157</u>	<u>10,417,240</u>
Total equity	21,379,214	21,566,520
Adjusted capital	<u>37,966,371</u>	<u>31,983,760</u>
	----- (%) -----	
Gearing ratio	<u>44</u>	<u>33</u>

40. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

41. EVENT AFTER REPORTING DATE


The Board of Directors proposed a final dividend for the year ended June 30, 2023 of Rs. 3 per share (2022: Rs. 5 per share) amounting to Rs. 167.98 million (2022: Rs. 279.97 million).

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorised for issue on August 04, 2023.


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


MUHAMMAD ZAID KALIYA
 CHIEF FINANCIAL OFFICER


ADEEL SHAHID TATA
 DIRECTOR



NOTICE & OTHERS

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PATTERN OF SHAREHOLDING AS AT JUNE 30, 2023

NO. OF SHAREHOLDERS	SHARE-HOLDING		TOTAL SHARES HELD
	FROM	TO	
1336	1	100	59,825
1228	101	500	296,670
449	501	1000	303,042
484	1001	5000	970,737
56	5001	10000	409,065
17	10001	15000	219,324
9	15001	20000	151,624
7	20001	25000	160,684
8	25001	30000	215,442
4	30001	35000	132,386
2	35001	40000	72,000
1	40001	45000	44,000
3	45001	50000	149,000
1	50001	55000	53,267
2	55001	60000	115,345
1	60001	65000	60,255
1	65001	70000	66,125
1	80001	85000	80,200
2	85001	90000	173,225
1	120001	125000	125,000
1	160001	165000	162,000
1	165001	170000	169,000
1	230001	235000	234,000
1	235001	240000	240,000
1	250001	255000	252,572
3	280001	285000	852,337
2	290001	295000	585,000
1	475001	480000	479,013
1	1090001	1095000	1,090,538
1	1445001	1450000	1,446,088
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
3632			55,993,614

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	5	2,367,882	4.23
Banks, Development Finance Institutions, Non-Banking Financial Institutions	2	4,768	0.01
Insurance Companies	3	13,576	0.02
Modarabas and Mutual Funds	5	2,860,633	5.11
Others	29	956,877	1.71
General Public-Foreign	2	30,010	0.05
General Public-Local			
	<u>3,576</u>	<u>6,961,309</u>	<u>12.43</u>
	<u>3,632</u>	<u>55,993,614</u>	<u>100.00</u>

Detail of Categories of Shareholders

As at June 30, 2023

DIRECTORS, THEIR SPOUSE(S) & MINOR CHILDREN

Name	Position	No. of Shareholders	Shares Held
Mr. Mazhar Valjee	(Chairman/Director)	1	7,040
Mr. Shahid Anwar Tata	(Chief Executives)	1	28,831,744
Mr. Adeel Shahid Tata	(Director)	1	4,561,607
Mr. Bilal Shahid Tata	(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 Tata)	1	479,013
Mrs. Sara Adeel	(W/o Mr. Adeel Shahid Tata)	1	15,000
Mrs. Bushra Tayyeb Afzal	(W/o Mr. Tayyeb Afzal)	1	4,000
		<u>10</u>	<u>42,798,559</u>

NIT & ICP

Investment Corporation of Pakistan	4	91,730
CDC - Trustee National Investment (Unit) Trust	1	2,276,152
	<u>5</u>	<u>2,367,882</u>

BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS

National Development Finance Corporation	1	3,223
National Bank of Pakistan	1	1,545
	<u>2</u>	<u>4,768</u>

INSURANCE COMPANIES

Ghaf Limited	1	10,000
Central Insurance Co. Ltd.	2	3,576
	<u>3</u>	<u>13,576</u>

MODARABAS AND MUTUAL FUNDS

CDC - Trustee AKD Opportunity Fund	1	1,090,538
CDC - Trustee Golden Arrow Stock Fund	1	1,446,088
DCCL - Trustee AKD Islamic Stock Fund	1	294,500
Guardian Modaraba Management (Pvt) Ltd.	1	5,483
B.R.R. Investments (Pvt.) Limited	1	24,024
	<u>5</u>	<u>2,860,633</u>

	No. of Shareholders	Shares Held
OTHERS		
IDBL (ICP Unit)	1	25,862
Y.S. Securities & Services (Pvt) Ltd.	1	132
Roomi Fabrics Ltd.	5	348,000
Roomi Holdings (Pvt) Ltd.	2	26,500
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
NH Capital (Private) Limited	1	2
Maple Leaf Capital Limited	1	6
AKD Securities Limited	1	36,500
Fikrees (Private) Limited	1	33,190
MRA Securities Limited	1	7,000
Salim Sozer Securities (Pvt.) Ltd.	1	15,000
Muhammad Salim Kasmani Securities (Private) Limited	1	17,000
Naseer Shahid Ltd.	2	127
Masood Fabrics Ltd.	2	9,000
Masood Holdings (Private) Limited	1	125,000
Topline Securities Limited MF	1	49,000
N. U. A. Securities (Pvt) Limited - MF	1	500
NCC - Pre Settlement Delivery Account Securities Exchange Authority	1	1
The Administrator Abandoned Properties	1	260
	29	956,877
GENERAL PUBLIC		
Foreign	2	30,010
Local	3,576	6,961,309
	3,578	6,991,319
Grand Total	3,632	55,993,614
Shareholders Holding 10% or more		
Shahid Anwar Tata	Shares Held 28,831,744	Percentage 51.49

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **37th Annual General Meeting** of the Shareholders of **Tata Textile Mills Limited (the Company)** will be held on **Thursday, October 19, 2023, at 11:00 a.m.** 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, 2023, 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 and fix their remuneration for the year ending June 30, 2024. The shareholders are hereby notified that the Board of Directors on the recommendation of the Board Audit Committee recommend M/s Yousuf Adil, Chartered Accountants, for re-appointment as auditors of the Company.
3. To elect seven Directors of the Company as fixed by the Board of Directors for a term of three years commencing October 26, 2023, in accordance with the provision of Section 159 of the Companies Act, 2017. The following Directors retire and are eligible for re-election:

- | | |
|--------------------------------|-----------------------------|
| (i) Mr. Mazhar Valjee | (ii) Mr. Shahid Anwar |
| (iii) Mr. Adeel Shahid Anwar | (iv) Mr. Bilal Shahid Anwar |
| (v) Mr. Farooq Advani | (vi) Mr. Tayeb Afzal |
| (vii) Ms. Samar Shahid | (viii) Ms. Saiqa Shahid |
| (ix) Ms. Shahbano Hameed (NIT) | |

4. To consider and approve the payment of the final cash dividend for the year ended June 30, 2023, @ 30% i.e. Rs.3.00 per share as recommended by the Board of Directors. This is in addition to the 20% i.e. Rs.2.00 per share interim cash dividend already paid.

SPECIAL BUSINESS

5. To consider and approve the adoption of revision/update in the Articles of Association and if thought fit, to pass the following resolution as Special Resolutions, with or without modification so as to conform to the provisions of the Companies Act, 2017 and other Rules / Regulations made thereunder from time to time.

“Resolved that the changes/update in the Articles of Association, as proposed by the Board of Directors, be and are hereby adopted.”

“Further Resolved that the Company Secretary, be and hereby authorized and empowered to do all acts, deeds and things that may be necessary to give effect to this resolution.”

“Further Resolved that in case the Securities Exchange Commission of Pakistan (SECP) suggests any correction in the text of the Articles of Association, the Company Secretary be and is hereby authorized to make necessary corrections in the documents as permitted under the law in letter and spirit.”

6. To approve by way of special resolutions with or without modification the following resolutions in respect of related party transactions in terms of Section 208 of the Companies Act, 2017.
- “RESOLVED that the transactions carried out in the normal course of business with associated companies as disclosed in Note No. 35 of the audited financial statements for the year ended June 30, 2023, be and are hereby ratified and approved.”
 - “RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in the normal course of business with associated companies during the ensuing year ending June 30, 2024, and, in this connection, the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company.”
7. To approve the circulation of the Annual Report (including the Audited Financial Statements, Auditor’s Report, Directors’ Report, and Chairman’s Review Report) to the Members of the Company through QR-enabled code and weblink, in accordance with Section 223(6) of the Companies Act, 2017 read with S.R.O. 389(I)/2023 dated March 21, 2023.

“RESOLVED THAT Tata Textile Mills Limited (the “Company”) be and is hereby authorized to circulate its Annual Report including Annual Audited Financial Statements, Auditors’ Report, Directors’ Report, Chairman’s Review Report and other reports contained therein to the Members of the Company through QR enabled code and weblink.”

8. To transact any other ordinary business or businesses with the permission of the **Chairman**.

Statement of Material Facts is hereby annexed with the Notice of Annual General Meeting.

By Order of the Board of Directors


Muhammad Hussain
 Company Secretary

Karachi:
 Dated: September 27, 2023

Notes:

1. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from **October 12, 2023, to October 19, 2023** (both days inclusive). Transfers were 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 11, 2023**, will be treated in time for the purposes of attending, speaking and voting at the Annual General Meeting (AGM).

