



**ADM**  
ARTISTIC DENIM MILLS

# Annual Report 2023

[www.admdenim.com](http://www.admdenim.com)

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## **Form of Proxy**

# Company Information

- ✦ **Board of Directors**  
Chief Executive  
Chairman  
Directors  
Mr. Muhammad Faisal Ahmed  
Mr. Muhammad Iqbal Ahmed  
Mr. Muhammad Yousuf Ahmed  
Mr. Muhammad Ali Ahmed  
Ms. Zahra Faisal Ahmed  
Mr. Yazdani Zia  
Mr. Muneer Ahmed
- ✦ **Audit Committee**  
Chairman  
Members  
Mr. Yazdani Zia  
Mr. Muhammad Iqbal Ahmed  
Mr. Muhammad Ali Ahmed
- ✦ **Human Resource and Remuneration Committee**  
Chairman  
Members  
Mr. Yazdani Zia  
Mr. Muhammad Faisal Ahmed  
Ms. Zahra Faisal Ahmed
- ✦ **Chief Financial Officer**  
Mr. Sagheer Ahmed
- ✦ **Company Secretary**  
Mr. Muhammad Ozair Qureshi
- ✦ **Chief Internal Auditor**  
Mr. Salman Arif
- ✦ **Auditors**  
M/s. Reanda Haroon Zakaria & Company  
Chartered Accountants
- ✦ **Legal Advisor**  
Monawwer Ghani  
Advocate
- ✦ **Share Registrar**  
M/s F.D. Registrar Services (SMC Pvt.) Limited  
17th Floor, Saima Trade Tower-A,  
I.I. Chundrigar Road, Karachi.  
Tel: (+92-21) 35478192-3 / 32271905-6
- ✦ **Bankers**  
Allied Bank Limited  
Bank Al Habib Limited  
BankIslami Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited  
Woori Bank
- ✦ **Registered Office**  
Plot No. 5-9, 23-26, Sector 16,  
Korangi Industrial Area, Karachi.  
UAN: 111 236 236, Fax No. 3505 4652  
www.admdenim.com
- ✦ **Mills**  
Korangi Industrial Area, Karachi.

## VISION

- ✦ DYNAMIC, QUALITY CONSCIOUS  
AND EVER PROGRESSIVE

## MISSION

ARTISTIC DENIM MILLS LIMITED  
IS COMMITTED TO:

- ✦ Achieve and Retain  
Market Leadership in  
Denim Fabric / Garments  
Manufacturing
- ✦ Produce to the Highest  
Quality Standards
- ✦ Excel through Continuous  
Improvement
- ✦ Fulfill and Exceed the  
Expectations of our Customers
- ✦ Be Ethical in its Practices
- ✦ Operate through Team Work
- ✦ Ensure a Fair Return  
to Stake Holders
- ✦ Fulfill Social Responsibilities

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting ("AGM") of the Members of **Artistic Denim Mills Limited** (the Company) will be held on Wednesday, October 25, 2023 at 4:00 p.m. at the premises of the Dewan University, Plot No. 30 - A/1, Sector 23, Korangi Industrial Area, Karachi to transact the following business.

### Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2023, together with the Directors' and the Auditors' Reports thereon.
2. To approve and declare the final cash dividend @ Rs. 3.50 per share i.e. (35%) for the financial year ended June 30, 2023 as recommended by the Board of Directors.
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2024. The present auditors M/s Reanda Haroon Zakaria & Company, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.

### Special Business:

#### Ordinary Resolution

4. To sought approval of members to circulate annual audited financial statements through QR enabled Code and Weblink instead of transmitting the same in the form of CD / DVD / USB in pursuance of Securities and Exchange Commission of Pakistan (SECP) S.R.O. 389(1)/2023 dated March 21, 2023 and to pass following resolution with or without amendments as ordinary resolution:

**"Resolved that** as notified by the SECP via S.R.O NO. 389(1)/2023 dated March 21, 2023 transmission of annual audited financial statements to its members through QR enabled code and weblink instead of transmitting the same in the form of CD / DVD / USB, be and is hereby ratified and approved for future."

### Other Business:

5. To transact any other business with the permission of the Chair.

By Order of the Board of Directors



**Muhammad Ozair Qureshi**  
Company Secretary

Karachi: October 04, 2023

### Notes:

#### 1. Closure of Shares Transfer Books:

The share transfer books of the Company will remain closed from October 17, 2023 to October 25, 2023 (both days inclusive). The transfers received at the office of the Company's Share Registrar F. D. Registrar Services (SMC-Pvt.) Limited, 17th Floor, Saima Trade Tower-A, I. I. Chundrigar, Road, Karachi before the close of the business on October 16, 2023 will be treated in time for the entitlement of final cash dividend and to attend and vote at the Meeting.

## NOTICE OF ANNUAL GENERAL MEETING

### 2. Participation in Annual General Meeting:

A member entitled to attend and vote at this Annual General Meeting shall be entitled to appoint another member, as a proxy to attend, speak and vote on his / her behalf. Proxies in order to be effective must be received at the Company's Share Registrar's Office not later than 48 hours before the time of the Meeting. For the convenience of the shareholders a proxy form is attached in the last portion of the Annual Report.

#### For Attending the Meeting:

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

#### For Appointing Proxies:

- i) In case of individuals, the account holder or subaccount holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and 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 case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature and attested copy of valid CNIC of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

### 3. Participation through Video Link Facility:

The members can also participate in the Annual General Meeting through video link facility. To attend the AGM through video link, members and their proxies are requested to register their following particulars by sending an email at ([meetinginfo@admdenim.com](mailto:meetinginfo@admdenim.com)).

Shareholders / Proxy holders are advised to mention their Name, Folio / CDC Account Number, No. of Shares held, CNIC Number, cell number and email address.

The video link and login credentials will be shared with the shareholders whose email, containing all the requested particulars, are received at the given email address by or before the close of business hours (5:00 p.m.) on October 21, 2023.

## NOTICE OF ANNUAL GENERAL MEETING

### 4. Procedure of E-Voting:

- a. In accordance with the Companies (Postal Ballot) Regulations, 2018 (the "Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for inter alia, all business classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.
- b. Detail of E-Voting facility will be shared through email with those members of the Company who have valid cell numbers / email addresses (Registered email ID) available in the Register of Members of the Company by the end of business on October 16, 2023. Members who intend to exercise their right of vote through E-Voting shall provide their valid cell numbers and email addresses on or before October 16, 2023.
- c. Identity of the Members intending to cast vote through E-Voting shall be authenticated through electronic signature or authentication for login.
- d. Members shall cast vote for agenda item online from October 22, 2023 till October 24, 2023 till 5:00 p.m. Voting shall close on October 24, 2023 at 5:00 p.m. A vote once cast by a member, shall not be allowed to be changed.

### 5. Procedure for Voting through Postal Ballot:

Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website [www.admdenim.com](http://www.admdenim.com) to download.

The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman, of the meeting through post at the Company's registered address, Plot No. 5 - 9 & 23 - 26, Sector 16, Korangi Industrial Area, Karachi. Or email at ([chairman@admdenim.com](mailto:chairman@admdenim.com)) one day before the AGM, i.e. on October 24, 2023 before 5:00 p.m. A postal ballot received after this time/date shall not be considered for voting. The signature on the Ballot Paper shall match with signature on the CNIC.

### 6. Payment of Cash Dividend Electronically (Mandatory Requirements):

In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulations 2017, a listed company, is required to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

Those shareholders who have still not provided their International Bank Account Number (IBAN) are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar (in case of shareholding in Physical Form).

## NOTICE OF ANNUAL GENERAL MEETING

<b>(i) Shareholders details:</b>	
Name of the Shareholder(s)	
Folio # / CDS Account No(s)	
CNIC No. (Copy attached)	
Mobile / Landline No.	
<b>(ii) Shareholders' Bank details:</b>	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch Name and address	

In the absence of IBAN, or in case of incomplete details, the Company will have to withhold the payment of cash dividends under the Companies (Distribution of Dividends) Regulations, 2017.

### 7. Withholding Tax on Dividend:

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and currently, the deduction of withholding tax on the amount of dividend paid by the companies based on 'Active' and 'Non-Active' status of shareholders shall be @ 15% and 30% respectively where 'Active' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (<http://www.fbr.gov.pk/>) and 'Non-Active' means a person whose name is not being appeared on the Active Taxpayers List.

In case of joint account, each holder is to be treated individually as either 'Active' or 'Non-Active' and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if not so notified, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total No. of Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC No.	Shareholding Proportion (No. of shares)	Name & CNIC No.	Shareholding Proportion (No. of shares)

The required information must reach the Share Registrar of the Company before the close of the business on October 16, 2023 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Shareholder(s).

The shareholders seeking to avail exemption or are eligible for deduction at a reduce rate U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate or necessary documentary evidence as the case may be, to the Company's Share Registrar F. D. Registrar Services (SMC-Pvt.) Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.

### 8. Electronic Transmission of Audited Financial Statements & Notices:

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its Members through e-mail. Accordingly, Members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail.



## NOTICE OF ANNUAL GENERAL MEETING

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice. Annual Financial Statements will be sent at your registered address, as per normal practice.

### 9. Postal Ballot:

Pursuant to the Companies (Postal Ballot) Regulations, 2018, members will be allowed to exercise their right to vote through postal ballot that is voting by post or through any electronic mode subject to requirements of Section 143 to Section 145 of the Companies Act, 2017 and procedure contained in the aforesaid Regulations.

### 10. Zakat Declaration (CZ-50):

Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the share (Rs. 10 each) and will be deposited within the prescribed period with the relevant authority. In case of claiming exemption, please submit your Zakat Declaration under Zakat and Ushr Ordinance, 1980 and Rule 4 of Zakat (Deduction and Refund) Rules, 1981, CZ-50 Form with our Share Registrar. Physical shareholders are requested to submit the said declaration to our Share Registrar in the proper manner. The Shareholders must write Artistic Denim Mills Limited's name and their respective CDS A/C # or Folio numbers on Zakat Declarations at relevant place.

### 11. Deposit of Physical Shares in CDC Accounts:

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.

The shareholders having physical shareholding may please be open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into scrip less form.

For any query / information, the investors may contact the Company's Share Registrar.

### 12. Unclaimed Dividend:

Shareholders, whose dividends still remain unclaimed are available with the Company, are hereby once again requested to approach the Company to claim their outstanding dividend amounts.

### 13. Submission of CNIC or Passport:

Shareholders are requested to provide photocopy of their CNIC or passport (in case of foreigner), unless it has been provided earlier, enabling the Company to comply with relevant laws.

### 14. Change of Address:

Shareholders are requested to immediately notify the change of address, if any to the Company's Share Registrar.

## NOTICE OF ANNUAL GENERAL MEETING

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### 15. Placement of Audited Financial Statements on the website:

Annual Audited Financial Statements of the Company for the year ended June 30, 2023 have been placed on Company's website i.e. [www.admdenim.com](http://www.admdenim.com)

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

This statement sets out the material facts concerning the Special Business, given as agenda item number 4 of the Notice to be transacted at the Annual General Meeting of the Company.

### **Agenda Item 4 - Transmission of Annual Audited Financial Statements through QR - enabled Code and Weblink**

The SECP has allowed listed companies to circulate annual audited financial statements to its members through QR enabled code and weblink instead of transmitting the same in the form of CD / DVD / USB in pursuance of SECP S.R.O. 389(1)/2023 dated March 21, 2023. The Company shall circulate Annual Audited Financial Statements through email address in case it has been provided by the member to the Company, and upon demand, supply hard copies of the Annual Audited Financial Statements to the shareholders free of cost upon receipt of a duly completed Request Form, which may be obtained from the Company's website i.e. [www.admdenim.com](http://www.admdenim.com).

### **Directors' Interest**

The directors of the Company have no direct or indirect interest in the above-mentioned Special Business except to the extent that they are the members of the Company.

## CHAIRMAN'S REVIEW

### REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF THE BOARD AND EFFECTIVENESS OF THE ROLE PLAYED BY THE BOARD IN ACHIEVING THE COMPANY'S OBJECTIVES

It gives me great pleasure to present this report as required under section 192(4) of the Companies Act, 2017 for the year ended June 30, 2023.

Pursuant to the requirements of the Companies Act, 2017 and Listed Companies Code of Corporate Governance Regulations, 2019, an annual evaluation of the Board of Directors (the "Board") of Artistic Denim Mills Limited (the "Company") was carried out to assess the Board's and its committees' overall performance and effectiveness for the year ended June 30, 2023. The Board is assisted by its committees. The purpose of evaluation was to examine those key areas where the Board requires clarity in order to provide high level oversight, including: the strategic process; key business drivers and performance milestones; the global economic environment and competitive context in which the Company operates; the risks faced by the business; Board dynamics; capability and alignment; reputation; and information flows. Areas that require improvement were duly considered and suitable action plans were framed.

As the Chairman of the Board, I want to ensure that the Company is being managed effectively, in a way that helps it to achieve its objectives whilst also safeguarding the integrity of the Company and the interests of its stakeholders.

I am pleased to report that the overall performance of the Board and its committees has remained satisfactory on the basis of criteria set for the purpose.

Following are the integral components of evaluation criteria to judge the performance of the Board & its committees and to achieve the Company's objectives:

- Compliance with the legislative system in which Company operates, including Companies Act, 2017, Listing Regulations of Pakistan Stock Exchange Limited, the Memorandum and Articles of Association of the Company.
- Active participation in strategic planning process, corporate goals, plans, budgets, enterprise risk management system, policy development, financial structure, monitoring and approval.
- Hiring, evaluating, compensating and supporting the Executive Directors and other key positions including Chief Executive.
- Appropriate constitution of Board Committees with members possessing adequate technical knowhow and experience.
- Establishing adequate system of internal controls in the Company and its regular assessment through self-assessment mechanism or / and internal audit activities.
- Ensuring presence of required quorum in Board and Committees' meeting.
- Ensuring orientation and training of Board of Directors to enable them to perform their duties in an effective manner.

Finally, I would like to thank all our Board Members for their commitment and contribution.

**MUHAMMAD IQBAL AHMED**



CHAIRMAN / DIRECTOR

Karachi: September 23, 2023

## DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors of Artistic Denim Mills Limited (the Company) takes great pleasure in presenting the Annual Report and the Audited Financial Statements of the Company for the financial year ended June 30, 2023.

### OPERATING FINANCIAL RESULTS

Presented below are the operational outcomes of your Company for the financial year concluding on June 30, 2023:-

	Rs. in ('000')
Profit for the year before taxation	1,308,666
Taxation	(248,036)
Net Profit for the year	1,060,630
Un-appropriated profit brought forward	6,399,749
Other comprehensive income	(39,068)
Profit available for appropriation	7,421,311

### Appropriations:

Final Dividend for year ended June 30, 2022	
Cash	(168,000)
Un-appropriated profit carried forward	7,253,311

### PERFORMANCE REVIEW

In the face of considerable macroeconomic challenges, your Company reported noteworthy net sales totaling Rs. 17,073 million, reflecting an increase of Rs. 133 million in comparison to the Rs. 16,940 million recorded during the preceding fiscal year.

Gross profit witnessed a substantial surge, rising from Rs. 1,841 million (10.87%) to a remarkable Rs. 2,920 million (17.10%) when compared to the previous financial year. The prime factors for increase in gross margin were devaluation of the Pakistan Rupee and implementation of adept cost control measures.

Finance costs rose to Rs. 982 million, in contrast to the Rs. 413 million incurred in the last year. This notable escalation was due to steep increase in interest rates and increased borrowing due to increase in working capital requirements.

As a consequence of the aforementioned factors, your Company concluded this year with a net profit of Rs. 1,061 million, compared to the net profit of Rs. 654 million achieved in the preceding year. This represents significant increase in profitability, reflecting a remarkable growth of 62.11%. This performance translated into an Earnings per Share (EPS) of Rs. 12.63 as compared to the Earnings per Share of Rs. 7.79 recorded in the preceding year.

## ECONOMIC REVIEW

The geopolitical situation, a complex financial backdrop, and persistent high inflationary pressures have all had a significant impact on the prospects for global growth. Global growth decelerated due to weak performance in advanced economies and tight monetary policy stance at the global level to address the problem of inflation. The Russia-Ukraine conflict adversely affected the global economy, leading growth to decelerate and high inflation. The pass-through of increased international commodity prices is reflected in currency depreciation and elevated cost of production.

The fiscal year 2023 has been a challenging one for Pakistan's economy, as the country faced multiple headwinds from both external and internal factors. This resulted in muted performance of LSM as industrial production is mainly dependent on global prospects, import of capital goods, and subsidized financing. The aforesaid factors have posed significant economic risks for Pakistan's economy. Adding to this confluence of challenges, Pakistan has grappled with catastrophic floods and political turbulence, further aggravated the situation. Thus, financial year 2023 has been a challenging year for Pakistan's economy. The economy has been significantly impacted by global inflation and rising commodity prices that increased domestic inflation, and deteriorated trade balance with depleted international reserves. The currency depreciation has further fueled domestic inflation.

The real GDP posted a growth of 0.29% in financial year 2023. The investment to GDP ratio stood at 13.6% in financial year 2023 compared to 15.6% in financial year 2022 mainly due to slowdown in global and domestic economic activity and contractionary macroeconomic policies. The industrial sector posted a negative growth of 2.94% in financial year 2023. Industrial sector performance is more dependent on the manufacturing sector which has a share of 65% in the industry.

Nevertheless, Pakistan's economy still faces pressures from an uncertain global security situation, higher inflation driven by a surge in food prices, conspicuous slowdown in large-scale manufacturing, lower-than-expected foreign inflows, and growing rapidly absolute financing requirements. These factors, including external imbalances, fiscal deficits, and elevated interest rates, yet pose a risk to Pakistan's economic growth prospects in financial year 2024.

## TEXTILE SECTOR REVIEW

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. Remarkably 25 percent of industrial value-added is contributed by this industry. Despite seasonal and cyclical changes, textile products continue to maintain an average share of around 59.50 percent in Pakistan's overall goods exports, which stood at \$27.734 billion during the preceding fiscal year.

Pakistan's textile sector witnessed a decline in its exports during the fiscal year 2022-23, with a drop of 14.6 percent to \$16.5 billion compared to the remarkable record high of \$19.33 billion achieved in the preceding fiscal year, 2021-22.

The government had set a target of achieving textile exports worth \$25 billion during the period under review. However, a combination of domestic and global challenges has impacted the outlook. The slowdown in textile exports can be attributed to suppressed demand stemming by recessionary fears in western regions, particularly in the US and Europe. Moreover, factors such as gas shortages, rising working capital costs, lower cotton arrivals, and political unrest have further contributed to the downturn.

## DIVIDEND

The Board of Directors has proposed a final cash dividend of Rs. 3.50/= per share for the financial year ended June 30, 2023 (compared to Rs. 2.00/= per share on June 30, 2022), subject to shareholders' approval at the forthcoming Annual General Meeting. The aggregate dividend payout to shareholders is anticipated to amount to Rs. 294 million.

## CASH FLOW STATEMENT

The Company has established a robust Cash Flow Management system to forecast both incoming and outgoing cash movements. This approach aids in devising strategies to address working capital needs using cash inflows and short-term borrowings. In the year 2023, the Company achieved an impressive Rs. 2,401 million in cash generation from operating activities. This increase in cash earnings predominantly contributed to the influx from operating activities. The cash generated through operating activities was allocated towards capital expenditures, repayment of loans and dividend disbursement.

## CAPITAL EXPENDITURE

Throughout the year, the Company has undertaken substantial capital expenditure, primarily directed towards Balancing Modernization and Replacement (BMR), capacity expansion, enhanced safety and sustainability to ensure the ongoing production of high-quality products. Furthermore, our endeavors encompass energy conservation and environmental preservation.

We have a planned procedure for evaluating the requirements of capital expenditure. Over the course of the year, the Company successfully executed capital expenditure amounting to Rs. 2,843 million. The Company remains dedicated to a steadfast commitment of consistently investing in strategic projects that directly facilitate the attainment of its core objectives.

## SALES AND MARKETING

With a track record of over 31 years of experience, ADM takes immense pride in its distinguished reputation for delivering best possible denim brands to its esteemed customers. The Company continues to be the leading producer, reliable supplier and provider of quality product coupled with providing customer pivotal solutions. Excellent quality of products and innovative growth techniques of the Company have resulted in a loyal customer base throughout the world leading to the creation of a sustainable and robust business model. ADM has strong customer relationships, nurtured over the course of many years. This commitment is a testament to our firm dedication to putting the needs of our customers first, encapsulating the core spirit of ADM.

As part of our strategic vision, ADM is steadfastly focused on broadening its customer base by expanding its presence across the Americas, Europe, and Asia. This calculated expansion is a reflection of our dedication to extending the reach of our products and services to new horizons, solidifying our position as an industry trendsetter.

Within the framework of our sustainable development endeavors, ADM is dedicating its efforts towards six fundamental domains that are pivotal in advancing our sustainability objectives, resonating deeply with both our values and the priorities of our valued customers:

- Water Management
- Energy Conservation
- Chemicals (dyes and processing chemicals)
- Cotton / Fibres
- People
- Packaging

Our leadership is actively steering endeavors towards sustainable cost savings by embracing enhanced process efficiencies. ADM has separate internal research and development department who is involved into new product development & new process innovations and to provide complete solution to the customers. Sustainability is a commitment to us and we are driving close collaboration with all of our suppliers to make it a reality. ADM remains at the forefront of embracing emerging technologies across production, quality assurance, and research and development. This strategic adoption facilitates the reduction of conversion costs and defects. Furthermore, it cultivates production flexibility, elevated quality standards, increased efficiency, and optimized capacity utilization. Such flexibility empowers us to promptly address diverse customer demands.

In our ongoing journey towards becoming a more sustainable organization, the Company added two cotton recycling machines. These machines efficiently recycle both post-industrial waste, some of which originates from our own facilities, and post-consumer waste.

Navigating a multifaceted and dynamic marketplace, we remain steadfast in aligning our products with the evolving expectations of consumers. Our Company possess a modern and cutting-edge innovation center, complete with state-of-the-art equipment for quality testing and development. These resources are overseen by a proficient team of seasoned experts, ensuring seamless operations. Our product design philosophy consistently embraces shifting consumer preferences and diverse lifestyles, catering to esteemed denim brands across the United States, Europe, and Asia.

Innovation is an intrinsic force driving ADM's core, empowering the Company to develop the widest range of products such as HyperStretch, Promodal®, XFIT LYCRA®, Organic Denim Series, LYCRA®dualFX™, TOUGH MAX™LYCRA®, Pure Dark Indigo Series (PDI), Medallion Series, Tined Series, Flat Series, Recycled Cotton and LYCRA®T400® Fiber. Innovation is steered by the needs of our customers who increasingly demand differentiated products to respond to emerging trends and evolving consumer preferences.

ADM Continues to strengthen competitive advantage through innovation differentiated product offerings and optimizes operational efficiencies. Each new innovation introduced by ADM undergoes stringent testing, assuring its precision and efficacy before implementation. We develop innovative solutions based on dynamic demands of the market and customers' feedback. Within our cutting-edge facilities, underpinned by state-of-the-art technology, robust processes, and comprehensive policies - all combine to create products that generate exceptional value to our esteemed customers.

## **FUTURE OUTLOOK**

The textile sector in Pakistan is expected to face various challenges in the fiscal year 2024, including high interest rates, elevated power tariffs, rising raw material costs. Policymakers in Pakistan need to shift their focus from simply increasing exports to expanding economic productive capacity. A successful export strategy must align with import policies, keeping import duties on intermediate inputs low to promote competition and productivity. Addressing these challenges and focusing on technology innovation and product diversification can significantly boost exports, generating jobs and tax revenue for the economy's growth. The cost of borrowing is expected to remain high in the near term, with the central bank's policy rate at 22 percent. The textile manufacturing industry anticipates economic stability after the upcoming elections.

Despite the foregoing, under the leadership of the Board, the Company's Management remains cognizant of the prevailing challenges and would continue to make all efforts to ensure that adequate measures are taken to mitigate adverse impacts on the operations. Our focal points remain two-fold: the prudent management of costs and the unwavering delivery of high-quality products. It is important to acknowledge that as cost pressures escalate, sustaining market share and preserving reasonable margins present formidable challenges.

We firmly believe that we have laid a strong foundation for the future. This foundation not only ensures sustainable growth but also secures profitability over the long term.

### **CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

The Company is committed to upholding high standards of corporate governance without any exception. The Directors are pleased to affirm that the Company has diligently adhered to the provisions set forth in the Code of Corporate Governance as mandated by the Securities and Exchange Commission of Pakistan and forms an integral component of the Listing Regulations established by the Pakistan Stock Exchange.

- The financial statements for the year ended June 30, 2023, prepared by the management of the Company, present fairly, its state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2023 and any changes in accounting policies have been disclosed in the financial statements. Accounting estimates are based on reasonable and prudent judgments;
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of the Companies Act, 2017, have been duly followed in preparation of the financial statements and any departure there-from has been adequately disclosed and explained;
- The system of internal control is sound in design and has been effectively implemented, regularly reviewed and monitored. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls in the system;
- There are no doubts about the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of Rule Book of Pakistan Stock Exchange;
- The key operating and financial data for the last six years in summarized form is annexed to the Audited Financial Statements;
- The outstanding duties, statutory charges and taxes, if any, have been duly disclosed in the Audited Financial Statements;
- Four directors on the Board have already attended the directors training course, whereas two directors are exempted from such course on account of the experience and qualification. All the Directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.

### **MATERIAL CHANGES**

There have been no material changes since June 30, 2023 to date of the Audited Financial Statements and the company has not entered into any commitment during this period that could adversely impact on the financial position of the Company.

### **PATTERN OF SHAREHOLDING**

The Company's shares are traded on the Pakistan Stock Exchange Limited. The pattern of shareholding as on June 30, 2023, along with pertinent disclosures, is appended to the Audited Financial Statements.



## TRADE IN THE SHARES OF THE COMPANY

During the fiscal year, neither the Company's Directors, Chief Executive, Chief Financial Officer, Company Secretary, Head of Internal Audit, nor any other Executives, including their respective spouses or minor children, engaged in any trading activities involving the Company's shares.

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company has fully complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. A statement to this effect is annexed with these Audited Financial Statements.

## BOARD OF DIRECTORS

The total numbers of Directors are seven (7) as per the following:

- a. Male: 6
- b. Female: 1

The composition of the Board of Directors (the Board) is as follows:

Category	Numbers	Names
a) Independent Director	02	Mr. Yazdani Zia Mr. Muneer Ahmed
b) Other Non-Executive Directors - Male	03	Mr. Muhammad Iqbal Ahmed Mr. Muhammad Yousuf Ahmed Mr. Muhammad Ali Ahmed
- Female	01	Ms. Zahra Faisal Ahmed
c) Executive Director	01	Mr. Muhammad Faisal Ahmed

During the year under review, four meetings of the Board of Directors were held in Pakistan and the attendance by each Director was as follows:

Name of Director	No. of Meetings Attended
Mr. Muhammad Faisal Ahmed	4
Mr. Muhammad Iqbal Ahmed	3
Mr. Muhammad Yousuf Ahmed	3
Mr. Muhammad Ali Ahmed	3
Ms. Zahra Faisal Ahmed	-
Mr. Yazdani Zia	4
Mr. Muneer Ahmed	4

Directors who were unable to participate in the Board Meetings were granted approved leaves of absence.

**BOARD COMMITTEES**

Aligned with the Code of Corporate Governance, the Board of Directors has established an Audit Committee comprising three members: one independent director and two non-executive directors. The Chairman of the Audit Committee is an independent director. Notably, the Audit Committee has effectively discharged its duties in accordance with the prescribed standards of the Code of Corporate Governance.

During the year, four meetings of the Audit Committee were held. The attendance record of each director was as follows:

<b>Name of Director</b>	<b>No. of Meetings Attended</b>
Mr. Muhammad Iqbal Ahmed	3
Mr. Muhammad Ali Ahmed	3
Mr. Yazdani Zia	4

Directors who were unable to attend the Committee Meetings were granted approved leaves of absence.

In accordance with the stipulations of the Code of Corporate Governance, the Board of Directors has constituted the Human Resource and Remuneration Committee (HR&RC). Comprising three members, the Committee includes one non-executive director, one executive director, and one independent director. The leadership of the Committee is under the guidance of an independent director serving as the Chairman. The Committee is diligently fulfilling its responsibilities as outlined in its established terms of reference, set forth by the Board of Directors. Over the course of the year, the Committee held a single meeting, and the attendance of each director was as follows:

<b>Name of Director</b>	<b>No. of Meetings Attended</b>
Mr. Muhammad Faisal Ahmed	1
Ms. Zahra Faisal Ahmed	-
Mr. Yazdani Zia	1

Director who was unable to attend the Committee Meeting was granted approved leave of absence.

**REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS**

The remuneration of a Non-Executive Directors / Independent Director for attending the meetings of the Board / Committee shall, from time to time be determined by the Board. The Non-Executive Directors / Independent Director were paid remuneration by way of fee for each meeting of the Board and Committee of Directors attended by them. The Directors shall additionally be paid such travelling, boarding, lodging and other expenses properly incurred by them in or about the performance of their duties or business if any of them has to come to attend the Board or general meeting of the Company from outstation.

**RELATED PARTY TRANSACTIONS AND TRANSFER PRICING**

All related party transactions, during the financial year 2023, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. The Company in the normal course of business carries out transactions with its associated companies. Notably, all transactions involving related parties were executed at arm's length prices, meticulously determined through the comparable uncontrolled prices method.

## **RISK MANAGEMENT**

The Company has a robust Risk Management framework which enables it to effectively navigate, monitor and report on the principal risk and uncertainties that can impact its ability to achieve its strategic objectives. Under the framework, the Company has incorporated processes and systems to proactively monitor, manage and mitigate these risks along with diligent review mechanisms. The evaluation and management of risks are approached from a comprehensive standpoint, spanning a dual approach of top-down and bottom-up considerations, encompassing the enterprise, business units, functions, and projects.

## **INTERNAL FINANCIAL CONTROL SYSTEM**

ADM has a comprehensive Internal Financial Control System commensurate with the size, scale and complexity of its operations. The system encompasses the major processes to ensure safeguarding of the Company's assets, validating the proper authorization of financial transactions, compliance with pertinent applicable laws and regulations and optimizing resources utilization. The Company's management diligently evaluates and takes appropriate action on the recommendations made by both Statutory Auditors and Internal Auditors.

## **AUDITORS**

The present Auditors, Reanda Haroon Zakaria & Company, Chartered Accountants will be retiring at the conclusion of the forthcoming annual general meeting scheduled to be held on October 25, 2023 and being eligible, offer themselves for re-appointment. Aligned with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors endorses the recommendation of the Audit Committee to re-appoint them as the Company's Statutory Auditors for the financial year ending June 30, 2024, at a mutually agreed fee.

## **CORPORATE SOCIAL RESPONSIBILITY**

### **1. Energy Conservation**

The Company operates its own power generation plant, which efficiently caters to the energy needs of all divisions including Recycling, Spinning, Weaving, and Garments production. A team of highly skilled and extensively trained personnel oversee the plant's operation and maintenance.

Aligned with the Company's resolute commitment to conserving natural resources, all business units persistently enhance energy utilization efficiencies. To counter the escalating costs of gas and fuel, the Company has introduced a Solar Power System, harnessing the eco-friendly potential of solar energy. Solar power is truly a green source of power utilizing the natural source of energy and contributing significantly to reducing the carbon footprint. The economic importance of this project is that use of renewable energy reduces cost of power and thereby contributing to bottom line while making the best use of the idle and unused rooftops.

The Company is engaged in the continuous process of energy conservation through process & machinery modifications, implementation of technological advancements, development of newer methods, maintenance, waste heat recovery etc. Natural gas is utilized for power generation through tri-generation facility. Waste heat recovery boilers are used for heat recovery. Waste heat recovery systems make possible the recovery of heat being discharged into the atmosphere as supplemental energy / steam for other processes. Jacket hot water of generators is used to operate the absorption chiller.

Scientific and technological advancements constitute the backbone of our drive toward clean and efficient energy utilization. These deliberate measures not only lead to substantial energy savings but also translate into reduced production costs and enhanced operational efficiency.

## 2. Environment, Health & Safety Assurance

ADM maintains a comprehensive health, safety, and environmental framework that ensures the well-being of its workforce, customers, stakeholders, contractors, visitors, and suppliers, while safeguarding the overall premises and surroundings.

The company proactively endeavors to eliminate unsafe and unhealthy work practices and conditions, grounded in defined objectives. Rigorous precautions are taken to avert accidents and health-related incidents within the work environment. Dedicated Management Representatives assume responsibility for the highest standards of health and safety, overseeing their meticulous execution.

Regular environmental noise testing is conducted by an external commercial laboratory to monitor noise levels and maintain compliance. Our robust fire prevention measures encompass the installation and maintenance of fire alarm and detection systems in accordance with NFPA Standard 10. Furthermore, a dedicated Emergency Response Team stands ready to swiftly address any fire-related incidents, offering round-the-clock support.

The ADM ensures full commitment to environment, health & safety at all levels of management and conduct regular assessments and reviews to ensure the continuance of further improvement of these conditions and to confirm the effectiveness of the Company's policy, objectives, targets and programs in this regard.

ADM proudly holds the following certifications:

- ISO 45001:2018 OHSAS (Occupational Health and Safety Assessment Series)
- ISO 14001:2015 EMS (Environmental Management System)
- ISO 9001:2015 QMS (Quality Management System)
- BSCI (Business Social Compliance Initiative)
- BCI (Better Cotton Initiative)
- WRAP (Worldwide Responsible Accreditation Production)
- SEDEX (Supplier Ethical Data Exchange)
- GOTS (Global Organic Textile Standard)
- OCS (Organic Content Standard)
- RCS (Recycled Claim Standard)
- GRS (Global Recycled Standard)
- C-TPAT (Customs-Trade Partnership against Terrorism)
- ZDHC (Zero Discharge of Hazardous Chemicals)
- C2C (Cradle to Cradle)
- HIGG (FEM) (Facility Environmental Module)
- HIGG (FSLM) (Facility Social Labor Module)
- SQP (Supplier Qualification Program)
- U.S. COTTON (U.S. Cotton Trust Protocol)
- BETTER WORK (ILO) (Better Work (International Labour Organization))
- OEKO-TEX Standard 100

Each of these certifications underscores ADM's steadfast dedication to fostering a secure, sustainable, and socially responsible operational environment.

### 3. Robust Security Protocols

The company's leadership recognizes the paramount significance of operational safety and security. Substantial investments have been made to ensure the safeguarding of personnel and assets, involving the deployment of dedicated security personnel and the implementation of comprehensive security policies and protocols. Integral to these measures is an extensive network of CCTV cameras strategically positioned across multiple locations, bolstering vigilant surveillance capabilities. These concerted efforts collectively contribute to the seamless functioning of operations while upholding the safety and integrity of our workforce and resources.

### 4. Waste Water Treatment Plant

Water is a scarce natural resource for our country and it should be managed in the best possible manner. The Company has waste water treatment facility fully compliant with SEPA Pakistan's National Environment Quality Standards. Given the scarcity of water, hence it is imperative to evolve technologies which treat it efficiently so that it can be reused. At our waste water treatment facility, comprehensive processes are employed to purify waste water before its reintroduction into circulation or its safe discharge into the primary sewer system, aligning rigorously with environmental preservation benchmarks.

### 5. Equal Opportunity Employer

Aligned with our Company's fundamental principles that uphold the equality of all individuals, ADM stands unwavering in its dedication to cultivating an inclusive workplace. We take pride in actively seeking and welcoming employees from diverse ethnic backgrounds, steadfastly rejecting any form of prejudice or bias in our hiring practices.

### 6. Donation

ADM is committed to act ethically towards the society at large and aims to contribute to the social development in the country as well as in the world. In line with this vision, our Company is dedicated to fostering social development. We proudly extend substantial donations to esteemed organizations such as the Abdul Sattar Edhi Foundation and Saylani Welfare Trust.

## ACKNOWLEDGEMENTS

The Board of Directors wishes to extend heartfelt gratitude for the firm support and co-operation extended by our esteemed stakeholders, including banks, regulatory bodies, and valued business partners. We eagerly anticipate the perpetuation of this strong alliance in the times ahead.

Moreover, our Directors extend their sincere thanks to our dedicated employees whose hard work, steadfast dedication, and resolute commitment have been instrumental in sustaining exceptional performance, even in the face of formidable business challenges.

ON BEHALF OF THE BOARD OF DIRECTORS



**MUHAMMAD FAISAL AHMED**  
Chief Executive



**YAZDANI ZIA**  
Director

Karachi: September 23, 2023

## ڈائریکٹرز رپورٹ برائے ممبران

آرٹسٹک ڈینیم ملز لمیٹڈ (کمپنی) کے ڈائریکٹران انتہائی مسرت کے ساتھ 30 جون 2023 کو ختم ہونے والے مالیاتی سال کے لئے اپنی سالانہ رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کر رہے ہیں۔

## کاروباری مالیاتی نتائج

30 جون 2023 کو ختم ہونے والے مالی سال کے لئے آپ کی کمپنی کے کاروباری نتائج کا خلاصہ درج ذیل ہے:

روپے "ہزاروں" میں	
1,308,666	قبل از ٹیکس سالانہ منافع
(248,036)	ٹیکس
1,060,630	خالص سالانہ منافع
6,399,749	غیر مختص شدہ منافع آگے لایا گیا
(39,068)	دیگر جامع آمدن
7,421,311	تخصیص کے لئے دستیاب منافع

## مختص فنڈ:

	30 جون 2022 کو ختم ہونے والے سال کے لئے حتمی منافع منقسمہ
(168,000)	نقد
7,253,311	غیر مختص منافع کو آگے بڑھایا گیا

## کارکردگی کا جائزہ

نمایاں میکرو اکنامک چیلنجز کا سامنا کرتے ہوئے، آپ کی کمپنی نے مجموعی طور پر 17,073 ملین روپے کی قابل ذکر خالص فروخت رپورٹ کی ہے، جو گزشتہ مالی سال کے دوران ریکارڈ کردہ 16,940 ملین روپے کے مقابلے میں 133 ملین روپے کا اضافہ ظاہر کرتی ہے۔

گزشتہ مالی سال کے مقابلے میں مجموعی منافع 1,841 ملین روپے (10.87) فیصد سے بڑھ کر 2,920 ملین روپے (17.10 فیصد) تک پہنچ گیا۔ مجموعی مارجن میں اضافے کی بنیادی وجوہات میں پاکستانی روپے کی قدر میں کمی اور لاگت پر قابو پانے کے اقدامات پر عمل درآمد شامل ہیں۔

مالیاتی اخراجات بڑھ کر 982 ملین روپے ہو گئے جبکہ گزشتہ سال 413 ملین روپے صرف ہوئے تھے۔ یہ قابل ذکر اضافہ شرح سود میں تیزی سے اضافے اور ورکنگ کپینٹل کی ضروریات میں اضافے اور قرضوں میں اضافے کی وجہ سے ہوا۔

مندرجہ بالا عوامل کے نتیجے میں، آپ کی کمپنی نے اس سال 1,061 ملین روپے کے خالص منافع کے ساتھ اختتام کیا، جبکہ پچھلے سال 654 ملین روپے کا خالص منافع حاصل کیا گیا تھا۔ یہ منافع میں نمایاں اضافے کی نمائندگی کرتا ہے، جو 62.11 فیصد کی قابل ذکر نمو کی عکاسی کرتا ہے۔ اس کارکردگی کے نتیجے میں 12.63 روپے فی حصص آمدنی (EPS) ہوئی جبکہ پچھلے سال 7.79 روپے فی حصص آمدنی ریکارڈ کی گئی تھی۔

#### اقتصادی جائزہ

جغرافیائی سیاسی صورتحال، پیچیدہ مالیاتی پس منظر اور مسلسل افراط زر کے دباؤ نے عالمی ترقی کے امکانات پر نمایاں اثر ڈالا ہے۔ ترقی یافتہ معیشتوں میں کمزور کارکردگی اور افراط زر کے مسئلے سے نمٹنے کے لئے عالمی سطح پر سخت مانیٹری پالیسی موقف کی وجہ سے عالمی نمو میں کمی واقع ہوئی۔ روس اور یوکرین کے تنازعے نے عالمی معیشت کو بری طرح متاثر کیا، جس کی وجہ سے شرح نمو میں کمی اور افراط زر میں اضافہ ہوا۔ بین الاقوامی سطح پر اجناس کی قیمتوں میں اضافے کی عکاسی کرنسی کی قدر میں کمی اور پیداواری لاگت میں اضافے سے ہوتی ہے۔

مالیاتی سال 2023 پاکستان کی معیشت کے لئے ایک چیلنج رہا ہے، کیونکہ ملک کو بیرونی داخلی دونوں عوامل سے متعدد مشکلات کا سامنا ہے۔ اس کے نتیجے میں LSM کی کارکردگی سست رہی کیونکہ صنعتی پیداوار بنیادی طور پر عالمی امکانات، کپٹل گڈز کی درآمد اور سیڈ انڈسٹریز کا ناقص ننگ پر منحصر ہے۔ مذکورہ عوامل نے پاکستان کی معیشت کے لئے اہم معاشی خطرات پیدا کیے ہیں۔ چیلنجز کے اس سنگم میں اضافہ کرتے ہوئے، پاکستان کو پتہ کن سیلاب اور سیاسی عدم استحکام کا سامنا کرنا پڑا ہے جس نے صورتحال کو مزید خراب کر دیا ہے۔ لہذا مالی سال 2023 پاکستان کی معیشت کے لیے ایک چیلنجنگ سال رہا ہے۔ عالمی افراط زر اور اجناس کی بڑھتی ہوئی قیمتوں کی وجہ سے معیشت نمایاں طور پر متاثر ہوئی ہے جس سے داخلی افراط زر میں اضافہ ہوا ہے، اور گرتے ہوئے بین الاقوامی ذخائر کے ساتھ تجارتی توازن خراب ہوا ہے۔ کرنسی کی قدر میں کمی نے داخلی افراط زر کو مزید بڑھا دیا ہے۔