2. Participation via Physical presence or through a video conferencing facility:

Members whose names appear in the Register of Members on October 11, 2023, are entitled to attend and vote at the AGM. A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend, speak, and vote for him/her.

An instrument of proxy applicable for the AGM is being provided with the Notice sent to Members. The proxy form may also be downloaded from the Company’s website. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a certified true copy of such power or authority duly notarized must, to be valid, must be received at the registered address of the Company or at the Office of the Share Registrar, not less than forty-eight (48) hours before the time of AGM, excluding public holidays.

To attend the AGM through video-conferencing facility, the Members are requested to register themselves by providing the following information along with their Name, Folio Number, Cell No., and Number of Shares held in their name, 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 by October 18, 2023:

Name of Member/ proxy holders	CNIC No.	Folio No./ Participant Id/ Account No.	Cell No. / WhatsApp’s No.	Email ID.

The shareholders who are registered after the necessary verification shall be provided with a video link by the Company on the said email address. The login facility will remain open from the start of the meeting till its proceedings are concluded. Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address ttn.corporate@tatapakistan.com. Members are, therefore, encouraged to attend the AGM through video link and by consolidating their attendance through proxies.

3. 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 prior to the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

4. Guidelines for Central Depository Company of Pakistan Limited (‘CDC’) Investor Account Holders:

CDC Investor Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

For personal attendance:

- i. In the case of an individual, the account holder or sub-account holder and/or the person whose securities are in a group account and whose registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) at the time of attending the meeting.
- ii. In the case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

For appointing a proxy:

- i. In the case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and whose registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii. The proxy must be witnessed by two persons whose names, addresses, and Computerized National Identity Card (CNIC) number shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her Original CNIC or Original Passport at the time of the meeting.
- v. In the case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

5. Change of Address and other (if any):

Members are requested to notify their change of address, (if any) immediately to Company's Share Registrar M/s CDC Share Registrar Service Limited.

6. CNIC / NTN:

Pursuant to the directive of the Securities Exchange Commission of Pakistan (SECP), CNIC members are mandatorily required to be mentioned on the Tax/Zakat certificate. Members are therefore 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.

7. 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, a listed company is required to pay cash dividends to the Members ONLY through electronic mode directly into the bank account designated by the entitled Member. In compliance with the above law, in order to receive dividends directly in your bank account, you are requested to provide (if not already provided) the

information mentioned in the Form placed at the Company's website to the brokers / CDC for shares held in the electronic form or to the Company's Shares Registrar, for shares held in physical form. In case of non-receipt of information, the Company will be constrained to withhold payment of dividends to Members.

8. Tax Implications on Dividends:

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Withholding of tax on dividends based on the 'Active' and 'Non-Active' status of Members shall be @ 15% and 30% respectively. 'Active' means a person whose name appears on the Active Taxpayers List available at the e-portal of FBR (<http://www.fbr.gov.pk/>) and 'non-Active' means a person whose name does not appear on the Active Taxpayers List.

Further, according to clarification received from the Federal Board of Revenue (FBR), withholding tax will be determined separately on the Active/Non-Active status of the principal Member as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

Joint shareholders should notify the proportion of their shareholding to the Company's Share Registrar by October 11, 2023. If the proportion of shareholding is not notified then each joint shareholder will be presumed to hold an equal proportion of shares.

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. 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 Election of Directors and special businesses in the AGM to be held **October 19, 2023**, 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 11, 2023.
- 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 16, 2023, at 09:00 a.m. and shall close on October 18, 2023, at 5:00 p.m. Members can cast their votes at any time during this period. Once the vote on a resolution is cast 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, 6th Floor Textile Plaza, M. A. Jinnah Road, Karachi or email at chairman@tatapakistan.com one day before the Annual General Meeting i.e. on October 18, 2023, during working hours. The signature on the ballot paper shall match the signature on the CNIC.

12. Contesting for Election of Directors:

Any member (including a retiring director) who seeks to contest the election of Directors shall file with the Company at its registered office 6th Floor Textile Plaza, M. A. Jinnah Road, Karachi not later than fourteen (14) days before the date of AGM, the following details/documents.

- (i) Notice of his/her intention to offer himself/herself for the election of Directors in terms of section 159(3) of the Companies Act, 2017 in the following categories as per new amendments through SECP's SRO dated July 07, 2023, in Regulation 7A of the Listed Companies (Code of Corporate Governance) Regulations, 2019:
 - a) Female Director
 - b) Independent Director
 - c) Other Director
- (ii) Consent to act as Director under section 167(1) of the Companies Act, 2017 on a duly filled and signed Form 28;
- (iii) Detailed profile along with office address for placement on the Company's website.
- (iv) Details of directorships and offices held in other companies with date;
- (v) A signed declaration confirming that:

- a) He / She is aware of his/her duties and powers under the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Rule Book of Pakistan Stock Exchange Limited, Memorandum and Articles of Association of the Company and other relevant laws and regulations.
- b) He / She is not ineligible to become a Director of a Listed Company under the provisions of the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019, and other applicable laws/regulations.

- (vi) Copy of valid CNIC or Passport (in case of a foreign national) along with NTN and Folio Number/CDC Account or Sub Account number.

Additional Documents for Candidates Intending to Contest the Election as an Independent Director

Independent Director(s) will be elected in terms of section 159 of the Companies Act 2017 and they shall meet the criteria laid down in section 166(2) of the Companies Act, 2017 and the Companies (Manner and Selection of Independent Director) Regulations, 2018.

- (i) Declaration of Independence under Regulation 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019;
- (ii) Undertaking on non-judicial stamp paper that he/she meets the requirements of Regulation 4(1) of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

The final list of contesting directors will be circulated not later than seven (7) days before the date of the AGM in terms of Section 159(4) of the Companies Act, 2017. Further, the website of the Company will also be updated with the required information.

13. Transmission of Annual Report

Pursuant to the notification of the SECP S.R.O. 1196(I)/2019 dated October 03, 2019, the financial statements of the Company for the year ended June 30, 2023, along with reports, have been placed on the Company's website at www.tatapakistan.com.

Pursuant to SRO 470(1)2016, dated May 31, 2016, the shareholders of the Company have accorded approval in the general meeting for transmission of the Annual Reports to its members through CD/DVD/USB at their registered addresses instead of transmitting the same in hard copies. Therefore, the Annual Report 2023 of the Company is dispatched in the form of DVDs to all members. Any member requiring a printed copy of the Annual Report 2023 may send a request for the same.

STATEMENT UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017**Agenda No.3**

The Term of office of the current directors of the Company will expire on October 25, 2023. In accordance with Section 159(1) of the Companies Act, 2017, the Board of Directors has fixed the number of Directors to be elected at the AGM at Seven (7), to hold the office of Director for a period of three (3) years commencing October 26, 2023.

Section 166 of the Companies Act, 2017 requires that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee for appointment as independent director.

Accordingly, it will be ensured that the independent directors to be elected will meet the criteria set out for independence under provisions of the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019, and Companies (Manner and Selection of Independent Directors) Regulations, 2018 and their names are listed on the data bank of independent directors maintained by Pakistan Institute of Corporate Governance duly authorized by SECP. Appropriate competency, diversity, skill set knowledge, and experience of the contestants shall also be assessed during the finalization of independent directors.

No directors have a direct or indirect interest in the above-said business, except as shareholders and they may consent to the election of directors accordingly

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

Agenda No.5

The Board of Directors has recommended updating the present Articles of Association in order to comply with the requirements laid down in the Companies Act, 2017 and the rules and regulations introduced by the Commission for listed companies. The amendments are summarized below;

S. No	Clause No. Subject	Present	Proposed Change / Amendments
1	2 Interpretation	“Applicable Law” includes Acts, Ordinance, Securities and Exchange Ordinance, Electronic Transactions Ordinance, Securities and Exchange Commission Act, Central Depositories Act, Central Depository Regulations, Listing Requirements, Code of Corporate Governance, Buy-Back of Shares Rules, Issue of Capital Rules, Share Capital Rules and such other laws and rules and regulations, made or to be made under the law, as may be applicable to the Company from time to time.	“Applicable Law” includes Acts, Ordinance, <u>Securities Act</u> , Electronic Transactions Ordinance, Securities and Exchange Commission Act, Central Depositories Act, Central Depository Regulations, Listing Requirements, Code of Corporate Governance, Buy-Back of Shares Rules <u>and Regulations</u> , Issue of Capital Rules <u>and Regulations</u> , Share Capital Rules and such other laws and rules and regulations, made or to be made under the law, as may be applicable to the Company from time to time.
		Buy-Back of Shares Rules “Buy-Back of Shares Rules” means the Companies (Buy-Back of Shares) Rules, 1999.	Buy-Back of Shares Rules “Buy-Back of Shares Rules” means the Companies (Buy-Back of Shares) Rules, 1999, <u>and Regulations of 2019.</u>

	Central Depository “Central Depository” means a Central Depository as defined in sub-section (ca) of section 2 of the Securities and Exchange Ordinance and registered with the Commission under section 32A of the said Ordinance.	Central Depository “Central Depository” means a central depository as defined in clause (vi) of Section 2 of the Securities Act, 2015 (III of 2015), and is licensed by the Commission under Section 49 of the Securities Act, 2015.
	Code of Corporate Governance “Code of Corporate Governance” means the Listed Companies (Code of Corporate Governance) Regulations 2017 and as amended from time to time.	Code of Corporate Governance “Code of Corporate Governance” means the Listed Companies (Code of Corporate Governance) Regulations 2019 and as amended from time to time.
	Issue of Capital Rules “Issue of Capital Rules” means Companies (Issue of Capital) Rules, 1996.	Issue of Capital Rules “Issue of Capital Rules” means Companies (Issue of Capital) Rules, 1996 and Regulations 2020
	Register “Register” means, unless the context otherwise requires, both the Register of Members to be kept at the Office, pursuant to Section 147 of the Ordinance and Central Depository Register.	Register “Register” means, unless the context otherwise requires, both the Register of Members to be kept at the Office, pursuant to section 119 of The Act and Central Depository Register.
	Securities and Exchange Ordinance “Securities and Exchange Ordinance” means the Securities and Exchange Ordinance, 1969.	Securities Act “Securities Act” means the Securities and Exchange Act 2015.
	Special Resolution “Special Resolution” has the meaning assigned to it by the Companies Act 2017.	Special Resolution “Special Resolution” has the meaning assigned to it by Section 2(1) (66) of the Companies Act 2017.
	Writing and written “Writing” and “written” includes printing, lithography, typewriting and other modes of representing or reproducing words in a visible form, or electronic transmission, including but not limited to, facsimile, telex, and electronic mail or any	Writing and written “Writing” and “written” includes printing, lithography, typewriting and other modes of representing or reproducing words in a visible form, or Electronic transmission, including but not limited to, facsimile, telex and Electronic mail or any other mechanical or electronic process, as

		other mechanical or electronic process, as prescribed by section 3 of the Electronic Transactions Ordinance, or partly one and partly the other.	prescribed by section 3 of the Electronic Transactions Ordinance 2002 or partly one and partly the other.
		Words and phrases used herein but not defined shall be assigned the same meaning as given to them in the applicable law. References in these Articles to applicable law and the Policies shall include any amendments, re-enactments or modifications thereof for the time being in force.	Words and phrases used herein but not defined <u>and unless inconsistent with the subject or context</u> , shall be assigned the same meaning as given to them in the applicable law. References in these Articles to applicable law and the Policies shall include any amendments, re-enactments or modifications thereof for the time being in force.
SHARE			
2	9 Allotment of Shares under the control of the Directors	The applicable law	Section 82 of the Act
3	13 Trusts not Recognized	Section 73 Save as herein otherwise provided, the Company shall be entitled to treat the registered holder (including an account and sub-account holder of a Central Depository) of any Shares as the absolute owner thereof and accordingly, shall not be bound, even when having notice thereof (except as ordered by a court of competent jurisdiction or as required by the applicable law) to recognize any equitable, contingent, future, partial or other claim to or interest in such share or in any fractional part thereof on the part of any other persons.	Save as herein otherwise provided, the Company shall be entitled to treat the registered holder (including an account and sub-account holder of a Central Depository) of any Shares as the absolute owner thereof <u>no person shall be recognized by the Company as holding any share upon trust, and the Company shall not be bound by or be compelled in any way to recognize and accordingly, shall not be bound, even when having notice thereof (except as ordered by a court of competent jurisdiction or as required by the applicable law) to recognize any equitable, contingent, future, partial or other claims to or interest in such share or in any fractional part thereof on the part of any other persons.</u>

CERTIFICATE			
4	21 Book-Entry Securities / Share Certificates	Every person whose name is entered as a member in the register of members shall, without payment, be entitled to receive, within three months after allotment or within forty-five days of the application for registration of transfer or within the time as per applicable law a certificate (including a book-entry security under the Central Depositories Act and the Central Depository Regulations) under the seal specifying the share or shares held by him and the amount paid up thereon	Every person whose name is entered as a member in the register of members shall, without payment, be entitled to receive, within <u>30 days</u> after allotment or within <u>15 days</u> of the application for registration of transfer or within the time as per applicable law a certificate (including book-entry security under the Central Depositories Act and the Central Depository Regulations) under the seal specifying the share or shares held by him and the amount paid up thereon.
5	22 A Joint Shareholder	-	<u>Joint Shareholders</u> If any share stands in the name of two or more persons, the person first named in the Register shall, as regards to receipt of dividend or bonus or service of notices and all or any other matters connected with the Company except voting at the meeting and the transfer of shares, be deemed the sole holder.
TRANSFER AND TRANSMISSION OF SHARES			
6	25 Registration of Transfer	The directors shall not refuse to transfer any fully paid shares unless the instrument of transfer is defective or invalid. The directors may also suspend the registration of transfer during ten days immediately preceding a general meeting or prior to the determination of entitlement or rights of the shareholders by giving seven days previous notice in the manner provided in the	The <u>Board</u> shall not refuse to transfer any fully paid shares unless the <u>transfer deed</u> is defective or invalid. The <u>Board</u> may also suspend the registration of transfer <u>during the close period</u> immediately preceding a general meeting or prior to the determination of entitlement or rights of the shareholders by giving seven days previous notice in the manner provided in the <u>Act</u> , Register of Members may be closed for such period

		<p>Ordinance, Register of Members may be closed for such period or periods not exceeding forty-five(45) days or the period as per applicable law in one year as the directors may from time to time determine, but so that the Register of Member shall not be closed for a longer period than thirty (30) days at a time or such other period as may be required by the applicable law. The directors may decline to recognize any instrument of transfer unless:</p> <p>If the directors refuse to register a transfer of shares, they shall within fifteen days, or when the transferee is a Central Depository, within ten days, or such other period as may be required by the applicable law, after the date on which the Instrument of Transfer was lodged with the company send to the transferee and the transferor notice in Writing of the refusal indicating the defect or invalidity to the transferee, who shall after removal of such defect or invalidity be entitled to re-lodge the Instrument of transfer with the company.</p>	<p>or periods not exceeding <u>in the whole thirty days in each year, thereafter for another 15 days subject to an application to the Commission.</u> The directors may decline to recognize any instrument of transfer unless:</p> <p>If the <u>Company</u> refuse to register a transfer of shares, they shall within fifteen days, or where the transferee is a Central Depository, within <u>five days, from the date on which the instrument of transfer was lodged with it notify the defect or invalidity to the transferee, who shall after removal of such defect or invalidity be entitled to re-lodge the transfer deed with the company.</u></p>
7	31 Entitlement of Shares		<p><u>Before recognizing any legal personal representative, the Directors may require him to obtain a grant of probate or letters of administration or</u></p>

			<p><u>succession certificate or other legal representation, from a court of competent jurisdiction in Pakistan. Provided nevertheless that in any case where the Directors in their absolute discretion think fit, it shall be lawful for the Directors to dispense with the production of probate, letters of administration, succession certificate or other legal representation upon such terms as to indemnity or otherwise as the Board in it's absolute discretion, may consider necessary</u></p>
8	32A Indemnity against wrongful transfer		<p><u>The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to a transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the persons having or claiming any equitable right, title or interest in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.</u></p>

ALTERATION AND FURTHER ISSUE OF CAPITAL			
9	35 Offer for new shares	<p>Subject to the provisions of applicable law, all new shares shall, before issue be offered to such persons as at the date of the offer are entitled to receive notices from the company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of the same in such manner as they think most beneficial to the company. The directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the directors, be conveniently offered under this regulation as per the provisions of applicable law.</p>	<p>Subject to the provisions of applicable law, all new shares shall, before issue be offered to such persons as at the date of the offer are entitled to receive notices from the company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of the same in such manner as they think most beneficial to the company <u>within the time period provided within section 83(1)(a)(iv) of The Act</u>. The directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the directors, be conveniently offered under this regulation as per the provisions of applicable law.</p>

GENERAL MEETINGS			
10	41 Calling of Extra Ordinary General Meeting	<p>The directors may, whenever they think fit, call an extraordinary general meeting. Extraordinary general meeting shall also be called on such requisition, or in default, may be called by such requisitions, as is provided under the applicable law. If at any time there are not within Pakistan sufficient number of directors capable of acting to form a quorum, any director of the company may call an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be called by the directors.</p>	<p>The directors may, whenever they think fit, call an extraordinary general meeting <u>in accordance with Section 133 of the Act</u>. Extraordinary general meeting shall also be called on such requisition, or in default, may be called by such requisitionists, as is provided under the applicable law. If at any time there are not within Pakistan sufficient number of directors capable of acting to form a quorum, any director of the company may call an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be called by the directors</p>
DIRECTORS			
11	61 Number of Directors	<p>Subject to the applicable law, the Board shall, every three (3) Years or the period as per applicable law, before General Meeting at which the election of Directors takes place, fix the number of Directors for the following triennium, or such other term as per applicable law. However such number of Directors shall not be less than seven (7), or such other number as may be required by the applicable law</p>	<p>Subject to the applicable law, the Board shall, every three (3) Years or the period as per applicable law, before the General Meeting at which the election of Directors takes place, fix the number of Directors <u>not later than thirty-five (35) days before the convening of the General Meeting</u> for the following triennium, or such other term as per applicable law. However such number of Directors shall not be less than seven (7), or such other number as may be required by the applicable law.</p>