مالیاتی سال 2023 میں حقیقی جی ڈی پی میں 0.29 فیصد اضافہ ریکارڈ کیا گیا۔ جی ڈی پی کے مقابلے میں سرمایہ کاری کا تناسب مالیاتی سال 2023 میں 13.6 فیصد رہا جو مالیاتی سال 2022 میں 15.6 فیصد تھا جس کی بنیادی وجہ عالمی اور داخلی معاشی سرگرمیوں میں سست روی اور سکتی ہوئی میکرو اکنامک پالیسیاں ہیں۔ صنعتی شعبے نے مالیاتی سال 2023 میں 2.94 فیصد کی منفی نمو درج کی۔ صنعتی شعبے کی کارکردگی مینوفیکچرنگ سیکٹر پر زیادہ منحصر ہے جس کا صنعت میں 65 فیصد حصہ ہے۔

اس کے باوجود پاکستان کی معیشت کو اب بھی غیر یقینی عالمی سلامتی کی صورتحال، خوراک کی قیمتوں میں اضافے کی وجہ سے افراط زر میں اضافے، بڑے پیمانے پر مینوفیکچرنگ میں نمایاں سست روی، توقع سے کم غیر ملکی سرمایہ کاری اور تیزی سے بڑھتی ہوئی مالیاتی ضروریات کی وجہ سے دباؤ کا سامنا ہے۔ بیرونی عدم توازن، مالیاتی خسارے اور بلند شرح سود سمیت یہ عوامل مالیاتی سال 2024 میں پاکستان کی معاشی ترقی کے امکانات کے لیے خطرہ ہیں۔

#### ٹیکسٹائل سیکٹر کا جائزہ

پاکستان کی مینوفیکچرنگ انڈسٹری بنیادی طور پر ٹیکسٹائل پر منحصر ہے اور اس کی پیداواری فراہمی کا سلسلہ سب سے زیادہ وسیع ہے۔ یہ شعبہ پروسسنگ کے ہر مرحلے میں ویلیو ایڈیشن کی بے پناہ صلاحیت رکھتا ہے، جس میں کپاس سے لے کر جٹنگ، اسپننگ، کپڑا، رنگائی، فنشنگ، میک اپ اور گارمنٹس شامل ہیں۔ قابل ذکر طور پر صنعتی ویلیو ایڈڈ کا 25 فیصد حصہ اسی صنعت سے فراہم کیا جاتا ہے۔ موسمی اور گردش تبدیلیوں کے باوجود ٹیکسٹائل مصنوعات پاکستان کی مجموعی ایشیا کی برآمدات میں تقریباً 59.50 فیصد کا اوسط حصہ برقرار رکھے ہوئے ہے جو گزشتہ مالیاتی سال کے دوران 27.734 ارب ڈالر تھا۔

مالیاتی سال 2022-23 کے دوران پاکستان کے ٹیکسٹائل سیکٹر کی برآمدات میں 14.6 فیصد کمی واقع ہوئی اور یہ 16.5 ارب ڈالر رہی جو گزشتہ مالیاتی سال 2021-22 میں حاصل کی گئی 19.33 ارب ڈالر کی ریکارڈ بلند ترین سطح تھی۔

حکومت نے اس عرصے کے دوران 25 ارب ڈالر مالیت کی ٹیکسٹائل برآمدات حاصل کرنے کا ہدف مقرر کیا تھا۔ تاہم، داخلی اور عالمی چیلنجوں کے امتزاج نے نقطہ نظر کو متاثر کیا ہے۔ ٹیکسٹائل برآمدات میں سست روی کی وجہ مغربی خطوں بالخصوص امریکہ اور یورپ میں کساد کے خدشات کی وجہ سے پیدا ہونے والی طلب میں کمی ہے۔ مزید برآں، گیس کی قلت، ورکنگ کپیٹل کی بڑھتی ہوئی لاگت، کپاس کی آمدی قلت اور سیاسی بے چینی جیسے عوامل نے مندی میں مزید کردار ادا کیا ہے۔

### منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے مالیاتی سال کے لئے 3.50 روپے فی حصص (30 جون 2022 کو 2.00 روپے فی حصص کے مقابلے میں) کے حتمی نقد ڈیویڈنڈ کی تجویز پیش کی ہے، جو آئندہ سالانہ جنرل میٹنگ میں شیئرز ہولڈرز کی منظوری سے مشروط ہے۔ شیئرز ہولڈرز کو مجموعی ڈیویڈنڈ کی ادائیگی 294 ملین روپے متوقع ہے۔

### نقدی کے بہاؤ کا گوشوارہ

کمپنی نے آنے اور جانے والی کیش نقل و حرکت دونوں کی پیش گوئی کرنے کے لئے ایک مضبوط کیش فلوی مینجمنٹ سسٹم قائم کیا ہے۔ یہ نقطہ نظر کیش فلواؤ قلیل مدتی قرضوں کا استعمال کرتے ہوئے ورکنگ کپیٹل کی ضروریات کو پورا کرنے کے لئے حکمت عملی تیار کرنے میں مدد کرتا ہے۔ سال 2023 میں کمپنی نے آپریٹنگ سرگرمیوں سے 2,401 ملین روپے کی نقد رقم حاصل کی۔ نقد آمدنی میں اس اضافے نے بنیادی طور پر آپریٹنگ سرگرمیوں سے آمدن میں حصہ لیا۔ آپریٹنگ سرگرمیوں سے حاصل ہونے والی نقد رقم کو سرمائے کے اخراجات، قرضوں کی ادائیگی اور منافع کی تقسیم کے لئے مختص کیا گیا تھا۔

### سرمایہ اخراجات

دوران سال کمپنی نے سرمائے کے کثیر اخراجات کیے ہیں، جو بنیادی طور پر بیلننگ ماڈرنائزیشن اینڈ ریہیبلیٹیشن (BMR)، صلاحیت میں توسیع، بہتر حفاظت اور پائیداری کی طرف ہدایت کی گئی ہے تاکہ اعلیٰ معیار کی مصنوعات کی جاری پیداوار کو یقینی بنایا جاسکے۔ مزید برآں، ہماری کوششوں میں توانائی کے تحفظ اور ماحولیاتی تحفظ شامل ہیں۔

ہم سرمائے کے اخراجات کی ضروریات کا جائزہ لینے کے لئے ایک منصوبہ بند طریقہ کار رکھتے ہیں۔ سال کے دوران کمپنی نے 2,843 ملین روپے کے سرمایہ اخراجات کو کامیابی کے ساتھ انجام دیا۔ کمپنی اسٹریٹجک منصوبوں میں مسلسل سرمایہ کاری کے پختہ عزم کے لئے وقف ہے جو براہ راست اس کے بنیادی مقاصد کے حصول میں سہولت فراہم کرتے ہیں۔

### فروخت اور مارکیٹنگ

31 سال سے زائد کے تجربے کے ٹریک ریکارڈ کے ساتھ، ADM اپنے معزز صارفین کو بہترین مکمل ڈینیم برانڈز فراہم کرنے کے لئے اپنی ممتاز ساکھ پر بے حد فخر محسوس کرتا ہے۔ کمپنی صارفین کو اہم حل فراہم کرنے کے ساتھ ساتھ معیاری مصنوعات کے معروف پروڈیوسر، قابل اعتماد سپلائر اور فراہم کنندہ ہے۔ مصنوعات کے بہترین معیار اور کمپنی کی جدید ترقی کی تکنیک کے نتیجے میں دنیا بھر میں ایک پر اعتماد کسٹمر بیس پیدا ہوا ہے جس سے ایک پائیدار اور مضبوط کاروباری ماڈل کی تخلیق ہوئی ہے۔ ADM کے پاس مضبوط کسٹمر تعلقات ہیں، جو کئی سالوں کے دوران پرورش پاتے ہیں۔ یہ عزم اپنے صارفین کی ضروریات کو فوقیت دینے اور ADM کے بنیادی عزم کو اجاگر کرنے کے لئے ہماری پختہ لگن کا ثبوت ہے۔



ہمارے اسٹریٹجک وژن کے ایک جز کے طور پر ADM امریکہ، یورپ اور ایشیا میں اپنی موجودگی کو بڑھا کر اپنے صارفین کی بنیاد کو وسیع کرنے پر مستقل طور پر توجہ مرکوز کر رہا ہے۔ یہ شمار کردہ توسیع ہماری مصنوعات اور خدمات کی رسائی کو نئے افق تک بڑھانے کے لئے ہماری لگن کی عکاسی کرتی ہے، جس سے صنعت کے رجحان ساز کے طور پر ہماری پوزیشن مستحکم ہوتی ہے۔

ہماری پائیدار ترقیاتی کاوشوں کے فریم ورک کے تحت ADM اپنی کوششوں کو چھ بنیادی دائرہ اقتدار کی جانب وقف کر رہا ہے جو ہمارے پائیدار مقاصد کو آگے بڑھانے میں اہم ہیں، جو ہماری اقدار اور ہمارے قابل قدر صارفین کی ترجیحات دونوں کے ساتھ گہری وابستگی رکھتے ہیں:

- پانی کا انتظام
- توانائی کا تحفظ
- کیمیکلز، رنگ اور پروسیڈنگ کیمیکلز
- کٹن/افا بہرز
- افراد
- پیکنگ

ہماری قیادت بہتر عمل کی استعداد کو اپناتے ہوئے پائیدار لاگت کی بچت کی کوششوں کو فعال طور پر آگے بڑھا رہی ہے۔ ADM کے پاس منفرد داخلی تحقیق اور ترقی کا شعبہ ہے جو نئی مصنوعات کی ترقی نئے عمل کی جدت طرازی اور صارفین کو مکمل حل فراہم کرنے میں شامل ہے۔ پائیداری ہمارے لئے ایک عزم ہے اور ہم اسے حقیقت بنانے کے لئے اپنے تمام سپلائرز کے ساتھ قریبی تعاون کر رہے ہیں۔ ADM پیداوار، معیاری یقین دہانی، اور تحقیق اور ترقی میں ابھرتی ہوئی ٹیکنالوجی کو اپنانے میں سبقت لیے ہوئے ہے۔ یہ حکمت عملی اپنانے سے تبادلے کے اخراجات اور نقص میں کمی میں مدد ملتی ہے۔ اس کے علاوہ، یہ پیداوار کی چمک، اعلیٰ معیار، کارکردگی میں اضافہ، اور بہتر صلاحیت کے استعمال کو فروغ دیتا ہے۔ اس طرح کی چمک ہمیں صارفین کے متنوع مطالبات کو فوری طور پر حل کرنے کے لئے بااختیار بناتی ہے۔

انتہائی پائیدار ادارہ بننے کی طرف ہمارے جاری سفر میں، کمپنی نے دو کپاس کی ری سائیکلنگ مشینیں شامل کیں۔ یہ مشینیں صنعت کے بچنے والے فضلے کو موثر طریقے سے ری سائیکل کرتی ہیں، جن میں سے کچھ ہماری اپنی تنصیبات سے نکلنے ہیں، اور کچھ صارفین کا استعمال شدہ۔

ایک کثیرالجہتی اور متحرک مارکیٹ کی تلاش میں ہم صارفین کی بڑھتی ہوئی توقعات کے ساتھ اپنی مصنوعات کو ہم آہنگ کرنے میں ثابت قدم رہتے ہیں۔ ہماری کمپنی کے پاس ایک جدید ترین اختراعی مرکز ہے، جو معیاری جانچ اور ترقی کے لیے جدید ترین آلات کے ساتھ مکمل ہے۔ ان وسائل کی نگرانی تجربہ کار ماہرین کی ایک ماہر ٹیم کرتی ہے، جو ہموار آپریشنز کو یقینی بناتی ہے۔ ہمارے پروڈکٹ ڈیزائن فلسفے میں صارفین کی بدلتی ہوئی ترجیحات اور متنوع طرز زندگی کو مستقل طور پر شامل کیا گیا ہے، جو ریاستہائے متحدہ امریکہ، یورپ اور ایشیا میں معزز ڈینیم برائنڈز کو پورا کرتا ہے۔

جدت طرازی ADM کے بنیادی ڈھانچے کو چلانے والی ایک داخلی قوت ہے، جو کمپنی کو HyperStretch, Promodal, XFIT LYCRA, Organic Denim Series, LYCRA dualFX, TOUGH MAXLYCRA, Pure Dark Indigo Series (PDI), Medallion Fiber Series, Tined Series, Flat Series, Recycled Cotton and LYCRAT400 جیسی مصنوعات کی وسیع رینج تیار کرنے کیلئے بااختیار بناتی ہے۔ جدت طرازی ہمارے صارفین کی ضروریات سے چلتی ہے جو ابھرتے ہوئے رجحانات اور بدلتے ہوئے صارفین کی ترجیحات کا جواب دینے کے لئے مختلف مصنوعات کا مطالبہ کرتے ہیں۔

ADM جدت طرازی کے ذریعے مسابقتی فوائد کو پائیدار بنانا جاری رکھے ہوئے ہے اور آپریشنل کارکردگی کو بہتر بناتا ہے۔ ADM کے ذریعے متعارف کرائی جانے والی ہر نئی اختراع کی سخت جانچ پڑتال کی جاتی ہے، جس پر عمل درآمد سے پہلے اس کی درستگی اور افادیت کو یقینی بنایا جاتا ہے۔ ہم مارکیٹ کے متحرک مطالبات اور صارفین کی رائے کی بنیاد پر جدید حل تیار کرتے ہیں۔ ہماری جدید ترین سہولیات میں جدید ترین ٹیکنالوجی، پائیدار عمل، اور جامع پالیسیوں کی بنیاد پر، یہ سب ایسی مصنوعات بنانے کے لئے مل کر کام کرتے ہیں جو ہمارے معزز صارفین کے لئے غیر معمولی قدر پیدا کرتی ہیں۔

## مستقبل کی پیش بینی

پاکستان میں ٹیکسٹائل کے شعبے کو مالیاتی سال 2024 میں مختلف چیلنجز کا سامنا کرنا پڑ سکتا ہے جن میں بلند شرح سود، بجلی کے نرخوں میں اضافہ، خام مال کی بڑھتی ہوئی قیمتیں شامل ہیں۔ پاکستان میں پالیسی سازوں کو اپنی توجہ صرف برآمدات میں اضافے سے معاشی پیداواری صلاحیت بڑھانے پر مرکوز کرنے کی ضرورت ہے۔ ایک کامیاب برآمدی حکمت عملی کو درآمدی پالیسیوں کے ساتھ ہم آہنگ ہونا چاہئے، مسابقت اور پیداواری صلاحیت کو فروغ دینے کے لئے درمیانی ان پٹ پر درآمدی ڈیوٹی کو کم رکھنا چاہئے۔ ان چیلنجز سے نمٹنے اور ٹیکنالوجی کی جدت طرازی اور مصنوعات کے تنوع پر توجہ مرکوز کرنے سے برآمدات میں نمایاں اضافہ ہو سکتا ہے، روزگار کے مواقع پیدا ہو سکتے ہیں اور معیشت کی ترقی کے لئے ٹیکس ریونیو حاصل ہو سکتا ہے۔ توقع ہے کہ مستقبل قریب میں قرضوں کی لاگت زیادہ رہے گی اور مرکزی بینک کی پالیسی ریٹ 22 فیصد رہے گی۔ ٹیکسٹائل مینوفیکچرنگ انڈسٹری کو آئندہ انتخابات کے بعد معاشی استحکام کی توقع ہے۔

مذکورہ بالا عوامل کے باوجود، بورڈ کی قیادت میں، کمپنی کی انتظامیہ موجودہ چیلنجز سے آگاہ ہے اور اس بات کو یقینی بنانے کے لئے تمام تر کوششیں جاری رکھے گی کہ آپریشنز پر منفی اثرات کو کم کرنے کے لئے مناسب اقدامات اٹھائے جائیں۔ ہمارے فوکل پوائنٹس دو طرفہ رہتے ہیں: اخراجات کا دانشمندانہ انتظام اور اعلیٰ معیار کی مصنوعات کی غیر متزلزل ترسیل۔ یہ ماننا ضروری ہے کہ جیسے جیسے لاگت کا دباؤ بڑھتا ہے، مارکیٹ شیئر کو برقرار رکھنا اور مناسب مارجن کو برقرار رکھنا بردست چیلنجز پیش کرتا ہے۔

ہمیں پختہ یقین ہے کہ ہم نے مستقبل کے لئے ایک مضبوط بنیاد رکھی ہے۔ یہ بنیاد نہ صرف پائیدار ترقی کو یقینی بناتی ہے بلکہ طویل مدت میں منافع کو بھی محفوظ بناتی ہے۔

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنی بغیر کسی استثناء کے کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم ہے۔ ڈائریکٹران اس بات کی تصدیق کرتے ہوئے خوشی محسوس کرتے ہیں کہ کمپنی نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے کارپوریٹ گورننس کوڈ میں طے شدہ شقوق پر سختی سے عمل درآمد کیا ہے اور یہ پاکستان اسٹاک ایکسچینج کی جانب سے قائم کردہ سٹینڈنگ ریگولیشنز کا لازمی جزو ہے۔

- کمپنی کی انتظامیہ کی جانب سے 30 جون 2023 کو ختم ہونے والے مالیاتی گوشوارے منصفانہ طور پر پیش کیے گئے ہیں، جس میں اس کے معاملات، اس کے آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیاں شامل ہیں۔
- کمپنی کے اکاؤنٹ کی مناسب کتابوں کو برقرار رکھا گیا ہے؛
- 30 جون 2023 کو ختم ہونے والے سال کے لئے مالیاتی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور مالیاتی بیانات میں اکاؤنٹنگ پالیسیوں میں کسی بھی تبدیلی کا انکشاف کیا گیا ہے۔ اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں لاگو ہوتا ہے اور کمینیز ایکٹ، 2017 کے تقاضوں پر مالیاتی گوشواروں کی تیاری میں مناسب طریقے سے عمل کیا گیا ہے اور اس سے کسی بھی انحراف کو مناسب طور پر ظاہر اور وضاحت کی گئی ہے۔

- اندرونی کنٹرول کا نظام ڈیزائن میں پائیدار ہے اور موثر طریقے سے نافذ کیا گیا ہے، باقاعدگی سے جائزہ لیا گیا اور نگرانی کی گئی ہے۔ اندرونی کنٹرول کی نگرانی کا عمل، کنٹرول نظام کو مزید مضبوط بنانے کے مقصد کے ساتھ جاری عمل کے طور پر رواں رہے گا۔
- کمپنی کے کام جاری رکھنے کی اہلیت پر کسی شک و شبہ کی گنجائش نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں کیا گیا ہے، جیسا کہ پاکستان اسٹاک ایکسچینج کی رول بک کے ریگولیشنز میں تفصیل سے بیان کیا گیا ہے۔
- گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالی اعداد و شمار خلاصہ شکل میں آڈٹ شدہ مالیاتی گوشواروں کے ساتھ منسلک ہیں؛
- واجب الادا ڈیویڈنڈ، قانونی چارجز اور ٹیکسز کو، اگر کوئی ہو، آڈٹ شدہ مالیاتی گوشواروں میں باضابطہ طور پر ظاہر کیا گیا ہے؛

بورڈ کے چار ڈائریکٹرز پہلے ہی ڈائریکٹرز ٹریننگ کورس میں شرکت کر چکے ہیں جبکہ دو ڈائریکٹران کو تجربے اور قابلیت کی بنیاد پر اس کورس سے مستثنیٰ قرار دیا گیا ہے۔ بورڈ کے تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کی حیثیت سے اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں۔

## اہم تبدیلیاں

آڈٹ شدہ مالیاتی گوشواروں کی تاریخ 30 جون 2023 سے اب تک کوئی مادی تبدیلی رونما نہیں ہوئی ہے اور کمپنی نے اس عرصے کے دوران کوئی عہد نہیں کیا ہے جس سے کمپنی کی مالیاتی حالت پر منفی اثرات مرتب ہوں گے۔

## شیئر ہولڈنگ کی ساخت

کمپنی کے شیئرز کا کاروبار پاکستان اسٹاک ایکسچینج لمیٹڈ میں ہوتا ہے۔ 30 جون، 2023 تک شیئر ہولڈنگ کا پیٹرن، متعلقہ انکشافات کے ساتھ، آڈٹ شدہ مالیاتی گوشواروں میں شامل ہے۔

## کمپنی کے شیئرز میں تجارت

مالیاتی سال کے دوران نہ تو کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانس افسر، کمپنی سیکریٹری، ہیڈ آف انٹرنل آڈٹ اور نہ ہی کوئی دیگر ایگزیکٹوز بشمول ان کے متعلقہ شریک حیات یا نابالغ بچے کمپنی کے حصص سے متعلق کسی بھی تجارتی سرگرمی میں ملوث رہے۔

## ادارتی نظم و ضبط کے ضابطہ کی تعمیل کا بیان

کمپنی نے لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضوں کی مکمل تعمیل کی ہے۔ اس سلسلے میں ایک بیان آڈٹ شدہ مالی گوشواروں کے ساتھ منسلک ہے۔

بورڈ کے ڈائریکٹران

ڈائریکٹران کی کل تعداد درج ذیل کے مطابق سات (7) ہے:

a.	مرد	6
b.	خاتون	1

بورڈ آف ڈائریکٹران (بورڈ) کی تشکیل درج ذیل ہے:

درجہ بندی	تعداد	نام
(a) آزاد ڈائریکٹر	02	جناب یزدانی ضیاء جناب منیر احمد
(b) دیگر نام ایگزیکٹیو ڈائریکٹران - مرد	03	جناب محمد اقبال احمد جناب محمد یوسف احمد جناب محمد علی احمد
- خاتون	01	مس زہرہ فیصل احمد
(c) ایگزیکٹیو ڈائریکٹر	01	جناب محمد فیصل احمد

زیر جائزہ سال کے دوران پاکستان میں بورڈ آف ڈائریکٹران کے چار اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی حاضری درج ذیل تھی:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب محمد فیصل احمد	4
جناب محمد اقبال احمد	3
جناب محمد یوسف احمد	3
جناب محمد علی احمد	3
مس زہرہ فیصل احمد	-
جناب یزدانی ضیاء	4
جناب منیر احمد	4

بورڈ اجلاسوں میں شرکت سے قاصر ڈائریکٹران کو غیر حاضری کی منظور شدہ رخصت دے دی گئی۔

## بورڈ کی کمیٹیاں

کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی تشکیل دی ہے جس میں تین ارکان شامل ہیں؛ ایک آزاد ڈائریکٹر اور دو نان ایگزیکٹو ڈائریکٹرز۔ آڈٹ کمیٹی کے چیئرمین ایک آزاد ڈائریکٹر ہیں۔ قابل ذکرات یہ ہے کہ آڈٹ کمیٹی نے کارپوریٹ گورننس کوڈ کے مقررہ معیار کے مطابق اپنے فرائض موثر انداز میں انجام دیئے ہیں۔

دوران سال آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل تھا:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب محمد اقبال احمد	3
جناب محمد علی احمد	3
جناب یزدانی ضیاء	4

بورڈ اجلاسوں میں شرکت سے قاصر ڈائریکٹران کو غیر حاضری کی منظور شدہ رخصت دے دی گئی۔

کوڈ آف کارپوریٹ گورننس کے ضابطہ اخلاق کے تقاضوں کے مطابق ہیومن انسانی وسائل اور معاوضہ کمیٹی (HR&RC) تشکیل دی ہے۔ کمیٹی تین ارکان ایک نان ایگزیکٹو ڈائریکٹر، ایک ایگزیکٹو ڈائریکٹر اور ایک آزاد ڈائریکٹر پر مشتمل ہے۔ کمیٹی کے چیئرمین ایک ایک آزاد ڈائریکٹر ہیں۔ کمیٹی بورڈ آف ڈائریکٹرز کے تعین کے تحت شرائط کے مطابق اپنے فرائض انجام دے رہی ہے۔ دوران سال کمیٹی کا ایک اجلاس منعقد ہوا۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل تھا:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب محمد فیصل احمد	1
مس زہرہ فیصل احمد	-
جناب یزدانی ضیاء	1

بورڈ اجلاسوں میں شرکت سے قاصر ڈائریکٹران کو غیر حاضری کی منظور شدہ رخصت دے دی گئی۔

## نان ایگزیکٹو ڈائریکٹران کی معاوضہ پالیسی

بورڈ / کمیٹی کے اجلاسوں میں شرکت کے لئے نان ایگزیکٹو ڈائریکٹرز / آزاد ڈائریکٹر کے معاوضے کا تعین وقتاً فوقتاً بورڈ کی طرف سے کیا جائے گا۔ نان ایگزیکٹو ڈائریکٹرز / انڈیپنڈنٹ ڈائریکٹرز کو بورڈ اور کمیٹی آف ڈائریکٹرز کے ہر اجلاس کے لیے فیس کے طور پر معاوضہ ادا کیا گیا ہے۔ ڈائریکٹرز کو اضافی طور پر اس طرح کے سفر، بورڈنگ، قیام اور دیگر اخراجات کی ادائیگی کی جائے گی جو ان کی طرف سے ان کے فرائض یا کاروبار کی انجام دہی کے لیے مناسب طریقے سے کیے گئے ہیں اگر ان میں سے کسی کو باہر سے کمیٹی کے بورڈ یا جنرل مینٹنگ میں شرکت کے لیے آنا ہو۔

## متعلقہ پارٹی لین دین اور قیمت گری

مالیاتی سال 2023 کے دوران تمام متعلقہ پارٹی لین دین کو آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لیے رکھا گیا تھا۔ ان لین دین کو آڈٹ کمیٹی اور بورڈ نے اپنے متعلقہ اجلاسوں میں باضابطہ منظوری دی تھی۔ کمیٹی معمول کے کاروبار میں اپنی متعلقہ کمپنیوں کے ساتھ لین دین کرتی ہے۔ قابل ذکر بات یہ ہے کہ متعلقہ فریقوں سے متعلق تمام لین دین کو بطور مجاز قیمتوں پر عمل میں لایا گیا تھا، جس کا موازنہ بے قابو قیمتوں کے طریقہ کار کے ذریعہ احتیاط سے کیا گیا تھا۔

## خطرات کا انتظام

کمپنی کے پاس ایک پائیدار رسک مینجمنٹ فریم ورک ہے جو اسے اہم خطرے اور غیر یقینی صورتحال کا تدارک کرنے، نگرانی اور رپورٹ کرنے کے قابل بناتا ہے جو اس کے اسٹریٹجک مقاصد کو حاصل کرنے کی اس کی صلاحیت کو متاثر کر سکتے ہیں۔ فریم ورک کے تحت کمپنی نے مناسب جائزہ میکانزم کے ساتھ ساتھ ان خطرات کی فعال نگرانی، انتظام اور انہیں کم کرنے کے لئے طریقہ اور نظام کو شامل کیا ہے۔ خطرات کی تشخیص اور نظم و نسق کے لیے جامع نقطہ نظر سے رابطہ کیا جاتا ہے، جس میں انٹراپرائز، کاروباری اکائیوں، افعال اور منصوبوں کا احاطہ کرتے ہوئے، اوپر سے نیچے اور نیچے سے اوپر کے تحفظات کے دوہری نقطہ نظر کو پھیلا یا جاتا ہے۔

## مالیاتی گرفت کا اندرونی نظام

ADM کے پاس ایک جامع اندرونی فنانشل کنٹرول سسٹم ہے جو اس کے کاموں کا حجم، بیانے اور پیچیدگی کے مطابق ہے۔ یہ نظام کمپنی کے اثاثوں کی حفاظت کو یقینی بنانے، مالیاتی لین دین کی مناسب اجازت کی توثیق، متعلقہ قابل اطلاق قوانین اور ضوابط کی تعمیل اور وسائل کے بہتر استعمال کو یقینی بنانے کے لیے اہم عمل پر محیط ہے۔ کمپنی کی انتظامیہ قانونی آڈیٹرز اور انٹرنل آڈیٹرز دونوں کی سفارشات کا پوری تہہ ہی سے جائزہ لیتی ہے اور ان پر مناسب کارروائی کرتی ہے۔

## آڈیٹرز

موجودہ آڈیٹرز، رینڈا ہارون زکریا کمپنی، چارٹرڈ اکاؤنٹنٹس 25 اکتوبر 2023 کو ہونے والے آئندہ سالانہ عام اجلاس کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کے ناطے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی اس سفارش کی توثیق کی ہے کہ انہیں 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے کمپنی کے قانونی آڈیٹرز کے طور پر دوبارہ مقرر کیا جائے۔

## ادارتی سماجی ذمہ داری

## 1. توانائی کا تحفظ

کمپنی اپنا بجلی پیدا کرنے والا پلانٹ چلاتی ہے، جو ری سائیکلنگ، اسپننگ، ویونگ اور گارمنٹس کی پیداوار سمیت تمام ڈویژنوں کی توانائی کی ضروریات کو موثر طریقے سے پورا کرتا ہے۔ انتہائی ہنرمند اور بڑے پیمانے پر تربیت یافتہ اہلکاروں کی ایک ٹیم پلانٹ کے آپریشن اور دیکھ بھال کی نگرانی کرتی ہے۔

قدرتی وسائل کے تحفظ کے لئے کمپنی کے پختہ عزم کے مطابق، تمام کاروباری اکائیاں توانائی کے استعمال کی صلاحیت میں مسلسل اضافہ کرتی ہیں۔ گیس اور ایندھن کی بڑھتی ہوئی لاگت کا مقابلہ کرنے کے لئے، کمپنی نے شمسی توانائی کی ماحول دوست صلاحیت کو بروئے کار لاتے ہوئے شمسی توانائی کا نظام متعارف کرایا ہے۔ توانائی کے قدرتی ذرائع شمسی توانائی کو استعمال کرتے ہوئے بجلی کا ایک موثر ذریعہ ہے اور کاربن فٹ پرنٹ کو کم کرنے میں اہم کردار ادا کرتی ہے۔ اس منصوبے کی اقتصادی اہمیت یہ ہے کہ قابل تجدید توانائی کا استعمال بجلی کی لاگت کو کم کرتا ہے اور اس طرح بے کار اور غیر استعمال شدہ چھتوں کا بہترین استعمال کرتے ہوئے بجلی کی سطح پر اپنا حصہ ڈالتا ہے۔

کمپنی عمل مشینری میں ترمیم، مکینکی ترقی کے نفاذ، نئے طریقوں کی ترقی، دیکھ بھال، فضلہ حرارت کی بازیابی وغیرہ کے ذریعے توانائی کے تحفظ کے مسلسل عمل میں مصروف ہے۔ قدرتی گیس کو بجلی کی پیداوار کے لئے سہ فریقی تنصیب کے ذریعے استعمال کیا جاتا ہے۔ فضلہ گرمی کی بازیابی بولڈر گرمی کی بازیابی کے لئے استعمال کیا جاتا ہے۔ فضلہ گرمی کی بازیابی کے نظام دیگر عملوں کے لئے اضافی توانائی ابھاپ کے طور پر فضا میں خارج ہونے والی گرمی کی بازیابی کو ممکن بناتے ہیں۔ جذب چلر کو چلانے کے لئے جزیرہ زکاجیکٹ گرم پانی استعمال کیا جاتا ہے۔

سائنسی اور مکینکی ترقی صاف اور موثر توانائی کے استعمال کی طرف ہماری مہم میں ریڑھ کی ہڈی کی حیثیت رکھتی ہے۔ یہ دانستہ اقدامات نہ صرف توانائی کی خاطر خواہ بچت کا باعث بنتے ہیں بلکہ پیداواری لاگت میں کمی اور آپریشنل کارکردگی میں بھی اضافہ کرتے ہیں۔

## 2. ماحولیات، صحت کی حفاظت

ADM ایک جامع صحت، حفاظت اور ماحولیاتی فریم ورک کو برقرار رکھتا ہے جو مجموعی احاطے اور آس پاس کی حفاظت کرتے ہوئے اپنی افرادی قوت، گاہکوں، اسٹیک ہولڈرز، ٹھیکیداروں، زائرین اور سپلائرز کی فلاح و بہبود کو یقینی بناتا ہے۔ کمپنی غیر محفوظ اور غیر صحت مند کام کے طریقوں اور حالات کو ختم کرنے کے لئے فعال طور پر کوشش کرتی ہے، جو متعین مقاصد پر مبنی ہے / کام کے ماحول میں حادثات اور صحت سے متعلق واقعات سے بچنے کے لئے سخت احتیاطی تدابیر اختیار کی جاتی ہیں۔ وقف انتظامی نمائندگان صحت اور حفاظت کے اعلیٰ ترین معیارات کی ذمہ داری قبول کرتے ہیں، ان کے محتاط نفاذ کی نگرانی کرتے ہیں۔

شور کی سطح کی نگرانی اور تعمیل کو برقرار رکھنے کے لئے بیرونی تجارتی لیبارٹری کے ذریعہ باقاعدگی سے ماحولیاتی شور کی جانچ کی جاتی ہے۔ آگ سے بچاؤ کے ہمارے مضبوط اقدامات میں این ایف پی اے اسٹینڈرڈ 10 کے مطابق فائر الارم اور سراغ لگانے کے نظام کی تنصیب اور دیکھ بھال شامل ہے۔ مزید برآں، ایک وقف ایمرجنسی رسپانس ٹیم آگ سے متعلق کسی بھی واقعے سے فوری طور پر نمٹنے کے لئے تیار ہے، جو چوبیس گھنٹے مدد کی پیش کش کرتی ہے۔

ADM انتظامیہ کی تمام سطحوں پر ماحولیات، صحت کی حفاظت کے لئے مکمل عزم کو یقینی بناتا ہے اور ان حالات میں مزید بہتری کے تسلسل کو یقینی بنانے اور اس سلسلے میں کمپنی کی پالیسی، مقاصد، اہداف اور پروگراموں کی تاثیر کی تصدیق کرنے کے لئے باقاعدگی سے تشخیص اور جائزے منعقد کرتا ہے۔

ADM فخریہ طور پر مندرجہ ذیل ذیل تصدیقات کا حامل ہے:

(Occupational Health and Safety Assessment Series)	ISO 45001:2018 OHSAS
(Environmental Management System)	ISO 14001:2015 EMS
(Quality Management System)	ISO 9001:2015 QMS
(Business Social Compliance Initiative)	BSCI
(Better Cotton Initiative)	BCI
(Worldwide Responsible Accreditation Production)	WRAP
(Supplier Ethical Data Exchange)	SEDEX
(Global Organic Textile Standard)	GOTS
(Organic Content Standard)	OCS
(Recycled Claim Standard)	RCS
(Global Recycled Standard)	GRS
(Customs-Trade Partnership against Terrorism)	C-TPAT
(Zero Discharge of Hazardous Chemicals)	ZDHC
Cradle to Cradle	C2C
Facility Environmental Module	HIGG (FEM)
Facility Social Labor Module	HIGG (FSLM)
Supplier Qualification Program	SQP
U.S. Cotton Trust Protocol	U.S. COTTON
Better Work (International Labour Organization)	BETTER WORK (ILO)
	OEKO-TEX Standard 100

ان سرٹیفیکیشن میں سے ہر سرٹیفیکیشن ایک محفوظ، پائیدار اور سماجی طور پر ذمہ دار آپریشنل ماحول کو فروغ دینے کے لئے اے ڈی ایم کی مستقل لگن کی نشاندہی کرتا ہے۔

### 3. مضبوط حفاظتی اقدام

کمپنی کی قیادت آپریشنل حفاظت اور سلامتی کی انتہائی اہمیت کو تسلیم کرتی ہے۔ اہلکاروں اور اثاثوں کی حفاظت کو یقینی بنانے کے لئے خاطر خواہ سرمایہ کاری کی گئی ہے، جس میں وقف سیکورٹی اہلکاروں کی تعیناتی اور جامع سیکورٹی پالیسیوں اور پروٹوکولز کا نفاذ شامل ہے۔ ان اقدامات کا لازمی جزو سی سی ٹی وی کیمروں کا ایک وسیع نیٹ ورک ہے جو متعدد مقامات پر اسٹریٹجک طور پر نصب ہے، جس سے نگرانی کی صلاحیتوں میں اضافہ ہوتا ہے۔ یہ مربوط کوششیں اجتماعی طور پر ہماری افرادی قوت اور وسائل کی حفاظت اور سالمیت کو برقرار رکھتے ہوئے آپریشنز کے ہموار کام میں حصہ ڈالتی ہیں۔



4. استعمال شدہ پانی کی صفائی کا پلانٹ

پانی ہمارے ملک کے لئے ایک نایاب قدرتی وسائل ہے اور اس کا انتظام بہترین طریقے سے کیا جانا چاہئے۔ کمپنی کے پاس SEPA پاکستان کے قومی ماحولیات کے معیار کو پورا کرنے کے لئے استعمال شدہ پانی کی ٹریٹمنٹ کی سہولت ہے۔ چونکہ پانی ایک نایاب شے ہے، لہذا ایسی ٹیکنالوجی اختیار کرنا ضروری ہے جس کے ذریعے اسے موثر انداز میں دوبارہ استعمال کیا جاسکے۔ ہمارے ویسٹ واٹر ٹریٹمنٹ کی سہولت میں، گندے پانی کو گردش میں دوبارہ متعارف کرانے یا بنیادی سیورسٹم میں اس کے محفوظ اخراج سے پہلے اسے صاف کرنے کے لئے جامع عمل کا استعمال کیا جاتا ہے، جو ماحولیاتی تحفظ کے معیار کے ساتھ سختی سے مطابقت رکھتا ہے۔

5. مساوی موقع آجر

ہماری کمپنی کے بنیادی اصولوں کے مطابق جو تمام افراد کی مساوات کو برقرار رکھتے ہیں، ADM ایک جامع جائے کار کو فروغ دینے کے لئے اپنی وابستگی میں غیر متوازن کھڑا ہے۔ ہم مختلف نسلی پس منظر سے تعلق رکھنے والے ملازمین کو فعال طور پر تلاش کرنے اور ان کا خیر مقدم کرنے میں فخر محسوس کرتے ہیں، اپنے ملازمت کے طریقوں میں کسی بھی قسم کے تعصب یا امتیاز کو ثابت قدمی سے مسترد کرتے ہیں۔

6. عطیات

ADM معاشرے کے لیے اخلاقی طور پر کام کرنے کے لیے پرعزم ہے اور اس کا مقصد ملک کے ساتھ ساتھ دنیا میں سماجی ترقی میں حصہ ڈالنا ہے۔ اس وژن کے مطابق، ہماری کمپنی سماجی ترقی کو فروغ دینے کے لیے وقف ہے۔ ہم فخر یہ طور پر عبدالستار ایدیسی فاؤنڈیشن اور سیلانی ویلفیئر ٹرسٹ جیسی معروف تنظیموں کو خاطر خواہ عطیات دیتے ہیں۔

اعتراف

بورڈ کے ڈائریکٹران بیٹیکوں، ریگولیٹری باڈیز اور قابل قدر کاروباری شراکت داروں سمیت ہمارے معزز اسٹیک ہولڈرز کی جانب سے فراہم کردہ مضبوط حمایت اور تعاون پر تہ دل سے شکریہ ادا کرنا چاہتے ہیں۔ ہم آنے والے وقت میں اس مضبوط اتحاد کے قائم رہنے کے شدت سے منتظر ہیں۔

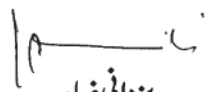
مزید برآں، ہمارے ڈائریکٹران اپنے سرشار ملازمین کا تہ دل سے شکریہ ادا کرتے ہیں جن کی محنت، ثابت قدمی لگن اور پختہ عزم نے زبردست کاروباری چیلنجز کا سامنا کرتے ہوئے بھی غیر معمولی کارکردگی کو برقرار رکھنے میں اہم کردار ادا کیا ہے۔

منجانب بورڈ کے ڈائریکٹران



محمد فیصل احمد

چیف ایگزیکٹو



ریزدانی ضیاء

ڈائریکٹر

کراچی۔ 23 ستمبر 2023

## KEY OPERATING AND FINANCIAL DATA

	2023	2022	2021	2020	2019	2018
	.....(Rupees in '000).....					
<b>ASSETS EMPLOYED</b>						
Operating fixed assets	<b>8,427,700</b>	6,626,575	5,577,115	5,452,914	5,043,565	5,194,049
Capital work-in-progress	<b>3,341,918</b>	3,018,389	2,168,764	625,402	863,627	110,657
Intangible assets	-	-	1,513	3,165	4,817	6,468
Long term investment	-	-	-	-	38,700	-
Long term loans	<b>32,602</b>	29,864	28,350	14,407	5,482	5,374
Long term deposits	<b>1,957</b>	1,732	1,732	1,572	1,566	1,566
Net current assets/(liabilities)	<b>1,512,252</b>	1,499,959	1,811,299	2,482,967	2,297,183	1,619,245
<b>Total Assets Employed</b>	<b>13,316,429</b>	11,176,519	9,588,773	8,580,427	8,254,940	6,937,359
<b>FINANCED BY</b>						
Shareholders equity	<b>8,093,311</b>	7,239,749	6,727,518	6,611,620	6,754,159	6,100,145
Long term financing	<b>4,954,652</b>	3,763,158	2,722,173	1,866,912	1,444,487	813,274
Deferred liability	<b>268,466</b>	173,612	139,082	101,895	56,294	23,940
<b>Total</b>	<b>13,316,429</b>	11,176,519	9,588,773	8,580,427	8,254,940	6,937,359
<b>SALES &amp; PROFITS</b>						
Net sales / Turnover	<b>17,072,735</b>	16,352,907	9,813,176	7,940,571	7,767,180	8,239,986
Gross profit	<b>2,919,697</b>	1,271,630	1,111,733	626,542	888,100	791,820
Profit before taxation	<b>1,308,666</b>	883,305	456,356	222,352	955,478	600,077
Net profit after taxation	<b>1,060,630</b>	654,252	353,902	113,690	866,820	516,531
Proposed Dividend %	<b>35</b>	20	20	30	30	25
Un-appropriated profit	<b>7,253,311</b>	6,399,749	5,887,518	5,771,620	5,914,159	5,260,145