DIVIDENDS AND RESERVE			
12	107 Capitalization of Reserve	Any General Meeting may resolve that money, investment or other assets forming part of the Company standing to the credit of the Reserve Fund or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the shares premium accounts be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized funds be applied on behalf of such shareholder in paying up in full any un-issued shares of the company which shall be distributed accordingly and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.	<u>The Board of Directors may capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution among the members who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied in or towards paying up in full unissued shares as bonus shares or debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportion aforesaid, and the Directors shall give effect to such resolution.</u>
BOOKS AND ACCOUNT			
13	123 Transmission of Annual Audited Accounts		<u>The Board must comply with the provisions of Sections 220 to 239 of The Act or any statutory modifications thereof from the time being in force.</u>
NOTICES			
14	126 Notice to Members	The Company shall comply with such provision of the applicable law as may apply to the manner in which certain notices are to be issued, served and/or received by the Company.	The Company shall comply with such provision of the applicable law as may apply, <u>such as the Electronic Transactions Ordinance 2002</u> , to the manner in which certain notices are to be issued, served and/or received by the Company.

None of the directors are in any way interested or concerned in the resolution except to the extent of their shareholding in the Company. The said alteration will not affect anyone's interest unfavorably in the company.

Agenda No.6

- a. Transactions carried out with associated companies during the year ended June 30, 2023, to be passed as an Ordinary Resolution.

The transactions carried out in the normal course of business with associated companies (Related parties) were being 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.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the quorum of directors could not be formed for approval of some of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions carried out during the financial year ended June 30, 2023, with associated companies shown in Note No. 35 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

- b. Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2024, to be passed as an Ordinary Resolution.

The Company is expected to be conducting transactions with associated companies in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

In order to comply with the provisions of clause 15 of the Listed Companies Code of Corporate Governance Regulations 2019, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in the normal course of business with associated companies during the ensuing year ending June 30, 2024.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

Agenda No.7

Circulation of Annual Audited Financial Statements through QR-enabled code and weblink

چیئر مین کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے میں 30 جون 2023ء کو ختم ہونے والے سال کیلئے کمپنی کے سالانہ مالیاتی نتائج پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

The Securities and Exchange Commission of Pakistan (SECP) through its Notification No. S.R.O. 389(I)/2023 dated March 21, 2023, has allowed the listed companies to circulate the annual audited financial statements to its members through Quick Response (QR) enabled code and web link instead through CD/DVD/USB. The notice of the meeting shall be dispatched to Members as per the requirements of the Companies Act 2017 at their registered address, containing the QR code and the weblink address to view and download the Annual Audited Financial Statements together with the Reports and documents required to be annexed thereto under the Companies Act 2017.

Considering the optimum use of advancement in technology and in order to fulfil the Company's corporate social responsibility to the environment and sustainability, Members' approval is sought for the circulation of the Annual Report (including Annual Audited Financial Statements and other reports contained therein) to the Members of the Company through QR enabled code and weblink in accordance with S.R.O. 389(I)/2023 dated March 21, 2023.

زیر جائزہ سال کے دوران زیادہ تر سیاسی غیر یقینی صورتحال، کم غیر ملکی ذخائر اور بڑھتی ہوئی افراط زر کے باعث ملکی معیشت غیر مستحکم ہوئی۔ سیلاب کے اثرات، روپے کی قدر میں کمی اور توانائی کی قیمتوں میں نظر ثانی کے باعث افراط زر 35 فیصد کی بلند ترین سطح پر ریکارڈ کیا گیا۔ ایشیائے جنوبی کی سپلائی میں کمی اور درآمدات پر پابندیوں نے ملکی قیمتوں پر مزید دباؤ پیدا کیا ہے۔ مجموعی طور پر معاشی بنیادوں میں خرابی کے نتیجے میں زیر جائزہ مالی سال کیلئے جی ڈی پی کی شرح نمو 2% سے 0.5% تک ریکارڈ کی گئی۔

غیر متوقع اتار چڑھاؤ اور غیر یقینی صورتحال کے باوجود گزشتہ برسوں کے دوران معیشت نے مضبوط چلک 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 ملکی 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 بنیادی خام مال، یوٹیلیٹیز، اجرت، اعلیٰ مالیاتی اخراجات اور پاکستانی روپے کی قدر میں کمی کی وجہ سے اگلے سال منافع متاثر ہوگا۔ فی الحال یہ ظاہر ہوتا ہے کہ فروخت کی قیمتوں میں اضافے کا مارکیٹ سے مشاہدہ نہیں کیا جاسکتا ہے۔ اس کے باوجود، آپ کی انتظامیہ جدت، معیار کی بہتری، پیداواری صلاحیت اور لاگت کی اصلاح پر مسلسل توجہ دے کر کسی بھی مواقع کے مکمل فوائد حاصل کرنے کے لیے پرعزم ہے۔

بورڈ کی کارکردگی اور تاثر:

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کے تقاضوں کی تعمیل میں بورڈ کی کارکردگی کا سالانہ جائزہ لیا گیا ہے۔ سال کے دوران بورڈ نے ایک بتدریج چیلنجنگ منظر نامے میں کمپنی کو آگے بڑھانے میں اہم کردار ادا کیا۔ ڈائریکٹرز کے عزم اور موثر نگرانی کے ذریعے آپ کی کمپنی نے کارپوریٹ گورننس اور کمپلائنس کی شفافیت کو یقینی بنایا ہے۔

آگے بڑھتے ہوئے، کمپنی طویل مدتی قدر پیدا کرنے اور شیئرز ہولڈرز کے اعتماد کو پورا کرنے کے مقصد سے ہمت افزا اقدامات کر رہی ہے۔

مظہر واجی
چیئر مین

کراچی مورخہ 04 اگست 2023ء

دوران جائزہ سال کمپنی نے صحت کی مد میں 25 ملین روپے، تعلیم میں 20 ملین روپے، سیلاب سے متاثرہ افراد کیلئے 12 ملین روپے، اور سوسائٹی ویلفیئر میں 12 ملین روپے کی شراکت داری کی۔

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 کا 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 رہیں اور کسی بھی قوانین اور ضوابط میں ترامیم کے ساتھ اپ ڈیٹ 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۔

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۔

چیئرمین کا جائزہ:

کمپنی کے ڈائریکٹرز چیئرمین کی جائزہ رپورٹ کی توثیق کرتے ہیں جو کہ ڈائریکٹرز کی رپورٹ کا حصہ ہے۔

مستقبل کی حکمت عملی:

معیشت اب بھی استحکام کے دہانے پر ہے اور رکاوٹیں اب بھی موجود ہیں۔ حکومت نے آئندہ مالی سال میں افراط زر کی شرح 21 فیصد تک پہنچنے کی توقع ظاہر کی ہے۔ ملک اس وقت اپنی غیر ملکی ذمہ داریوں کو پورا کرنے اور کم ہوتے زرمبادلہ کے ذخائر سے نمٹنے کے لیے مشکل ترین وقت کا سامنا کر رہا ہے۔ آئی ایم ایف کے ساتھ اسٹاف لیول کے حالیہ معاہدے سے، ملک مثبت طور پر آئی ایم ایف سے فنانشنگ حاصل کرنے کے قابل ہو جائے گا جس سے دوسرے اداروں یعنی ورلڈ بینک، اے ڈی بی وغیرہ سے اضافی قرضے حاصل کرنے کی راہیں ہموار ہوں گی جس کا ملکی ذخائر کی معیشت پر مثبت اثر پڑے گا۔ فنانش ایکٹ 2023-24 بھی صحیح سمت میں نہیں

ہے کیونکہ یہ استحکام، بحالی اور ترقی کے لیے ٹھوس سمت فراہم نہیں کرتا ہے۔ بجٹ میں ٹیکس نہ دینے والے شعبوں یا ان سے کم ٹیکس ادا کرنے والوں سے نمٹنے کے لیے کوئی اقدامات شامل نہیں ہیں۔ اسے پیداواری شعبہ اور تنخواہ دار طبقے جیسے موجودہ ٹیکس دہندگان پر بوجھ ڈالنے کی بجائے ٹیکس وصولی بڑھانے کے لیے عملی اقدامات کرنے چاہئے تھے۔ آنے والے سال کے لیے انتخابات بھی شیڈول ہیں جو تباہی کے دہانے پر کھڑی معیشت کو حل کرنے پر توجہ دینے کی بجائے انتخابی سرگرمیوں میں حکومت کی توجہ مرکوز کرے گا۔