## PATTERN OF SHARE HOLDING - FORM "34" SHAREHOLDERS STATISTICS AS AT JUNE 30, 2023

Number of Shareholders	Share Holding		Total Shares Held
	From	To	
237	1	- 100	5,565
221	101	- 500	97,186
139	501	- 1000	131,642
237	1001	- 5000	621,744
46	5001	- 10000	342,800
17	10001	- 15000	209,210
2	15001	- 20000	36,500
1	20001	- 25000	25,000
1	35001	- 40000	40,000
1	40001	- 45000	41,000
1	45001	- 50000	49,000
1	60001	- 65000	61,000
1	70001	- 75000	74,000
2	80001	- 85000	167,000
1	95001	- 100000	99,000
1	160001	- 165000	161,000
1	285001	- 290000	290,000
1	595001	- 600000	600,000
1	1410001	- 1415000	1,410,200
1	1765001	- 1770000	1,767,000
1	9740001	- 9745000	9,741,400
1	68025001	- 68030000	68,029,753
<b>915</b>			<b>84,000,000</b>

## PATTERN OF SHAREHOLDING

### SHAREHOLDERS STATISTICS AS AT JUNE 30, 2023

Categories of Shareholders	Shares Held	Percentage
<b>INSURANCE COMPANIES</b>		
STATE LIFE INSURANCE CORP. OF PAKISTAN	1,767,000	
<b>Sub - Total:</b>	<b>1,767,000</b>	2.10
<b>DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN</b>		
MR. MUHAMMAD ALI AHMED	858	
MS. ZAHRA FAISAL AHMED	500	
MR. MUHAMMAD FAISAL AHMED	68,029,753	
MR. MUNEEB AHMED	500	
MR. YAZDANI ZIA	500	
MR. MUHAMMAD YOUSUF AHMED	99,000	
MR. MUHAMMAD IQBAL AHMED	2,000	
<b>Sub - Total:</b>	<b>68,133,111</b>	81.11
<b>ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES</b>		
ARTISTIC PROPERTIES (PVT) LIMITED	1,410,200	
<b>Sub - Total:</b>	<b>1,410,200</b>	1.68
<b>NIT AND ICP</b>		
INVESTMENT CORP. OF PAKISTAN	500	
<b>Sub - Total:</b>	<b>500</b>	0.00

## PATTERN OF SHAREHOLDING SHAREHOLDERS STATISTICS AS AT JUNE 30, 2023

Categories of Shareholders	Shares Held	Percentage
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### OTHERS

MRA SECURITIES LIMITED - MF	85,000	
ZILLION CAPITAL SECURITIES (PVT) LTD.	8,000	
BURMA OIL MILLS LTD	5,000	
FIKREES (PRIVATE) LIMITED	2,206	
PAKISTAN MEMON EDUCATIONAL & WELFARE SOC	2,000	
PROGRESSIVE INVESTMENT MANAGEMENT (PRIVATE) LIMITED	500	
MSMANIAR FINANCIALS (PVT) LTD.	500	
Y.S. SECURITIES & SERVICES (PVT) LTD.	80	
HSZ SECURITIES (PVT.)LTD.	80	
MAPLE LEAF CAPITAL LIMITED	1	
<b>Sub - Total:</b>	<b>103,367</b>	<b>0.12</b>

### INDIVIDUAL

LOCAL - INDIVIDUALS	12,585,822	
<b>Sub - Total:</b>	<b>12,585,822</b>	<b>14.98</b>
<b>Grand Total:</b>	<b>84,000,000</b>	<b>100.00</b>

### SHAREHOLDERS HOLDING FIVE PERCENT OR MORE

Name of Shareholders	Shares Held	Percentage
Muhammad Faisal Ahmed	68,029,753	
Sadia Zain	9,741,400	
<b>Total:</b>	<b>77,771,153</b>	<b>92.54</b>

## PERFORMANCE AT A GLANCE

<b>FINANCIAL RATIOS</b>	<b>2023</b>	<b>2022</b>
Gross profit - % of net sales	<b>17.10</b>	10.87
Profit before taxation - % of net sales	<b>7.67</b>	5.21
Net Profit after taxation - % of net sales	<b>6.21</b>	3.86
Earnings per share	<b>12.63</b>	7.79
Increase / (decrease) in net sales - %	<b>0.78</b>	66.64
Raw and packing materials - % of net sales	<b>50.18</b>	53.02
Labour - % of net sales	<b>19.24</b>	20.52
Other cost of goods manufactured - % of net sales	<b>13.70</b>	15.73
Distribution costs - % of net sales	<b>2.43</b>	2.09
Administrative expenses - % of net sales	<b>1.34</b>	1.09
Finance costs - % of net sales	<b>5.75</b>	2.44
Taxation - % of net sales	<b>1.45</b>	1.35
Inventory turnover days	<b>136</b>	123
Receivable turnover days	<b>77</b>	76
<b>SHORT TERM SOLVENCY</b>		
Current ratio	<b>1.16</b>	1.17
Acid test ratio	<b>0.56</b>	0.57
<b>OVERALL VALUATION AND ASSESSMENT</b>		
Return on equity (average) %	<b>13.83</b>	9.37
P.E. ratio	<b>4.52</b>	7.19
Book value per share	<b>96.35</b>	86.19
Long term debts : equity	<b>38:62</b>	34:66

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: **Artistic Denim Mills Limited**  
Year ended: **June 30, 2023**

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors are seven (7) as per the following:

- a. Male: 06
- b. Female: 01

2. The composition of the Board of Directors (the Board) is as follows:

Category	Numbers	Names
<b>a) Independent Directors</b>	02	Mr. Yazdani Zia Mr. Muneer Ahmed
<b>b) Other Non-Executive Directors</b>		
<b>- Male</b>	03	Mr. Muhammad Iqbal Ahmed Mr. Muhammad Yousuf Ahmed Mr. Muhammad Ali Ahmed
<b>- Female</b>	01	Ms. Zahra Faisal Ahmed
<b>c) Executive Director</b>	01	Mr. Muhammad Faisal Ahmed

The two elected independent directors possess essential capabilities, expertise, understanding, and background to effectively fulfill their responsibilities in accordance with relevant laws and regulations. In light of their comprehensive adherence to the requisite criteria established by pertinent laws and regulations, the appointment of the third independent director is considered unwarranted.

- 3. The Directors have confirmed that none of them is serving as a Director on the Board of more than seven listed companies, including this Company;
- 4. 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;
- 5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained;
- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("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 meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. Four directors on the Board has acquired the prescribed certification as mentioned under Regulation Number 19, whereas two directors are exempted from such course on account of the experience and qualification. The Company is currently in the process of organizing the Directors' Training Program certification for the remaining director. Following Directors have already gone through Directors' Training program:

Mr. Muhammad Faisal Ahmed  
Mr. Muhmmad Yousuf Ahmed  
Mr. Yazdani Zia  
Mr. Muneer Ahmed

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer (CEO) duly endorsed the financial statements of the Company before approval of the Board;
12. The Board has formed committees comprising of members given below:

**a) Audit Committee:**

Name of Director	Designation
Mr. Yazdani Zia	Chairman
Mr. Muhammad Iqbal Ahmed	Member
Mr. Muhammad Ali Ahmed	Member

**b) HR and Remuneration Committee:**

Name of Director	Designation
Mr. Yazdani Zia	Chairman
Mr. Muhammad Faisal Ahmed	Member
Ms. Zahra Faisal Ahmed	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 (quarterly / half yearly / yearly) of the committees were as per following:

a) Audit Committee	Quarterly meetings
b) HR and Remuneration Committee	Annual meeting
c) Nomination Committee	N/A
d) Risk Management Committee	N/A



15. The Board has set-up an effective Internal Audit Function who are considered suitably qualified and experienced for the purpose and are 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan 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 the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for the non-compliances with requirement, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below;
  - a) Reference to Regulation Number 19(3), Companies are encouraged to organize annual training sessions for a minimum of one head of department as part of the Directors' Training Program, beginning from July 2022. The company has outlined its intentions to facilitate Directors Training Program certificates for head of departments in the coming years.
  - b) Reference to Regulation(s) Number 29 and 30, since there are no Nomination and Risk management committees in place, the responsibilities associated with Nomination Committee are currently carried out by the Human resource and the Remuneration Committee. Similarly, a senior officer within the company undertakes the necessary function related to Risk Management Committee and provides relevant updates and information to the Board, wherever required.
  - c) Reference to Regulation Number 35, the company has the option to display crucial components of its notable policies, along with the concise overview of the Board's committee mandates, and essential aspects of the director's remuneration policy on its official website. While these materials are already widely distributed among pertinent employees and directors, the Board is considering the possibility of making these policies and synopses available on its website in the near future.

On behalf of the Board



**MUHAMMAD FAISAL AHMED**  
Chief Executive



**MUHAMMAD IQBAL AHMED**  
Chairman

Karachi: September 23, 2023

**TO THE MEMBERS OF ARTISTIC DENIM 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 **Artistic Denim 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.

*Reanda Haroon Zakaria QED*

Reanda Haroon Zakaria & Company  
Chartered Accountants

Engagement Partner  
Muhammad Iqbal

**Place:** Karachi

**Dated:** September 26, 2023

**UDIN:** CR202310086pqtmxPezi

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTISTIC DENIM MILLS LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### ***Opinion***

We have audited the annexed financial statements of **Artistic Denim 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, 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, 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 year. 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

<b>S. No.</b>	<b>Key audit matters</b>	<b>How the matter was addressed in our audit</b>
<b>1</b>	<p><b>Capital expenditures and related financing</b></p> <p>(Refer note 4 to the accompanying financial statements)</p> <p>The Company has incurred capital expenditure of Rs. 2,843.225 million under balancing, modernization and replacement for value addition and to enhance the production capacity. To finance the aforesaid expenditure, the Company has obtained long term financing as disclosed in note 18 to the accompanying financial statements.</p> <p>Capital expenditures incurred during the year represents significant transactions and involves significant judgements in respect of capitalization of elements of eligible components of costs, as per the applicable reporting standards to determine, when the assets are available for use and estimation of useful lives. Further, financing agreement entail financial and non-financial covenants that the Company is subject to compliance.</p> <p>Accordingly, we have identified the capital expenditures and related financing as a key audit matter.</p>	<p>Our audit procedures to address the matter, amongst others, includes the following:</p> <ul style="list-style-type: none"> <li>• we obtained understanding of the Company's process with respect to capital expenditure including determination of useful lives;</li> <li>• we physically verified the newly acquired fixed assets and reviewed the relevant contracts and documents supporting various components of the capitalized cost and the impact of BMR over production capacities;</li> <li>• we considered whether the capital expenditure incurred, including borrowing costs, meets the recognition criteria of an asset in accordance with the applicable financial reporting framework;</li> <li>• we reviewed the underlying financing agreements and inquired from the management with respect to the future compliance of the covenants and tested controls related to such compliance and circularized confirmations to the financial institutions with respect to outstanding loan balances at year end;</li> <li>• we assessed the adequacy of the financial statements disclosures as per the requirements set out in the applicable financial reporting framework.</li> </ul>

<b>S. No.</b>	<b>Key audit matters</b>	<b>How the matter was addressed in our audit</b>
<b>2</b>	<p><b>Stock-in-trade</b></p> <p>(Refer note 9 to the accompanying financial statements)</p> <p>The stock-in-trade balance constitutes 23.89% of total assets of the Company.</p> <p>We focused on stock-in-trade as it is a significant portion of the Company's total assets and it requires management judgement in determining an appropriate costing basis and assessing its valuation. Accordingly, we have considered this as a key audit matter.</p>	<p>Our audit procedures to address the matter, amongst others, includes the following:</p> <ul style="list-style-type: none"> <li>• we performed a range of audit procedures in respect of inventory items including physical observation of inventory counts, testing valuation methods and their appropriateness in accordance with the applicable financial reporting framework;</li> <li>• we performed testing on a sample of items to assess the net realizable value (NRV) of the inventories held and evaluated whether any write down to NRV is required in the Company's financial statements; and</li> <li>• we assessed the adequacy of the related disclosures made in accordance with the applicable financial reporting framework.</li> </ul>
<b>3</b>	<p><b>Revenue from related party transactions and disclosures</b></p> <p>(Refer note 37 to the accompanying financial statements)</p> <p>The Company generates revenue, from sales to related parties, of Rs. 3,947.202 million which comprises of 23.12% of total turnover.</p> <p>Due to the significance of related party transactions to the overall operations of the Company and the disclosures required for such transactions and year end balances, we have considered the same to be a key audit matter.</p>	<p>Our audit procedures to address the matter, amongst others, includes the following:</p> <ul style="list-style-type: none"> <li>• we have evaluated management's process for identifying and recording related party transactions;</li> <li>• we have reviewed minutes of the meetings of audit committee and those charged with governance for recommendation and approval of transactions with related parties respectively;</li> <li>• we have inspected invoices, on sample basis, and ensured that these are generated as per Company's policies and obtained direct confirmation from related parties and also ensured satisfactory subsequent realization;</li> <li>• we have obtained written representation from management concerning completeness of information provided regarding the identification of related parties; and</li> <li>• we have assessed the adequacy and appropriateness of the disclosures made in respect of the related parties balances and transactions in accordance with the applicable financial reporting framework.</li> </ul>

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Iqbal**.

*Reanda Haroon Zakaria QED*

**Rcanda Haroon Zakaria & Company**  
Chartered Accountants

**Place:** Karachi  
**Dated:** September 26, 2023  
**UDIN:** AR202310086PiBaJ74tc



## STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

<b>ASSETS</b>	<b>Note</b>	<b>2023</b> ..... Rupees in '000' .....	<b>2022</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	4	11,769,618	9,644,964
Intangible assets	5	-	-
Long term loans	6	32,602	29,864
Long term deposits	7	1,957	1,732
		11,804,177	9,676,560
<b>Current Assets</b>			
Stores and spares	8	248,281	242,841
Stock-in-trade	9	5,469,336	5,106,292
Trade debts	10	3,441,533	3,753,777
Loans and advances	11	74,541	43,560
Trade deposits	12	67,292	29,289
Other receivables	13	139,745	102,286
Short term investments	14	71,502	75,710
Sales tax refundable		194,719	177,467
Taxation - net		209,098	243,089
Cash and bank balances	15	1,173,574	629,129
		11,089,621	10,403,440
		22,893,798	20,080,000
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Authorised capital</b>			
100,000,000 ordinary shares of Rs 10/- each	16	1,000,000	1,000,000
<b>Issued, subscribed and paid-up</b>			
	16	840,000	840,000
<b>Reserves</b>			
	17	7,253,311	6,399,749
		8,093,311	7,239,749
<b>Non-Current Liabilities</b>			
Long term financing	18	4,954,652	3,763,158
Deferred liability	19	268,466	173,612
		5,223,118	3,936,770
<b>Current Liabilities</b>			
Trade and other payables	20	2,793,789	2,314,880
Unclaimed dividend		3,238	3,135
Accrued mark-up	21	341,594	75,116
Short term borrowings	22	5,973,000	6,223,000
Current maturity of long-term financing	18	465,748	287,350
		9,577,369	8,903,481
<b>Contingencies and Commitments</b>			
	23	22,893,798	20,080,000

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



**Faisal Ahmed**  
Chief Executive Officer



**Sagheer Ahmed**  
Chief Financial Officer



**Yazdani Zia**  
Director

**STATEMENT OF PROFIT OR LOSS**

For the year ended June 30, 2023

	Note	2023 ..... Rupees in '000'.....	2022
<b>Turnover</b>	24	<b>17,072,735</b>	16,940,229
Cost of sales	25	(14,153,038)	(15,099,031)
<b>Gross Profit</b>		<b>2,919,697</b>	1,841,198
Distribution costs	26	(414,904)	(354,426)
Administrative expenses	27	(228,469)	(185,204)
Other operating expenses	28	(95,553)	(76,902)
Other income	29	109,704	71,228
		(629,222)	(545,304)
<b>Operating Profit</b>		<b>2,290,475</b>	1,295,894
Finance costs	30	(981,809)	(412,589)
<b>Profit Before Taxation</b>		<b>1,308,666</b>	883,305
Taxation	31	(248,036)	(229,053)
<b>Net Profit For The Year</b>		<b>1,060,630</b>	654,252
		<b>(Rupees Per share)</b>	
<b>Earnings Per Share</b>	32	<b>12.63</b>	7.79

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



**Faisal Ahmed**  
Chief Executive Officer



**Sagheer Ahmed**  
Chief Financial Officer



**Yazdani Zia**  
Director

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2023

	Note	2023 ..... Rupees in '000' .....	2022
<b>Net profit for the year</b>		<b>1,060,630</b>	654,252
<b>Other comprehensive (loss) / income</b>			
<b>Items that will not be reclassified subsequently to statement of profit or loss</b>			
Actuarial (loss) / gain on defined benefit plan	19.1	<b>(39,068)</b>	25,979
<b>Total comprehensive income for the year</b>		<b>1,021,562</b>	<b>680,231</b>

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



**Faisal Ahmed**  
Chief Executive Officer



**Sagheer Ahmed**  
Chief Financial Officer



**Yazdani Zia**  
Director

**STATEMENT OF CHANGES IN EQUITY**

For the year ended June 30, 2023

	Issued, subscribed and paid-up capital	Revenue Reserve Unappropriated Profit	Capital Reserve Actuarial loss on defined benefit plan	Total Reserves	Total
..... Rupees in '000 .....					
<b>Balance as at June 30, 2021</b>	<b>840,000</b>	<b>5,913,382</b>	<b>(25,864)</b>	<b>5,887,518</b>	<b>6,727,518</b>
Net profit for the year	-	654,252	-	654,252	654,252
Other comprehensive income	-	-	25,979	25,979	25,979
<b>Total comprehensive income for the year</b>	-	654,252	25,979	680,231	680,231
<b>Transactions with owners</b>					
Cash dividend paid @ Rs. 2.00 per ordinary share of Rs.10 each for the year ended June 30, 2021	-	(168,000)	-	(168,000)	(168,000)
<b>Balance as at June 30, 2022</b>	<b>840,000</b>	<b>6,399,634</b>	<b>115</b>	<b>6,399,749</b>	<b>7,239,749</b>
Net profit for the year	-	1,060,630	-	1,060,630	1,060,630
Other comprehensive loss	-	-	(39,068)	(39,068)	(39,068)
<b>Total comprehensive income for the year</b>	-	1,060,630	(39,068)	1,021,562	1,021,562
<b>Transactions with owners</b>					
Cash dividend paid @ Rs. 2.00 per ordinary share of Rs.10 each for the year ended June 30, 2022	-	(168,000)	-	(168,000)	(168,000)
<b>Balance as at June 30, 2023</b>	<b>840,000</b>	<b>7,292,264</b>	<b>(38,953)</b>	<b>7,253,311</b>	<b>8,093,311</b>

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


**Faisal Ahmed**  
Chief Executive Officer

**Sagheer Ahmed**  
Chief Financial Officer

**Yazdani Zia**  
Director

## STATEMENT OF CASH FLOWS

For the year ended June 30, 2023

	Note	2023 ..... Rupees in '000' .....	2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	33	<b>3,416,002</b>	1,622,974
Taxes paid		<b>(214,044)</b>	(170,677)
Gratuity paid	19.1	<b>(21,130)</b>	(5,944)
Finance costs paid		<b>(715,331)</b>	(392,560)
Workers' Profits Participation Fund paid		<b>(50,633)</b>	(25,869)
Workers' Welfare Fund paid		<b>(13,550)</b>	(7,677)
Long term deposits		<b>(225)</b>	-
<b>Net cash generated from operating activities</b>		<b>2,401,089</b>	1,020,247
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure	4.1 & 4.2	<b>(2,843,225)</b>	(2,430,491)
Short term investments - net		<b>(3,446)</b>	(18)
Dividend received	29	<b>10,899</b>	4,351
Sale proceeds from disposal of operating fixed assets	4.1.3	<b>27,133</b>	1,653
<b>Net cash used in investing activities</b>		<b>(2,808,639)</b>	(2,424,505)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term financing repaid	18	<b>(281,732)</b>	(218,114)
Long term financing acquired	18	<b>1,651,624</b>	1,326,200
Short term borrowings (repaid) / acquired - net	33.1	<b>(250,000)</b>	722,395
Dividend paid		<b>(167,897)</b>	(167,795)
<b>Net cash generated from financing activities</b>		<b>951,995</b>	1,662,686
<b>Net increase in cash and cash equivalents</b>		<b>544,445</b>	258,428
<b>Cash and cash equivalents at the beginning of the year</b>	15	<b>629,129</b>	370,701
<b>Cash and cash equivalents at the end of the year</b>		<b>1,173,574</b>	629,129

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



**Faisal Ahmed**  
Chief Executive Officer



**Sagheer Ahmed**  
Chief Financial Officer



**Yazdani Zia**  
Director

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 1 STATUS AND NATURE OF BUSINESS

Artistic Denim Mills Limited (the Company) was incorporated in Pakistan on May 18, 1992 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is currently listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to manufacture and sell yarn, rope dyed denim fabric, garments and value added textile products.

The registered office and factory premises of the Company is situated at Plot No. 5-9, 23 - 26, Sector 16, Korangi Industrial Area, Karachi.

### 1.1 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS FACILITIES

The Company has two factory locations with manufacturing facility<sup>1</sup> located at Plot No. 5-9, 23-26, Sector 16, Korangi Industrial Area, Karachi and manufacturing facility 2 located at Plot No. 426 - 428, Deh Pihai of Sub Division Landhi, Korangi, Karachi.

## 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 for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

### 2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except otherwise stated. Further, accrual basis of accounting is followed in the preparation of these financial statements except for cash flow information.

### 2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use

**Effective for period  
beginning on or after**

January 1, 2022

**Effective for period  
beginning on or after**

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous January 1, 2022

Certain amendments updating a reference to the Conceptual Framework and annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

**2.4 Amendments to standards and IFRS interpretations that are not yet effective**

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and 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 IFRS 9 'Financial Instruments: Disclosures' and IAS 7 'Statement of Cash Flows': Amendments regarding supplier finance arrangements January 1, 2024

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

Amendments to IFRS 16 'Leases': Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions January 1, 2024

Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the disclosure of accounting policies January 1, 2023

Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and debt with covenants January 1, 2024

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of accounting estimates January 1, 2023

Amendments to IAS 12 'Income Taxes': Amendments regarding deferred tax on leases and decommissioning obligations January 1, 2023

Amendments to IAS 12 'Income Taxes': Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes January 1, 2023

Certain amendments updating a reference to the Conceptual Framework and annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

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

## 2.5 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies and commitments at the end of the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about the judgements made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainty with significant risk of material adjustment to the carrying amount of assets and liabilities in future period are described in following note:

- Review of useful lives and residual values of property, plant and equipment (note 3.1 and 4.1);
- Review of useful life, residual values and amortisation method of intangible assets (note 3.2 & 5);
- Impairment of inventories / adjustment of inventories to their net realisable value (note 3.6 & 9);
- Recognition of staff retirement benefits (note 3.13 & 19);
- Provisions (note 3.12);
- Recognition of taxation and deferred taxation (note 3.14 & 31);
- Revenue recognition (note 3.15 & 24);
- Valuation of short term investments (note 3.7 & 14);
- Impairment of financial assets (note 3.7.4); and
- Contingencies and commitments (note 3.19 & 23);



### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Property, plant and equipment**

##### **3.1.1 Operating fixed assets**

These are stated at cost less accumulated depreciation and impairment, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation on all operating fixed assets except leasehold land, is charged to statement of profit or loss, applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life. Leasehold land is amortized using the straight line method over its lease term. The rates used are stated in note 4.1 to the financial statements.

The carrying values of operating fixed assets are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

Normal repair and maintenance is charged to statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are taken to the profit or loss.

##### **3.1.2 Capital work-in-progress**

Capital work-in-progress is stated at cost less impairment, if any. It consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their construction, installation and acquisition. These are transferred to specific assets as and when these are available for use.

#### **3.2 Intangible assets**

These are stated at cost less accumulated amortisation and impairment, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Amortisation is charged to statement of profit or loss applying the straight line method whereby the cost of the intangible asset is written off over its estimated useful life, at the rate disclosed in note 5 to the financial statements.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

### **3.3 Impairment - non financial assets**

The carrying value of non-financial assets other than inventories is assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset. In determining fair value less costs to sell, the recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

### **3.4 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **3.5 Stores and spares**

Stores and spares are valued at lower of cost and net realizable value, determined on a first-in-first-out (FIFO) basis. Provision is made for any slow moving and obsolete items.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon up to reporting date.

Net realizable value signifies the estimated market prices (being replacement cost) in the ordinary course of business less the estimated costs necessary to make the sale.

### **3.6 Stock-in-trade**

Stock-in-trade is valued at the lower of cost and net realizable value. Cost is determined as follows:

Cost of raw and packing materials is determined using FIFO basis except for those in transit which are stated at invoice price plus other charges incurred thereon up to the reporting date.

Finished goods and work in process are valued at manufacturing cost which is comprised of direct raw material consumed on FIFO basis and proportionate production overheads and labour cost incurred.

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

### **3.7 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **3.7.1 Initial recognition and measurement**

Under IFRS 9, financial assets are classified, at initial recognition, and subsequently measured at following:

- (a) at amortized cost
- (b) at fair value through profit or loss (FVTPL); and
- (c) at fair value thorough other comprehensive income (FVTOCI)

A financial asset is measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order 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.

A financial asset is measured at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. However the Company is not having any investment in equity instruments.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

#### **3.7.2 Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

### 3.7.3 Derecognition

A financial asset is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangements and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### 3.7.4 Impairment of financial assets

Expected credit losses (ECLs) are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Credit risk on a financial asset is assumed to be increased significantly if it is more than past due for a reasonable period of time as decided by the senior management of the Company. Further, the Company considers information based on Company's historical experience and the impact of forward looking information that is available without undue cost. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 3.7.5 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liability measured at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities includes trade and other payables, unclaimed dividend, loans and borrowings and accrued mark-up on loans and borrowings.

After initial recognition, the Company's financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in statement of profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

### 3.7.6 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### 3.7.7 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### 3.7.8 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liability are recognized as revenue when the Company performs under the contract.

### 3.8 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amounts, if any.

The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for trade and other receivables. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. Trade debts and other receivables considered irrecoverable are written off.

### 3.9 Advances, deposits, and prepayments

Advances and prepayments are stated at cost less provision for doubtful balances, if any. Deposits are recognized initially at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amounts, if any. Advances, deposits and prepayments considered irrecoverable are written off.

### 3.10 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### 3.11 Cash and cash equivalents

Cash and bank balances consist of cash in hand and cash at banks in current accounts at amortized cost. For the purpose of the statement of cash flows, cash and cash equivalents comprises of cash at bank and cash in hand.

### 3.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### 3.13 Staff gratuity - Defined Benefit Plan

The Company operates an un-approved and unfunded gratuity scheme for all permanent employees who have completed the minimum qualifying year of service for entitlement of gratuity. The contributions to the scheme are made in accordance with the independent actuarial valuation. Actuarial gains and losses are recognized in full in the period in which they occur in the other comprehensive income. All the current and any past service costs are recognized in the profit or loss at the earlier of when the amendments or curtailment occurs and when the Company has recognized related restructuring or terminations benefits. The amount recognized in the statement of financial position represents present value of defined benefit obligation. The latest actuarial valuation was carried out as of June 30, 2023 using Projected Unit Credit method.

### 3.14 Taxation

#### Current

The Company falls under the final tax regime in accordance with the Income Tax Ordinance, 2001. Provision for tax on other income is based on taxable income, other than covered under FTR, at the rates applicable for the current tax year, after considering the rebates and tax credits available, if any.

#### Deferred

Since the income of the Company is subject to tax under Final Tax Regime, no deferred tax liability has been accounted for in these financial statements as the Company's tax liability will be assessed under the said regime and, hence, no temporary differences are likely to arise.

### 3.15 Revenue recognition

Revenue is recognized at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognized on the following basis:

#### Sale of goods

Revenue from sale of goods is measured based on the consideration specified in a contract with a customer and is recognized when control of goods have been transferred to a customer at a point in time when the performance obligations are met. The transaction price of Company's contracts with customers for the sale of goods does not include any variable consideration, any significant financing component, any non cash consideration or any consideration payable to its customers. The credit term ordinarily ranges from 30 to 120 days.

#### Other income

- Return on treasury call account at amortized cost are accounted for using the effective interest rate method.
- Unrealized gains / (losses) arising on revaluation of securities classified as financial assets at fair value through profit or loss are included in profit or loss in the period in which they arise.
- Dividend income is recognized in the statement of profit or loss on the date on which the Company's right to receive the dividend is established.
- Scrap sales and gains / (losses) arising on disposal of fixed assets and investments are included in income currently and are recognized on the date when the transaction takes place.

### 3.16 Foreign currency translation

Foreign currency transactions are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the reporting date. Gains and losses on translation are taken to statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

### 3.17 Dividends and appropriation to reserve

Dividend and appropriation to reserve are recognized in the financial statements in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

### 3.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data 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 period. 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.

### 3.19 Contingencies

Contingencies are disclosed when the Company has a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

### 3.20 Operating segment

These financial statements have been prepared on the basis of a single reportable segment.

- Revenue from export sales represents 95.21% (2022: 95.46%) of the total gross revenue of the Company.
- All non-current assets of the Company at June 30, 2023 are located in Pakistan.
- Sales made by the Company to two customers which constitutes 39% and 19% (2022: 26% and 16%), respectively.

### 3.21 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>..... Rupees in '000' .....</b>	
<b>4</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	4.1	<b>8,427,700</b>	6,626,575
Capital work-in-progress	4.2	<b>3,341,918</b>	3,018,389
		<b>11,769,618</b>	9,644,964



#### 4.1 OPERATING FIXED ASSETS

Description	C O S T			Period / Rate %	ACCUMULATED DEPRECIATION / AMORTISATION			WRITTEN DOWN VALUE	
	As at July 01, 2022	Additions / Transfers* (Disposals)	As at June 30, 2023		As at July 01, 2022	For the Year (On disposals)	As at June 30, 2023	As at June 30, 2023	As at June 30, 2023
	.....Rupees in '000.....				.....Rupees in '000.....				
Leasehold land	1,211,663	-	- 1,211,663	65 to 86 yrs	264,654	15,188	-	279,842	931,821
Building on leasehold land	2,836,880	961,883*	- 3,798,763	10	1,439,171	179,849	-	1,619,020	2,179,743
Plant and machinery	7,615,589	1,519,152* (134,394)	9,000,347	10	3,662,298	464,619	(118,607)	4,008,310	4,992,037
Factory equipment	460,917	24,438*	- 485,355	10	220,424	24,861	-	245,285	240,070
Furniture and fixtures	56,319	1,796	- 58,115	10	26,872	3,031	-	29,903	28,212
Office equipment, including computers	57,758	2,288	- 60,046	33	44,229	4,758	-	48,987	11,059
Vehicles	154,856	10,139	(272) 164,723	20	109,759	10,361	(155)	119,965	44,758
<b>2023</b>	<b>12,393,982</b>	<b>2,519,696</b>	<b>(134,666) 14,779,012</b>		<b>5,767,407</b>	<b>702,667</b>	<b>(118,762)</b>	<b>6,351,312</b>	<b>8,427,700</b>

Description	C O S T			Period / Rate %	ACCUMULATED DEPRECIATION / AMORTISATION			WRITTEN DOWN VALUE	
	As at July 01, 2021	Additions / Transfers* (Disposals)	As at June 30, 2022		As at July 01, 2021	For the Year (On disposals)	As at June 30, 2022	As at June 30, 2022	As at June 30, 2022
	.....Rupees in '000.....				.....Rupees in '000.....				
Leasehold land	1,211,663	-	- 1,211,663	65 to 86 yrs	249,466	15,188	-	264,654	947,009
Building on leasehold land	2,480,802	356,078*	- 2,836,880	10	1,313,556	125,615	-	1,439,171	1,397,709
Plant and machinery	6,449,591	1,165,998*	- 7,615,589	10	3,315,945	346,353	-	3,662,298	3,953,291
Factory equipment	413,012	47,905*	- 460,917	10	195,927	24,497	-	220,424	240,493
Furniture and fixtures	54,405	1,914	- 56,319	10	23,719	3,153	-	26,872	29,447
Office equipment, including computers	48,860	8,898	- 57,758	33	40,037	4,192	-	44,229	13,529
Vehicles	156,982	73	(2,199) 154,856	20	99,550	11,361	(1,152)	109,759	45,097
<b>2022</b>	<b>10,815,315</b>	<b>1,580,866</b>	<b>(2,199) 12,393,982</b>		<b>5,238,200</b>	<b>530,359</b>	<b>(1,152)</b>	<b>5,767,407</b>	<b>6,626,575</b>

4.1.1 Leasehold land and buildings on leasehold land of the Company are located at Karachi with an area of 245,202 square yards.

4.1.2 Depreciation charge for the year has been allocated as follows:

	Note	2023	2022
		..... Rupees in '000' .....	
Cost of Sales	25.1	648,562	489,521
Distribution cost	26	1,405	1,061
Administrative expenses	27	52,700	39,777
		<b>702,667</b>	<b>530,359</b>

**4.1.3** The following fixed assets were disposed off during the year:

Description	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of Buyer
Vehicles (having WDV of less than Rs. 500,000)	272	(155)	117	134	17	Negotiation	Various
Plant & Machinery (having WDV of more than Rs. 5,000,000)	85,139	(75,479)	9,660	16,523	6,863	Negotiation	Plus Textile
Plant & Machinery (having WDV of more than Rs. 5,000,000)	42,570	(37,202)	5,368	9,179	3,812	Negotiation	Plus Textile
Plant & Machinery (having WDV of less than Rs. 5,000,000)	6,685	(5,926)	759	1,297	538	Negotiation	Plus Textile
<b>2023</b>	<b>134,666</b>	<b>(118,762)</b>	<b>15,904</b>	<b>27,133</b>	<b>11,230</b>		
2022	2,199	(1,152)	1,047	1,653	606		

**4.2 CAPITAL WORK-IN-PROGRESS**

Note	Civil Works	Plant & Machinery	Advances	Factory Equipment	Total
	..... Rupees in '000' .....				
<b>As at July 01, 2022</b>	<b>1,214,743</b>	<b>1,186,376</b>	<b>617,270</b>	<b>-</b>	<b>3,018,389</b>
Additions during the year	517,744	2,006,313	280,507	24,438	2,829,002
Transferred to operating fixed assets	4.1 (961,883)	(1,519,152)	-	(24,438)	(2,505,473)
Transferred from advances	436,157	19,849	(456,006)	-	-
<b>As at June 30, 2023</b>	<b>1,206,761</b>	<b>1,693,386</b>	<b>441,771</b>	<b>-</b>	<b>3,341,918</b>
<b>As at July 01, 2021</b>	703,161	935,765	529,838	-	2,168,764
Additions during the year	487,232	1,293,367	591,102	47,905	2,419,606
Transferred to operating fixed assets	4.1 (356,078)	(1,165,998)	-	(47,905)	(1,569,981)
Transferred from advances	380,428	123,242	(503,670)	-	-
<b>As at June 30, 2022</b>	<b>1,214,743</b>	<b>1,186,376</b>	<b>617,270</b>	<b>-</b>	<b>3,018,389</b>

**4.2.1** Includes borrowing costs incurred in respect of plant and machinery capitalized during the year amounting to Rs. 22.838 (2022: Rs. Nil) million.

## 5 INTANGIBLES ASSETS

Description	C O S T		ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE		AMORTISATION RATE
	As at July 01, 2022	Additions	As at June 30, 2023	As at July 01, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023	
(Rupees in '000)								
Computer software	8,257	-	8,257	8,257	-	8,257	-	20%

Description	C O S T		ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE		AMORTISATION RATE
	As at July 01, 2021	Additions	As at June 30, 2022	As at July 01, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022	
(Rupees in '000)								
Computer software	8,257	-	8,257	6,744	1,513	8,257	-	20%

**2023**                      **2022**  
Note      ..... Rupees in '000' .....

### 5.1 Amortisation charge for the year has been allocated as follows:

Cost of sales	25.1	-	1,397
Administrative expenses	27	-	116
		-	1,513

## 6 LONG TERM LOANS

### - Secured

#### Considered good

Executives	6.2 & 6.3	35,197	30,554
Employees		15,965	13,709
	6.1	51,162	44,263

#### Current portion

Executives	11	(10,380)	(7,047)
Employees	11	(8,180)	(7,352)
		(18,560)	(14,399)
		32,602	29,864

**6.1** Represents loans extended to executives and employees which are in the nature of personal loans. These are granted with the terms of their employment and are secured against their gratuity balances. These loans are recoverable in monthly installments over a period, ranging between 1 to 5 (2022: 1 to 5) years, and are interest free. These loans have not been discounted to their present value as the financial impact thereof is not considered material.

**6.2** The maximum aggregate amount due from executives at the end of any month during the year was Rs.37.172 (2022: Rs. 32.783) million.

	Note	2023 ..... Rupees in '000'	2022 .....
<b>6.3 Reconciliation of carrying amount of loans to executives:</b>			
Opening balances		30,554	28,827
Disbursements during the year		16,448	8,513
		47,002	37,340
Recovered during the year		(11,805)	(6,786)
		35,197	30,554
<b>7 LONG TERM DEPOSITS</b>			
<b>Security deposits</b>			
Utilities		1,279	1,279
Others		678	453
		1,957	1,732
<b>8 STORES AND SPARES</b>			
<b>Stores</b>			
in hand		92,656	102,398
<b>Spares</b>			
in hand		155,625	139,403
in transit		-	1,040
		155,625	140,443
		248,281	242,841
<b>9 STOCK-IN-TRADE</b>			
<b>Raw and packing materials</b>			
in hand	25.1.1	3,258,840	3,289,700
in transit		324,371	89,775
		3,583,211	3,379,475
Work-in-process	25.1	1,268,952	1,148,137
Finished goods	25	617,173	578,680
		5,469,336	5,106,292

	2023	2022
	..... Rupees in '000' .....	
<b>10 TRADE DEBTS</b>		
<b>- Considered good</b>		
<b>Secured - against letters of credit</b>		
<b>Related parties:</b>		
Casual Sports Wear (SMC-Pvt) Limited - Indirect export	-	4,840
<b>Others</b>	<b>738,254</b>	974,103
	<b>738,254</b>	978,943
<b>Unsecured</b>		
<b>Related parties:</b>		
DL1961 Premium Denim Inc. - Export	<b>327,651</b>	229,364
Premium Distributors - Export	<b>48,715</b>	31,195
Regency Brands LLC. - Export	<b>909,608</b>	1,614,759
Artistic Fabric Mills (Private) Limited	-	67
	<b>1,285,974</b>	1,875,385
<b>Others</b>	<b>1,417,305</b>	899,449
	<b>3,441,533</b>	3,753,777
<b>10.1 Trade debt - ageing</b>		
<b>Related parties</b>		
Neither past due nor impaired	<b>1,266,981</b>	1,306,789
Past due but not impaired within 120 days	<b>18,993</b>	573,436
	<b>1,285,974</b>	1,880,225
<b>Others</b>		
Neither past due nor impaired	<b>1,877,272</b>	1,515,761
Past due but not impaired within 120 days	<b>278,287</b>	357,791
	<b>2,155,559</b>	1,873,552
	<b>3,441,533</b>	3,753,777

**10.2** The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 2,373.677 (2022: Rs. 1,994.424) million.

	Note	2023 ..... Rupees in '000'	2022 .....
<b>11 LOANS AND ADVANCES</b>			
<b>Considered good</b>			
<b>Loans</b>			
<b>Current portion of long term loans</b>			
Executives	6	10,380	7,047
Employees	6	8,180	7,352
		<b>18,560</b>	14,399
<b>Advances - unsecured</b>			
Suppliers	11.1	41,621	22,640
Workers / employees		11,074	4,966
Others		3,286	1,555
		<b>55,981</b>	29,161
		<b>74,541</b>	43,560

**11.1** This includes an amount of Rs. 3.279 (2022: Rs. 6.615) million paid to foreign vendors located at Turkey, China, Bangladesh, Hong Kong, Germany, UAE and Italy at the settled terms.

	Note	2023 ..... Rupees in '000'	2022 .....
<b>12 TRADE DEPOSITS</b>			
Container deposits		2,830	5,040
Bank margin		64,462	24,249
		<b>67,292</b>	29,289
<b>13 OTHER RECEIVABLES</b>			
Duty draw back on export sales and other rebates		139,299	102,280
Other Receivable		446	6
		<b>139,745</b>	102,286
<b>14 SHORT TERM INVESTMENTS</b>			
<b>- At fair value through profit or loss</b>			
<b>In units of mutual funds</b>	14.1	4,197	751
<b>In Quoted securities</b>			
Carrying value		74,959	95,300
Loss on remeasurement of investment	28	(7,654)	(20,341)
	14.2	<b>67,305</b>	74,959
		<b>71,502</b>	75,710

#### 14.1 Mutual Funds

2023	2022		2023	2022
Number of units			..... Rupees in '000' .....	
44,997	10,577	Al - Meezan Rozana Aamdani Fund	2,250	529
194,679	22,160	NBP Islamic Daily Dividend Fund	1,947	222
<u>239,676</u>	<u>32,737</u>		<u>4,197</u>	<u>751</u>

#### 14.2 Quoted Shares

2023	2022		2023	2022
Number of shares			Market Value	
180,500	180,500	Oil & Gas Development Company Ltd.	14,079	14,200
900,000	900,000	Pakistan Petroleum Limited	53,226	60,759
<u>1,080,500</u>	<u>1,080,500</u>		<u>67,305</u>	<u>74,959</u>

Note ..... Rupees in '000' .....

#### 15 CASH AND BANK BALANCES

Cash in hand		4,030	3,957
Cash in banks			
Current accounts	15.1	<u>1,169,544</u>	<u>625,172</u>
		<u>1,173,574</u>	<u>629,129</u>

15.1 This includes balance of Rs. 132.801 (2022: Rs. 133.285) million in treasury call account having effective interest rate ranging from 12.50% to 19.50% (2022: 5.50% to 12.50%).

#### 16 SHARE CAPITAL

##### 16.1 Authorised capital

2023	2022		2023	2022
Number of shares			..... Rupees in '000' .....	
		<b>Authorised Capital</b>		
<u>100,000,000</u>	<u>100,000,000</u>	Ordinary shares of Rs.10 each	<u>1,000,000</u>	<u>1,000,000</u>

16.1.1 During the year ended June 30, 2021, as mandated in law the Company initiated the procedure for increase of its authorised capital from Rupees one billion to five billion, however, certain minority shareholders filed JCM 32 of 2020 before the Honourable High Court of Sindh which, vide its interim order dated November 26, 2020 suspended the increase in authorized share capital as approved in the Annual General Meeting held on October 24, 2020. The Company has filed its response and is waiting adjudication of the said JCM.