دوسری طرف توانائی/ ایندھن کے بحران اور مہنگی خوراک کے باعث دنیا کساد بازاری کے دور سے گزر رہی ہے۔ گلوبل ٹیکسٹائل انڈسٹری کو شدید مشکلات کا سامنا ہے کیونکہ پیداوار کے اور ہیڈز مسلسل بڑھ رہے ہیں اور طلب کمزور ہو رہی ہے۔ عالمی افراط زر میں اضافہ کے ساتھ، خاص طور پر 2022 میں یوکرین پر روسی حملے کے بعد، اشیائے صرف کی مانگ اب بھی سست ہے جبکہ انویسٹریز بہت زیادہ ہیں۔ دنیا بھر میں افراط زر کی رفتار میں اضافے کے ساتھ ساتھ فریٹ چارجز میں نمایاں اضافہ بین الاقوامی تجارت کو مہنگا کر رہا ہے۔

کمپنی کے آپریشنز کے حوالے سے، پاکستانی روپے کی قدر میں کمی، بلند شرح سود، مقامی اور بین الاقوامی کپاس کی قیمتوں میں اضافہ، اور توانائی کے بحران کے ساتھ، کاروباری لاگت میں اضافہ ہو سکتا ہے اور اس کے نتیجے میں کمپنی کو ان اخراجات کو اپنے صارفین تک پہنچانے میں دشواری کا سامنا کرنا پڑ سکتا ہے۔ کاروباری استحکام کو جاری رکھنے کے لیے خام مال، زیادہ سے زیادہ صلاحیت کا استعمال، اور لاگت کو بہتر بنانے کے ذریعے ممکنہ غیر یقینی صورتحال کو روکنے کے لیے انتظامیہ کی طرف سے ان ممکنہ اثرات کی قریب سے نگرانی کی جائے گی۔ اقتصادی اور عالمی منظر نامے میں چینلجز برقرار ہیں، لیکن کمپنی ترقی اور پائیداری کے لیے پرعزم ہے۔

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 کو سپورٹ کر رہے ہیں ان کے بھی مشکور ہیں اس کے علاوہ ہماری انتظامیہ شیئر ہولڈرز کے مکمل اعتماد پر بھی مشکور ہیں۔



عدیل شاہد ٹاٹا

ڈائریکٹر

بورڈ آف ڈائریکٹرز کی جانب سے



شاہد انوار ٹاٹا

چیف ایگزیکٹو

کراچی مورخہ: 04 اگست 2023ء

HR ٹیکنالوجی اور آٹومیشن:

مالی سال 2022-23 میں، ٹاٹا ٹیکسٹائل ملز نے HR ٹیکنالوجی اور خودکار طریقوں کی حکمت عملی سے ہم آہنگ ہونے کے ذریعے HR آپریشنز کو بہتر بنانے میں اہم پیش رفت کی۔ کمپنی نے مختلف HR فنکشنز کو موثر طریقے سے Oracle Fusion میں منتقل کیا ہے۔ Oracle Fusion کے ساتھ ہمارے تعاون کے علاوہ، کمپنی نے Oracle Apex کے ذریعے پرفارمنس مینجمنٹ اور لرننگ اینڈ ڈیولپمنٹ جیسے اہم شعبوں کو خودکار بنانے پر بھی توجہ مرکوز کی۔

ملازمین کے ساتھ تعلقات:

کمپنی نے پیشہ ورانہ ترقی اور ترقی کو فروغ دینے کے لیے طریقہ کار کے تربیتی پروگرام متعارف کرائے ہیں اور، اس سلسلے میں، "ملازمین کے تعلقات کے طریقہ کار" پر جامع سیکھنے کے پروگرام جو خصوصی طور پر اہم انتظامی اور قانونی معاملات اور صنعتی تعلقات سے نمٹنے والے عملے کے لیے بنائے گئے ہیں۔

طویل خدمات کے سلسلے میں ایوارڈز:

مالی سال 2022-23 میں، کمپنی نے 42 ملازمین کو طویل خدمات کے سلسلے میں ایوارڈز سے نوازا۔ ان کی طویل مدتی اور متعلقہ شراکت نے ہماری کمپنی کے سفر اور کامیابی کو سہارا دیا ہے۔

صحت حفاظت، ماحول اور معیار:

کمپنی پائیداری پر اپنے اسٹریٹیجک نقطہ نظر کے ایک حصہ کے طور پر اور سپلائی چین کے مستقل رکن کے طور پر اپنے صارفین کے ترجیحی پارٹنر بننے کیلئے Aitex، گلوبل آرگینک ٹیکسٹائل اسٹینڈرڈ (GOTS)، آرگینک کونٹینٹ اسٹینڈرڈ (OCS)، گلوبل ریسیکل اسٹینڈرڈ (GRS) اور ریسیکل کلیم اسٹینڈرڈ (RCS) سے بین الاقوامی سرٹیفیکیشن برقرار رکھے ہوئے ہیں۔

کمپنی مختلف بین الاقوامی فورمز اور پائیداری، جیسے بین الاقوامی کاؤن ایسوسی ایشن، یو ایس کاؤن ٹرسٹ پروڈوکول، کاؤن میڈان افریقہ، بیٹر کاؤن انیشیٹیو اور AMFORI-BEPI کی بھی رکن ہے۔

ان معیارات کے لیے کوالٹی مینجمنٹ سسٹم، حفظان صحت پر عمل، ماحولیات اور سماجی تعمیل کی فعال دیکھ بھال کی ضرورت ہے۔

کمپنی اپنی افرادی قوت، انفراسٹرکچر اور آپریشنز کو محفوظ رکھنے کی کوشش کرتی ہے۔ دوران سال، HSE میں ہونے والی تازہ ترین پیشرفت سے باخبر رہنے، قانونی تقاضوں کی تعمیل کو یقینی بنانے اور HSE کے چیلنجوں کا انتظام کرنے کے لیے مسلسل آگاہی سیشنز اور مشقیں کی گئی ہیں۔ اس کے علاوہ، مناسب سطح پر HSE کی کارکردگی کا جائزہ بھی لیا گیا ہے۔

کمپنی کو اس بات پر بھی فخر ہے کہ وہ دنیا کے مشہور برانڈز کی سپلائی چین جیسے Primark اور Inditex کا حصہ ہے۔ HSE پر ان تمام صارفین، فورمز اور سرٹیفیکیشن کی توجہ نے کمپنی کو سال 2022-23 کے لیے اپنے کارپوریٹ مقصد کے طور پر اپنے تمام دفاتر، مینوفیکچرنگ یونٹس اور مقامات پر ایک وسیع اور مستقل HSE کلچر اور سسٹمز کی طرف HSE کے اقدامات کو لے جانے اور پہلے قدم کے طور پر ایک انتہائی قابل اور معروف مینجمنٹ کنسلٹنگ فرم ASCENTIA کو شامل کرنے کے قابل بنایا ہے، جو ٹاٹا ٹیکسٹائل ملز کے تمام مقامات پر HSE Gap Analysis کرے گا اور ISO-45001 اور ISO-14001 پر مبنی HSE سسٹم کی ڈیولپمنٹ کے ذریعے کمپنی کے کاروبار کی پائیدار ترقی اور ٹاٹا ٹیکسٹائل ملز لمیٹڈ کے آپریشن کیلئے ایک محفوظ جگہ کو ایکشن پلان کے ذریعے چلانے میں انتظامیہ کی مدد کرے گا۔

مزید برآں، اہل ڈاکٹروں کی ایک ٹیم کلینک / ڈسپنری کو چلاتی ہے جہاں ضروری ادویات فراہم کی جاتی ہیں۔ کمپنی، کمپنی کی مینوفیکچرنگ سائٹ میں تمام ماحولیاتی معیارات پر عمل کرنے کو بھی یقینی بناتی ہے۔ مالی سال 2024 کے لیے ویسٹ ہیٹ ریکوری پلانٹ، واٹر ٹریٹمنٹ RO پلانٹ، اور ویسٹ مینجمنٹ پلانٹ پائپ لائن میں ہمارے چند پروڈیکٹس ہیں۔ ہماری پروڈکشن سہولت کسی نقصان دہ مواد کا اخراج نہیں کرتی ہے۔ مزید برآں، کمپنی فضلہ جات کے انتظام اور اسے تلف کرنے کے ضوابط پر سختی سے عمل کرتی ہے۔

کارپوریٹ سوشل ذمہ داری:

کمپنی کو معاشرے کے حصہ کے طور پر اپنی ذمہ داری کا احساس ہے اور لوگوں کے معاشی حالات کو بہتر بنانے، ہمارے اقدامات اور دوستانہ پالیسیوں کے ذریعے ماحول کی حفاظت اور عام طور پر انسانیت کی بھلائی میں حصہ ڈال کر مختلف شعبوں میں شراکت کرنے کی کوشش کرتی ہے۔ اسی تناظر میں کمپنی نے تعلیم کے حصول کے خلاف رکاوٹوں کو توڑنے اور اس قوم کے مستقبل کی تعمیر کیلئے مدد کرنے کیلئے مستقل عزم کا اظہار کیا ہے۔ ہمارے اہداف میں ایک ہدف یہ بھی ہے کہ تمام ملازمین کو ان کی ادائیگی کی اہلیت سے قطع نظر بغیر کسی امتیاز کے، صحت کی دیکھ بھال کو قابل رسائی بنا کر معیاری صحت کا نظام مرتب کیا جائے۔ مذکورہ بالا کے علاوہ کمپنی تعلیم اور کھیلوں، ہیلتھ کیئر سروسز اور جنرل فنانشل ایڈ کے شعبوں میں متعدد دیگر خدمات انجام دے رہی ہے اور مستقل طور پر مصروف عمل ہے۔