**16.2 Issued, subscribed and paid-up capital**

2023	2022		2023	2022
Number of shares		Fully paid ordinary shares of Rs. 10/- each	..... Rupees in '000' .....	
14,000,000	14,000,000	- Issued for cash	140,000	140,000
70,000,000	70,000,000	- Issued as fully paid bonus shares	700,000	700,000
<u>84,000,000</u>	<u>84,000,000</u>		<u>840,000</u>	<u>840,000</u>

**16.3** The share holders are entitled to receive all distribution to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All the shares carry "one vote" per share without any restriction.

	2023	2022
Note	..... Rupees in '000' .....	
<b>17 RESERVES</b>		
Unappropriated profit	7,292,264	6,399,634
Actuarial (loss) / gain on defined benefit plan	(38,953)	115
	<u>7,253,311</u>	<u>6,399,749</u>

**17.1** Unappropriated profits can be utilized for reinvestments, for distribution of profit by way of dividend and any other purpose that Board may deem appropriate.

	2023	2022
Note	..... Rupees in '000' .....	
<b>18 LONG TERM FINANCING - secured</b>		
<b>Term finances from banks under the State Bank of Pakistan's (SBP's) scheme for Export Oriented Projects (EOP) and Long-Term Financing Facility (LTFF)</b>		
Commercial bank - I	656,334	730,526
Commercial bank - II	3,145,343	2,390,916
Commercial bank - III	1,618,723	929,066
	<u>5,420,400</u>	<u>4,050,508</u>
<b>Current maturities shown under current liabilities</b>	<u>(465,748)</u>	<u>(287,350)</u>
	<u>4,954,652</u>	<u>3,763,158</u>

**18.1** Represents loans obtained from commercial bank - I, from time to time, against the import of eligible plant and machinery under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loans are repayable in 32 equal quarterly installments after two years grace period starting from drawdown of loans, commencing and ranging from June 30, 2018 to June 11, 2031, carrying mark-up at the SBP Refinance rate for 5 to 10 years (i.e. 2%) plus ranging between 0.7% to 1%) per annum, which are payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.



The said loans are secured against the hypothecation of specific plant and machinery, aggregating to Rs. 903.5279 (2022: Rs. 903.5279) million and equitable mortgage of Rs. 138 million over land and building located in Korangi Industrial Area.

- 18.2** Represents loans obtained from commercial bank - II, from time to time, against the import of eligible plant and machinery, by the Company under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007.

The loans are repayable in 32 equal quarterly installments after two years grace period starting from drawdown of loans, commencing and ranging from October 10, 2017 to May 26, 2033, carrying mark-up at the SBP Refinance rate for 5 to 10 years ranging from (i.e. 2% to 4%) plus (0.7% to 1%) per annum for loans approved by SBP and at 3 month KIBOR plus 0.5% for unapproved loans, which are payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loans are secured against the hypothecation of specific plant and machinery and factory property (weaving unit), aggregating to Rs. 4,642.5040 (2022: Rs. 3,414.9390) million.

- 18.3** Represents loans obtained from commercial bank - III, from time to time, against the import of eligible plant and machinery, by the Company under the SBP's LTFF Scheme, as announced by the SBP in their MFD, Circular No. 07, dated December 31, 2007 and under the SBP's TERF scheme, as announced by SBP in their IH & SMEFD, circular No.1, dated March 17, 2020.

The loans are repayable in 32 equal quarterly installments after two years grace period starting from drawdown of loans, commencing and ranging from April 24, 2021 to May 4, 2033, carrying mark-up at the SBP Refinance rate for 5 to 10 years ranging from (i.e. ranging from 1% to 2%) plus (ranging between 0.6% to 1.25%) per annum for loans approved by SBP and at 3 month KIBOR plus 1%, for unapproved loans which are payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loans are secured against the hypothecation of specific plant and machinery, aggregating to Rs.2,047.07 (2022: Rs.1,297.07 ) million.

	<b>Note</b>	<b>2023</b> ..... Rupees in '000' .....	<b>2022</b> .....
<b>19 DEFERRED LIABILITY</b>			
Defined benefit obligation	19.1	<b>268,466</b>	173,612

- 19.1** The Company operates an unfunded gratuity scheme for all its eligible employees. Latest actuarial valuation was carried out as at June 30, 2023, using the "Projected Unit Credit Method".

		<b>Gratuity</b>			
		<b>2023</b>	<b>2022</b>		
		..... Rupees in '000' .....			
<b>(a) Movement in the present value of defined benefit obligation</b>					
Provision at July 01, 2022		<b>173,612</b>	139,082		
Expense for the year	19.1(b)	<b>76,916</b>	66,453		
		<b>250,528</b>	205,535		
Benefit paid		<b>(21,130)</b>	(5,944)		
Actuarial loss / (gain) on defined benefit plan		<b>39,068</b>	(25,979)		
Provision as at June 30, 2023		<b>268,466</b>	173,612		
<b>(b) The amount charged in the statement of profit or loss is as follows:</b>					
Current service cost		<b>55,160</b>	52,692		
Interest cost		<b>21,756</b>	13,761		
Expense for the year	19.1(a)	<b>76,916</b>	66,453		
<b>(c) Principle actuarial assumptions</b>					
Discount rate		<b>16.25%</b>	13.50%		
Salary increase		<b>20.00%</b>	12.50%		
Normal retirement age of employees		<b>60</b>	60		
<b>(d) Comparison for five years</b>					
<b>As at June 30,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	..... Rupees in '000' .....				
Present value of defined benefit obligation	<b>268,466</b>	173,612	139,082	101,895	56,294
<b>Experience adjustment</b>					
Actuarial loss / (gain) on obligation	<b>39,068</b>	(25,979)	(13,996)	4,229	2,806

**(e) Sensitivity analysis for actuarial assumptions**

The sensitivity analysis is prepared using same computation model and assumptions as used to determine defined benefit obligation based on Projected Credit Unit Model. There is no change from prior year in respect of methods and assumptions used to prepare sensitivity analysis.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

<b>Assumptions</b>	<b>Impact on defined benefit obligation</b>	
	<b>1% increase</b>	<b>1% decrease</b>
	----- (Rupees in '000) -----	
Effect of change in discount rate	<b>245,666</b>	295,077
Effect of change in future salary increase	<b>296,179</b>	244,375

- 19.2** The Company operates an unfunded gratuity scheme, hence, no plan assets are available.
- 19.3** As of June 30, 2023, a total of 582 (2022: 669 ) employees have been covered under the above scheme.
- 19.4** As per the recommendation of the actuary, the charge for the year ending June 30, 2024 amounts to Rs. 102.458 million.
- 19.5** The weighted average duration of the defined benefit obligation as at June 30, 2023 is 9.34 (2022: 10.01) years.
- 19.6** Risks Associated with Defined Benefit Plans

**Longevity Risk:**

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

**Salary Increase Risk:**

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

**Withdrawal Risk:**

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>..... Rupees in '000' .....</b>	
<b>20</b>	<b>TRADE AND OTHER PAYABLES</b>		
Creditors	20.1	<b>1,056,669</b>	646,051
Accrued liabilities	20.2	<b>1,558,252</b>	1,490,653
Advances from customers - unsecured		<b>13,550</b>	49,526
Advance against expenses - unsecured	20.3	<b>13,010</b>	22,642
Book overdraft	20.4	<b>10,781</b>	-
Staff contribution for vehicle		<b>38,566</b>	33,301
Workers' Profits Participation Fund	20.5	<b>69,643</b>	46,921
Workers' Welfare Fund	20.6	<b>14,544</b>	13,550
Withholding tax		<b>18,776</b>	12,236
		<b>2,793,789</b>	2,314,880

- 20.1** This includes balance with Artistic Fabric Mills (Private) Limited - related party amounting to Rs. 5.400 (2022: Rs. 4.052) million.
- 20.2** This includes provisions of Rs. 1,373.884 (2022: Rs. 1,309.240) million prudently recorded against increase in tariff / levies by utility company and government authority which are subjudice in the Honourable Courts of Laws, hence the relevant details are not disclosed.

During the year ended June 30, 2021, Honourable Supreme Court of Pakistan (SCP) has, in its original decision and decision against the review petition, ordered Industrial Gas Consumers to Pay GID Cess (included in aforementioned provision as per GIDC Act, 2015) in accordance with the parameters mentioned therein. Being aggrieved, the Company has filed suit before Honourable High Court of Sindh against billing of GID Cess by the Gas company (at captive power rates instead of industrial rates) considering it to be in contrast with the decision of SCP. Accordingly, the payment of GID Cess is dependant on the decision of the said case which is pending till the reporting date.

**20.3** This represents amount of Rs. 5.837 (2022: Rs. 5.914) million and Rs. 7.172 (2022: 16.728) million received from Regency Brands LLC - related party and DL 1961 Premium Denim Inc. - related party respectively for reimbursable expenses.

**20.4** This represents balance arising on account of unrepresented cheques issued as on reporting date which is to be cleared subsequent to the year end.

	Note	2023 ..... Rupees in '000' .....	2022
<b>20.5 Workers' Profits Participation Fund</b>			
Balance at the beginning of the year		46,921	24,424
Allocation for the year	28	69,643	46,921
Interest on WPPF	28	3,712	1,445
		<u>120,276</u>	<u>72,790</u>
Payments made during the year		(50,633)	(25,869)
		<u>69,643</u>	<u>46,921</u>
<b>20.6 Workers' Welfare Fund</b>			
Balance at the beginning of the year		13,550	13,032
Allocation for the year	28	14,544	8,195
		<u>28,094</u>	<u>21,227</u>
Payments made during the year		(13,550)	(7,677)
		<u>14,544</u>	<u>13,550</u>
<b>21 ACCRUED MARK-UP</b>			
Long term financings		97,191	27,785
Short term borrowings		244,403	47,331
		<u>341,594</u>	<u>75,116</u>
<b>22 SHORT TERM BORROWINGS</b>			
Short term loans - secured	22.1	5,973,000	5,923,000
Short term loans - money market	22.2	-	300,000
		<u>5,973,000</u>	<u>6,223,000</u>
<b>22.1 Short term loans</b>			
Export refinance II	22.1.1	850,000	850,000
Export refinance II	22.1.2	900,000	900,000
Export refinance II	22.1.3	765,000	765,000
Export refinance II	22.1.4	250,000	250,000
Export refinance II	22.1.5	1,265,000	1,265,000
Export refinance II	22.1.6	1,493,000	1,493,000
Export refinance II	22.1.7	200,000	200,000
Export refinance I	22.1.8	250,000	200,000
		<u>5,973,000</u>	<u>5,923,000</u>

**22.1.1** The Company arranged a facility for short-term loan under export refinance amounting to Rs. 850 (2022: Rs. 850) million, from a commercial bank on mark-up basis, the outstanding loan is repayable by August 31, 2023. The said export refinance facility is secured against the first pari passu registered hypothecation charge on movables and receivables of the Company, aggregating to Rs. 1,500.5 million.

The said export refinance carries mark-up at the rate of 1% per annum (2022: 1% per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

**22.1.2** The Company arranged a facility for short-term loan under export refinance amounting to Rs. 900 (2022: Rs. 900) million, from a commercial bank on mark-up basis, the outstanding loan is repayable by August 31, 2023. It is secured against the first pari passu registered hypothecation charge on movables and receivables of the Company, aggregating to Rs. 1,250 million.

The said export refinance carries mark-up at the rate of 1% per annum (2022: 1% per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

**22.1.3** The Company arranged a facility for short-term loan under export refinance amounting to Rs. 765 (2022: Rs. 765) million, from a commercial bank on mark-up basis, the outstanding loan is repayable by August 31, 2023. The said export refinance facility is secured against the first pari passu registered hypothecation charge on movables and receivables of the Company, aggregating to Rs. 4,400 (Rs. 4,400) million.

The said export refinance carries mark-up at the rate of 0.60% per annum (2022: 0.60% per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

**22.1.4** The Company arranged a facility for short-term loan under export refinance amounting to Rs. 250 (2022: 250) million from a commercial bank on mark-up basis, the outstanding loan is repayable by August 31, 2023. The said export refinance facility is secured against the first pari passu registered hypothecation charge on movables and receivables of the Company, aggregating to Rs. 312.500 million.

The said export refinance carries mark-up at the rate of 1% per annum (2022: 1% per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

**22.1.5** The Company arranged a facility for short-term loan under export refinance amounting to Rs. 1,265 (2022: Rs. 1,265) million, from a commercial bank on mark-up basis, the outstanding loan is repayable by August 31, 2023. The said export refinance facility is secured against the first pari passu registered hypothecation charge on movables and receivables of the Company, aggregating to Rs. 1,587.500 million.

The said export refinance carries mark-up at the rate of 1% per annum (2022: 1% per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

**22.1.6** The Company arranged a facility for running musharakah under islamic export refinance, amounting to Rs. 1,493 million (2022: 1,493 million), from a commercial bank on mark-up basis, repayable by August 31, 2023. The said islamic export refinance facility is secured against the first pari passu registered hypothecation charge on present & future current assets of the Company, aggregating to Rs. 1,875 million.

The said islamic export refinance carries mark-up at the rate of 1% per annum (2022: 1%) above the SBP's Minimum Islamic Export Refinance rate, payable quarterly.

**22.1.7** The Company arranged a facility for running musharakah under islamic export refinance, amounting to Rs.200 million (2022: Rs. 200 million), from a commercial bank on mark-up basis, repayable by August 31, 2023. The said islamic export refinance facility is secured against the first pari passu registered hypothecation charge on present & future current assets of the Company, aggregating to Rs.312.50 million.

The said islamic export refinance carries mark-up at the rate of 1% per annum above the SBP's Minimum Islamic Export Refinance rate, payable quarterly.

**22.1.8** The Company arranged a facility for running musharakah under islamic export refinance, amounting to Rs. 250 million (2022: Rs. 200 million), from a commercial bank on mark-up basis, repayable by September 18, 2023. The said islamic export refinance facility is secured against the first pari passu registered hypothecation charge on present & future current assets of the Company, aggregating to Rs.1,250 million.

The said islamic export refinance carries mark-up at the rate of 1% per annum above the SBP's Minimum Islamic Export Refinance rate, payable quarterly.

**22.2** These loans have been fully repaid during the year in accordance with the terms of agreement.

## **23 CONTINGENCIES AND COMMITMENTS**

### **23.1 Contingencies**

The Company is a respondent in J.C.M. Nos. 29 and 32 filed, on Oct 28, 2017 and Nov 26, 2020 respectively, by the minority shareholders of the Company in the Honorable High Court of Sindh inter alia challenging the manner in which the business is being managed and seeking certain declaration and restraining order in this regard.

The Company believes that there is no merit in the aforesaid proceedings and based on the view of the legal advisor there appears to be no liability expected on the Company on account of the above litigations.

**23.2** On July 25, 2019, SECP had issued a show cause notice under section 256 of the companies Act, 2017 and also a notice of hearing dated 19.9.2019 due to the complaints and insistence of certain minority shareholders on misplaced allegations pertaining to the manner in which the business of the company is being managed and seeking certain declaration. However, before the hearing of the show cause notice or an inspection or investigation was ordered / initiated, the company filed suit no. 1506 of 2019 before the Honourable High Court of Sindh which, vide its order dated 25.09.2019 restrained SECP from further proceedings in pursuance to the aforementioned notices. The Honourable High Court further directed SECP to maintain status quo.

The company believes that there is no merit in the aforesaid proceedings and based on the view of the legal advisor there appears to be no liability expected on the company on account of the above litigation.

	<b>2023</b>	<b>2022</b>
	..... Rupees in '000' .....	
<b>23.3 Outstanding counter guarantees</b>	<b>633,410</b>	550,328
<b>23.4 Commitments</b>		
<b>23.4.1</b> Commitments in respect of Building on leasehold land at the end of the period amounted to Rs. 226.913 (2022: Rs. 272.040) million.		
<b>23.4.2</b> Outstanding letters of credit at the end of the period amounted to Rs. 1,009.703 (2022: Rs. 798.070) million.		
<b>23.4.3</b> Post dated cheques issued in favour of Custom Authorities and Nazir High Court aggregating to Rs. 1,275.613 (June 30, 2022: Rs. 384.671 ) and Rs. 162.065 (2022: 162.065) million respectively, against various statutory notifications.		

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		..... Rupees in '000' .....	
<b>24 TURNOVER</b>			
Exports	24.1, 24.2 & 38	<b>16,636,423</b>	16,197,884
Local		<b>1,285,225</b>	1,315,186
		<b>17,921,648</b>	17,513,070
Sales tax		<b>(448,042)</b>	(376,112)
Sales commission / trade discount		<b>(400,871)</b>	(196,729)
		<b>(848,913)</b>	(572,841)
		<b>17,072,735</b>	16,940,229

**24.1** Included herein is a sum of Rs. 1,747.082 (2022: Rs.1,255.486) million, representing indirect exports made by the Company during the current year, by arranging inland letters of credit or standardised purchased orders from certain direct exporters in favour of the Company, pursuant to the Banking Policy and Regulation Department's (BPRD) Circulars No.24 and 31 dated June 28, 1999 and August 13, 1999 respectively, issued by the State Bank of Pakistan.

**24.2** Includes foreign exchange gain on exports amounting to Rs. 1,462.439 (2022: 587.322) million.

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>..... Rupees in '000' .....</b>	
<b>25 COST OF SALES</b>			
Opening stock - finished goods	9	<b>578,680</b>	554,036
Cost of goods manufactured	25.1	<b>14,191,531</b>	15,123,675
		<b>14,770,211</b>	15,677,711
Closing stock - finished goods	9	<b>(617,173)</b>	(578,680)
		<b>14,153,038</b>	15,099,031
<b>25.1 Cost of goods manufactured</b>			
Raw and packing materials consumed	25.1.1	<b>8,566,618</b>	8,982,301
Stores and spares consumed	25.1.2	<b>458,308</b>	608,773
Salaries, wages and other benefits	25.1.3	<b>3,285,938</b>	3,477,008
Fuel and power		<b>809,164</b>	995,714
Weaving, stitching, finishing and printing charges		<b>37,637</b>	171,021
Repairs and maintenance		<b>60,345</b>	55,555
Printing, stationery and postage		<b>18,255</b>	13,790
Fees and subscription		<b>17,333</b>	30,016
Telephone and telex		<b>7,028</b>	7,495
Rent, rates and taxes		<b>12,127</b>	38,400
Insurance		<b>34,499</b>	27,657
Water charges		<b>263,357</b>	168,329
Transportation		<b>31,886</b>	24,073
Depreciation	4.1.2	<b>648,562</b>	489,521
Amortisation	5.1	<b>-</b>	1,397
Security charges		<b>11,039</b>	8,735
Travelling, boarding and lodging		<b>6,635</b>	4,149
Royalty	25.1.5	<b>40,260</b>	-
Miscellaneous		<b>3,355</b>	2,391
		<b>14,312,346</b>	15,106,325
Opening work-in-process		<b>1,148,137</b>	1,165,487
Closing work-in-process	9	<b>(1,268,952)</b>	(1,148,137)
		<b>14,191,531</b>	15,123,675



	Note	2023 ..... Rupees in '000' .....	2022
<b>25.1.1 Raw and packing materials consumed</b>			
Opening stock		<b>3,289,700</b>	2,902,694
Purchases	25.1.4	<b>8,638,795</b>	9,684,582
Duty draw back on export sales and other rebates		<b>(103,037)</b>	(315,275)
		<b>8,535,758</b>	9,369,307
		<b>11,825,458</b>	12,272,001
Closing stock	9	<b>(3,258,840)</b>	(3,289,700)
		<b>8,566,618</b>	8,982,301
<b>25.1.2 Stores and spares consumed</b>			
Opening stock		<b>241,801</b>	306,079
Purchases		<b>464,788</b>	544,495
		<b>706,589</b>	850,574
Closing stock	8	<b>(248,281)</b>	(241,801)
		<b>458,308</b>	608,773

**25.1.3** Included herein a sum of Rs. 71.295 (2022: Rs. 62.766) million is respect of staff retirement benefits.

**25.1.4** Includes foreign exchange loss on import purchases amounting to Rs. 55.933 (2022: 17.753) million.

**25.1.5** Represents royalty against trade license and technical services that is payable by the Company to 'Recover IPCO LLC' having its principal place of business at '1624 Market St. Ste 226 Denver co 80202 USA'.

## 26 DISTRIBUTION COSTS

Salaries, allowances and other benefits	26.1	<b>26,916</b>	24,369
Insurance		<b>3,588</b>	5,740
Freight and transportation		<b>199,647</b>	169,239
Export development surcharge and clearing charges		<b>50,572</b>	58,700
Postage, courier and stamps		<b>41,147</b>	42,074
Depreciation	4.1.2	<b>1,405</b>	1,061
Travelling, boarding and lodging		<b>35,562</b>	11,064
Sales promotion expenses		<b>19,279</b>	2,749
Sales office expenses		<b>9,093</b>	16,898
Testing / Quality control charges		<b>27,229</b>	21,849
Miscellaneous		<b>466</b>	683
		<b>414,904</b>	354,426

**26.1** Included herein a sum of Rs. 1.007 (2022: Rs. 0.735) million is respect of staff retirement benefits.

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	..... Rupees in '000' .....	
<b>27</b>	<b>ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances and other benefits	27.1	<b>123,189</b>	98,732
Depreciation	4.1.2	<b>52,700</b>	39,777
Amortisation	5.1	-	116
Legal and professional charges		<b>19,421</b>	11,674
Fees and subscription		<b>11,749</b>	11,098
Auditors' remuneration	27.2	<b>2,159</b>	1,924
Donations	27.3	<b>11,956</b>	11,570
Miscellaneous		<b>7,295</b>	10,313
		<b>228,469</b>	185,204
<b>27.1</b>	Included herein a sum of Rs. 4.613 (2022: Rs. 2.952) million is respect of staff retirement benefits.		
<b>27.2</b>	<b>Auditors Remuneration</b>		
	<b>Reanda Haroon Zakaria &amp; Company</b>		
Audit fee		<b>1,530</b>	1,361
Fee for half yearly review		<b>300</b>	269
Out-of-pocket expenses		<b>183</b>	164
Related sindh sales tax		<b>146</b>	130
		<b>2,159</b>	1,924
<b>27.3</b>	Includes amounts of Rs. 5.520 million and Rs. 4.865 million paid to Abdul Sattar EDHI Foundation and Saylani Welfare Trust respectively. Directors or their spouses do not have any interest in the donees to whom donations were made.		
<b>28</b>	<b>OTHER OPERATING EXPENSES</b>		
Workers' Profits Participation Fund (WPPF)	20.5	<b>69,643</b>	46,921
Interest on WPPF	20.5	<b>3,712</b>	1,445
Workers' Welfare Fund	20.6	<b>14,544</b>	8,195
Unrealized loss on remeasurement of investments	14	<b>7,654</b>	20,341
		<b>95,553</b>	76,902

	2023	2022
Note	..... Rupees in '000' .....	
<b>29 OTHER INCOME</b>		
<b>Income from non financial assets</b>		
Scrap sales - net	29.1	57,973
Gain on sale of fixed assets	4.1.3	607
	<b>80,668</b>	<b>58,580</b>
<b>Income from financial assets</b>		
Profit on treasury call account		8,297
Dividend income		4,351
	<b>29,036</b>	<b>12,648</b>
	<b>109,704</b>	<b>71,228</b>
<b>29.1</b>	This amount is net of sales tax amounting to Rs 8.991 (2022: 5.085) million.	
<b>30 FINANCE COSTS</b>		
<b>Mark-up on secured</b>		
Long term financing		99,043
Short term borrowings	38	271,086
		370,129
Bank charges		42,460
	<b>981,809</b>	<b>412,589</b>
<b>31 TAXATION</b>		
Current		229,053
	<b>248,036</b>	

**31.1** The relationship between income tax expense and accounting profit has not been presented in these financial statements as the total income of the Company excluding only interest income falls under the final tax regime and is taxed at a rate of 1% (2022: 1%) on total sales, including scrap sales.

**32 EARNINGS PER SHARE**

**Basic earnings per share**

Basic earnings per share has been computed by dividing the net profit for the year with the number of ordinary shares issued by the Company.

	2023	2022
Net profit (Rupees in '000)	1,060,630	654,252
Number of Ordinary shares (Shares in '000)	84,000	84,000
Earnings per shares - basic (Rupees)	12.63	7.79

**Diluted earnings per share**

Diluted earnings per share has not been computed because there are no dilutive potential ordinary shares.

	2023	2022
Note	..... Rupees in '000' .....	

**33 CASH GENERATED FROM OPERATIONS**

<b>Profit before tax</b>	<b>1,308,666</b>	883,305
<b>Adjustments for non cash charges and other items:</b>		
Depreciation 4.1.2	702,667	530,359
Amortisation 5.1	-	1,513
Provision for gratuity 19.1	76,916	66,453
Unrealized loss on remeasurement of investment 14	7,654	20,341
Dividend income 29	(10,899)	(4,351)
Gain on disposal of operating fixed assets 29	(11,230)	(607)
Finance costs 30	981,809	412,589
Provision for Workers' Profit Participation Fund 20.5	73,355	48,366
Provision for Workers' Welfare Fund 20.6	14,544	8,195
	<b>1,834,816</b>	1,082,858
<b>Profit before working capital changes</b>	<b>3,143,482</b>	1,966,163
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(5,440)	63,238
Stock-in-trade	(363,044)	(6,281)
Trade debts	312,244	(454,237)
Loans and advances	(33,719)	19,047
Trade deposits	(38,003)	(11,834)
Other receivables	(37,459)	(6,981)
Sales tax refundable	(17,252)	(59,171)
	<b>(182,673)</b>	(456,219)
<b>Increase in current liabilities</b>		
Trade and other payables	455,193	113,030
<b>Cash generated from operations</b>	<b>3,416,002</b>	1,622,974

	July 01, 2022	Cash Flows	June 30, 2023
	..... Rupees in '000' .....		

**33.1 Changes in liabilities from financing activities**

Long term financing - secured	3,763,158	1,191,494	4,954,652
Current maturity of long - term financing	287,350	178,398	465,748
Short term borrowings - secured	6,223,000	(250,000)	5,973,000
	<b>10,273,508</b>	<b>1,119,892</b>	<b>11,393,400</b>

34 UNAVAILED CREDIT FACILITIES AVAILABLE AT YEAR END	2023	2022
	..... Rupees in '000' .....	
Long Term Finance - LTF IX	<u>169,517</u>	<u>1,500,000</u>
Cash short term running finances	<u>3,105,000</u>	<u>2,950,000</u>

**35 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES**

	2023			2022		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	..... Rupees in '000' .....					
<b>Short term employee benefits</b>						
Managerial remuneration	8,510	-	232,249	8,510	-	158,171
Medical	850	-	23,111	850	-	15,738
Bonus	780	-	20,426	780	-	13,296
<b>Post-employment benefits</b>			-			
Gratuity	780	-	20,584	780	-	24,459
	<u>10,920</u>	<u>-</u>	<u>296,370</u>	<u>10,920</u>	<u>-</u>	<u>211,664</u>
Number of persons	<u>1</u>	<u>-</u>	<u>123</u>	<u>1</u>	<u>-</u>	<u>85</u>

**35.1** The Chief Executive and certain executives are provided with the free use of Company maintained cars in terms of their employment.

**35.2** Aggregate amount charged in these financial statements in respect of fee for attending meetings to Non-Executive Directors was Rs. 0.570 (2022: Rs. 0.780) million.

36 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT	2023	2022
	..... Rupees in '000' .....	

**36.1 Financial Instrument by Category**

**Financial Assets**

**- Fair value through profit or loss**

Short term investment	14	71,502	75,710
-----------------------	----	--------	--------

**- At amortized cost**

Long term loans	6	32,602	29,864
Long term deposits	7	1,957	1,732
Trade debts	10	3,441,533	3,753,777
Current maturity of long term loans	11	18,560	14,399
Trade deposits	12	67,292	29,289
Other receivables	13	446	6
Cash and bank balances	15	1,173,574	629,129
		<u>4,807,466</u>	<u>4,533,906</u>

**Financial Liabilities**

**- At amortized cost**

Long term financing	18	4,954,652	3,763,158
Trade and other payables	20	1,241,037	827,465
Unclaimed dividend		3,238	3,135
Accrued mark-up	21	341,594	75,116
Short term borrowings	22	5,973,000	6,223,000
Current maturity of long-term financing	18	465,748	287,350
		<u>12,979,269</u>	<u>11,179,224</u>

### 36.2 Financial risk management

The Company's activities expose it to a variety of financial risks i.e. market risk (including Interest rate risk, foreign currency risk and equity price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and financial instruments.

The Board of directors reviews and agrees policies for managing each of these risks which are summarised below:

### 36.3 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and equity risk.

Financial instruments affected by market risk include trade debtors, short term investments, trade payables, bank balances, long-term financing and short-term borrowings.

#### 36.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. Since, the Company has availed finance mainly under the export refinance schemes which has a fixed interest rate, accordingly, the Company's interest rate risk arises only from variable rate instruments as mentioned below;

	<b>2023</b>	<b>2022</b>
	..... Rupees in '000' .....	
Short term investments in mutual funds	4,197	751
Bank deposit in treasury call account	132,801	133,285
Long term financings at prevailing market rates	(1,651,624)	-
	<u>(1,514,626)</u>	<u>134,036</u>

#### Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change of 100 basis points in interest rates at the reporting date, with all other variables held constant, of the Company's profit before tax.

	<b>Change in interest rate (%)</b>	<b>Effect on profit / (loss) Rupees in '000</b>
<u>June 30, 2023</u>	+1	<u>(15,146)</u>
	-1	<u>15,146</u>
<u>June 30, 2022</u>	+1	<u>1,340</u>
	-1	<u>(1,340)</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year, equity and assets of the Company.

### 36.3.2 Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency). The Company's exposure to foreign currency risk is as follows:

	<b>2023</b>	<b>2022</b>
	..... Rupees in '000' .....	
Trade debts	<b>2,936,571</b>	3,431,101
Cash and bank balances	<b>912,025</b>	390,287
Trade and other payables	<b>(153,073)</b>	(100,490)
	<b>3,695,523</b>	3,720,897
<b>The following significant exchange rates have been applied at the reporting dates:</b>		
Exchange rates (PKR / USD)	<b>286.60</b>	205.50

#### Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change of 10% in the US Dollar exchange rate at the reporting date, with all other variables held constant, of the Company's profit before tax.

	<b>Change in US Dollar rate (%)</b>	<b>Effect on profit / (loss) Rupees in '000</b>
<u>June 30, 2023</u>	<b>+10</b>	<b>369,552</b>
	<b>-10</b>	<b>(369,552)</b>
<u>June 30, 2022</u>	+10	372,090
	-10	(372,090)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year, equity and assets of the Company.

### 36.3.3 Equity price risk

The Company is exposed to equity price risk, which arises from short term investments in listed securities measured at fair value through profit or loss. The management monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

#### Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change of 10% in the market price at the reporting date, with all other variables held constant, of the Company's profit before tax.

	Change in market price (%)	Effect on profit / (loss) Rupees in '000
<u>June 30, 2023</u>	+10	<u>6,731</u>
	-10	<u>(6,731)</u>
<u>June 30, 2022</u>	+10	<u>7,496</u>
	-10	<u>(7,496)</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year, equity and assets of the Company.

### 36.4 Credit risk

Credit risk is the risk that counter party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counterparties 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. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:



		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>..... Rupees in '000' .....</b>	
Long term loans including current maturity	6	<b>51,162</b>	44,263
Long term deposits	7	<b>1,957</b>	1,732
Trade debts	10	<b>3,441,533</b>	3,753,777
Trade deposits	12	<b>67,292</b>	29,289
Other receivables	13	<b>446</b>	6
Bank balances	15	<b>1,169,544</b>	625,172
		<b>4,731,934</b>	<b>4,454,239</b>

### 36.4.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

#### Trade debts

Customer credit risk is managed by senior management subject to the Board's established policy, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. For any balances if considered doubtful of recovery, the management makes allowance for expected credit loss in accordance with Company's policy. Overall credit risk is expected to be low as at reporting date.

The Company evaluates the concentration of risk with respect to trade debts as low, as its customers are located in several jurisdictions.

		<b>2023</b>	<b>2022</b>
		<b>..... Rupees in '000' .....</b>	
<b>Ageing of trade debts</b>			
Neither past due nor impaired		<b>3,144,253</b>	2,822,550
Past due but not impaired within 120 days		<b>297,280</b>	931,226
		<b>3,441,533</b>	<b>3,753,777</b>
<b>Bank Balances</b>			
A1+	PACRA	<b>619,647</b>	558,240
A-1+	VIS	<b>532,177</b>	58,170
F1+	FITCH	<b>6,923</b>	8,762
A1	PACRA	<b>10,983</b>	-
		<b>1,169,730</b>	<b>625,172</b>

**Other financial assets**

Other financial assets includes long term loans, long term deposits, trade deposits and other receivables. The Company evaluates the credit risk with respect to other financial assets as low, as all material amounts are secured and there is no history of credit defaults in the past.

**36.5 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the reporting date, the Company has unavailed credit facility of Rs. 3,275 (2022: Rs. 4,450) million.

Table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
..... Rupees in '000 .....						
Long term financing	-	99,593	366,155	2,811,714	2,142,938	5,420,400
Trade & other payables	-	1,241,037	-	-	-	1,241,037
Unclaimed dividend	3,238	-	-	-	-	3,238
Accrued mark-up	-	341,594	-	-	-	341,594
Short term borrowings	-	5,973,000	-	-	-	5,973,000
<b>2023</b>	<b>3,238</b>	<b>7,655,224</b>	<b>366,155</b>	<b>2,811,714</b>	<b>2,142,938</b>	<b>12,979,269</b>
Long term financing	-	66,151	221,199	2,122,138	1,641,020	4,050,508
Trade & other payables	-	827,465	-	-	-	827,465
Unclaimed dividend	3,135	-	-	-	-	3,135
Accrued mark-up	-	75,116	-	-	-	75,116
Short term borrowings	-	6,223,000	-	-	-	6,223,000
<b>2022</b>	<b>3,135</b>	<b>7,191,732</b>	<b>221,199</b>	<b>2,122,138</b>	<b>1,641,020</b>	<b>11,179,224</b>

Effective interest rates for the financial liabilities are mentioned in the respective notes to the financial statements.

**36.6 Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended June 30, 2023 and June 30, 2022.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents. Capital includes equity attributable to the equity holders and reserves.

	<b>2023</b>	<b>2022</b>
	..... Rupees in '000' .....	
Long term financing	<b>4,954,652</b>	3,763,158
Current maturities of long-term financing	<b>465,748</b>	287,350
Short term borrowings	<b>5,973,000</b>	6,223,000
Accrued mark-up	<b>341,594</b>	75,116
Cash and bank balances	<b>(1,173,574)</b>	(629,129)
<b>Net debt</b>	<b>10,561,420</b>	9,719,495
Issued, subscribed and paid up capital	<b>840,000</b>	840,000
Reserves	<b>7,253,311</b>	6,399,749
<b>Total capital</b>	<b>8,093,311</b>	7,239,749
<b>Capital and net debt</b>	<b>18,654,731</b>	16,959,244
<b>Gearing ratio</b>	<b>56.62%</b>	57.31%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

### 37 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associated companies, directors, major shareholders of the Company and key management personnel. All the transactions with related parties are entered into at agreed terms (based on arms length using admissible valuation methods) in the normal course of business as approved by the Board of Directors of the Company. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	<b>2023</b>	<b>2022</b>
	..... Rupees in '000' .....	
<b>Associated companies / undertakings</b>		
Sales	<b>3,946,984</b>	5,751,729
Reimbursement of expenses	<b>11,552</b>	135,626
Purchases	<b>174,796</b>	28,934
Services rendered	<b>218</b>	8,300
Services received	<b>127</b>	60,863
<b>Key management personnel</b>		
Dividend paid to directors	<b>136,266</b>	136,266

- 37.2** Detail of compensation to key management personnel comprising of chief executive, directors and executives is disclosed in note 35 to these financial statements.
- 37.3** Following are the associated companies/undertakings with whom the Company had entered into transactions or have arrangement / agreement in place:

S. No.	Name of associated companies / undertakings	Basis of Relationship	Aggregate % of shareholding
1	Casual sportswear (SMC-Private) Limited	Common directorship	NIL
2	Artistic Apparels (Private) Limited	Common directorship	NIL
3	DL1961 Premium Denim Inc.	Spouse of a director	NIL
4	Artistic Fabric Mills (Private) Limited	Common directorship	NIL
5	Premium Distributors	Common directorship	NIL
6	Regency Brands LLC.	Daughter of a director	NIL

**37.4 Associated Companies Incorporated Outside Pakistan**

S. No.	Name	Basis of Relationship	Country of incorporation
1	DL1961 Premium Denim Inc.	Spouse of a director	United States
2	Premium Distributors	Common directorship	United Arab Emirates
3	Regency Brands LLC.	Daughter of a director	United States

**38 CORRESPONDING FIGURES**

Corresponding figures have been reclassified, whenever necessary for the purpose of compliance, comparison and better presentation. Major reclassification during the year are as follows;

Reclassification from the caption component	Reclassification to the caption component	Note	Rupees in '000'
<b>Other Income</b>	<b>Sales</b>		
Exchange Gain (on export sales)	Export Sales	24	<b>587,322</b>
<b>Other Income</b>	<b>Cost of Sales</b>		
Exchange Loss (on import purchases)	Purchases	25.1.1	<b>17,754</b>
<b>Finance Cost</b>	<b>Finance Cost</b>		
Short Term Running Finances	Short Term Borrowings	30	<b>4,227</b>

### 39 FAIR VALUE MEASUREMENT

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Fair value hierarchy

The different levels to analyse financial assets carried at fair value have been defined as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** 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:** Inputs for the asset or liability that are not based on observable market data (unobservable).

Details of the Company's short term investments in terms of fair value hierarchy, explained above, at June 30, 2023 is as follows:

	Level 1	Level 2	Level 3
	..... Rupees in '000 .....		
<b>Assets measured at fair value - 2023</b>			
Short term investments - at fair value through profit or loss	<u>71,502</u>	<u>-</u>	<u>-</u>
<b>Assets measured at fair value - 2022</b>			
Short term investments - at fair value through profit or loss	<u>75,710</u>	<u>-</u>	<u>-</u>

### 40 PLANT CAPACITY AND ACTUAL PRODUCTION

#### Spinning

	2023	2022
	..... Units .....	
Capacity of yarn (Lbs.)	<u>24,325,000</u>	<u>22,425,000</u>
Actual production of yarn (Lbs.)	<u>13,944,495</u>	<u>18,819,808</u>
<b>Weaving</b>		
Capacity of fabric (meters)	<u>17,621,900</u>	<u>21,143,150</u>
Actual production of fabric (meters)	<u>11,246,000</u>	<u>15,453,953</u>
<b>Garments</b>		
Capacity of garments (Pcs)	<u>8,263,200</u>	<u>8,263,200</u>
Actual production of garments (Pcs)	<u>5,066,309</u>	<u>7,516,011</u>

Under utilisation of available capacity for spinning, weaving and garments was due to normal maintenance, energy shortage, variation in production mix, run length of order lots, global recession and type of quality produced.

	<b>2023</b>	<b>2022</b>
<b>41 NUMBER OF EMPLOYEES</b>		
Total number of employees	<u>583</u>	<u>667</u>
Average number of employees	<u>598</u>	<u>657</u>

## 42 GENERAL

- 42.1** Subsequent to year ended June 30, 2023, the Board of Directors in its meeting held on September 23, 2023 has proposed final cash dividend at the rate of Rs. 3.50/- per ordinary share of Rs. 10 each, amounting to Rs. 294 million (2022: Rs. 2.00/- per share amounting to Rs.168 million) for approval of the members at the Annual General Meeting.
- 42.2** Figures in these financial statements have been rounded off to the nearest thousands of rupees.
- 42.3** These financial statements have been authorised for issue on September 23, 2023 by the Board of Directors of the Company.



**Faisal Ahmed**  
Chief Executive Officer



**Sagheer Ahmed**  
Chief Financial Officer



**Yazdani Zia**  
Director



**FORM OF PROXY**

I/We \_\_\_\_\_ of \_\_\_\_\_  
 \_\_\_\_\_ being member(s) of ARTISTIC DENIM MILLS LIMITED  
 and holder of \_\_\_\_\_ Ordinary Shares as per Share Register Folio/CDC Account  
 No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ Folio/CDC Account No. \_\_\_\_\_  
 of \_\_\_\_\_ CNIC No. or Passport No. \_\_\_\_\_ or failing whom  
 \_\_\_\_\_ Folio/CDC Account No. \_\_\_\_\_ of \_\_\_\_\_ CNIC No.  
 or Passport No. \_\_\_\_\_ who is also a member of the Company as my/our proxy to  
 attend and vote for me/us and on my/our behalf at the 31<sup>st</sup> ANNUAL GENERAL MEETING of the Company  
 to be held on Wednesday, October 25, 2023 at 04:00 PM and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Witnesses: 1. Signature \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

**Rs 5/-  
Revenue  
Stamp**

2. Signature \_\_\_\_\_

Signature \_\_\_\_\_

Name: \_\_\_\_\_

(Signature should agree with the specimen  
signature registered with the Company).

Address: \_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

**IMPORTANT**

1. This form of proxy, duly completed and signed, must be deposited at the Company's Shares Registrar's Office not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his / her attorney duly authorised in writing. If the Member is a Corporation, its common seal should be affixed to the instrument.
3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his / her behalf except that a corporation may appoint a person who is not a Member.

**For CDC Account Holders/Corporate Entities:**

In addition to the above, following requirements have to be met:

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC or Passport Numbers shall be mentioned on the form.
- (ii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iii) The proxy shall produce his / her original CNIC or original Passport at the time of the meeting.
- (iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.



**ADM**

**AFFIX  
CORRECT  
POSTAGE**

Company Secretary  
Artistic Denim Mills Limited  
Plot # 5-9, 23-26, Sector 16  
Korangi Industrial Area  
Karachi.

Fold : Here

Fold : Here

Fold : Here

Fold : Here



**Address**

Plot No. 5-9, 23-26, Sector-16, Korangi Industrial Area,  
74900 Karachi, Pakistan

**Telephone**

+92 21 111-236-236

**Fax**

+92 21 3505 4652