قومی خزانے میں ادا کی گئیاں:

کمپنی لارج ٹیکس پیئرز یونٹ (LTU) کے ساتھ رجسٹرڈ ہے اور اس نے دوران مالی سال اگم ٹیکس اور سیلز ٹیکس کی شکل میں قومی خزانے میں 2.7 بلین روپے سے زائد حصہ ڈالا ہے۔

ہیومن ریورسز:

مجموعی کاروباری حکمت عملی اور تنظیمی کامیابی کو آگے بڑھانے میں ہیومن ریورس مینجمنٹ اہم کردار ادا کرتا ہے۔ مسابقتی انعامات اور مختلف حکمت عملیوں اور پالیسیوں پر عمل کرتے ہوئے، اعلیٰ ثقافتی کارکردگی، ہنر کا حصول، ترقی کو بہتر بنانے کے ذریعے یہ مطلوبہ کاروباری نتائج حاصل کئے جاتے ہیں۔

مستقبل کے حوالے سے نقطہ نظر کو اپناتے ہوئے، ہیومن ریورس مینجمنٹ کی حکمت عملی بدلتے ہوئے ماحول میں موافقت کی اہمیت کو تسلیم کرتی ہے۔ اختراع بھی ہمارے فلسفے کا ایک اہم حصہ ہے۔ کمپنی ہر ملازم کو تخلیقی صلاحیتوں کو اپنانے اور اپنے آپ پریشیز میں جدت کا مظاہرہ کرنے کی ترغیب دیتی ہے۔ ہماری حکمت عملی کا ایک بنیادی اصول ہر فرد کو اپنی کامیابیوں کے لیے ملکیت اور جوابدہی لینے کے قابل بنانا ہے۔ ذمہ داری کے احساس کو فروغ دیتے ہوئے واضح اور درست مقاصد طے کیے گئے ہیں جو کمپنی کی کامیابی میں براہ راست معاونت کرتے ہیں۔

ٹیلنٹ مینجمنٹ:

HR ڈپارٹمنٹ نے اس بات کو یقینی بناتے ہوئے کہ نئے ملازمین ہماری کمپنی کی ثقافت اور اقدار کے مطابق ہوں، اعلیٰ ٹیلنٹ کو حاصل کرنے اور تقرر کرنے میں ایک اہم کردار ادا کیا۔ ہماری ٹیم نے متنوع، ہنرمند پیشہ ور افراد کو راغب کرنے کے لیے سوشل میڈیا پلیٹ فارم کا فائدہ اٹھاتے ہوئے تقرری کی اختراع حکمت عملیوں کو نافذ کیا۔ کمپنی نے مختلف نامور تعلیمی اداروں جیسے ٹیکسٹائل انسٹیٹیوٹ آف پاکستان (TIP)، افریو نیورسٹی، اور انسٹیٹیوٹ آف بزنس مینجمنٹ (IoBM) وغیرہ کے ساتھ بھی کام کیا، اور ادارے کے لیے مستقبل کے ٹیلنٹ کو بیچ کرنے کے لیے اپنے کیریئر فیئرز میں شرکت کی۔ ٹاٹا ٹیکسٹائل ملز میں، کمپنی کثیر کچھتی اور جامع کام کی جگہ کو فروغ دینے میں یقین رکھتی ہے۔ ہمارے ہیومن ریورس ڈپارٹمنٹ نے تمام امیدواروں کے لیے مساوی مواقع کو یقینی بنانے، ملازمتوں میں تنوع کو فروغ دینے کے لیے تہذیبی سے کام کیا، اور خواتین ملازمین کو ہیڈ آفس اور ملز دونوں جگہوں پر افرادی قوت میں شامل کیا گیا۔

ملازمین کے سیکھنے اور ان کی ترقی کیلئے اقدامات:

اہم کامیابیوں میں سے ایک in-house تربیتی صلاحیت کا قیام تھا، جس میں کمپنی نے مختلف تکنیکی مہارتوں، پالیسیوں اور طریقہ کار کا احاطہ کرنے والے اندرونی تربیتی نشستوں کے انعقاد کے لیے in-house ٹرینرز کے ایک متنوع گروپ کو شامل کیا۔

دوران سال ملازمین کو 2058 سے زائد گھنٹے کی تربیت دی گئی اور مجموعی طور پر 70 سے زائد تربیتی نشستوں کا انعقاد کیا گیا جن میں مختلف موضوعات کا احاطہ کیا گیا تھا جن میں سوفٹ اسکلز، آن جاب ٹیکنیکل ٹریننگ، ان ہاؤس ٹیکنیکل کمپنٹس، ہاؤس کیپنگ، گرومنگ، اور 'جنگو سٹق' کے نام سے ایک منفرد پروگرام شامل ہیں جو کہ خاص طور پر ناخواندہ عملے کیلئے تیار کیا گیا ہے۔

ملازمین کی مشغولیت اور کارپوریٹ کمیونیکیشن:

HR ڈپارٹمنٹ نے کامیابی کے ساتھ مصروفیت کے متعدد اقدامات جیسے ووٹرز ڈے کی تقریبات، یوم آزادی کی تقریبات، کرکٹ میچز وغیرہ متعارف کروائے۔ یہ سرگرمیاں انمول ثابت ہوئی ہیں کیونکہ یہ ہمارے ملازمین کے درمیان ہم آہنگی اور دوستی کے احساس کو فروغ دیتی ہیں، پوری تنظیم میں ٹیم ورک اور تعاون کو مضبوط کرتی ہیں۔

مزید یہ کہ ہمارے کارپوریٹ کمیونیکیشن پلان کے مطابق، کمپنی نے فخر کے ساتھ TATA پاکستان کے انٹرنل نیوز لیٹر "The Spin" کا وایوم 3 شائع کیا جس میں دیگر اہم اپ ڈیٹس کے علاوہ اہم حالات، واقعات، نئی ملازمتیں، اور طویل سروس ایوارڈز کی تفصیلات شامل ہے۔

انتظامی کارکردگی:

ہماری تنظیمی کارکردگی کے حصول میں، پرفارمنس مینجمنٹ اور مقصد کی ترتیب نے ملازمین کی کارکردگی کو آگے بڑھانے، جوابدہی کے کلچر کو فروغ دینے، اور انفرادی کوششوں کو مجموعی کاروباری اہداف کے ساتھ ہم آہنگ کرنے میں اہم کردار ادا کیا ہے۔

سال کے آغاز میں کارپوریٹ مقاصد کا تعین ہوتا ہے جس کے بعد مینجمنٹ اور ان کے محکمے کے ملازمین کے مقاصد ہوتے ہیں۔ ہمارے مینجمنٹ اپنی ٹیم ممبران کے ساتھ باقاعدگی سے چیک ان اور پیش رفت کے جائزوں میں مصروف رہتے ہیں جس میں سہ ماہی اور ششماہی جائزے شامل ہیں جس کے بعد جامع سالانہ کارکردگی کی تشخیص کی مشق ہوتی ہے۔ یہ افراد اور ان کے مینجمنٹ کے لیے کارکردگی کے فرق، بہتری اور سیکھنے کی ضروریات کی نشاندہی کرنے کا ایک موقع بھی ہے۔

2.00 روپے فی شیئر یعنی 20 فیصد ادا کر چکا ہے۔

ٹیکسز:

ٹیکسٹائل سیکٹر پر پہلے ہی کئی ٹیکسوں کا بوجھ ہے، ٹیکس سال 2023ء کے ساتھ ساتھ مستقبل کے ٹیکس سالوں کیلئے 10 فیصد سپر ٹیکس کے نفاذ کے باعث یہ بوجھ مزید بڑھ گیا ہے۔

آڈیٹرز:

کمپنی کے موجودہ ایکسٹرنل آڈیٹرز میسرز یوسف عادل چارٹرڈ اکاؤنٹینٹس نے 30 جون 2023 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۔ انہوں نے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان (ICAP) سے اطمینان بخش QCR کی درجہ بندی حاصل کرنے اور ICAP کے ذریعہ بین الاقوامی فیڈریشن آف اکاؤنٹینٹس (IFAC) کے ضابطہ اخلاق کے رہنما اصولوں کی تعمیل کی تصدیق کی ہے۔ بورڈ آف ڈائریکٹرز نے باہمی اتفاق رائے کے تحت میسرز یوسف عادل چارٹرڈ اکاؤنٹینٹس کو بطور آڈیٹرز مالیاتی سال 30 جون 2024 کیلئے انہی شرائط و ضوابط اور اجرت پر دوبارہ تقرر کرنے کیلئے سفارش پیش کی ہے۔

کریڈٹ ریٹنگ:

PACRA کی جانب سے جون 2023 میں کمپنی کو ایک بار پھر بالترتیب A1 اور A2 کی طویل مدتی اور مختصر مدتی کریڈٹ ریٹنگ ملی۔ اعلیٰ کریڈٹ ریٹنگ کا مطلب یہ ہے کہ جب کمپنی کے کریڈٹ حاصل کرنے کی بات آتی ہے تو کمپنی کئی مراعات کے حصول کے ساتھ ساتھ اس بات کی بھی نمائندگی کرتی ہے کہ کمپنی بروقت ادائیگی کیسے کرتی ہے۔

انفارمیشن ٹیکنالوجی:

فی الوقت، انفارمیشن ٹیکنالوجی (IT) ہر کمپنی کا ایک اہم حصہ ہے، جو کاروبار کے آپریشنز کو ہموار کرنے، لاگت میں کمی، فروخت میں اضافہ اور مسابقتی برتری کو برقرار رکھنے میں مدد فراہم کرتی ہے۔ کمپنی پہلے تمام کاروباری سرگرمیوں کے لیے Oracle E-Business Suit سافٹ ویئر کا استعمال کرتی تھی لیکن اب کمپنی نے اپنے IT انفراسٹرکچر کو مسلسل اپ گریڈ کرنے اور بڑھانے کے اپنے عزم پر قائم رہنے کے لیے Oracle Fusion (cloud) سافٹ ویئر پر سے تبدیل کر دیا ہے۔ ڈیورسٹبل میں اضافہ، خطرے سے بچاؤ، وسائل کی اصلاح اور پوری کمپنی میں موثر معلومات کی فراہمی Oracle Fusion میں سرمایہ کاری کے چند فوائد ہیں۔ اس میں قانونی اور ضابطہ سازی کی ضروریات کے ساتھ بروقت تعمیل، موثر فیصلہ سازی، مضبوط اندرونی کنٹرول، اور ایک مناسب حکمرانی کا طریقہ کار بھی شامل ہے۔ نیز، Oracle Fusion ہمیں کاروباری سرگرمیوں پر مزید کنٹرول حاصل کرنے اور اپنی کمپنی کے طویل مدتی اقدامات کو بڑھانے میں سہولت فراہم کرے گا۔ کاروبار کے عمل کو بہتر اور خود کار بنانے کے لیے Oracle Fusion (cloud) کے مینوفیکچرنگ موڈیول اور EAM کو نافذ کرنے والی اسپنڈنگ سیکٹر میں یہ پہلی کمپنی ہوگی۔

سرمایہ کی ساخت:

30 جون 2023 کو ڈیٹا ایکویٹی کا کل تناسب 46:54 رہا جس کا موازنہ 30 جون 2022 کی ایکویٹی 57:43 سے کیا جاسکتا ہے۔ 30 جون 2023 کو ڈیٹا ایکویٹی کا طویل مدتی تناسب 84:16 اور مختصر مدتی تناسب 80:20 رہا، جبکہ 30 جون 2022 کو طویل مدتی تناسب 50:50 اور مختصر مدتی 66:34 تھا۔

ڈویڈنڈز:

بورڈ آف ڈائریکٹرز نے 4 اگست 2023 کو ہونے والے اپنے اجلاس میں 30 جون 2023 کو ختم ہونے والے سال کے لیے 3.00 روپے فی حصص یعنی 30 فیصد کے حساب سے حتمی کیش ڈویڈنڈ کی سفارش کی ہے۔ یہ عبوری ڈویڈنڈ کے علاوہ ہے جو پہلے ہی

روپے ملین میں

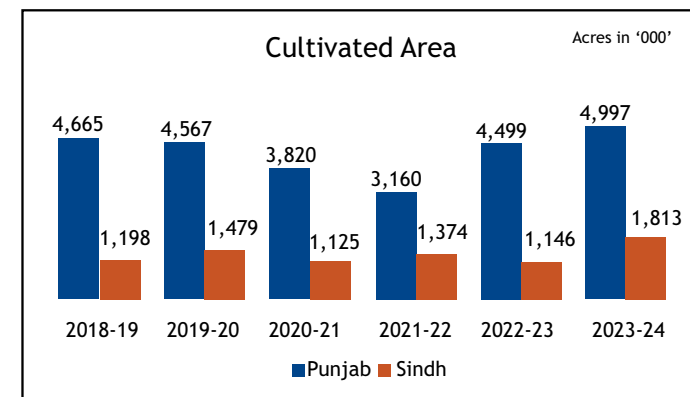
تفصیلات	اختتامی سال 30 جون 2023ء	اختتامی سال 30 جون 2022ء	تغییرات
فروخت	34,911	35,114	(203)
فروخت کی قیمت	(30,666)	(27,060)	(3,606)
مجموعی منافع	4,245	8,054	(3,809)
ڈسٹری بیوشن، ایڈمن و دیگر	(832)	(1,846)	1,014
مالیاتی قیمت	(2,705)	(1,179)	(1,526)
قبل از ٹیکس منافع	709	5,029	(4,320)
بعد از ٹیکس منافع	261	4,443	(4,182)
آمدنی فی شیئر	4.65	79.35	(74.70)

ٹیکسٹائل کمشنر آرگنائزیشن کے ریکارڈ کے مطابق، ملک میں 408 ٹیکسٹائل یونٹس ہیں، جس میں 40 کمپوزٹ یونٹس اور 368 اسپننگ یونٹس شامل ہیں۔ ان یونٹس میں مجموعی طور پر 13.41 ملین اسپنڈلز اور 140,000 روٹرز نصب ہیں، جن میں 9.5 ملین اسپنڈلز اور 112,600 روٹرز کام کر رہے ہیں، اور مالی سال 23 کے دوران بالترتیب 69.33% اور 71% کی پیداواری صلاحیت کا استعمال ہوا ہے۔

خام مال:

کپاس نے جی ڈی پی میں 0.3 فیصد اور زراعت میں ویلیو ایڈڈ میں 1.4 فیصد کا حصہ ڈالا۔ سال 2022-23 کے دوران، موسمیاتی تبدیلیوں کے باعث کپاس کی فصل کو شدید نقصان پہنچا۔ سال 2022-23 کے دوران کپاس کا رقبہ بڑھ کر 2,144 ہزار ہیکٹر ہو گیا جو گذشتہ سال 1,937 ہزار ہیکٹر تھا، جس سے 10.7 فیصد اضافہ ہوا ہے۔ تاہم سیلاب کے باعث سندھ اور بلوچستان میں تمام فصلیں تباہ ہو گئیں اور پیداوار گزشتہ سال کی 8.329 ملین گانٹھوں کے مقابلے میں 4.910 ملین گانٹھیں ہو گئی جو کہ 41 فیصد کمی کو ظاہر کرتی ہے۔ پنجاب میں کپاس پیدا کرنے والے اضلاع راجن پور، ڈی جی خان اور تونسہ سب سے زیادہ متاثر ہوئے جس کی وجہ سے کپاس کی فصل کو نقصان پہنچا۔

کسانوں کو معقول معاوضے سے محرومی، اور غیر معیاری کیڑے مار ادویات اور بیجوں کے ساتھ ساتھ سخت موسم بھی گزشتہ برسوں میں کپاس کی پیداوار میں کمی کا باعث بنا۔ کسانوں میں ابھی بھی مناسب رہنمائی اور آگاہی کا فقدان ہے۔ اگرچہ کپاس ایک بڑی نقد آور فصل ہے اور کپاس کا شعبہ جی ڈی پی میں بنیادی شراکت دار ہے، لیکن پھر بھی اسے نظر انداز کیا جاتا ہے اور ٹیکنالوجی اور جدید مضبوط سسٹم میں بہت پیچھے ہے۔



کرنسی کی قدر میں کمی:

کرنسی کی قدر میں کمی کے باعث خاص طور پر لاگت پر دباؤ پڑا اور ورکنگ کپینٹل کی ضروریات پیدا ہوئیں۔ اسٹیٹ بینک آف پاکستان انٹربینک ایکسچینج ریٹ کے مطابق پاکستانی روپیہ کی قدر میں 204.8 (30 جون 2022) سے 285.9 (30 جون 2023) تک اوسطاً 39.6 فیصد کمی ہوئی۔

توانائی کی لاگت:

بجلی کے بڑھتے ہوئے اخراجات کو کم کرنے کے لیے، کمپنی نے سستے ذرائع، یعنی فرنس آئل کے مقابلے میں قدرتی گیس اور جزیئرز کے زیادہ سے زیادہ استعمال کے ذریعے زیادہ سے زیادہ بجلی پیدا کرنے کی کوششیں کی ہیں۔ اس سال دو نئے گیس جزیئرز حاصل کیے گئے ہیں تاکہ بجلی کی بلا تعلق موثر طریقے سے پیداوار اور فراہمی جاری رہے اور اس کے ساتھ ساتھ کوٹری اور ملتان میں بالترتیب 1 میگا واٹ اور 2 میگا واٹ کا سولر پلانٹ بھی کامیابی سے کام کر رہا ہے۔ کمپنی صاف توانائی پیدا کرنے اور کاربن فوٹ پرنٹ کو کم کرنے کے لیے اپنی بجلی کی پیداوار میں مزید 1.6 میگا واٹ کا سولر پلانٹ شامل کرنے کے عمل میں ہے۔ مزید برآں، قدرتی گیس کے نرخوں میں 852 روپے فی MMBTU سے 1100 روپے فی MMBTU تک اضافے کے ساتھ ساتھ قدرتی گیس کی اچانک اور غیر متوقع کمی نے بجلی کی مجموعی لاگت کو کافی حد تک متاثر کیا ہے۔ مزید یہ کہ حکومت نے ایکسپورٹ اور ریٹیل کمپنیوں کے لیے ری گیسفائیڈ لیکویفائیڈ نیچرل گیس (RLNG) کی شرح 14 امریکی ڈالر فی MMBTU مقرر کر دی ہے، اس کے بعد ان سبسائیڈز کو ختم کر دیا گیا ہے جو وہ پہلے بڑھا رہی تھی۔ گرڈ لاگت بھی تیزی سے بڑھ کر 40/kwh روپے تک پہنچ گئی ہے جس کی وجہ سے تمام صنعتی شعبے بین الاقوامی مارکیٹ میں مسابقتی نہیں رہی ہیں۔

کاروباری اعتماد کی سطح کو بہتر بنانے اور صنعتی سرمایہ کاری میں اضافہ کیلئے ایک مضبوط اور مستحکم توانائی کی پالیسی کی ضرورت ہے۔ ٹیکسٹائل برآمد کرنے والے دیگر ممالک کی صنعتی بجلی کا ٹیرف پاکستان سے کم ہے جس کی وجہ سے ہم بین الاقوامی مارکیٹ میں مقابلہ نہیں کر سکتے۔

مالی لاگت:

اسٹیٹ بینک آف پاکستان نے افراط زر پر قابو پانے اور روپے کی قدر میں کمی کو روکنے کی کوشش میں، جون 2023 تک پالیسی ریٹ میں مجموعی طور پر 825 bps کا اضافہ کر کے اسے 22 فیصد کر دیا کیونکہ معیشت ملکی اور بیرونی دونوں چیلنجوں کا سامنا کر رہی تھی، مانیٹری اور مالیاتی پالیسیوں میں کمی کی وجہ سے ملکی اقتصادی سرگرمی معتدل ہونے کی توقع تھی جس نے پہلے سے ہی چیلنجنگ لیکویڈٹی صورتحال کے ساتھ کمپنی کے اخراجات پر بہت زیادہ بوجھ ڈالا۔

ڈائریکٹرز رپورٹ برائے ممبران

کمپنی کے ڈائریکٹرز 30 جون 2023ء کو ختم ہونے والے سال کیلئے ڈائریکٹرز رپورٹ بشمول کمپنی کے آڈٹ شدہ مالیاتی حسابات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

معاشی صورتحال:

میکرواکنامک عدم توازن، سپلائی شاکس اور بین الاقوامی اقتصادی سست روی کے چیلنجز کے باعث مالی سال 2023ء میں پاکستان کی معاشی جی ڈی پی کی شرح نمو 0.29 فیصد رہی جو کہ مالی سال 2022ء میں 5.97 فیصد تھی۔ جبکہ مالی سال 2023ء میں زرعی شعبے کی شرح نمو کا تخمینہ 1.55 فیصد لگایا گیا تھا اور صنعتی شعبے نے مالی سال 2023ء میں شرح نمو منفی 2.94 فیصد رپورٹ کی تھی۔ ٹیکسٹائل سیکٹر نے بڑے پیمانے پر 8.11 فیصد کمی ظاہر کی جس کا موازنہ گذشتہ سال کی اسی مدت کی شرح نمو 10.6 فیصد بشمول ٹیکسٹائل سیکٹر کی منفی شرح نمو 16.03 فیصد سے کیا جاسکتا ہے۔ حالیہ مالی مشکلات کے باعث Fitch کے کریڈٹ ریٹنگ آؤٹ لک میں CCC+ سے CCC- تک کمی ہوئی ہے جبکہ موڈیز نے ملک کے قرض کی درجہ بندی میں Caa1 سے Caa3 تک کمی کر دی ہے۔

کاروباری ماحول:

سیاسی حالات کی غیر یقینی صورتحال، کمزور معاشی صورتحال، افراط زر، کرنسی کی قدر میں کمی، متوقع سے کم غیر ملکی آمدنی اور عالمی کساد بازاری کے باعث زیر نظر سال کافی مشکل تھا۔ بعد ازاں سال کے آغاز میں تباہ کن سیلاب نے کپاس کی قیمتوں اور اس کے نتیجے میں سوت کی فروخت کی قیمتوں پر منفی اثر ڈالا۔ سست عالمی طلب اور کساد بازاری کے باعث کاروباری آپریشنز کو بھی معمولی طور پر روک دیا گیا جس کے نتیجے میں ناکافی فروخت اور اسپنڈل کی گنجائش کا استعمال کم ہوا۔ لیٹر آف کریڈٹ کے قیام اور 100 فیصد نقد مارجن کی ضرورت کے باعث خام مال کی سوریج اور پراپرٹی، پلانٹ اور آلات کی درآمداتی مشکلات رہی۔

ٹیکسٹائل سیکٹر:

پاکستان کی مینوفیکچرنگ انڈسٹری بنیادی طور پر ٹیکسٹائل پر انحصار کرتی ہے اور اس کا پیداواری سلسلہ سب سے زیادہ پھیلا ہوا ہے۔ اس سیکٹر میں پروسیڈنگ کے ہر مرحلے پر ویلیو ایڈیشن کی بے پناہ صلاحیت ہے، جس میں کپاس سے لے کر جننگ، اسپننگ، فیبرک، ڈائینگ، فنشنگ، تیار مصنوعات اور گارمنٹس شامل ہیں۔ صنعتی ویلیو ایڈنگ کا تقریباً 25 فیصد حصہ اس صنعت کا ہے۔ موسمی تبدیلیوں کے باوجود، ٹیکسٹائل مصنوعات قومی برآمدات میں تقریباً 59.53 فیصد حصہ برقرار رکھتی ہیں۔

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 Annual General Meeting of the company to be held on October 19, 2023 and at any adjournment thereof.

Signed this _____ day of _____ 2023.

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 proxy who is not 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 their Account Number to facilitate their identification. Detail procedure is given in Notes to the Notice of AGM.

پراکسی فارم (مختار نامہ)

میں / ہم کا / کی
 بحیثیت رکن نانائیکسٹائل ملز لمیٹڈ اور حامل عام حصص برطابق رجسٹرڈ فو لیو نمبر
 بذریعہ بڑا محترم / محترمہ کمپیوٹرائزڈ قومی شناختی کارڈ نمبر
 مورخہ 19 اکتوبر 2023ء

کو اپنے / ہمارے ایما پر:
 منعقد ہونے والے کینی کے (37th) اجلاس عام میں حق رائے دہی استعمال کرنے، تفریر 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 تاریخ 2023 کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان	گواہان
1-	1-
دستخط:	دستخط:
نام:	نام:
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

نوٹ:

- 1- پراکسی تقرری کے آلات تقرری کرنے والے کے دستخط یا اس کے باقاعدہ بااختیار وکیل کے تحریری اجازت نامہ، یا اگر تقرری کرنے والا کارپوریشن ہے تو عام مہر یا ایک آفیشل دستخط کے تحت یا ایسے بااختیار وکیل کے دستخط ہوں گے۔ جو کئی کارکن نہیں ہے اسے 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 فوٹو یا اصل تصدیق کا کاپی کینی کے دفتر میں کم از کم 48 (اڑتالیس) گھنٹے قبل اجلاس جس میں ووٹ دینے کے مقاصد کے لئے انٹرویو میں نامزد شخص کی جمع کروایا جائے گا، بصورت دیگر پراکسی کا انٹرویو کا آراء تصویب ہوگا۔
- 3- سی ڈی سی حصص یافتگان یا ان کے پراکسیز کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ معہ پارٹیشن (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۔



Key features:

- 📄 Licensed Entities Verification
- 📊 Stock trading simulator (based on live feed from KSE)
- 📊 Scam meter*
- 📚 Knowledge center
- 🎮 Jamapunji games*
- 📊 Risk profiler*
- 📊 Tax credit calculator*
- 📊 Financial calculator
- 📊 Company Verification
- 📊 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📊 Insurance & Investment Checklist
- 📊 FAQs Answered
- 📱 Jamapunji application for mobile device
- 📊 Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

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*Mobile apps are also available for download for android and ios devices



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Landhi Unit:
HX-1, Landhi Industrial Area, Landhi, Karachi.
Kotri Unit:
A/12, S.I.T.E, Kotri, District Jamshoro, Sindh.